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by

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ABSTRACT

The aim of this research was to compare the distribution channel relationships in two different tourism markets: the mature market of Britain and the evolving market in Poland, with a view to assessing likely courses of tourism development in Poland. Relationships in channels of distribution can be understood as all the interactions, processes and flows taking place between companies involved in exchange of products and services.

The focus of the research was an investigation of channel relationships between travel agents and tour operators. The evolution of tourism channel relationships in Britain and Poland was investigated in three stages: initiation, implementation and review, following the Kale and McIntyre (1991) and Crotts *et al.* (1998) models. Analysis of existing literature established that historical, political and economic backgrounds, as well as demand and supply, impact in different ways upon the structure of such channels in each country. Following that recognition two phases of empirical research were conducted using a mixed methods approach. The exploratory phase was based on interviews with British and Polish travel agents and tour operators, and from this phase a set of propositions was developed regarding travel agents' and tour operators' attitudes towards channel relationships. These propositions were explored using data collected from a detailed questionnaire survey distributed to a sample of British and Polish tour operators and travel agents. The results from this quantitative research were qualitatively augmented by outcomes from in-depth interviews.

The key findings from the research were that the Polish distribution system resembled to some extent the old British tourism structure. It was, however, unable to directly follow the development route undertaken by British companies. The pattern of operation was different in both countries due to four factors. Firstly, the distortions in operations in Poland originated from the post-socialist business structure; secondly, the diversity of business in Poland was much greater than in Britain, whilst, thirdly, the level of vertical integration between companies and the level of the development of information technology was more extensive in Britain.

Finally, although the relationship development process consisted of similar stages in both countries, the field investigations showed differences in partners' selection, monitoring and support. The Polish companies relied heavily on social bonding and social ties in the selection stage, while in Britain the transparency and higher stability in the market reduced the necessity of close social bonding between employees and companies.

The overall conclusion from the research is that the Polish travel companies are likely to follow many aspects of the British route, though with some specifically Polish characteristics. The initial evaluation of channel partners and the evaluation of the relationship between agents and tour operators would be strengthened in Poland, if there were a strong, regulatory and advisory association in the Polish market such as ABTA in Britain.

Further research is recommended in terms of the impact of information technology on channel relationships in tourism and the role of tourism associations in the organisation of the tourism market.

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LIST OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

Chapter 1

Introduction

The ranking of distribution as an element of the marketing mix has shifted in the past four decades from the last to first position. Mitchell (1995) suggests that after the decade of the "product" in the 1970s, "promotion" and "price" in the 1980s, "distribution" was in the spotlight in the 1990s. Not only has it become an important "P" within the marketing mix, but also marketing as an academic discipline has changed over the last four decades. In the 1950s consumer goods were the major area of marketing concentration before industrial marketing evolved. The next stages comprised non-profit and social marketing in the 1970s, and service sector marketing in the 1980s. In the 1990s relationship marketing was the main focus, where attention was paid to the supply / marketing channels and relationships between players in the so-called supply chain (Christopher *et al.* 1996).

The development of relationship marketing in the 1990s and the realisation of the importance of relationships between companies and customers both placed an emphasis on relationships between companies within channels of distribution because "channels evolved to serve customers' needs" (Stern *et al.* 1996: 23). Distribution concepts were initially established in order to optimise the physical movement of commodities which, at the end of the process, should reach the customer at the right time, the right place and on the right terms. Soon it became evident that distribution concepts can and should be applied not only to logistics revolving around physical goods but also to perishable services, where yield management started to play a crucial role. Strategically oriented organisations realised that a key to sustainable long-term profitability was the fostering of productive and mutually beneficial channel relations (Buhalis 1995, Gattorna 1990).

1.1 Rationale for this research

The marketing environment changes constantly. However, the pace of change is different in various countries and depends on many circumstances. The political, economic and socio-cultural settings of countries in Europe experience transition, especially in the ex-socialist countries of Central and Eastern Europe. Much has been written on these issues; for example transformation and changes that have been taking place in Eastern European countries after 1989 were compared to the changes in Western countries (Sachs 1993) and the impact of tourism on the economic development of both developed and developing countries was looked at (Sinclair 1998). Distribution, however, has been covered to a limited extent (Sachs 1993, Stern *et al.* 1996), although combined developments in distribution can reinvent the way in which companies operate in Eastern Europe.

Dependence of the target firm on the source firm and the reciprocal actions that take place in the channel of distribution are constructs that have been thoroughly examined. However, most of the empirical studies on behavioural channel relationships have been conducted in developed countries and findings have been very different across diverse channel contexts. Other limitations of studies undertaken so far are that channels have been analysed mainly in industrial environments. Few research publications have paid attention to channels in service industries (Etgar 1976, Gartner and Bachri 1994, Buhalis 1995). According to Kale (1986) and Albaum and Peterson (1984), research carried out across different market environments and countries permits testing of general theories, especially if studies are conducted in the same industry in different countries with comparable samples. This suggestion provided the basis for this thesis. Poland was chosen from an array of possible Eastern European countries and tourism channel relationships there were compared with those existing in Britain. The reasons for these choices are given below.

Stern and El-Ansary (1993: 86-87) observed that "in the former socialist countries the distribution systems were found to be in really bad shape in 1989-90". This situation is not surprising - services were not important, or at least never constituted a priority under the communist system. At the start of the reforms in 1989/1990, the service sector in Poland was much smaller than in the rest of the OECD countries, characterised by the relative scarcity of employment in wholesaling, retailing, catering and other services (Sachs 1993: 14). It takes time to build an efficient and economically well-developed system of distribution. That is probably why, twelve years after the collapse of socialism in Poland, distribution systems are still "under construction" and they still fail the consumer in many respects. The question therefore arises as to whether it is possible to transfer some Western business practices protecting both consumers and channel partners to former socialist countries.

Tourism is a complex business which has become increasingly multinational in structure and organisation over the past 30 years. It is an example of a service industry which has developed very rapidly in recent years, not only in Britain, but throughout the world. It is certainly one of the largest industries in the modern world. According to Euromonitor (1997) it was the third largest economic activity in the world in 1996, surpassed only by oil and motor vehicles. Europe accounted for 59% of world arrivals and 51% of world receipts in 1996. It is also a job creator (10% of the global workforce was employed in tourism) and plays an important role as a GNP contributor (Sinclair 1998). The characteristics of channels in the service industries (including tourism) differ from those in an industrial environment because of the perishability and intangibility of services. As was noted earlier, the concept of distribution was originally connected with manufacturing industries. Therefore, some of the concepts of distribution and retailing management, although well-developed in the industrial environment, are not applicable (or not yet applicable) to service industries.

"Tourism in Eastern Europe has been the subject of considerable change since the political events of 1988/89 propelled the region towards the market economy. Tourism seems to be a good example of the process of change as it cuts across a variety of economic sectors and primarily comprises small and medium-sized enterprises" (Cooper *et al.* 1998: 478). It can be a factor of technical progress as it stimulates the modernisation of means of communication between companies. It also changes institutions which are directly involved in providing services for tourists, including tour operators and travel agents. Tourism can integrate the exchange process and stimulate development in less developed countries (Przeclawski 1994). Tourism is therefore often treated as a priority sector in ex-socialist countries in transition to the market economy (Bachvarov 1997). Tourism can not only help to develop a country, it can also help to minimise the gap between Western countries and Eastern block countries, thus blurring the differences between countries promoting globalisation and enhancing the lives of the latter. Interdependence between players is directly related to the success of any tourism enterprise. It is a prevailing factor within the distribution channels generally.

However, as Hall (1995: 222) underlines 'tourism development cannot be isolated as an independent variable. It is just one of the elements heavily influenced by processes of economic, political and social restructuring'. As post-1989 processes begin to blur the east-west division of Europe, the diversity within the former socialist bloc should further be noted.

1.2 The role of channel relationships between travel agents and tour operators

The modern travel and tourism industry has become complex, encompassing diverse organisations. The tourism product consists of various elements, involving transport, accommodation, catering, entertainment, natural resources and also other facilities and services. It cannot be examined prior to purchase or stored, and involves an element of travel. For all these reasons the value and importance of intermediaries through which those products are channelled in developed countries seem to be obvious. Tour operators and travel agents alleviate market inefficiency in terms of imperfect information or transaction costs, to name but a few (Sinclair 1998). Although they do not cover the full extent of the distribution channel structure, it is the most significant single relationship in the targeted industry in both countries. Tour operators were chosen from a wide range of travel service providers. Their relationship with travel agents creates one of the several links within the channels of distribution of tourism products, and it is one of the most important. Therefore, the scope of the current research was limited to the relationships between travel agents and tour operators only.

Relationships in channels of distribution can be understood as all the interactions, processes and flows taking place between companies (here mainly travel agents and tour operators) involved in exchange of products and services. Due to the complex nature of tourism products and a high reliance on a service component, the significance of the usual eight flows (Stern *et al.* 1996) available in any other distribution channel (information, negotiations, financing, ordering, payment, physical ownership or possession, promotion and risk taking) changes. Information becomes one of the most important flows, as it represents the product and therefore helps customers to make the decision about the purchase. Physical possession, which applies to manufactured goods, is not a factor in tourism.

Relationships in channels include elements of both co-operation and conflict (Stern *et al.* 1996). There is a high degree of sharing information, ordering systems and promotion between travel retailers and tour operators. Co-operation is clearly present in that all channel partners benefit from satisfactory sales levels. Furthermore, each channel partner offers services (and sometimes products) which are desired by the other partner, and which obviate the need for expensive investment by that partner.

There are several potential routes for conflict. The most obvious is that the accrual of profit by one channel partner pre-empts the allocation of the profit to other partners. Further factors in conflict are the ability of any partner to seek an alternative supplier or retailer of services (or, in non-tourism examples, goods) and the terms of any formal or informal contracts existing between the two.

1.3 Aim and objectives of this research

The aim of this research is to gain a better understanding of relationships between travel agents and tour operators in Britain and Poland, as it helps considerably to predict likely courses of development in tourism distribution in Poland. In order to investigate the structure of these two industry sectors and relationships between travel agents and tour operators in Britain and Poland, a subset of the following areas was drawn up:

1. methods of selection of channel partners applied in Britain and in Poland and the criteria for selection;
2. communication: the flow of information about the product and its impact on channel performance;
3. support provided and the weight of it in channels: "educationals" and training and their impact on channel partners' selection and co-operation;
4. methods of evaluation and assessment of channel performance used in both countries;
5. role of travel and tourism associations and organisations in tourism channels.

Britain has an international reputation for its success in marketing tourism (Holloway 1994). The British tourism market is mature and well-developed in comparison with the situation in Poland. An important feature of tourism marketing in Britain is the channel relationship between providers of tourism services and retailers. The British tourism market, with its wide range of different types of interconnections between travel/tourism product suppliers (principals), tour operators and travel agents is a very good example of a market in which the distribution channels are well developed and diverse. Each of the types of channel organisational structure, including conventional, contractual, vertical, horizontal and hybrid distribution systems (Kotler *et al.* 1999), have evolved here.

In Poland channels are not so diverse but developing fast, as more and more Poles want to go on holidays abroad. Demand for travel is strong and growing steadily. At the beginning of the 1990s foreign travel became much needed, but these needs were not always convertible into demand due to insufficient financial resources. In 1994 only 46% of Poles went away for holidays, both domestic and foreign. In 1997 the percentage increased to 63%, was reduced to 61% in 1998, but in 1999 reached 63% again, which equals 18.6 million people (Instytut Turystyki (IT, IoT) 2000). The share of foreign travel increased rapidly: in 1996 it represented 36%, whilst in 2000 it reached 46% of all travel (CBOS, Public Opinion Centre 2001).

It is a complex task to compare channel relationships in two different cultural and national environments. Poland and Britain were selected because a direct comparison between one of the best-established national tourism marketing systems (that of Britain), with the rapidly growing, but relatively chaotic system of a typical ex-socialist country (Poland), is regarded as both practical and potentially significant. It should be noted that comparisons can be based on differences as well as similarities between the samples. Variation in the data helps establish the relations between channel players. Although the comparability of samples can be questioned, this problem was overcome by careful design of data collection methods.

1.4 Methods used in the research project

Data collection consisted of three stages. Firstly, initial interviews with representatives of travel companies in Britain and Poland were conducted. Secondly, the main survey with the questionnaires was sent to travel agents and tour operators in Britain and their counterparts in Poland, and finally in-depth interviews with a sample of travel companies in both countries took place. The information gathered during these stages was supplemented by data obtained from tourism organisations and associations contacted in both markets. Detailed description of the research process is presented in chapter four.

Comparisons as a research method are the source of the extension and transferability of knowledge, but they are sometimes not easy to make. One of the primary problems with comparative analysis is not only the ability of researchers to understand adequately cultures and societies which are different from their own, but also to generalise and explain social relations across societies and social contexts (May 1997). Dann (1984: 40-41) notices that occasionally the validity of findings put together by 'researchers as outsiders' is "questioned by nationals on the grounds that 'foreigners' lack sufficient familiarity with the complex scenario they attempt to investigate. In the same argument, though, Dann (1984) refers to Merton (1947) and Kluckohn (1940), who noted a long time ago that some valuable information comes to the outsider, because he or she is one. Therefore it is possible to argue that it is easier for the outsider to comprehend a situation better, than for its direct participants.

The problem of 'unfamiliarity' in this research project has been partially overcome, as the researcher is a Polish national who has spent a considerable time living and working in Britain and has become accustomed to British culture, yet remained to a large extent 'an outsider', having spent most of the lifetime in Poland.

1.5 Significance of British – Polish comparisons

The British – Polish tourism distribution channels comparison is significant especially (but not only) from the Polish perspective, as the processes that are taking place in the Polish market now took place in Britain some time ago. From the author's perspective, being Polish and having an opportunity of assisting the Polish businesses by utilising or at least informing Polish tourism businesses about the British experience was to some extent a driving force for researching and comparing channel relationships in both countries. By the same token, the explanation of the Polish behaviour in the channels could help foreign businesses to establish their companies in Poland and help them understand better the way the Polish businesses operate. Therefore this comparison contributes to the current knowledge by expanding it into new areas.

There is a number of development / modernisation theories (for example Hirschmann's (1958) or Rostow's (1960) approaches) suggesting that the development is being transferred in one way or another from countries more developed to those less developed. Some of them will be briefly introduced here.

According to Rostow's (1960) modernisation theory, modern science and its practical application in technology is the key to the 'take off' into development. In Europe the scientific and technological preconditions for take-offs were developed internally; elsewhere it was the intrusion by more advanced societies which opened the way for change, especially for economic progress (O'Donnell 1992:471).

Parsons (1951) and Hoselitz (1960) (cited in O'Donnell 1992:471) conceptualise modernisation within a functionalist framework. They stress that the diffusion of ideas and values from the West outwards is the underlying dynamic of modernisation rather than the spread of technology emphasised by Rostow.

Modernisation theory (The Robin Rojas Archive Website 2001) characterised societies either as traditional or modern. Traditional social relationships tend to have an affective component – personal, emotional and face-to-face, which creates a constrain in the process of developing efficient relations of production via a market. Modern social relationships are neutral, impersonal, detached and indirect, which make possible efficient market relationships (The Robin Rojas Archive Website 2001).

Hirschmann (1958) was one of the early few who stressed the need for country–specific analysis of development. He insisted that economic development should be analysed on a case-by-case basis, exploiting indigenous resources and structures to achieve the desired results (Economic Development Website 2001).

In this research a country-specific analysis of tourism industry, with the emphasis placed upon distribution, has been undertaken and its development has been compared between Britain and Poland. In Britain of the 1960s tour operators started to separate from travel agents in a series of moves resulting in enhanced specialisation. This process is taking place, especially in smaller businesses, in Poland now and is accompanied by vertical and horizontal integration in larger organisations. These changes are affecting the relationship between the two researched groups of channel players.

Other reasons for a Polish - British comparison include that the emergent trend of collaboration, joint ownership and take-over – whereby Polish and Western (including British) businesses effectively combine or collude – is likely to cause a higher degree of conformity between Polish and West European travel businesses. Britain is one of the most highly developed of the West European states in terms of travel retail. The collusion will initially affect businesses at the communication / systems levels, and it is reasonable to expect longer-term effects leading to large scale similarities in business structures, marketing relationships and overall strategies.

A further reason is that, following modernisation theories, examples of changes from Poland will be representative in the short term of the more rapidly changing ex-socialist nations. In the longer term, too, those nations which are slower to change will be likely to fit the pattern of faster siblings in the region. Thus the Polish findings are likely to be broadly applicable to Hungary and the Czech Republic in the first instance, and eventually to Slovakia, Bulgaria, Ukraine, Russia and others. Yet again, it is becoming clear from results of this research that a significant proportion of Polish travel businesses is joining West European trade associations. This cannot fail to affect the behaviour of the Polish members, and to lead them to conform more closely to Western business practices.

1.6 Structure of the report

Chapter two reviews the literature, which concentrates on main concepts in the channel relationships. The model which is used here to compare two tourism distribution systems development process is introduces and explained there.

Chapter three shows the structure of travel industry in Britain and Poland listing the main differences in both systems.

Chapter four explains the methods employed in this research, their appropriateness and fitness for fulfilling aim and objectives.

Chapter five analyses the outcomes from the quantitative questionnaire survey, while chapter six interprets results from the interviews. Chapter seven blends the information gathered so far and final conclusions are reached in chapter eight.

Chapter 2

Marketing Channels in the Literature

Different ways of distributing products through varying channels, at the same time avoiding unnecessary conflicts and tensions, have been investigated for at least 30 years in various industries. It has been recognised as an important issue in the study of tourism. This chapter looks at distribution theories and synthesises them with tourism industry practices. It consists of two main parts: the first deals with general theories applicable to the concept of distribution, and in the second theories are applied to tourism and illustrated by examples from the industry.

The chapter introduces marketing or distribution channels and lists definitions of them in general terms and in tourism. Channels are shown as open social systems, where economic and behavioural aspects have played an important part and were therefore well researched in the past. The concepts of dependence, power, conflict and communication are vital in the management of channel relationships, hence they are introduced here. Finally, frameworks for international comparisons are presented and based around two models that will guide the research process.

2.1 Marketing and distribution channels

One of the most important factors in service industries is to understand consumer needs. Marketing channels, also referred to as channels of distribution, evolved to serve those needs. The definition provided by Stern, El-Ansary and Coughlan (1996: 31) is that "channels should be viewed as an orchestrated network that creates value for end-users by generating form, possession, time and place utilities". This organised system consists of agencies which "in combination, perform all the activities required to link producers with users to accomplish the marketing task" (Berman 1996: 5). Fill (1995) notes that products flow through a variety of organisations which co-ordinate their activities to make the offering available to end-users. Various organisations perform different roles in a chain of activity; they act as manufacturers, agents or distributors. Each organisation is a customer to the previous one in an industry's value chain. These organisations often act independently of each other and therefore may have conflicting objectives and requirements (Christopher 1992: 129).

It is not possible to give one definition of a marketing channel that can be acceptable from all viewpoints: the manufacturer will perceive a channel in a different way from a wholesaler or retailer and will concentrate on different aspects of it. In the context of managerial decision-making Rosenbloom (1995: 5) defines the marketing channel as "the external contactual organisation that management operates to achieve its distribution objectives". He explains that it is external, because it exists outside the specific company - and it is more inter-organisational than intra-organisational. This point is true in many instances, but is less so in the case of some vertically integrated travel organisations. Contactual organisations are all those firms and parties engaged in the flows within the channel, especially negotiatory functions, consisting of buying, selling and transferring title to products or services. Usually these organisations are referred to as wholesalers and retailers, but various examples of definitions of channel players can be found in literature. Some of the definitions are presented in table 2.1.

Table 2.1. Intermediaries in general distribution networks

Intermediaries / middlemen	▪ distribution-oriented institutions and agencies which stand between production and consumption PRODUCTION ⟶ INTERMEDIARY ⟶ CONSUMPTION (Stern *et al.*, 1996: 3) ▪ independent businesses that assist producers and final users in the performance of the negotiatory functions and other distribution tasks (Rosenbloom 1995: 39) ▪ dealers who act as a link in the chain of distribution between the company and its customers (Holloway and Robinson 1995: 128)

Table 2.1. (continued) Intermediaries in general distribution networks

Wholesalers	▪ businesses engaged in selling goods for resale or business use to retail, commercial, industrial firms, as well as to other wholesalers; their distribution tasks performed for manufacturers include: – providing market coverage, – making sales contacts, – holding inventory, – processing orders, – gathering market information and – offering customer support (value added services: assuring product availability, providing customer service, extending credit and financial assistance, offering assortment convenience, breaking bulk and helping customers with advice and technical support) (Rosenbloom 1995: 39) ▪ establishments which sell to retailers and to commercial users, but who do not sell in significant amounts to ultimate consumers; the significance of wholesalers' roles in channels of distribution is defined by the efficiency of their sorting functions, whereby they help match the heterogeneous output of suppliers on the one hand with the diverse needs of retailers and business users on the other (Stern *et al.* 1996: 107)
Agent wholesalers	▪ type of wholesalers, they do not take title to the products they sell and perform only some of the tasks, performed by a wholesaler (Rosenbloom 1995: 55)
Retailers	▪ establishments which sell goods and services to ultimate consumers for personal consumption (Stern *et al.* 1996: 50) ▪ business firms engaged primarily in selling merchandise for personal or household consumption and rendering services incidental to the sale of goods (Rosenbloom 1995: 58)

Generally intermediaries stand between production and consumption, but also negotiate and link businesses representing both sides. Wholesalers sell goods for resale or business use, but do not sell significant amounts to final customers and perform sorting functions, including matching the output of suppliers with the needs of retailers and business users. Retailers sell goods and services to ultimate customers.

2.1.1 Distribution channels in tourism

Authors in the tourism field define marketing channels in a similar way. Middleton (1995: 202) emphasises that channels are "organised and serviced systems created to provide convenient access to consumers, away from the location of production and consumption and paid for out of marketing budgets". Woodruffe (1995), while talking about the distribution of tourism products, refers to the concept of the 'place' element of the marketing mix, which in this case is concerned chiefly with two main issues: accessibility and availability. In this context 'place' does not mean the location of a tourist attraction or facility, but the location of all the points of sale that provide customers with access to tourist products.

Medlik (1996: 84) defines distribution as "channels through which goods and services are transferred from producers to consumers and which provide points of sale or access for consumers". He also generally describes ways in which channels might be organised:

> "in travel and tourism providers of tourism attractions, facilities and services may sell direct to consumers or use one or more intermediaries (such as tour operators and travel agents). Most large producers use a combination of distribution channels for their products and this combination is described as the distribution mix".

A further definition is provided by Mill and Morrison (1992: 471), who view a tourism distribution channel as "an operating structure, system or linkage of various combinations of travel organisations through which a producer of travel products describes and confirms travel arrangements to the buyer".

2.2 Channels as open social systems

Having defined general and tourism channels it is important to establish the responsibilities of channel members. Channel players have a number of tasks to complete. In order to do that they need to co-operate in an integrated and co-ordinated manner. The co-operation between different members which can be defined, after Skinner *et al.* (1992: 176), as "joint striving toward individual and mutual goals" and the effort required to maintain the relationship are factors which have caused some authors to compare distribution channels to social systems.

Stern (1969) suggests that from viewing channels as social systems, the following implications should be noted: interdependence between channel members is connected with the fact that each member of a distribution channel is dependent upon the behaviour of other channel members. If any of the members changes its behaviour at any point in the channel, change will be caused throughout the whole channel. The mutual dependency among components of the channel implies that the whole membership of the channel must operate effectively if the desires of any individual member are to be realised. The fact that channel members are external to each other does not help to achieve co-ordination and co-operation easily. Moreover, pure co-ordination is not possible; where at least two companies are involved in a relationship, it is relatively easy to get involved in a conflict. It is not an easy task to co-ordinate 'a superorganisation comprised of interdependent institutions and agents involved in the task of making products and services available for consumption by end-users' (Stern *et al.* 1996: 281). How to solve conflict situations and manage co-operation between channel members is dependent upon other factors and concepts, including the level of power of one member over the other, interdependency, commitment and trust. These concepts are linked to support, which the companies are giving to one another in a relationship.

Contingency theorists of the firm (Thompson 1967, Galbraith 1973, 1977) consider the mutual relations between the environment and the company, believing that the company adapts itself to changes in the environment. The same statement is applicable to a distribution channel, which is not only social, but also at the same time an open system. It exists in a changing external environment.

Parsons (1951, cited in Cuff *et al.* 1998: 97) talks about systems theory. In his view a system has persistent identity in an environment, it is distinct from its environment, but must transact with it, so it is an open system. The overriding task of the system to maintain its own identity in the face of that environment involves two main aspects: the regulation of transactions with the environment and the maintenance of effectively operating relations inside the system itself.

> "Channel members must adapt to a changing environment; as they alter their functions and adjust their organisations and programs to cope with a changing environment, they impact the entire channel organisation. The evolution of a channel system is an on-going adaptation of organisations to economic, technological, and socio-political forces both within the channel and in the external environment" (Stern *et al.* 1996:16).

A tourism distribution example that illustrates Parson's viewpoint is the existence of a system, perceived as a simple system by a retail customer, which actually includes contributions from several different channel partners.

In a voluntary manner all partners in the channel are co-operating to communicate more quickly and share the information. In a commercial context in the modern marketing system the power / knowledge systems are used more and more often to refine the marketing mix, based on the characteristics of the consumer. They often use the same software for building up databases and transferring information from travel agents to tour operators and airlines.

All these internal and external factors and concepts considerably influence the process of managing the channels of distribution. This influence should be considered in comparisons of two channels of distribution, as they operate in different environments and thus adapt to different situations.

2.3 Economic and behavioural aspects in channel research

Stern and Reve (1980) state that channel theories are fragmented into two seemingly disparate disciplinary orientations: an economic and a behavioural approach. According to them these two orientations should be viewed as complementary, because the former deals with outputs obtained in some behavioural processes. Moreover, theories used in channels research are anchored in the general sociological theories dealing with power, domination, authority and knowledge in the society. Sociological theorists put an emphasis upon power and domination as key phenomena which any general theory must treat as of central concern (Cuff *et al.* 1998: 312).

Marx (1959) believed that the relationship of power and control, which was found in economic relations based on private property was reproduced in the wider society. Those who dominated within the process of economic production ruled the society (cited in Cuff *et al.* 1998: 23).

In Weber's (1949) terminology power is the capacity to carry out one's own will despite resistance from others. The organisation of society involves struggles for power. Social life is about inequality, which can take many forms. Generally inequalities are consequences of differences in terms of power (Cuff *et al.* 1998: 50).

Parsons (1951, cited in Cuff *et al.* 1998: 103) argues that power should be looked at from the point of view of the system rather than from that of particular individuals or parties. He claims that power does not have to be 'the base of social conflict' because of a 'zero-sum situation', i.e. someone's gain must mean another's loss. The picture is clear in that view, but it depends on an assumption that a fixed quantity is being shared out. If the quantity is not fixed, if it can increase, then it is possible for the amount available to everyone to increase.

The distribution of power is to be understood not in terms of individual possessions, but as a distribution relative to the functional needs and internal exchanges of the system. Power is a way of controlling people and it is a means of directing and co-ordinating them in the pursuit of collective objectives. Basically, power is a means for getting things done. It is to be understood as 'a generalised medium', playing a role in facilitating the pursuit of collective objectives rather than as being essentially used divisively and in pursuit of sectional interests (Cuff *et al.* 1998: 104).

Foucault (1980) notes that in the modern world the development of power and knowledge are so intimately interwoven that they cannot properly be spoken of separately, and the display of their interconnections requires the formation of a special mode of expression, namely power / knowledge. The two develop together, and modern society involves new form of power, whose recognition requires a new conception, power without a subject. In the spirit of efficiency power is more effective if it does not regulate activities from a distance, but it is interwoven into the very activities it is to regulate. The spread of administrative arrangements throughout modern society has extended this kind of power in all directions, making it part of innumerable domains of life. It is disciplinary power not only in the sense that it involves punitive, disciplinary measures, but more so in that it develops well-disciplined individuals who are prompt and obedient (Cuff *et al.* 1998: 270).

It could be argued that a benefit of the Marxist approach is the emphasis placed on the positive correlation between economic strength and power. Thus, in instances where a larger, richer organisation is a supplier to a number of smaller businesses, the power of the former is clear.

Marx's emphasis on production has analogies with the provision of services, but one must be careful to modify his ideas when factors unexpected during Marx's lifetime are considered, such as the acquisition of great economic strength by institutions (for example multiple travel agencies) which are far removed not only from production but also from the source services.

Weber's (1949) definition of power is directly linked to Emerson's (1962) perception of dependency (explained later). The coalescence of both tour operators and travel retailers into larger, richer groups can be treated as an example of Weber's 'societal struggle for power'. The 'ownership' of – for example - a package holiday by the tour operator would be familiar to Weber's perception as a factor enhancing the tour operator's power over the retailer. The ability of the retailer to influence the price of a holiday, thereby heavily influencing the perceived value, would likewise be clear in Weber's terms as a factor enhancing the power of retailer over operator.

Some of the economic and behavioural aspects affecting channels are presented below.

2.3.1 Economic aspects

According to Stern *et al.* (1989: 7) the existence of channels is explained by the economic rationale, because economic reasons are the foremost determinants of channel structures. The emergence of the wide variety of intermediaries can be explained in terms of four logically related steps in an economic process:

1. intermediaries can increase the efficiency of the process of exchange,
2. they adjust the quantities and assortments produced with the quantities and assortments consumed,
3. they make transactions routine, and
4. they facilitate the searching process.

According to Christopher (1992) intermediaries fill in five gaps: the time, space, quantity, variety and communications-information gap; and in effect reduce the transactional links between a manufacturer and clients. Potential benefits and costs for a manufacturer using intermediaries are shown in table 2.2.

Table 2.2 Benefits versus costs for using an intermediary in a product / service distribution

BENEFITS FOR SUPPLIERS	COSTS FOR SUPPLIERS
Wider coverage of the market	Loss of margin (paid to intermediary)
Convenient points of sale for customers	Loss of marketing control / power over the process
Lower selling / operating costs	Ultimate customer service beyond a supplier's control
Wider product range	High priority given to intermediaries rather than customers
Knowledge of the market	
Consideration of customer finance	

Source: Based on Christopher (1992)

The concept of a channel structure is vaguely defined in the marketing literature. Following Rosenbloom (1995: 23) a channel structure may be defined as "the group of channel members to which a set of distribution tasks has been allocated". The number of levels of intermediaries in the channel is the most typically discussed dimension. Christopher (1992:138) recommends that the channel length, defined as "the extent to which intermediaries should be used", should be considered a question of economics, but also be governed by the extent to which the company is prepared to trade off control of the marketing channel to intermediaries.

As well as economic aspects, technological, political and social aspects shape the channel structure. Particularly technology is about to revolutionise the channels and possibly change the structure (Buhalis 1997, 1998), leading either to dis-intermediation or rather re-intermediation of distribution process (Rosenbloom 1999, Kanellou 2000).

A structure of a channel is also affected by organisational pattern of distribution, stating the ownership of companies in the channels, which again is very much dependent upon the economic aspects.

2.3.2 Organisational patterns in marketing channels

Stern and El-Ansary (1993: 325-330) divided organisational patterns in marketing channels into two main groups: the group of conventional marketing channels and the group of vertically integrated marketing channels. On the basis of their work conventional marketing channels may be described as follows:

- they are a coalition of independently owned and managed institutions, each of which is only concerned with its own financial performance,
- co-ordination is achieved primarily through bargaining and negotiation,
- they rely heavily on unrestricted open-market forces, especially via price mechanisms.

Fill (1995) notices that the structure of the network should be flexible in order to respond to the changing environment. Organisational dimensions of conventional and vertical marketing systems are presented in table 2.3.

Conventional channels (Fill 1995) are created by organisations which group together if their objectives cannot be achieved independently. By working together each member can concentrate upon the specialisation. The level of control that any member has over the others is minimal; also the level of loyalty is low, which is indicative of the instability that exists in these types of networks. Communications between partners tend to be ad hoc, reactive and unidirectional in the sense that messages are not reciprocated and do not occur on a very frequent basis.

Table 2.3 Organisational dimensions of conventional and vertical marketing systems

DIMENSION	CONVENTIONAL	ADMINISTERED	CONTRACTUAL	CORPORATE
Relation of units to an inclusive goal	No inclusive goals	Units with disparate goals but informal collaboration for inclusive goals	Units with disparate goals but some organisations for inclusive goals	Units organised for achievement of inclusive goals
Locus of inclusive decision making	Within units	In interaction of units without a formal inclusive structure	At top of inclusive structure, subject to unit ratification	At top of inclusive structure
Locus of authority	Exclusively at unit level	Exclusively at unit level	Primarily at unit level	At top of hierarchy of inclusive structure
Structural provision for division of labour	No formally structured division of labour within an inclusive context	Units structured autonomously, may agree to ad hoc division of labour, without restructuring	Units structured autonomously, may agree to a division of labour, which may affect their structure	Units structured for division of labour within inclusive organisation
Commitment to a leadership subsystem	Commitment only to units' leaders	Commitment only to units' leaders	Norms of moderate commitment	Norms of high commitment
Prescribed collectivity orientation of units	Little or none	Low to moderate	Moderate to high	High

Source: Stern *et al.* 1993: 324

Vertical marketing systems (VMS) trade-off coverage against the lack of control, thus corporations tend to have more control but less coverage. There are three types of VMS: administered, contractual and corporate. They have developed in Britain since the mid-1970s and consist of networks of vertically aligned and co-ordinated marketing partners. They function as a tight co-operation system, where the interdependence of partners is formally recognised. A greater degree of stability is achieved. The administered VMS is similar to the standard channel, because the participants work together tied by the attraction of potential rewards and the border between them is based on judgements. Members retain their own authority, but informal, collaborative agreements are administered through all interested parties. The contractual VMS consist of contractual partnerships with an essential written agreement between a dominant member and the other members of the network.

Stern *et al.* (1996) include administered and contractual vertical marketing systems in the group of "soft" integration, where the benefits of "hard" integration are achieved without the costs connected with ownership. "Hard" vertical integration is found when any of the eight marketing flows is assumed by one organisation across any two levels of distribution. Corporate systems belong to the "hard" integration group. Corporate systems are discrete networks of organisations that are owned, and hence controlled, by one dominant member. They are achieved through vertical integration, either upstream to control sources of supply or downstream to control the distribution of offerings. Complete control is not always possible; economies and cost savings can often be achieved only through large investments.

Contractual systems can provide many of the benefits of corporate systems. The inherent lack of flexibility associated with corporate systems has been a prime reason for organisations to move away from such rigidity, though they remain important in tourism marketing. Organisational or network patterns in marketing channels are dependent on such variables as the amount of power available to individual channel members, their efforts to maintain healthy levels of conflict, and their willingness to assume leadership roles (Stern and El-Ansary 1993: 318; Fill 1995).

2.3.3 Behavioural dimensions of channels research

The marketing channel is a social system with its own conventions and behaviour patterns. It requires purpose and direction, co-operation, conflict resolution and leadership. Inevitably power, dependence and influence concepts relate to channel research. Frazier *et al.* (1989:50) concentrate on research questions such as gaining and exercising influence, and the behavioural reactions to it in the channels. The dependence of the target firm on the source firm and the reciprocal actions that take place in channel relations have been previously examined by various researchers (Anderson and Narus 1984, Etgar 1976, Frazier and Summers 1986, Gaski and Nevin 1985, Lush and Brown 1982). Other behavioural constructs and dimensions have been researched during the past three decades. As a result the understanding of how companies can optimally organise and manage their channels of distribution has been enhanced. Some of the behavioural concepts and constructs that have an impact on channels of distribution will be introduced in the following paragraphs.

Dependence

Each member of a distribution channel is dependent upon the behaviour of other 'performance network' members (Fill 1995). Dependence is usually defined as "the target's need to maintain the channel relationship in order to achieve desired goals" (Frazier *et al.* 1989: 50). Four different approaches have been used to assess dependence levels in channel relationships:

1. the "sales and profit" approach (El - Ansary and Stern 1972 (in Frazier *et al.* 1989), Etgar 1976, Brown, Lush and Muehling 1983, Kale 1986) which postulates that the larger the percentage of sales and profit contributed by the source firm to the target firm, the greater the target's dependence on the source,
2. the "role performance" approach (Hunt and Nevin 1974, Lush 1976, Frazier 1983, Frazier and Summers 1986), which suggests that a firm's role performance refers to how well it carries out its role in relation to another company down or up the channel,
3. the "specific assets - offsetting investment" approach (Heide and John 1988), which maintains that offsetting investments help to safeguard the target company against opportunism by the source,
4. the "trust" approach (Ganesan 1994, Moorman *et al.* 1993), in which a long-term relationship is built on the extent to which companies trust one another (trust is "the willingness to rely on the exchange partner in whom one has confidence" (Moorman *et al.* 1992)).

Stern and El-Ansary (1992) look at the issue of dependency using social exchange theory, where two constructs play the main part. The first, the construct of *comparison level* concerns the expected performance levels of channel members based on experience. The second, the construct of *comparison levels of alternatives* is based on the expected performance of the best alternative organisation to a current channel member. If the comparison level is higher than comparison level of alternatives, the relationship will be economically justified.

Interdependence and co-operation

If a network is to function effectively, co-operation between members is paramount. Interdependence, specialisation and expertise in individual organisations should be encouraged. The chances for channel co-ordination are greater if the steps are undertaken jointly by more than one channel member, in a channel structure where power is more or less equally shared or balanced (Anderson and Weitz 1992). However, interdependence is rarely distributed in a uniform and equitable way and this inequality is a major source of power (Fill 1995). Some authors suggest (for example Anderson and Weitz 1992) that the dependence between companies should be symmetric in order to keep the relationship functioning, but channel members do not necessarily incline naturally toward co-ordinated behaviour.

Frazier (1999) advocates that it is better for the development of a dyadic channel relationship if each firm possesses a high level of dependence. Then interdependence is high in magnitude and symmetric. In such cases, each firm enjoys a high level of power and the bonds between the firms should be reasonably strong. High joint power is likely to promote trust, commitment, and relational behaviour because of the common interests, attention, and support found in such channel relationships (Gundlach and Cadotte 1994; Kumar, Scheer, and Steenkamp 1995; Lusch and Brown 1996). On the other hand Frazier (1999:5) argues:

> "when each firm possesses a low level of dependence in a dyadic channel relationship, interdependence is low in magnitude. Each firm has low power. The fact that the dependence levels are symmetric has little bearing because of low interdependence magnitude. In such cases, the amount of attention and support each firm gives the other is likely to be very low. Commitment is likely to be low, while trust is likely constrained by limited opportunities for interaction among boundary personnel. As long as each firm correctly acknowledges the inherent nature of such relationships, they may function rather smoothly without problems. If, however, one or the other firms begin making demands that are unrealistic, such relationships can become dysfunctional. But this is due to the lack of interdependence and, hence, power, not the presence of high power".

Thus the symmetry in dependence does not necessarily mean that the relationship will be functional. Channel power is a factor in altering actions by channel members to induce a more co-ordinated outcome.

Power

Stern *et al.* (1996: 286) define power as "the ability of one channel member to get another channel member to do what it otherwise would not have done". Wilemon (1972) notices that power refers to the ability of one channel member to induce another channel member to change its behaviour in favour of the objectives of the channel member exerting influence, thus connecting the concept of power with the concept of influence. Rosenbloom (1983: 114) also notices the connection between the concepts of control, influence and power defining the latter as "the capacity of a particular channel member to control or influence the behaviour of another channel member". However, according to Frazier (1999) confusion still exists among the power, communication, and control constructs in both a conceptual and operational sense. Power is often said to have negative effects on channel relationships, especially by those researchers who concentrate on relationship marketing. In fact, the current trend is to avoid using the term power altogether and focus instead on replaceability, dependence, or interdependence magnitude and asymmetry.

Marketing channel management deals with the choice and control of channel players. The control of them (Stern *et al.* 1996) may be gained in three ways: by implementing and exercising the power within the channel, by building and stabilising trust and commitment between the channel members and by specific contracts, used between different channel players.

What are the determinants or sources of power over other channel members? This subject was considered by many authors, but still seems to be quite nebulous. French and Raven (1959) introduce a concept of "bases" of power and name them as rewards, coercion, expertness, reference and legitimacy. The types of power are sometimes divided into two groups: a coercive power source, and non-coercive power sources. The second group contains all the rest of the categories but coercion, because all involve a willingness to yield to the power of another organisation due to the reward offered (Lucas and Gresham 1985).

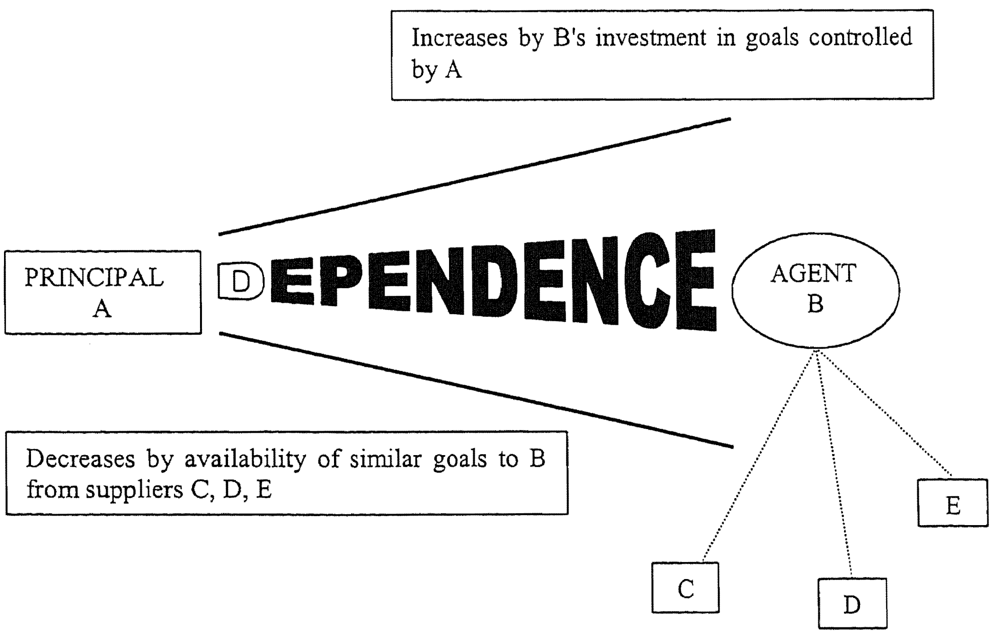
Lucas and Gresham (1985) suggest that a firm may possess power due to rewards it can bestow, punishment it is capable of dealing out, its special knowledge in a given area, the desire of others to identify with it or its position in a hierarchy. Fill (1995) proposes that by recognising and understanding the bases of power and the levels of co-operation and form of the relationships between members, the communication pattern, frequency and style can be adjusted to complement the prevailing conditions. Circumstances surrounding the channel relationship may also influence the power bases available to a channel member.

Power might be obtained through the possession and control of resources that are valued by another party and can be viewed in terms of the extent to which one channel member depends on another. When the dependencies are not equal, those who are the most dependent have the least amount of power relative to the others. According to Emerson (1962, cited in Stern *et al.* 1996, figure 2.1) the dependence of B on A is:

1) *directly proportional to B's motivational investment in goals mediated and controlled by A,* and

2) *inversely proportional to the availability of those goals to B outside of the A-B relation.*

Figure 2.1 Emerson's (1962) dependence of B on A



Wilemon (1972) suggests a list of determinants of a channel member's power. According to him there are a number of factors which, when possessed by a channel member, indicate that this channel member has a potential basis for modifying the behaviour of another channel member, but they do not guarantee that a channel member can exert influence. These determinants are:

- brand ownership and the demand characteristics of a channel member's products and services (the potential to exert power based on brand ownership often changes with the product's life-cycle in a given market; it is also connected with the reward basis of power, because participating in the marketing of a brand is connected with the potential rewards for co-operators)
- a channel member's role within its channel (some channel members perform critical marketing functions, which are perceived as expertise and give the right to exert influence)
- ownership control over other channel members (the greater the degree of ownership control that one channel member has over another channel member, the greater the potential for unilateral channel policy formulation on the part of the channel possessing ownership rights)
- contractual agreements between the members of a channel (the greater the economic rewards from participating in the marketing of a product, the more likely that contractual agreements provide a basis for a channel member to exert varying degrees of influence)
- the financial strength of a channel member (the more heavily a channel member relies on another channel member for financial resources and assistance, the more likely the dependent channel member will submit to the policies and objectives of the stronger channel member).

Dahl (1957: 203) notices that it is not enough to posses these bases of power in order to influence others, because "the power base is inert, passive. It must be exploited in some fashion if the behaviour of the other is to be altered". Power exists in many forms and is an important descriptive characteristic of a channel member at a point in time, but by investing in power sources the channel member increases its ability to affect channel behaviour and outcomes (Stern *et al.* 1996).

Leadership

The environment is constantly changing and uncertainty surrounds channel members. The amount of information that has to be acquired and processed for effective task performance is ever growing. Channels need purpose and direction; the ultimate goal in channel management is the creation and adoption of the main goals by all channel members. It is up to the channel members themselves to find those ways that make the co-ordinative solution to channel management also the most profitable one. Creative and effective channel leadership is a critical element in this process (Stern *et al.* 1996). A channel leader is the marketing channel institution which formulates marketing policies for other channel members and therefore controls their marketing decisions (Stern *et al.* 1989: 337).

Uncertainty is another source of power - increased certainty becomes a valued commodity, others will follow those who can improve forecasting accuracy. If channel members are able to share and empathise with the problem of their channel partners a channel-wide solution to a common problem may well result in increased understanding, collaboration and trust.

Etgar (1977) is interested in the extent to which a channel is administered by a channel leader. According to him, in the absence of a member who can stipulate marketing policies to other channel members, and who thus controls directly some or all of their decisions and activities, the administration of a channel becomes dependent on the price mechanism of intermediary markets through which co-operation of the different channel members is secured. From the channel members' point of view it is much more productive and efficient, if there is a channel leader and channel management is not left to market-led economic forces.

A question of who should lead the channel was tackled by several authors (Rosenbloom 1995, Stern *et al.* 1989, Etgar 1977). According to them it hinges largely on which organisation holds the balance of power in a particular marketing channel. In order to answer this question they recommend an in-depth study of the particular situation, because usually each and every organisation has at least some power relative to the various marketing flows. A channel organisation may exert leadership with respect to only one of these flows or functions, depending upon that firm's scope of power. Each of the groups of members on different levels of marketing channels may become the leading group, because each of the groups has some potential in the context of leadership. It might be a manufacturer, a wholesaler or a retailer, who takes the responsibility of leading the channel.

Etgar (1977) notices that the channel leader may for example gain access to power sources because of the specific characteristics, experience or history of its firm and its management. Alternatively his power sources may reflect the particular characteristics of the environmental forces impinging upon his channel (like demand, technology, competition or legal constrains) and his ability to capitalise upon these forces. Finally the power can stem from both the characteristics: those of his environment and his own. The leader, though, must be careful in exercising power, because, as Wilkinson (1974) points out, the use of power in the distribution channel may produce a degree of conflict which could disrupt channel performance. Therefore firms need to search for the least conflict-charged method of using their power.

Conflict

Conflict is built into the channels because of a web of interdependence. Conflict can be defined as a situation in which one channel member perceives another channel member to be engaged in behaviour that prevents or impedes it from achieving its goals (Stern *et al.* 1996). Stern and Gorman (1969) list the following causes of conflict: failure to enact a given role, issues arising amongst the participant organisation, selective perception and inadequate communications. Lucas and Gresham (1985) add that the causes are numerous and can be clustered under the following groupings:

- goal incongruity,
- questions regarding domain,
- differences in perceptions and
- problems in communication.

Conflict is not, however, a totally harmful aspect in the relationship between channel partners. It has positive and negative effects on productivity; there is a level above which conflict becomes dysfunctional, and a point below which the absence of conflict is, likewise, not beneficial to the organisations involved. Lusch (1976) notices that non-coercive sources of power tend to reduce intrachannel conflict, whereas coercive sources tend to increase it. Stern and Reve (1980) postulate that in channels characterised by imbalanced power the use of coercive power will produce a dysfunctional level of conflict. Moreover, Skinner *et al.* (1992) examined the relations between the co-operation and conflict in supplier – dealer relationships and conclude that while interorganisational relationships can be characterised by conflict and co-operation simultaneously, these two concepts tend to be inversely related. This means that higher a level of conflict will lead to a lower level of co-operation and vice versa. Also, Dwyer and Walker (1981) found that the greater the power of a firm, the more likely it is that the firm uses high pressure or coercive means of influence in its interactions with another firm in a channel.

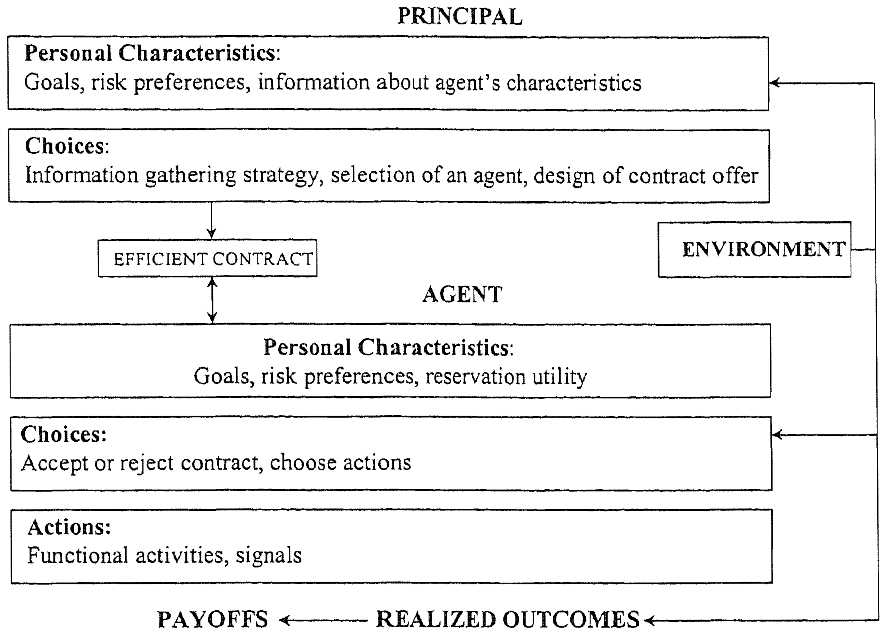
Communication

As conflict quite often represents a deterioration in the levels of co-operation between partners, communication is an important co-ordinating mechanism for all members of the network. Communication absence or failure will inevitably lead to uncoordinated behaviour and to actions which are not in the best interests of the network. McGrath and Hardy (1986) observe that the tighter and more constricting are the sales order policies of a manufacturer, the greater the likelihood that conflict will erupt. Through the process of selective perception any member may react to the same stimulus in conflicting ways. Each member perceives different ways of achieving the overall goals, all of which are recipes for conflict. Christopher (1992) suggests that is it worth changing the potential for conflict in the buyer-supplier relationship by changing the score from a zero-sum game, where for one party to gain the other must lose, into a non-zero sum game with mutual advantage. There are a number of ways of dealing with conflict situations, which go beyond the scope of this research. It is nevertheless worth noting that Stern *et al.* (1996) list information-intensive and information-protecting strategies as a means of dealing with it.

Contract design and enforcement

Another way of dealing with a conflict, especially if it is caused by goal incompatibility is based on the agency theory. An agency relationship is present whenever "one party depends on another party to take some actions on the principal's behalf" (Bergen *et al.* 1992: 3).

Figure 2.2 The agency theory



Source: Based on Bergen *et al.* 1992:3

The agency theory is applicable when the relationship between a principal and the agent takes place, where the principal hires or depends on the agent to perform a duty on behalf of the principal. An agency problem exists if the agent cannot be guaranteed to act completely in the principal's best interest because the agent has different objectives and when the principal is not able to fully monitor the agent's performance. The solution to the agency problem revolves around creating contractual solutions that make the agent behave as if it had the same goals as the principal, thus pretending that the goal conflict is absent.

Frazier and Summers (1984) suggest six influence strategies as the means for dealing with a conflict. These are: information exchange, request, recommendation, legalistic plea, promise or threat. These strategies create yet another way of avoiding latent or tackling existing conflicts.

There is a wealth of other concepts, influencing buyer - seller relationships. Crotts and Wilson (1995) concentrate on commitment, defined as "an enduring desire to maintain a valued relationship" (Moorman *et al.* 1992: 316). The concepts already mentioned, and additional ones like reputation or performance satisfaction play an important role in the subsequent stages of the relationship development. Because of their role there, they will be mentioned in the following part of this review.

2.3.4 Deficiencies in channels research

Although behavioural relationships in channels have been researched from the early 1970s (El-Ansary and Stern 1972; Hunt and Nevin 1974; Lusch 1976; Rosenberg and Stern 1971), nevertheless it is recognised that the managerial issues need to be addressed (Frazier 1999). Stern and Reve (1980) recognised three major deficiencies in the status of distribution channels theory and research. Little attention has been given to questions of maintenance, adaptation and evolution of marketing channels as competitive entities. As was noted earlier, analyses of channels are usually fragmented into an economic and a behavioural approach and empirical studies of distribution networks have been limited. The limitations are confined to an analysis of a single distribution channel within a particular industry, while systematic comparisons of different distribution networks within various environmental conditions should be examined. These could provide more insight into channel theories.

Kale (1986) agrees that research conducted across different market environments and countries would permit testing of the generalisability of theories. He suggests that studies should be conducted in the same industry in different countries with comparable samples. Frazier *et al.* (1989) notice that the empirical findings could be very different across diverse channel contexts, while all empirical studies on behavioural channel relationships have been conducted in developed countries. Crotts and Wilson (1995) confirm that most of the research in the broader literature has focused on managing buyer-seller relationships within a single, primarily Western culture. The case study approach was suggested as one to test the validity of the process model across various stages of development.

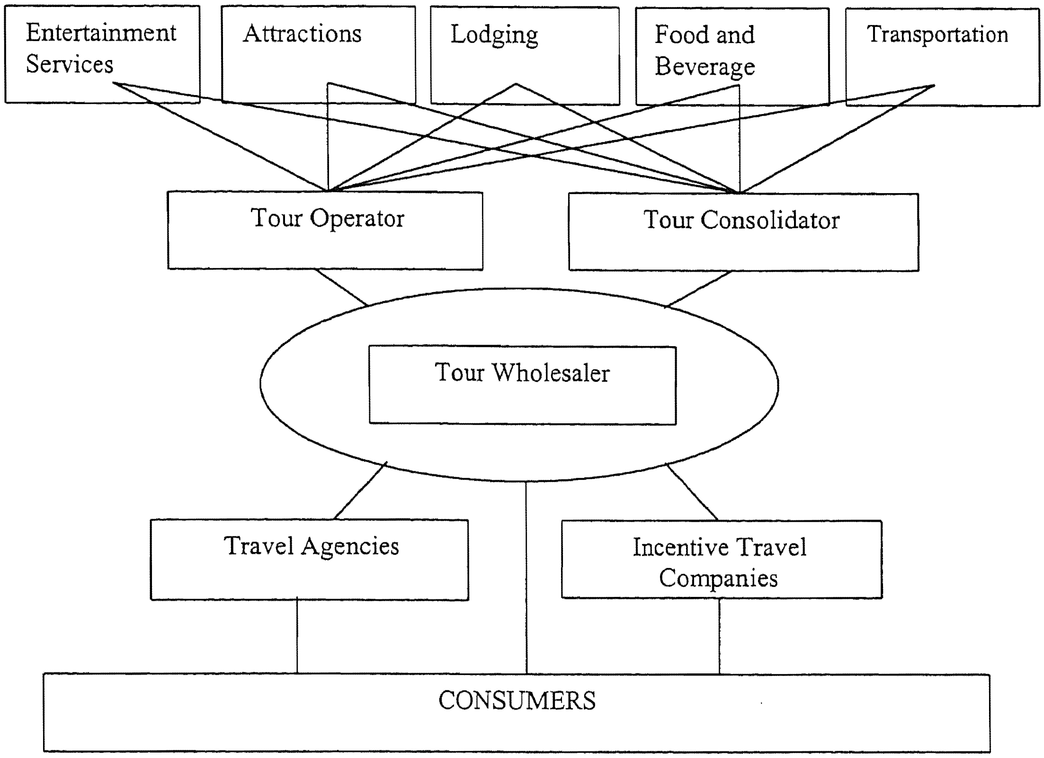
Research is needed to determine channel practices specifically aimed at tourism. Bittner and Booms (1982) tried to fill in the information gap regarding the travel distribution system and its operation and prepared the conceptual framework of distribution in tourism with the analysis of the travel agent segment of the system. Their framework applies to the American tourism industry structure, which differs from the European perspective; thus the gap still exists.

Distribution concepts were initially established in order to optimise the physical movement of commodities, which at the end of the process should reach the customer at the right time, in the right place and on the right terms. There is a large body of academic literature on channels of distribution in general (e.g. Boone and Johnson 1973, Berman 1996, Stern 1969, Stern *et al.* 1996, Wilkinson 1974), but there is a scarcity of texts applying the theory to the tourism sector and testing its validity in different tourist markets (Crotts and Wilson 1995). Tourism is a combination of service industries including transportation services, accommodation, attractions, food service, travel distributors and tourism promoters. Each segment of the tourism industry has a unique history but is dependent on the others for success (Nickerson 1996). The concepts of co-operation, dependence and power are highly relevant in the tourism context. The dependence is even 'written into' tourism, therefore it is even more relevant in the tourism channels context. Other variables that have been explored are a company's reputation, trust, performance satisfaction, comparison levels of alternatives, mutual goals, investments, adaptation, structural and social bonds. These variables both theoretically and empirically support studying the relationships between travel agents and tour operators.

2.4 Relationships in the travel trade

Go and Williams (1993) noticed that tourism comprises of a relatively small number of large suppliers and a relatively large number of small suppliers, which creates quite a turbulent channel environment. As recognised by Crotts and Wilson (1995) buyer-seller relationships in the travel trade are complex, given the nature of tourism product (specifically package tours) (Figure 2.3).

Figure 2.3 Buyer - Seller linkages in the international travel trade's hybrid tour packages (Crotts and Wilson 1995)

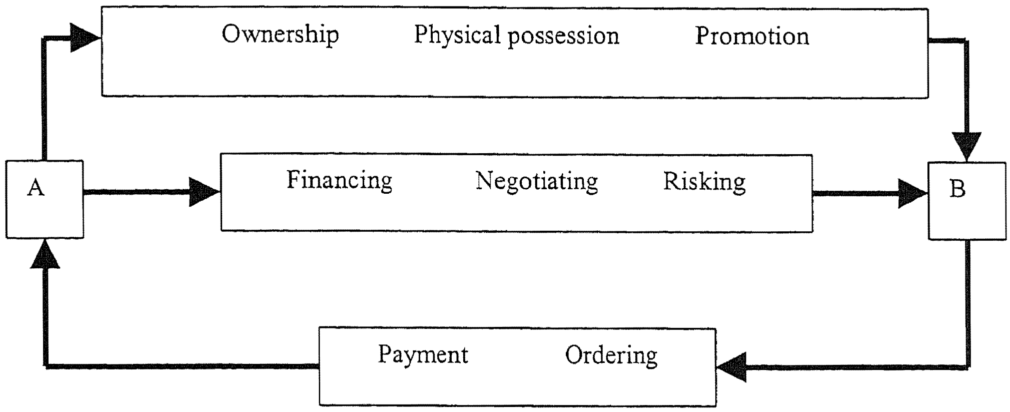


2.4.1 Differences between channels in manufacturing industries and in tourism

An intangible tourism service cannot be physically displayed or inspected at the point of sale. It is bought before the time of its use and away from the destination. That makes tourism dependent upon information, either as representations or descriptions in printed or audio-visual forms. According to Poon (1994) information is the 'cement' that holds together producers within the travel industry. The links between and among tourism producers, including travel agents and tour operators are provided by the flow of information.

Main differences between marketing channels in the travel and tourism industry (as a specific example of a service industry) and other industries concern the directions of different flows apparent in the channels. Stern *et al.* (1996: 10) define a flow as "a set of functions performed in sequence by channel members." There are eight universal flows which include physical possession, ownership, promotion (usually forward flows) negotiations, financing, risking (both directions), ordering, payment (usually backward flows).

Figure 2.4 Eight flows in the channels of distribution



Source: Based on Stern *et al.* (1996:10)

According to Rosenbloom (1995: 14) flows "provide the links that tie channel members and other agencies together in the distribution of goods and services". One of the most vital is the product flow (physical possession and ownership), described as "the actual physical movement of the product from the manufacturer through all the parties who take physical possession of the product from its point of production to final consumers" (Rosenbloom 1995: 15).

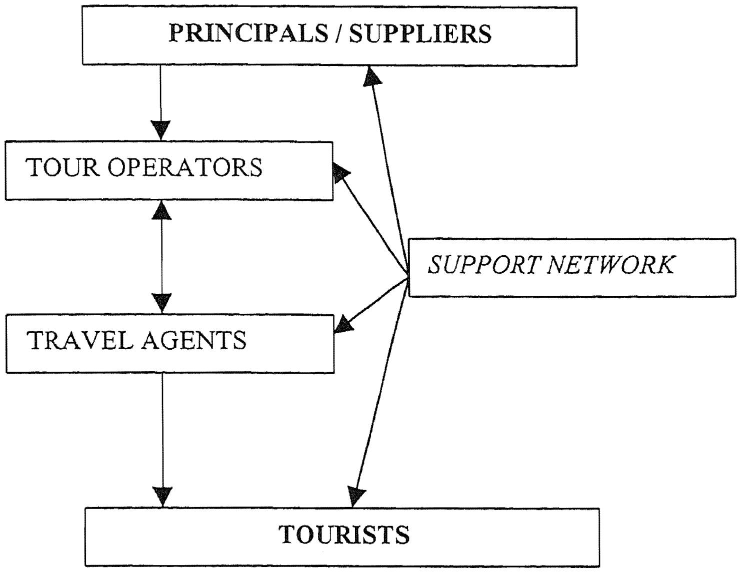
As Duke and Persia (1993) noted, the ideas of product flow, ownership flow and title transfer, are not always obvious or applicable where intangible services are marketed. In services marketing consumers must come in contact with the firm to receive the service, but there is often little tangible evidence of ownership or title which removes much of the conventional concept of "a channel of distribution". Because of this reason some of the authors (for example Bateson 1992) debate whether it is appropriate at all to consider the concept of channel in the case of services. For others however, those differences based around intangibility made the subject more challenging and necessary to examine.

This is where the difference between travel and tourism and other non-service industries becomes clearer: in a service industry the flows are movements of information, money and clients rather than the items sold. In some industries the supplier or producer has at least decisive control over the product, including pricing, quality and the manner in which it is distributed. This was suggested by Petit - Rafer (1996) for the automobile industry in the UK, where the manufacturers were the most influential members of a distribution channel. Travel and tourism principals (understood here as suppliers of travel and tourism products and services) do not conform to the motor industry model: travel intermediaries have far greater power to influence and direct consumer demand when compared to their counterparts in other industries. The distribution channel in tourism creates the link between the suppliers of travel services and their customers. "Unlike other products which flow from producer to consumer, tourists flow to the product. This inverted distribution system relies on intermediaries to perform much more than simple delivery services" (Gartner and Bachri 1994: 164).

2.4.2 Channel players in tourism

The travel distribution system consists of tourists, suppliers and three main types of intermediaries: tour operators, retail travel agents and so called "specialty channelers" (sic), which include incentive travel firms, meeting and convention planners, hotel representatives, association executives, corporate travel offices, etc. (Bitner and Booms, 1982). "Specialty channelers" are easy to find especially on the US tourism market, although they can be found in other countries. They might also be compared to Rosenbloom's "ancillary structure", the group of institutions that assist channel members in performing distribution tasks. The same group can be also summarised to some extent by the term of "a support network" in the stakeholders' terms (Fill 1995).

Figure 2.5 Tourism channels



The distinction between travel agents, tour operators and principals is difficult and sometimes arbitrary, because the number of types of tourism channel players is large. The examples of some of the channel players quoted in the literature are shown in table 2.4.

Figure 2.6 General and tourism channel players

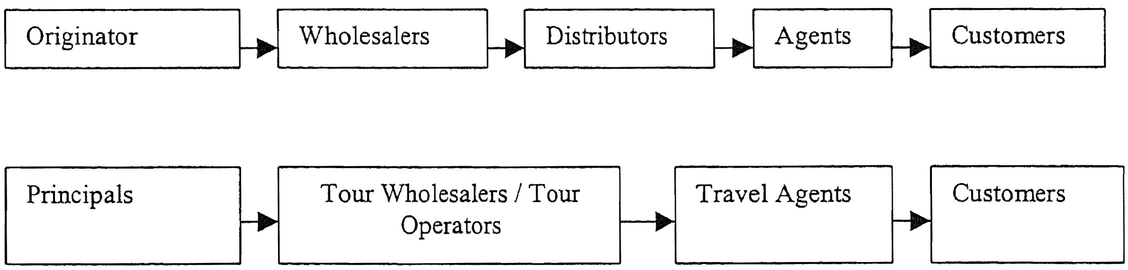


Table 2.4 Channel players in tourism

Division	Channel player	Role in the tourism distribution
SUPPLIERS	Principal	▪ Gives authority to an agent who may then act for or represent the principal. In travel and tourism (T&T) hotels, transport operators and tour operators are principals when they sell their products through retail travel agents (Medlik 1996: 201) ▪ Supplier of a service in travel and tourism industry, provides the basic travel products, the "core" product, such as transport, accommodation and amenities (Renshaw 1992: 2-3)
RETAILERS	Travel agent	– Organisation selling travel services on behalf of principals for a commission. – Most travel agents also normally provide ancillary services, such as obtaining passports and visas, traveller's cheques, currencies and travel insurance (Medlik 1996: 259)
	General sales agent	Agent appointed by a principal to handle promotion, reservations, ticketing and inquiries for that principal in a particular territory, may be also known as a sole agent (Medlik 1996: 117)
	Bucket shop - Discount ticket agency	A retail outlet selling cut-price wares, a travel agency which deals in unofficially discounted airline tickets (Medlik 1996: 40)
	Full-service travel agents	Traditional agents who sell all travel, accommodation and related services such as travel insurance, enabling clients to create independent "packages" (Laws 1997: 116)
	Holiday shops	Catalogue sales outlets for the tour operators who have already pre-selected and packaged a range of holidays (Laws 1997: 116)

Table 2.4 (continued) Channel players in tourism

TOUR OPERATION	Air travel organiser	- Makes available accommodation for the carriage of persons or cargo in any part of the world. - Requires a licence to operate by the UK Civil Aviation Authority (CAA), or the Air Travel Organiser's Licence (ATOL). The licence shows that the organiser of charter flights has lodged a bond with the CAA to safeguard the holidaymakers' money in case of the company failure. - A wider term than tour operator; includes air brokers acting as agents for airlines (Medlik 1996)
	Consolidator	Plays the role of the wholesaler by negotiating on behalf of a host of retailers (sub-travel agents) a better deal on price from the airline in return for a bulk purchase (Renshaw 1992: 85). Consolidation is: 1. the practice of some travel companies of combining bookings from several travel companies or individual members of a public with a view of achieving the necessary minimum numbers to benefit from group fares 2. the practice of tour operator of combining flight departures to the same destination with a view to achieving higher load factors, flights may be consolidated with other flights of the same operator or another one (Medlik 1996: 64).
	Ground arrangements	Local services provided for tourists at destinations, such as hotel transfers, car hire (rental) and sightseeing, by a person or an organisation variously known as ground operator, ground handling agent, incoming tour operator and destination management company (Medlik 1996: 121).
	Incoming tour operator	Organisation providing local services for tourists at destinations, such as hotel transfers, car hire and sightseeing (Medlik 1996: 138).
	Seat-only operator	Operators specialising in "seat-only" sales, which involves selling seats to customers who can make their own accommodation arrangements (Renshaw 1992: 85).
	Wholesaler	An intermediary who usually buys goods from suppliers for resale in small quantities to retailers and others; in tourism the term is sometimes used as a synonym for a tour operator (Medlik 1996: 274).

Table 2.4 (continued) Channel players in tourism

	Tour operator	▪ Organisation buying individual travel services (such as transport and accommodation) from their providers (such as carriers and hotels) and combining them into a package of travel, the tour, which is sold with a mark-up to the public directly, or through intermediaries, (Medlik 1996: 250) ▪ Assembler of brought-in parts who produce the holiday package that the travel agent retails (although they can sell directly to customer as well, with the ommitance of travel agents). It plans, organises, finances and sells the complete holiday package, which includes transport, accommodation and food. (Business Economic Notes 1987 in Renshaw 1992: 4)
	Tour wholesaler	A business entity that consolidates the services of airlines or other transportation carriers and ground service suppliers into a tour that is sold through a sales channel to the public (Renshaw 1992: 5).

The EC Directive on Package Travel (1990) uses the terms "organisers" and "retailers" instead of travel agents and tour operators, which acknowledges the lack of EU-wide agreement on the meaning of these two latter terms. The "organiser" is defined as a person who organises packages, and offers them for sale, whether directly or through a retailer. The "retailer", an equivalent to a travel agent, is defined as a person who sells or offers for sale the package put together by the organiser (Dawnes 1993: 69 - 87).

Tourism channel members versus general channel members

Suppliers (principals), wholesalers and retailers of tourism products and services have been defined in a variety of ways the tourism literature (Table 2.4). However, the difference between the range of services provided by the supplier, tour operator, and travel agent is not necessarily clear. To what extent is a tour operator a wholesaler for the tourism product or a supplier? Can a travel agent be referred to as a retailer? The answers are different in different sources (Altkorn and Nowakowska 1992, Lavery 1989, Mill and Morrison 1992) and there is no uniformity of opinion within the tourism field.

Similarly to a general distribution channel, a tourism distribution chain begins with a supplier / principal. "Principal" means first in rank of importance, as they provide the core travel products, such as transport, accommodation and amenities. Without them there would be no further organisations down the chain of distribution; they are principals to the tour operators and travel agents (Renshaw, 1992: 2-3). Whereas this definition is broad, Medlik (1996: 201) narrows it down to only those companies which sell their products through retail travel agents. At the same time he adds tour operators to the group of principals, arguing that a tour operator also gives authority to an agent who may then act and represent him and sell his product. Medlik also argues that by buying individual travel services (such as transport and accommodation) from their providers (such as carriers and hotels) and combining them into a package of travel, the tour, which is sold with a mark-up to the public, a tour operator creates a new product. Thus, although sometimes described as a wholesaler, a tour operator is, in fact, a manufacturer of travel products with a role which is in some ways similar to that of a bulk-breaker in wholesale goods distribution, though this analogy should not be taken too far. Medlik compares tour operators to parties assembling product components, such as motor car manufacturers or book publishers.

Renshaw (1992: 5) notes another difference between tour operators and wholesalers: tour operators do not sell in bulk, they rather sell individual units to individual members of public via a retailer, or directly and they take the risk.

A travel agent is usually described as a person or organisation selling travel and ancillary services on behalf of principals for a commission. The main functions of travel agents are those of a retailer - to provide access for a principal to the market and to provide a location for the customer to buy travel services (Medlik 1996: 259). Factors constraining effective communication between destination managers and principals and their customers are: distance, time and lack of information - travel retailers help bridge these gaps by outlets located in customers' vicinity, providing facilities for advanced reservations and providing comprehensive information (collaborative aspects of the industry).

Renshaw (1992) notices that many people actually involved in the travel industry accept that the travel agent is a retailer. The following similarities are mentioned: travel agents and other retailers share the same prime sites, they have brochures on display, which are similar in the case to products and goods of other retailers, they advertise products, offer discounts and marketing deals, employ sales staff. They try to be more effectively retail oriented and employ sales and marketing directors, usually brought in from outside retailers or manufacturers and they have buyers who negotiate deals with suppliers. Supporters of the term 'retail travel agent' argue that these similarities are more important than the concept and theory of retailing.

Nevertheless there are also differences between a travel agent and a 'regular' retailer. These differences can be summarised in the following examples: travel agents carry no stock and therefore bear limited financial risk, although they argue that the stock of brochures is huge and it is costly to keep them all; travel agents never actually purchase the product, but act on behalf of consumers. The process involves no financial purchase and usually there is no charge to the customer for using a travel agent's services (Renshaw 1992, 6-8).

This practice could change in the future. Some of the tourism associations suggested recently that agents should introduce fees for customers, because relying only on commission provided by tour operators make travel agents vulnerable and leaves them in a weak negotiating position. For example Advantage Travel Centres called for the introduction of fees to clients by the agency sector in order to take control of their income. Smaller agents did not do too well as a part of the dependency culture in which they were forced to rely on suppliers paying commission (TTG 1998/2310). So far agents receive commission on sales and are therefore compared to insurance brokers or estate agents. Therefore Renshaw (1992) argues that the title 'retail travel agency' is technically incorrect.

2.4.3 The development of channel structures in tourism

Although various structures are employed in tourism, in general tour operators and travel agents provide the "linking services" of a distribution channel. They connect the great variety of tourism companies, which create destination services, to their ultimate clients. The travel retailers make these services easily accessible to clients either through the traditional full-service travel agents or holiday shops (Laws 1997: 113).

The traditional tourism distribution channel consisted of small, independent retailers whose objectives were to maximise their own profits. Over time these retailers started to specialise and a group of tour operators emerged as well. As specialisation went further and different groups of intermediaries became prevalent in the tourism market, other processes took place which changed the pattern of tourism channels. These processes were both vertical and horizontal integration. "Some of the most familiar travel retailers are (...) owned by large tour operators, with the result that the organisation is in effect an integrated business system" (Laws 1997: 120).

These processes are connected with the organisational and ownership patterns in the channels. Selin (1993) notices that interorganisational alliances are becoming prevalent in tourism and the reasons for that are rapid economic, social and political changes. Powerful incentives coming from alliances are delivered to those companies which recognise their interdependencies and engage in joint decision-making. Collaboration is the common ground linking multi-national firms, tourism coalitions or co-operative marketing strategies.

One conspicuous feature of the travel industry is that its network structure is highly changeable. Hankeland (1995) concludes that the importance of stable personal ties is considered to be decisive in maintaining well functioning collaborative relationships, as was the case with Norwegian international tourism. The basis for confidence in the relationship is gained by personal contact with collaborating partners in the first place, educationals, good reputation among customers and good quality brochures. He emphasises especially the value of social bonds in tourism (Hankeland 1995).

In the 1990s direct channels became more and more popular. In those channels consumers tend to contact the suppliers of tourism products directly. There are also tour operators selling their products directly to the public, omitting travel agents. This practice is popular both amongst medium-size tour operators and large ones, who sometimes have their own direct sales outlets. Duke and Persia (1993) explore the differences between clients of tour operators using direct channels and clients of travel agents. They notice that the difference is connected with the characteristics of the product itself. The riskier the nature of purchasing services the more pre-purchase information for services is needed, and the more informal and independent sources of information are used. In order to recognise the difference between clients of both channel structures, respondents were asked for information on the importance of decision-making attributes. These attributes included the reputation of a tour company, brochures, travel agent recommendation, recommendation of friends and relatives, destination, time of the tour, previous experience with the tour company, ease of bookings and elimination of financial risk. All these attributes create a list of criteria for building relationships with the clients. They conclude that tour operators must strive to obtain and reinforce high quality reputations with their clients. At the same time agencies must strive to maintain contact with operators providing high quality tours to desirable locations, streamline booking procedures and added services to make tour purchasing easy.

Another reason for using direct channels is the fact that tourists have become more knowledgeable. Richards (1995) says that the agents are increasingly being left behind the skilled consumers, who are able to invest more heavily in specialised product - knowledge acquisition. Such consumers are turning increasingly to direct product suppliers and packaging their own travel product, bypassing the travel agent. Bridging the information gap between skilled consumers and retailers is more likely to involve increasing retail specialisation supplied by information technology. As technology improves, more and more products and services are offered in direct channels. Sometimes these products are very similar to these offered by indirect channels. Customer offerings may overlap between segments, so areas of potential conflict between operators and agents can be identified along with solutions which can optimise the success of the entire channel.

As Richards (1995) notes, the key information-exchange role of the retailer has been a primary factor in shifting the balance of power in the chain of distribution away from the manufacturer to the retailer in most European markets. As product ranges expand, especially in travel and tourism, the difficulty of acquiring expertise over the whole range of products and services increases. CRS and videotext systems can provide a large amount of information about timings, availability and price, but they can supply very little information about the actual content of the product. The role of experiential information, provided in 'educationals' or 'fam trips' for agency staff is important in making product choices and that role makes them essential for the consumer. It is useful, at this point, to stress the role of domestic IT and the Internet in extending the quality and scope of customers' data acquisition about holiday destinations and other relevant factors. Thus, the 'key information – exchange role' mentioned above is under threat.

2.4.4 The nature of travel and tourism products and models of relationships

The tour wholesaler builds a network of relationships among functionally specialised firms to produce a synergistic product. It is not sufficient to simply contract inputs from facilities and services at prearranged times to create a satisfactory experience for consumers. The attitude and style in which each organisation renders its services is also important (Smith 1993). Therefore the relationships between co-operating companies tend to be important for the successful exchange.

Similarly, the balance of power in tourism distribution channels is perceived as the relationship between demand and supply. Power changes while the balance between those two variables changes, which indicates that each of the groups of channel players has the ability to lead the channel, depending on the relationship between supply and demand at the time. However, generally tour operators are perceived as the most influential group (Gartner and Bachri 1994, Buhalis 1998). The position between the supply side represented by principals and the demand side depicted by travel retailers and consumers gives them the power over these two groups. Laws (1997) argues that a factor distorting the operation of channels is that a dominant member, usually a major tour operator, can offer extra inducements beyond what is a normal business practice to entice retailers (or their staff) to sell particular holiday brands (extra incentives and volume performance targets). Whether this is a distortion or simply a normal characteristic of channel members' behaviour is open to debate: the manipulation of financial margins and non-financial benefits can be regarded as entirely conventional.

However, some authors (Poon 1994, Bennett 1995) state that new trends emerging in the tourism environment will change the process of value creation in the tourism industry. Therefore the future of some intermediaries might be questioned. The change will influence the relative position of different players in the industry, enhancing the role of players that are closer to consumers (Stern *et al.*, 1996, Skinner *et al.* 1992). The other sector, which according to Poon (1994: 205-206) is expected to gain, is the sector of companies that can most efficiently control the production and distribution of the industry's information. Travel agents, airlines and suppliers on site are all expected to increase in influence within the industry, while the role of tour operators is expected to decline. As the result of diagonal integration and information technology travel agents and suppliers will be able to replace the tour operators and their role by user friendly computer systems, linking together principals and retailers. Buhalis (1997, 1998) advocates the development of IT systems dealing with distribution issues on behalf of destinations.

Back in 1982 Bittner and Booms predicted that travel agents' roles would change because more competition would be prevalent in the industry. New competition coming from technology, new systems and banking companies has already emerged. Consolidation and greater concentration will take place on the tourist market. They suggest that travel agents must develop in their use of marketing techniques (especially knowing their clients), product line analysis, use of information systems, knowledge of travel destination and suppliers and how to interact and negotiate successfully with them.

Atherton (1994) has a darker vision of tourism channels development in the future with regard to technology. He thinks that there will be more and more use of audio-visual and computerised marketing tools which present more accurate and timely information on which to build expectation of enjoyment. The ultimate solution, he suggests, may be 'virtual reality' technology, which could replace not only travel agents and tour operators, but the tourist industry as a whole. However, by specialising in the above mentioned activities, both tour operators and travel agents will be able to survive in the market. The analysis of the aforementioned elements should provide information on the system as a whole and how precisely the system and the actors in it operate, which should in turn assist tourism managers in their process of creating of the best marketing strategies.

2.4.5 Comparisons between tourism channels

Channels for services in developed and less developed countries

Kale (1986) notices the difference in channel relationships in developed and less developed countries in an Indian case study of the channel in the tungsten carbide tool industry. The power advantage of manufacturers over dealers in developing countries seems to be evident. As it is usually a sellers' market, the demand for goods and services persistently exceeds their supply level. An absence of diverse infrastructure and significant barriers to entry connected with the production technology and amount of capital required, as well as constraints on production capacity, mean that there is little threat of new entrance. Few alternative channel opportunities mean that the likelihood of a middleman terminating the relationship with a manufacturer because of his coercive tactics is very small in a sellers' market. That obviously increases the willingness of a manufacturer to exercise coercion in the relationship with middlemen. Kale's (1986) findings, although based on a single case study, confirm Wilemon's (1974) view that the distribution of power within marketing channels depends on the characteristics of the market structures.

Wilemon (1974) looks at three types of markets: the unorganised market, the sellers' and the buyers' market and distribution of power within them. In the unorganised market wholesalers are often dominant members of channels and their ability to influence other channel members is derived from their economic strength and strategic position within channels which allows them to control various channel functions. This ability erodes as changes occur in the strength of other channel members.

In the sellers' market manufacturers are slowly able to develop their financial resources and capabilities which help them to manage and to some extent create demand. The period is generally marked by the domination of channels by large manufacturers. As the manufacturers increase their capacity and financial strength, the general imbalance between demand and supply at the macro level gradually shifts to a state of production surpluses, rather than scarcities, for many products. Changes occur then which include competitive pressure on marginal channel participants, vertical and horizontal integration, economies of scale, legislation affecting the operational behaviour of channel members and shifting of functional responsibilities among classes of channel members. These changes affect the power relationships among channel participants. In the buyers' market a general trend towards the equalisation of power amongst the participants within marketing channels occurs, especially between large retailers and large suppliers. Channels being open systems would be dependent upon the outside structure of the market, especially in case of perishable services sector.

Power in tourism channels

Mill and Morrison (1992: 493) comment on channel relationships and power in the tourism system. According to them the balance of power is very much a balance of supply and demand. The tour operator may have the power for example in the early stages of destination development. At this point destinations and other suppliers may be more willing to make concessions to a wholesaler who will actively promote a new destination to a mass market. Once the destination gains in popularity tour operators' influence is reduced and they may even be excluded from the market. However, as Buhalis (2000) notes that this is the case only in large and very popular destinations, for example in London (Mill and Morrison 1992). In other destinations it is the tour operator which exercises its power over other channel members.

With the passage of time a shift in the location of power in channels of distribution in tourism takes place. Different channel players on different levels of distribution become more important than the others in various stages of the destination or product development. From the supply perspective it is possible to forecast which principals are more powerful by looking at the tourist area life cycle, a concept introduced by Butler (1980). The evolution of tourism is closely linked to the evolution of destinations, which subsequently is driven by transport development (Cooper *et* *al.* 1993: 89-91). The tourist area lifecycle states that destinations go through a cycle of evolution similar to the lifecycle of a product. The concept of the product life cycle itself can underpin the shift of power. In tourism it might be a specific type of a tour, for instance a package tour or a city break, the development of which could possibly change the importance and power of a tour operator or an agent in the context of distribution. Buhalis (1995) demonstrates the role of tour operators in packaging and managing tourism products, often at the expense of destinations and suppliers. His research, undertaken in Greece, demonstrates that Mediterranean hoteliers find the power of tour operators from Northern European countries very challenging, as tour operators increasingly reduce the hoteliers' profit margins (Buhalis 2000).

Consumer adoption process

The balance between demand and supply for a specific product underpins the product life cycle, the tourist area life cycle and the consumer adoption process. The consumer adoption process is connected with the launching of new products onto markets. Before customers buy a new product, they must learn about it. This 'learning' is called the 'adoption process' and consists of five stages: awareness, interest, evaluation, trial and adoption (cited in Doyle 1998). When customers know that the product exists in the market, it is interesting from the supplier's point of view how the product spreads through the market. This process of diffusion has several implications for the company which sells the product. Firstly, it helps to identify the appropriate segment for targeting. It is common to identify five segments distinguished by the time they take to adopt the product (updated by Rogers 1983). These segments are: innovators, early adopters, early majority, late majority and laggards. A shift towards retailer power is also connected with consumer adoption patterns (Rogers 1983). As the product is adopted by more and more consumers, those retailers who actually sell the product become more powerful. It can be noted here that there is a considerable difference in the product adoption process between Britain and Poland in tourism, where the mass market holidays have been popular in Britain for at least 30 years, while in Poland they are a relatively new product.

A similar viewpoint regarding power and demand – supply balance is sustained by Konieczna - Domanska (1994). She argues that the relationship of power and dependency between principals and travel companies gives the latter group the opportunity of demanding special terms, conditions and standards connected with the nature and quality of the tourism product's investments and also decisions on their usage. However, sometimes tour operators and travel agents are dependent upon the suppliers of travel and tourism products and services. This happens when competition between travel agents in the market is high, the number of the intermediaries is large and the demand for tourism products exceeds the supply. Nevertheless, in the co-operation between a product supplier and a travel company, the power of one side over the other will be directly connected with the relationship between demand and supply of tourism products. When demand is larger than supply (d > s) principals are more powerful than anybody else in the tourism chain, while in the opposite case (s > d) travel companies are more powerful in the chain.

In the case shown by Buhalis (2000) tour operators control demand. According to him tour operators are generally perceived as the most influential group within the channel of tourism distribution. Their position between the supply side, represented by principals, and the demand side represented by travel retailers and consumers, gives them the advantage over these two groups. Some of their key techniques, giving them advantage over other channel players, are (Buhalis 2000: 125):

⇒ Timing contract negotiations to coincide with periods of low occupancy,
⇒ Using customer satisfaction surveys to their advantage,
⇒ Directing tourists to particular properties,
⇒ Making the sale of unused rooms difficult for hoteliers,
⇒ Altering the image of destinations and properties,
⇒ Playing hotels against each other, and
⇒ Oligopsony (few buyers).

The aforementioned techniques give the tour operators enhanced power over hoteliers and other groups of suppliers.

Gartner and Bachri (1994: 163) noticed the connection between the importance of different groups of channel players in terms of their power in developed and developing countries. On the basis of an Indonesian case study they concluded that a tour operator will have the more influence in the travel decision process and hence become more important both to the traveller and destination area, the greater the distance from the point of visitor origin to destination. The reason for this is that tour operators are often the first and most influential link in the tourist flow chain. The dependence of developing countries on foreign tour operators derives fundamentally from the expertise of these operators as producers and wholesalers of tourism related services, their knowledge of international markets and their access to the relevant complimentary services.

Tourists depend on tour operators as sources of presumably expert information about product quality and consumption expectations. Tour operators are labelled as specialists in the areas of marketing, public relations and management because of their skill in linking a country's destinations to the traveller. They are considered specialists in distribution of tourism services and can achieve higher sales volumes than single service providers. They gained the ability to obtain low cost charters and packages can be marketed on the basis of their brand name. A tour operator distributes information about different destinations, hence building an image of that destination, even if the traveller does not use the tour operator's services. External sources of information are minimised for the individual if they choose to use the services of a tour operator.

It is not always the case that tour operators are the most influential group. In the travel trade, roles and relationships are flexible and constantly adapting to changes in the market, new realities and opportunities. On one side there is a greater concentration of power in the hands of fewer large tour operators. On the other hand, as tourism diversifies, there are greater numbers of agencies dealing with the more specialised types of tourism. Vertical integration is also increasingly common with the same companies controlling tour operators, retail agencies, airlines and hotels. Tour operators have increasingly acquired their own chains of retail agencies. Although these may sell a range of packages, they naturally favour the packages of their own 'in-house' tour operator.

Researching the distribution of power within tourism marketing channels seems to be a difficult task taking into account the covert nature of some aspects of the travel trade. This obstacle makes it difficult to find out how the tourism system is operating, who is doing what, where most influence is being exerted, and what likely outcomes may result. This is all part of insider knowledge. It comes from a wide network of relationships and sources of information, which may take years to build up (Doswell 1997: 76). At the same time, however, there is no substitute for the analysis of the dynamics of power and its structure in an industry to reach plausible conclusions about who controls the marketing channel. The issues involved in each industrial setting must be carefully examined and the scope of each commercial channel member's power with respect to each of the marketing flows must be defined. Sometimes it may even be necessary to break the flows down into component parts in order to perform an adequate analysis. The ultimate answer as to who should lead the channel must be left to an empirical analysis of power and the relevant payoffs from its use on a case-by-case basis (Stern *et al.* 1989). Thus the analysis of the tourism channel structure in each country will follow in chapter 3.

2.5 Frameworks for international comparisons

Kale and McIntyre (1991) take the stance that channel studies should be conducted in different countries. A large variety of constructs beside culture influence the nature of channel relationship in various countries. It can be the product category, the demand - supply situation, the competitive environment or personalities of the actors in the dyadic relationship.

Over the past ten years researchers concentrated on well-supported models that define many of the relevant variables which influence the success or failure of buyer-seller relationships (Heide and John 1990, Hallen *et al.* 1991, Han and Wilson 1993, Crotts and Wilson 1995). The problem with the conceptual side of marketing channel issues is that there is no one specific theory addressing the issues, but a set of theories.

Frazier (1999) comments on research undertaken in many areas of distribution, especially those that take place and are important in various stages of channel relationship development. The most popular theories, on which the integrated models are based, are exchange theory, transaction cost analysis and social network theory. Models develop a conceptual framework that creates a way for providing a perspective on how management of distribution channels should proceed in the future to promote most progress. However, such an approach always limits the breadth of the research issues on channel organisation and management.

The evolution of stable buyer-seller relationships is poorly understood among both large and small tourism businesses (Crotts *et al.* 1998). The relationships between tourism suppliers and retailers have been developing virtually from the beginning of the travel trade, but it seems to be even more difficult to nurture them in a competitive environment. Insufficient understanding of the relationship development process can lead to misunderstandings, leading in turn to a premature dissolution of the alliance.

Buyer-seller relationships are formed and managed under three distinct models (Crotts and Wilson 1995, Crotts *et al.* 1998): adversarial, "interlocken" (sic) and co-operative. Adversarial models are connected with the supply-demand imbalances; in the "interlocken" model only those buyers are accepted who are members of the exclusionary group. The co-operative models include long-term alliances between buyers and sellers in order to produce attractive packages at the lowest costs.

Where supply exceeds demand, a buyer pits suppliers against one another to achieve lower prices and service concessions. Where demand exceeds supply, the power imbalance favours the seller. In such settings transactions are discrete and no long-term commitment is implied. The potential for future exchanges rests with the choice of alternatives. Crotts *et al.* (1998) establish that where one firm sells to another firm, they switched from an adversarial to a co-operative model.

The main framework for the analysis in the research is based on three models, which are introduced in the following section. Borys and Jemison (1989) define the relationship development process in four general stages which are:

1. defining the purpose of the relationship,
2. setting the boundaries of the relationship,
3. value creation, and
4. hybrid stability.

Borys and Jemison's (1989) model was improved by Crotts and Wilson (1995) who add the fifth, preliminary, stage of "search and selection of an appropriate partner" to the initial four. Crotts and Wilson (1995) recognise a need for an overall model that blends the knowledge about the variables that make for a successful relationship with information on the relationship development process. They propose an integrated model of buyer-seller relationships in international trade that blends the variables of the empirical "success" models with the stages of the relationship process model. Crotts *et al.* (1998) apply their model to the tourism industry.

Similarly, Kale and McIntyre (1991: 31-45) suggest that there are three interfirm channel interaction processes: initiation, implementation and review. During the initiation process, companies look for partners and initiate channel relationships with them. After the perception of desired and expected rewards is formulated, the search phase and the negotiation phase are completed.

The implementation process is a steady co-operation process, where companies deal with each other, securing their own businesses by managing on-going channel relationships. It begins when exchanges of products, services and information start to take place between channel partners.

The review process encompasses the evaluation of the benefits of the relationship versus the cost incurred in maintaining it. Usually the evaluation of both personnel and company performance is then taken into account.

2.5.1 Kale and McIntyre's (1991) and Crotts and Wilson's (1995) models

The Kale and McIntyre (1991) three-staged model will be used here in combination with Crotts, Aziz and Rashid (1998) measures of buyer-seller relationships, as they cover main elements of the relationship development process, both from the economic and the behavioural perspective. Within the three stages of Kale and McIntyre process there are many constructs involved, which shape channel relations between dyadic partners: here a travel agent and a tour operator. In order to find out what these relationships are a number of questions should be answered in order to compare the stages of development of tourism channel relationships in Britain and Poland. Relationships existing in the British tourism market are expected to create a model for the Polish companies.

The relationship development is a process where the buyers and sellers move from discrete transactions to a relationship characterised by interdependence and relationship commitment. Within each stage there are constructs that influence the development process; some of them are active, some are latent, which does not mean less important. They become dormant, because the issues they represent can be assumed by those engaged in the relationship. The stages in the process have already been described; the rationale for placing the active constructs in each stage will follow.

The initiation phase

The first level of channel interactions, the initiation process, begins when members perceive a need to form a relationship. This phase consists of the search and selection phase and the negotiation phase. It is of interest how, why and when the relationships begin, who starts the selection process and what characteristics the most desired channel partners have. The question arises as to how to choose channel members. Coulson - Thomas (1992) notices that the selection of the most appropriate channel will depend on a number of factors, like the company strategy regarding marketing and distribution, customers, products and costs involved. The market is the major constraint - the type, number and distribution of customers, their purchasing power and patterns and the absolute level of sales will impact upon the choice of intermediaries. There is a difference in the characteristics of consumers in Britain and Poland, especially in terms of their buying power; therefore there will be a difference in the selection processes employed in both countries respectively.

The active constructs in the search phase are performance satisfaction, trust, reputation and comparison levels of alternatives. Performance satisfaction is relevant to rewards, both expected and deserved, which companies want to achieve by engaging in the relationship. It is the degree to which the business transactions meet the business performance expectations of each partner in servicing the customer. Both product performance and service related attributes are taken into consideration (Crotts and Wilson 1995).

Most definitions of trust involve a belief that one relationship partner will act in the best interests of the other partner. Trust can change in time (Moorman *et al.* 1993). A company's reputation or image can be defined as a potential partner's perception of the firm's ability to create value. If the decision-maker has not had direct experience with the potential partnering firm, then the image is the only source of available information.

At the same time social bonds might be important as well, since when the company owner is personally acquainted with the potential partner it is easier to assess the performance in terms of these variables. Social bonding is the degree of mutual personal friendship and liking shared by the buyer and seller, which might affect the search and selection phase. When the seller is unknown then reputation and trustworthiness will come first.

The quality of outcome available from the best possible relationship partner (Anderson and Narus 1990) will be of importance during the selection phase. The terms "comparison levels" and "comparison levels of alternatives", already mentioned, are used by Anderson and Narus (1990), Stern *et al.* (1996), and Crotts and Wilson (1995) to describe the process whereby the optimal partner is selected. The process of assessing the quality of a potential supplier on the basis of initial contacts is the start of the process of buyer - seller relationship development.

During the negotiation phase channel members should establish mutual goals and values to prevent conflict and deepen the level of co-operation. Goal-sharing can only be accomplished through joint action and the maintenance of the relationship, which is the main consideration of the second, the implementation phase.

The implementation phase

The implementation phase begins with the exchange of products, services and information. The key aspects of this phase are the roles performed by various channel players, the level of influence of one member over the other and the choice of influence strategies. It is interesting how the co-operation is managed within a channel, which company plays the role of the channel leader and what types of channel behaviour might be noticed. Reputation becomes a latent construct, as it is no longer needed; the companies are now proving themselves in actions. However, the social bonding construct becomes more important than in the initial stage. The other active concepts are co-operation, dependence, interdependence and power. Crotts and Wilson (1995) mention as well the concept of non-retrievable investments, by which they understand relationship-specific commitments of resources which a partner invests (also Heide and John 1988 and Berman 1996).

Power, authority, dependence, leadership, conflict and satisfaction are important in establishing the extent to which these concepts have impacts on the management of channels. Different types of organisational structure of channels and their connection with the environment (conventional channels, integrated channels, horizontal, vertical and diagonal integration) are important too.

The review phase

Within the review process each company involved in the channels measures the responsibility for rewards and losses and evaluates the personnel and firm performance. The concepts active at this stage include comparison levels of alternatives, adaptation and structural bonds. Adaptation occurs when one party in a relationship alters its processes or the items exchanged to accommodate the other party (Han and Wilson 1993). Structural bonds are impediments to the termination of the relationship. At this stage mutual goals, co-operation, performance satisfaction, social bonding and trust seem to be in a dormant state.

Anderson and Weitz (cited in Stern *et al.* 1996) argue that power imbalance leads to a perception of decreased continuity in a channel relationship, suggesting that balanced power relationships imply greater stability. In order to avoid conflict, which destroys relationships, channel members should regularly monitor the performance and satisfaction levels of all channel members. Here communication is a critical element in maintaining a healthy relationship. Alongside the balanced power, uneven levels of dependencies should preferably exist in the channels (Frazier 1999) to keep a stable relationship.

The systems of monitoring implemented in the tourism channel, evaluation and assessment of the roles' performance of channel players are vital to analyse whether the relationship is successful or not.

Holloway and Robinson (1995) identified five types of monitoring: performance control, quality control, financial control, efficiency control and strategic control. The first two, namely performance and quality control are relevant in channel research. Performance control is designed to make sure the organisation meets its set targets in terms of turnover, profitability, market share, return on investment, quality and consumer attitudes. Control is dependent upon a regular flow of information which will indicate performance variance coming to those responsible for corrective actions. The extent to which these targets are being met can be monitored regularly, provided the required information is available.

In profitability control, the organisation will be concerned not only with overall profitability but also with the profitability of each profit centre or product range. The tour operator will be looking at profitability not only at the programme level, but also by brand, season, resort and hotel. Tour operators will track the performance of individual retailers closely in order to identify the most productive outlets. Thus performance control will be targeted at tour operators – travel agents relationship, while quality control is directed towards tour operators – suppliers relationship and customer satisfaction.

By controlling quality tour operators pay attention to the requirements that their products live up to their description in their brochure, because this is required under law. They are establishing acceptable tolerances for levels of complaints as this is a measure of quality control. All the major tour operators have for many years monitored performance through customer satisfaction questionnaires. The level of repeat bookings is taken into account in measuring quality control.

More and more often information technology (IT) facilitates the process of "streamlining of the distribution chain" (Hoffman 1994) and helps in monitoring relationships between agents and operators. Some of processes from the initiation, implementation or assessment phase are driven by information technology.

The areas of channel relationship development process are investigated in Britain and in Poland, following the research process covered in chapter 4, the methodology section.

Chapter 3

Overview of the Travel Industry in Britain and in Poland

Tourism is a form of learning and experiencing the world; it becomes a way of life for the contemporary man (Przeclawski 1994: 21). It can become a factor of change and its functions can be either positive or negative with regards to the level of life, the quality of life and even the sense of life. It can improve the quality of life by making it easier to establish new social contacts. It also changes institutions which are directly involved in providing services for tourists, including tour operators and travel agents. Tourism can be a factor of technical progress – it stimulates the modernisation of means of communication between companies. Tourism can integrate the exchange process and stimulate economic development in less developed countries (Przeclawski 1994). For these reasons it is often treated as a priority sector in ex-socialist countries in the process of transition to the market economy (as in Bachvarov 1997 and Akehurst 1998), along with sectors such as agriculture, commerce and communications. Its priority is assessed by the volume of its expected contribution to the national economy and to foreign currency earnings.

The UK is one of the countries where this contribution has been generated in a well-planned manner, mainly thanks to the development of specialised travel intermediaries. The emergence of intermediaries in Britain and Poland is presented below.

3.1 The development of travel companies in Britain

Economic, socio-economic and demographic trends are taken into consideration while assessing the development of tourism. As the demand for tourism products is elastic, the state of the economy has a major effect on the level of tourism in a given country. Renshaw (1992: 39-47) proves that that is definitely the case with the development of the British tourism.

In the 1950s the UK was in debt after the war and the currency was kept under tight control to prevent an outflow of funds. It affected outgoing tourism, which can form a substantial part of a country's flow of funds abroad. Exchange and import controls, which were imposed, restricted the amount of currency people could take abroad. In the 1960s these restrictions were eased, but still it was a difficult time for the travel trade, because of the combined effect of a major economic recession and the higher level of inflation. In the 1970s the trend changed and holidays abroad became much more popular amongst British tourists than domestic. However, higher prices and fuel costs in the 1970s caused the developing inclusive tour market in Britain to fall by 18% from 1973 to 1974 (Renshaw 1992: 40). In 1979 the UK holiday trade started to recover after all restrictions on currency movements had been lifted. The currency exchange rates had a significant impact on the attractiveness of foreign travel, and the strength of sterling made it possible and beneficial for the UK tourists to travel abroad. Domestic resorts were no longer perceived as attractive but rather as out-dated and unable to compete with the continental products.

Attitudes towards travel and holidays changed due to socio-economic trends. In the 1950s developments in transportation and accommodation and the relaxation in the regulations regarding travelling improved the tourism experience. The high demand for the overseas tourism created the space for the development of a tour operation sector. Tour operators emerged as a separate group from the travel agencies sector, to meet the needs of travellers. The demands of holidaymakers were changing and increasingly the quality of tourism products and services became an important issue. Trends were changing from the common '3 S' (sun, sea, sand - Holloway 1994, Crick 1988) package to activity and cultural holidays.

This situation was reverse of what was happening in Poland at the same time. Tourism there meant either domestic or intra-bloc holidays (Brown 1998, Buckley and Witt 1990); with most holidays being of a group nature and organised by trade unions, schools and other institutions with a state covering most of the costs of the accommodation and transport (Hall 1991: 84).

3.1.1 Travel agencies

Originally transport suppliers, especially sea and air businesses, needed travel agencies more than tourists looking for holidays. According to Renshaw (1992: 66) travel agents developed not because of the customers' needs, but because transport suppliers needed a new means of distribution for their products. It was not always possible for principals to integrate forward, because the costs involved in developing an owned network of booking offices were prohibitive. The early companies, the best example being Thomas Cook, were given licences by long haul shipping companies and, later on, international airlines. "They also traded as tour operators in their own right" (Renshaw 1992: 66) and the distinction between a supplier and an agent was often far from clear.

The agents as a significant separate sector emerged in Britain in the 1950s. They serve different categories in society, and those groups benefiting from the agents' services are (Callaghan *et al.* 1994):

- *the industry principals and suppliers* (by gaining the access to a widespread network of outlets)
- *the travelling public* (by using the expertise of travel agencies the travelling public saves itself time, effort and money; the service should be personalised and unbiased and contains a range of ancillary services)
- *the business community* (by gaining necessary advice regarding travel and hotel reservation and ancillary services).

In the macro perspective the UK economy is benefiting as well since there are around 8000 travel agents; their annual turnover makes an important contribution to the economy and employment as at least 5% of GDP comes from tourism.

During the early 1960s many unlicensed agencies were set up. The entry requirements were not too high: all that was needed were premises, some furniture, a telephone line and staff. There were no controls, no licensing, no compulsory membership of any of tourism organisations, no bonding or consumer protection schemes, no requirements regarding premises or qualified staff. Newsagents or green grocers opened travel businesses at the back of their existing offices. It was not a surprise that some agencies handled the tour bookings badly. A similar situation occurred in Poland in the late 1980s.

In 1964 Sir Henry Lunn and Poly Travel combined their branches and created the country's largest travel agency chain, known as Lunn Poly. Big agency chains became visible in the British market and demanded improved commission rates. The rates moved only slightly, indicating the increasing squeeze on profit margins in travel retailing.

In the late 1960s the battle started between agents and direct sell operators, representing two levels in the distribution channels. The competition between the two seems to be an on-going process nowadays as well, but first started immediately after the retailers' level was firmly established within the channels.

The period of the early 1970s was the beginning of so called the "March of the Multiples", when the importance of chains grew considerably, however, it was the 1980s when this significant change to the structure of the sector dominated the travel trade. A number of companies were involved in a series of spectacular take-overs and mergers in which bigger companies absorbed the smaller chains and some independents. The numbers of travel companies went down, but the numbers of branches significantly increased. The big chains of multiples not only expanded their branch networks but also increased their market share, putting further pressure on independent agents. The growing competition between the multiples produced new incentives for customers such as free travel insurance and free transfers to the airport as well as low or no-deposit incentives.

The tourism organisations and associations for travel agents and tour operators, especially the Association for British Travel Agents (ABTA), started to play an important role in the travel trade. ABTA, using its regulatory role, introduced a few rules for its members, which shaped the relationships between travel companies. The most important ones were the 'Stabiliser', bonding and restrictive practices (Renshaw 1992: 75-80), which will be referred to later in the text.

3.1.2 Tour operators

During the 1960s, the foreign inclusive tour (package holiday) became established in Western Europe. A package can be defined as a pre-arranged combination of components, sold or offered for sale at an inclusive price, normally comprising transport and accommodation but possibly including other tourist services not ancillary to transport or accommodation (Evans and Stabler 1995). The original concept of the inclusive tour was developed well before air travel, but the growth of the package tour mirrored in a way that of the aviation business. Another key element in its expansion has been the role of the tour operators, starting from the train trip organised by Thomas Cook in 1841 (Renshaw 1992: 57, Evans and Stabler 1995).

Evans and Stabler (1995) presented the short history of the development of the tour operator sector, but their analysis is limited to air inclusive tours, therefore excludes ferry markets (1993: 8.4% of holiday bookings). They identified three distinct phases in the development of the UK tour operating from the 1950s to the present date. These stages can be viewed in terms of both the product life cycle and the maturity of market and they regard the organisation size, structure, financial performance and market competitive position of the UK outbound tour operating industry.

During the "introductory" phase (1950 - 1964) the industry was highly fragmented but grew steadily at a modest pace as new operators entered the market and catered for affluent travellers. The introduction of a major international industrial conglomerate, the International Thomson Organisation marked the beginning of the "growth" phase (1965 – 1989). Rapid growth and development in air travel technology, the "mass" market of travellers, a volatile record of profitability and a sharp rise in market concentration characterised that phase. During the "maturity" phase (1990 – to date) the pace of market growth slowed down with increasing market concentration, at the same time as tourists showed a shift in interest from standardised "package holidays" to individual travel arrangements. Customers also demanded the raising of quality of products and services. Since the 1990s the financial performance of the dominant tour operators (usually public limited companies) measured by profitability improved more than market share. The major companies switched from price competitiveness to building brand loyalty by matching supply more closely to changing demand patterns, cutting costs, diversifying and strengthening vertical links or formally integrating. The major companies in the market were Thomson (established in 1965), First Choice (founded in 1972) and Airtours (Pendle Airtours started in 1978). By the end of the 1980s it was questionable whether smaller operators could survive the competition with the major companies but the Monopolies and Mergers Commission (MMC) reported in 1988 that the market was competitive.

The regulations regarding the air inclusive tours (AIT) market were set up by the Civil Aviation Authority (CAA) through the Air Travel Organisers' Licences (ATOL) and are issued each year, giving an indication of the size of the total market and relative market shares. The reasons for rapid growth of the AIT market mentioned by Evans and Stabler (1995) are geographical (the UK's island location) and sociological, as UK residents consider holidays a high priority in their discretionary expenditure.

The historical overview will be followed by recent trends in the British travel agencies and tour operators.

3.2 Trends in the structure of the British travel trade

3.2.1 Characteristics of the British travel and tourism in the 1990s

According to Swarbrooke (1996) 58% of adults in the UK take a holiday in any one year. The higher than average propensity to travel comes from the fact that the UK is an affluent, economically developed and urbanised country, located on an island. Key differences between the UK and other European countries lie in less severe seasonality; package holidays represent here a dominant form of foreign holiday-taking. In terms of distribution, most UK travel agents are concerned with outbound tourism, whereas in other European countries this segment focuses on inbound and domestic tourism. Direct booking has not developed in the UK to the extent it has in some other countries. The differences between the UK and Europe are connected with lower level of economic development in Southern and Eastern Europe, different political history in Eastern Europe and the fact that the UK is mainly an outbound tourism generator.

3.2.2 The structure of travel and tourism industry in the UK

The UK travel and tourism industry may be considered to have three distinct components: the UK travel industry, the UK tourism industry and the UK passenger transport industry (Key Note Report 1994). These sectors are not entirely separate, in the sense that there is an overlap between them in the markets they serve.

The UK tourism industry consists of UK hotels and other providers of accommodation, both serviced and unserviced, as well as restaurants, stately homes, heritage sites and a host of other leisure and entertainment facilities made use of by tourists visiting or travelling within the UK - both UK and foreign residents. The role of this sector is to meet the needs of people at their destination. The UK passenger transport industry, comprises organisations such as UK-based airlines, ferry and cruise line operators, bus and coach companies, and railways. The role of this sector is to meet the needs of people travelling between their point of origin and their destination.

The UK travel industry consists of UK - based tour operators and travel agents and the main emphasis of this research is on this component. The role of this sector is to meet the needs of UK residents travelling both at home and abroad at their point of origin. They act as wholesalers of services provided by transport and tourism operators of the UK and foreign countries, notably hotel and other accommodation services. In other words they create the main link in the distribution chain, connecting the production with the consumption.

As was already noted, originally the traditional tourism distribution channel consisted of small, independent retailers which started to specialise and as the result a group of tour operators emerged. As specialisation increased different groups of intermediaries became prevalent in the tourism market. Whereas in the UK there is a clear distinction between tour operators and travel agents, that is not the case in other European countries and for the purposes of this research it is important to realise that this is not the case in Poland. However, it is worth noting that due to developments in information technology (IT) more and more companies nowadays in Britain deal as travel agents and tour operators at the same time. This trend was recognised by the introduction of ABTA's single class membership in 1998 saving members the cost of joining both sectors of ABTA (TTG 1999/2387). Nevertheless, the sectors of travel agents and tour operators are still quite distinctive in the British market and they will be presented respectively.

3.2.3 Travel agents

In the UK, the retail travel industry is conventionally divided by ABTA (the Association of British Travel Agents) into three main categories based on structure and size: multiples, miniples and independents.

Multiples are very large organisations. There is a difference in opinion among commentators as to which businesses should be considered as multiples, but usually these are defined as retail travel agents with more than 200 outlets. Miniples have more than 10 and less than 200 outlets and their offices tend to concentrate on one particular region. Independents are numerous small companies with up to 10 retail outlets (Table 3.1).

There is a debate regarding the actual number of travel agencies in Britain. The number 6800 is based on Mintel (1996, 1998) and ABTA sources, thus does not involve those businesses which belong to other travel associations and organisations. For that reason Beaver's (1996) estimate that there are around 9000 travel agents' offices in the UK seems to be more appropriate.

Table 3.1 UK travel agents and tourism associations

UK Travel Agents (1997)	**Number of outlets**	**% of company's outlets to all outlets**	**Number of outlets in groups (in %)**	**Groups of travel agents**	**Percentage of all outlets (Mintel 1998: 16-6800 travel agencies)**
Lunn Poly	794	8.6			
Thomas Cook	388	4.2			
Going Places	702	7.6	27.4 %	Multiples	35%
AT Mays	416	4.5			
Co-op Travelcare	231	2.5			
Miniples	840	9.1	9.1%	Miniples	45%
NAITA = Advantage	674	7.3			
ARTAC Woldchoice	619	6.7			
Global Travel Group	203	2.2			
Travel Trust Association	314	3.4	63.5 %	Independents	55%
non ABTA agents	1875	20.3			
other ABTA	2179	23.6			
All UK agents	**9235**	**100**	**100%**		**100%**

Source: Beaver A. (1996) Summer Holidays Abroad (this report states the highest numbers, in others (Mintel 1996, 1998, KeyNote 1994) the total number of travel agents reaches from 7500 up to 8000 outlets)

The following numbers show the membership of travel and tourism association and organisation giving the indication why the number 9000 can be closer to reality.

1997	ABTA	2030 members (6800 outlets)
	NAITA	700-800 members
	ARTAC Worldchoice	475 members (700 outlets) (15% of which are also ABTA members)
	GTG	200 members (420 branches)
	TTA	300 members
Altogether		circa 9000 outlets

Holiday visits abroad from the UK can take the form of inclusive tours (just over 50%) or independent holidays (just under 50%). Looking at the sales of inclusive tours, 90% of package holidays are sold through travel agents and the remaining 10% booked directly with the tour operator. The four major multiples (the shares of specific companies are shown in table 3.2) are responsible for 60% of inclusive tours sold in the UK (data for 1995).

Table 3.2 Inclusive tours sold in the UK by multiples

Company name	**Market share in 1995**	**Company name**	**Market share in 1998**
Lunn Poly	24%	Lunn Poly	22%
Going Places	12%	Going Places	17%
Thomas Cook	10.5%	Thomas Cook	12%
AT Mays	6%	Carlson / AT Mays	6%
Co-op Travel	4%	ARTAC	12%
Total	**56.5%**		**69%**

Source: Mintel 1996, 1998

The market share of all types of holidays sold by different retailer categories ("sales and profit approach") are as follows: 80% of holiday sales are made through travel agents, of which 61% are accounted by the major multiples and 19% through independent and regional chains. The remaining 20% are achieved either directly with a tour operator, or by other means, like Teletext or Internet (11% direct via tour operator, 6% via Teletext, 3% via Internet) (Mintel Report 1996, 1998).

A summary of trends within travel agencies

According to Mintel Research (1998) "The March of the Multiples" continues. In terms of market share multiple chains are increasing their hold of the sector. Around 45% of retail agencies are members of multiples and miniples and 55% of travel agents act as independents. The "independent multiple" is becoming a stronger force in the market by joining organisations like ARTAC, Advantage, Global. At the same time these organisations try to join forces with multiples (ARTAC and AT Mays to form Worldchoice; Advantage and Thomas Cook to form JMC). The four large vertically integrated travel groups own around 35% of travel agency branches.

Only the mass market holiday brochures are racked in most high street agents, although the independent sector tends to carry a more extensive range. Some tour operators grade travel agents in terms of their booking performance and the groups are given different numbers of brochures.

Table 3.3 The big agency groups - how many branches do they control?

Company	1990	1993	1996	Company	1997
AT Mays	305	317	410	AT Mays / ARTAC WorldChoice	1015
Lunn Poly	503	705	795	Lunn Poly	800
Going Places	334	545	725	Going Places	715
				Advantage Travel Centres	670
Thomas Cook	330	365	500	Thomas Cook	385

Source: Key Note 1994, Minel 1996, TTG 1997/2245

Table 3.4 Regional miniples

Company Name	**Outlets 1996**	**Miniple Chains - who is left?**	**Outlets 1998**
AA Developments Ltd.	100	**The Travelworld Group**	116
RE Bath Travel Service	46	**Bath Travel**	57
Althams Travel Services	28	**Bakers World Travel**	55
United Norwest Travel	27	**Woodcock Travel**	42
Intatravel Group	25	**Callers - Pegasus Travel Service**	34
Callers - Pegasus Travel Service	24	**STA Travel Ltd.**	31
Forward Travel	24	**Althams Travel Services**	30
Bakers Dolphin Travel	23	**Intatravel**	29
Dawson & Sanderson	22	**Dawson & Sanderson**	24
Portman Travel Group	21	**Sunwin Travel**	20
Woodcock Travel	21	**Galaxy Travel**	19
Paul Evans Travel	20	Holiday Express (UK)	19
Campus Travel	19	The Original Travel House	18
Wallace Arnold Travel Shop	19	**Bowen Travel**	17
Sally Travel	15	**York Bros**	17
Bell Travel	14	**Bell Travel**	14
Hays Travel Ltd.	14	Flight Centre	14
Galaxy Travel	12	Premier Travel	14
Albion Travel	11	Robert Sibbald Travel	14
Bowen Travel	11	House of Travel (Wales)	11
Britannic Travel Ltd.	11	**Personal Service Travel**	11
STA Travel	11	Tappers Travel Service	10
Sunwin Travel	11	Thornton's Travel	9
Travelworld	11	Lonsdale Travel	9
Lets Go Travel	10	**Lets Go Travel**	9
Personal Service Travel	10		
Premier Travel Agency	10		
Yorks Travel	10		
McLean Travel	9		
Monks World Travel Ltd.	9		
Harry Shaw Travel	9		
Land-Sea-Air Travel	8		

Source: Based on the TTG Directory 1996 and TTG 1998/2333, ABTA 1998 ("**survivals**" marked in bold)

As the result of 'the March of Multiples' the number of miniples is smaller and smaller (Table 3.4).

The companies use various ways of distributing their products. Table 3.5 represents Thomson's distribution both direct and via travel retailers. The structure of vertically integrated companies is not necessarily easy to follow, because of various modes of sales employed by companies and because of inter-related ownership issues.

Table 3.5 Thomson's distribution

Type of distribution		**Number of shops**	**Thomson Holidays carryings (million)**	**All carryings (million)**
Retail	Lunn Poly	798	1.50	2.90
	Callers-Pegasus	34		
	Sibbald Travel	11		
	Travel House	41		
Direct	Team Lincoln	n/a	0.19	
	Manchester Flights	n/a		0.46
	Thomson Direct	n/a	0.16	0.16
	Portland	n/a	0.45	0.45
Total		884	2.30	3.97

Source: TTG 1999/ 2381

In terms of the ways in which the tourism products are sold, telephone booking proves to be more and more popular, both amongst agents and tour operators. This practice blurs the distinction between the tour operator and travel agent sectors in the eyes of the public. Also, telephone selling represents a serious threat to independent travel agents, which are in danger of becoming merely brochure collection points.

Technology introduced new channels of distribution for the tourism product a few years ago. Viewdata, the main booking format, is an outdated technology, too slow and too limited in comparison with intranet networks. The Internet as a direct way of buying tourism products has been an inefficient medium, but its impact is increasing; especially by new groups of intermediaries, sometimes referred to as 'virtual travel agents' (Websites in which customers can have their holidays arranged on-line).

In 1997 top multiples and their linked operators faced detailed questioning from the MMC on trading practices. The biggest of them have been asked to respond to more than 180 questions. Firms were asked to outline their policies over the last five years. Issues covered included:

- why multiples could refuse to rack certain brochures,
- the order in which operators are recommended to clients by agents,
- policies regarding commission and de-racking,
- details of discounting since 1992,
- insurance cover tied to agency discounting,
- information for consumers about the links between agents and owners (TTG 1997/2249)

The MMC Report (1997) into the structure of the travel industry concluded that its operations were broadly competitive. Three practices were identified in the Report as to be prohibited to give the consumer lower prices and better value for money. The first of the practices - the "most favoured customer" in which certain retailers receive preferential treatment in terms of margins, for brochure supply and other support measures – has almost ceased. The order to prevent lining of discounts to the purchase of personal travel insurance came into effect from November 1998. The third promise - to make the family tree of the vertically integrated companies more transparent – was not fulfilled successfully (TTG 1998/2340), mainly due to even higher speed of mergers and take-overs that have taken place from 1998 onwards.

The MMC's three recommendations had a strategic impact on the structure of the travel market. The MMC effectively gave a go-ahead to consolidation by UK top operators with the release of its report into the industry at the end of 1997 (TTG 1999/2344).

3.2.4 Tour operators

The tour operator sector consists of around 1000 companies. Although the Monopolies and Mergers Commission (MMC) Report (1997) does not provide an exact number, the TTG Directory gives 1346 tour operators on the British market (TTG Directory 1997). Around 600 ABTA-registered tour operators sell inclusive tours to the UK consumers (table 3.6), and circa 900 others operate on a very small scale, catering for "niche holiday makers" (Key Notes 1994, Mintel 1996).

Around 50 of the first group are major and well known companies, while the remaining belong to a group of small, specialised or so-called "niche market" tour operators. Evans and Stabler (1995) differentiate between three groupings of tour operators. The first tier consisted in 1995 of the largest five tour operators groups (Thomson, First Choice, Airtours, Cosmos, Iberotours), the second tier comprised the remaining top forty tour operators, and the third tier consisted of remaining ATOL holders. As the result of vertical and horizontal integration the members of groups tend to change rapidly.

Table 3.6 Tour operators in the UK (number of ABTA registered)

	1989	1990	1991	1992	1993
Total	687	699	665	665	652
Members lost in year	29	67	96	79	92
Members admitted in year	41	79	62	79	79

Source: Keynotes 1996

At the end of the 1990s the process of horizontal integration has speeded up (especially after the MMC Report 1997 was issued). The second tier tour operators have shown the most growth in the immediate past and some of those operators provide the vital element of choice that customers demand. Nevertheless a large number of the second and third tier tour operators remain at the greatest competitive risk, while the first tier tour operators have dominated the market and consolidated their position. Indeed the numbers of remaining independent large and medium-size operators are very low (Travel Trade Gazette TTG 1998/2296) and mergers and take-overs are very common in this sector (TTG 1998/2333, 1999/2381). One reason for greater concentration is that larger companies enjoy the advantages of economies of scale. The three largest UK tour operating companies (Thomson, Thomas Cook and Airtours) have become vertically integrated in recent years, that is they own both transport and accommodation and control travel agency and reservation systems. Other operators that have not integrated have to respond to threats to their normal distribution channels and they do it via soft, administered integration. First Choice used to sell its packages via Thomas Cook retail outlets on the basis of a strategic alliance between the two companies.

The larger UK tour operators have played an important role in the development of computerised bookings for tour packages through their investment in on-line interactive view-data systems. Many smaller operators have chosen not to automate, relying instead on conventional telephone bookings. However, the new and more affluent tourist is demanding more innovative, flexible and tailored products and small to medium sized operators are best placed to meet these requirements. It is estimated that the proportion of the participants in the tour operating sector who remain in business over a long timescale (20-30 years) amounts only to a third, showing the greater level of risk involved in a tour operating business (Evans and Stabler 1995).

The top tour operators had in 1998 the following licensed capacity (TTG 1998/2296): Thomson 4.4 million passengers, Airtours 3.1 million, First Choice 1.9 million, Thomas Cook Group 1.5 million, Cosmos Group 1 million, Unijet 0.9 million, Carlson and Flying Colours 0.8 million each, Trailfinders 0.5 million, BA Holidays 0.4 million. The tour operators from the first tier control over 75% of package holiday market. Examples of specific companies are listed in table 3.7.

Table 3.7 Market shares of the main tour operators (up to July 99)

Company	**1998**	**1999**
Thomson	28.8 %	27.4 %
Airtours	18.2 %	16.9 %
First Choice	15.5 %	13.9 %
Thomas Cook/Carlson	14.8 %	16.9 %

Source: TTG 1999/2381

Other tour operators deal with various products; the following examples show the specialisation of some of the better known companies:

- Eurocamp - self - catering market
- Cresta, Bridge Travel - short breaks
- Skibound, Crystal Holidays - skiing programmes
- Shearings, Wallace Arnold - coach holiday leaders
- P&O European, Stena, Brittany Ferries - packages involving sea crossing, transfer and European accommodation

Smaller tour operators link together and take advantage of 'simulated' horizontal integration by entering organisations and associations for tour operators, the best example being Association for Independent Tour Operators (AITO).

Summary of trends within the British tourism distribution

According to Ian Reynolds, ABTA Chief Executive (Reynolds 1999), 1999 saw as many changes in one year as the previous five years together. The trends observed in the British travel market, affecting both segments, i.e. travel agents and tour operators, are typical and can be observed elsewhere in the world as well (Reynolds 1999:5). They can be summarised as:

a) commission cuts
b) increases in taxation
c) erosion of income from travel insurance
d) consolidation
e) polarisation.

Many suppliers introduced commission cuts to agents. Airlines started this process, ferry companies and tour operators joined in, resulting in the erosion of income for travel agencies. "Incentive schemes" started by airlines in order to reduce distribution costs were quickly implemented by tour operators, although increasing loyalty schemes can to some extent help agents keep their income at a desirable level. Another way of counterbalancing commission cuts by agents is created by introduction of service fees (£ 5-10 fees on low-value transactions).

Increases in taxation faced by the industry (including higher-rate insurance premium tax, doubling of air passenger duty and the loss of duty-free) also reduced income of various travel companies. Travel agents have been forced to introduce service fees and change the nature of the business by introducing telephone centres to supplement traditional over-the-counter sales. The Internet is only slowly becoming a more popular way of distributing products. Increased competition from 'no frills' airlines, which do not pay commission at all and provide service via the Net and the new media competitors ('virtual travel agents': Microsoft Expedia, Travelocity, lastminute.com, digital TV channels) did not help travel agents either. The effect of the MMC is separating insurance sales from package sales has already been mentioned. Another factor tending to erode insurance incomes for the industry has been the development of more attractive holiday insurance cover by the normal providers of insurance, supermarkets and the Post Office.

Consolidation processes have speeded up. The four major players (Thomson, Airtours, Thomas Cook and First Choice) have entered the "acquisition trail" (Reynolds 1999: 7) and are now responsible for 80 per cent of package holidays, 66 per cent of flying and over 50 per cent of retail distribution. Acquisition activities have been followed by a polarisation in the market. Travel agents are being encouraged and offered incentives to give loyalty to one of the major players. Thomson introduced a "preferred agent" scheme, Airtours - a "partners in profit" scheme. Smaller agencies gathered in associations like Advantage Travel Centres or ARTAC Worldchoice decided to align with Airtours and Thomas Cook respectively. First Choice, the only big tour operator without its own retail chain, started to invest in retail chains. Some of their retailers differ from the high street travel outlets, as they offer entertainment while the process of travel products selection is taking place. The 'hypermarket' concept was borrowed from travel co-operatives (Co-op Travelcare), the first multiple which opened this type of travel outlets. The industry is highly dependent on technological change and therefore as volatile as ever, particularly as it enters more regional and global concentration stages.

3.3 The travel industry in Poland (1945 - 1990s)

After the Second World War, and the change of the political system into socialism, people did not travel abroad in the Western manner. There was travel within the Eastern block, but very little holiday making in the West. Political and economic reasons stood behind it: similarly to Britain this travelling pattern was influenced by economic reasons, but political reasons were probably more influential. It was difficult to leave the country, Poles could visit nearly only those countries that shared the same political views and had the same political system, and it was expensive. Hall (1995: 222) notices that despite the human rights clauses of the 1975 Helsinki agreement, "the region's nationals were rarely permitted to travel westwards". Only the trusted elite was able to travel to the capitalist world with hard currency. Relatively low living standards, currency inconvertibility, restricted access to hard currency and stringent vetting and exit visa policies were the main constraints for, as Hall calls it, 'extra-bloc tourism'.

As the result priority was granted to domestic recreation, where cheap accommodation and transport were subsidised by trade unions and enterprise-supported activity. It was not enough; as time passed by more and more people wanted to visit their relatives who had stayed in the Western world after the war, despite the possible consequences of going outside the like-minded countries. In the 1970s it was easier to go to the States or Western Europe with the help of a travel office. Travel companies worked more as providers of visas and passport handling agencies for so-called travellers, than as holiday shops. Western destinations were correlated with money and work, not tourism. In the second half of the 1980s Hungary and Poland were less dogmatic in their social and economic policies than other socialist countries, and more and more people went abroad (Hall 1995, Golembski 1990).

Statistical data on the numbers of tourists travelling abroad and visiting Poland over the past few years confirm that the Polish tourism industry both outbound and inbound is developing fast. According to the WTO during the period 1990 and 1996 Poland moved from the 28th to the 9th position as a tourism destination world-wide, which indicates an increase of 471%, and moved from the 65th to the 15th place in tourism earnings world-wide. The change in earnings represents 1855% growth (Travel and Tourism Intelligence 1997). Poland's current European position is favourable, having overtaken the more established Czech Republic and lying slightly behind the UK (Langlois *et al.* 1999: 462).

Table 3.8 Worlds top ten destinations in 1998

Rank 1998	**Country**	**International Tourist Arrivals (000's)**	**Market Share %of World Total 1998**
1	France	70 000	11.2
2	Spain	47 743	7.6
3	United States	47 127	7.5
4	Italy	34 829	5.6
5	United Kingdom	25 475	4.1
6	China	24 000	3.8
7	Mexico	19 300	3.1
8	Poland	18 820	3.0
9	Canada	18 659	3.0
10	Austria	17 282	2.8

Source: WTO cited in Goeldner *et al.* (2000: 10)

Although Polish tourists usually travelled abroad without any help of intermediaries, the number of Poles interested in the services of travel agencies has been systematically growing (15% in 1994, 19% in 1995 and 26% in 1996) (UKFiT 1997). Even so, there is no firm in the Polish tourism market which can compete with the world's major companies; there is less clarity in the definition of channels of distribution and the tourist product is not uniformly available throughout the country (Polish Business Offers 1996).

Between the 1950s and 70s only ten large travel agencies existed in Poland (table 3.9). They were state owned and dealt with tour operation and travel agency activities, but offered not very much in terms of the holiday choice. These travel agencies had their branches in many bigger cities, and their way of doing business in a branch was highly centralised. All important decisions came from the head office, which usually was located in Warsaw.

Table 3.9 Older, state-owned companies in Poland (1950 – 1997)

COMPANY NAME	YEAR OF ESTABLISHING	NUMBER OF OUTLETS	% OF ALL TRAVEL COMPANIES
Orbis Travel	1920	115	
Fregata Travel	1935	3	
Ogolnokrajowa Spoldzielnia Turystyczna "Gromada"	1937	80	
PTTK Tourist Offices	1950	175	
PZ Mot Tourist Offices	1950	25	
Almatur Polska	1956	20	
Juventur	1957	20	
Sports-Tourist	1957	9	
Turysta	1957	35	
Harctur	1959	10	
All state-owned	-	557	25%
Other companies	-	1913	75%

Source: Based on INDEX PIT (1997)

The situation in the market changed in 1989, the year when all the political, economic and industrial changes took place. "Tourism in Eastern Europe has been the subject of considerable change since the political events of 1988/89 propelled the region towards the market economy. Tourism seems to be a good example of the process of change as it cuts across a variety of economic sectors and primarily comprises small and medium-sized enterprises" (Cooper *et al.* 1998: 478).

A lot of small tourism companies, mainly travel agents, emerged in the tourism market. Their activities were very diverse at the beginning of their operation; quite often they offered tourism products at the same time as computer sales or other durable goods. "From the seven original state owned travel companies, there are now approximately 3000 privately owned travel agents and about 170 are IATA registered. The Bank Settlement Plan (clearing system for airlines and tourist agencies) was set up in 1994" (BTA Market Guide: Poland 1997/98: 5).

3.4 Trends in the structure of the Polish travel companies

The structure of the Polish travel market, having changed from a monolithic pre-1989 situation to a highly fragmented pattern of both suppliers and retailers, is beginning to produce some organisations which are moving towards UK practice in terms of size, vertical and horizontal integration and channel management practices. After 1989 private enterprise yielded a flood of new privately owned travel agencies. There was no comprehensive documentation of their number for quite a long time. One estimate accounts for 3000 companies (Rapacz 1994). Another (Zabinska (1998: 308)) gives 4000. Yet another, The Index Directory (a directory of travel trade in Poland, published under the auspices of the Polish Chamber of Tourism) states that in 1996 there were 2446 travel companies on the Polish market and 2470 in 1997. Clearly, there are many discrepancies among these various estimates. However, they at least demonstrate that there has been considerable growth. Later in this thesis, evidence is shown that around 80% of these companies are small independents, running only one outlet. The number of Polish travel companies is such that their outlet density in terms of businesses per 1000 of the population is only about half of that in Britain. The average number of travel agents' outlets per voivodship comes up to 50 travel offices. (Data come from 1998, where there had been 49 voivodships (wojewodztwa) in Poland. As the result of the administrative reforms that number was reduced in 1999 to 16 districts / voivodships, which are the Polish units of local government area; a typical new voivodship might contain on average 2.4 million people, the old one contained approximately 0.8 million people).

Most of the processes that are taking place in the Polish market are similar to the changes that are taking place in the West, although Zabinska (1998) claims that the pace and the scale of the former are much slower. Nevertheless, this researcher's view is that, whereas Polish travel businesses are not yet close to attaining Western professional standards, their rate of change is extremely high. In particular, the creation of 3000+ new travel businesses over a period of nine years has transformed the Polish industry. After 1989 the sector comprising travel agencies developed very quickly (probably its pace was much faster than in any other sector) (Zabinska 1998). Although the number of travel agencies is estimated at 3000 - 4000, only 2500 treat tourism as a main activity. Most of the companies are small agents, which co-operate with Polish and foreign organisers. At the same time, tourism is frequently being organised by transport companies, hotels and businesses which manage guest houses and other accommodation establishments, previously owned by industrial companies (Zabinska 1998: 308). This trend in the development of new travel companies is similar in most of previously socialist countries. Russia is another example; two major travel companies multiplied to some 10 000 after "perestroika", which are operating in a chaotic "free" market (Burns 1998). This trend was also visible in Britain in the 1950s and the early 1960s (Renshaw 1992), although obviously the background of it was different.

Although, as was mentioned, the tour operator and travel agency sectors have not yet been divided into separate entities as in Britain, a division between travel companies does exist. Two groups can be identified: "old" companies, which were established long before 1989 and are visible in bigger cities, and a group of "new" travel offices, which emerged in the market after the political events of 1989. The numbers of these are changing at a very high rate. The Polish Chamber of Tourism (PIT 1991), in its Tourism Report, estimates that there are around 1800 small private tourism companies on the market, which account for 70% of all travel companies.

Table 3.10 Numbers of travel agents and tour operators in Poland

Voivodships Wojewodztwa	1996/97	1997/98	rate of change	rate of change in %, 1996/97- 100%	old, state-owned companies
Warszawskie	367	331	-36	-9.81	44
Bialostockie	53	52	-1	-1.89	4
Bialskopodlaskie	9	11	2	22.22	2
Bielskie	72	77	5	6.94	16
Bydgoskie	65	73	8	12.31	17
Chelmskie	9	9	0	0.00	4
Ciechanowskie	7	11	4	57.14	5
Czestochowskie	38	45	7	18.42	11
Elblaskie	23	17	-6	-26.09	5
Gdanskie	103	115	12	11.65	15
Gorzowskie	21	12	-9	-42.86	5
Jeleniogorskie	38	78	40	105.26	11
Kaliskie	25	42	17	68.00	9
Katowickie	264	101	-163	-61.74	19
Kieleckie	35	51	16	45.71	20
Koninskie	12	12	0	0.00	6
Koszalinskie	46	47	1	2.17	17
Krakowskie	203	118	-85	-41.87	20
Krosnienskie	31	35	4	12.90	11
Legnickie	23	33	10	43.48	10
Leszczynskie	13	11	-2	-15.38	6
Lodzkie	58	53	-5	-8.62	14
Lomzyskie	12	10	-2	-16.67	3
Lubelskie	32	49	17	53.13	14
Nowosadeckie	81	106	25	30.86	25
Olsztynskie	60	31	-29	-48.33	8
Opolskie	71	67	-4	-5.63	15
Ostroleckie	11	14	3	27.27	6
Pilskie	24	11	-13	-54.17	3
Piotrkowskie	17	32	15	88.24	13
Plockie	12	15	3	25.00	3
Poznanskie	64	127	63	98.44	21
Przemyskie	13	22	9	69.23	5
Radomskie	21	39	18	85.71	12
Rzeszowskie	46	45	-1	-2.17	9
Siedleckie	17	18	1	5.88	7
Sieradzkie	17	16	-1	-5.88	5
Skierniewickie	7	17	10	142.86	6
Slupskie	40	23	-17	-42.50	5
Suwalskie	38	47	9	23.68	16
Szczecinskie	83	96	13	15.66	16
Tarnobrzeskie	23	31	8	34.78	13
Tarnowskie	17	20	3	17.65	7
Torunskie	21	52	31	147.62	16
Walbrzyskie	46	111	65	141.30	25
Wloclawskie	16	13	-3	-18.75	6

Table 3.10 (continued). Numbers of travel agents and tour operators in Poland

Wroclawskie	102	81	-21	-20.59	13
Zamojskie	10	9	-1	-10.00	5
Zielonogorskie	26	34	8	30.77	9
TOTAL	2442	2470	28	1.15	557

Source: Based on Index Directory 1996, 1997

According to Rapacz (1994: 86), the number of travel agencies in Poland is adequate for the needs of customers, but the distribution channels are ineffective and inefficient. There is a lack of understanding, communication and co-operation between different members of companies who sell the same product. Lack of inclusive goals for all the members of the channels is only one of the factors which causes most of the problems.

The relationships between travel agents and tour operators in Poland are chaotic. Golembski (1997) uses Middleton's categories in the Polish environment and he distinguishes three types of travel offices / companies in Poland (Figure 3.1):

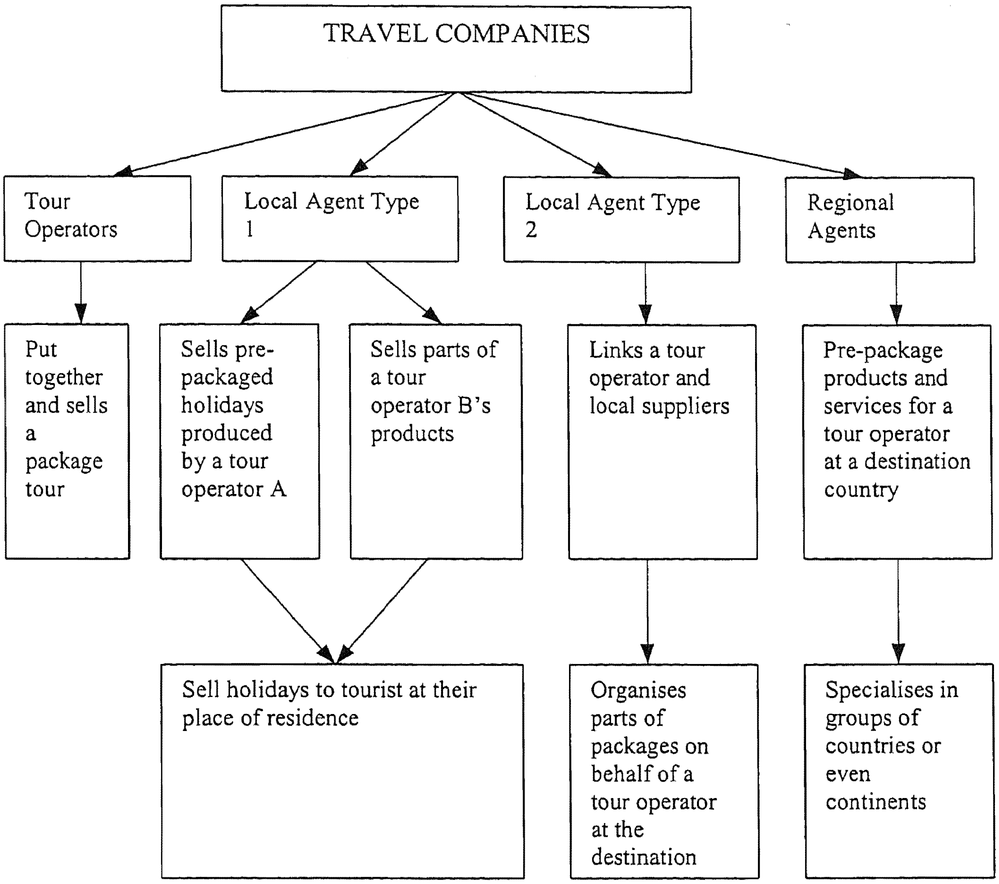
- Tour operators
- Local travel agents (type 1) – located in the generating region, near the customers' place of residence and involved mainly in outgoing tourism
- Local travel agents (type 2) – acting at the destination and dealing with an inbound tourism
- Regional agents – representing tour operators in different regions.

According to Konieczna-Domanska (1999) it is impossible to give a precise picture of the travel retail institution in the Polish market, because of the lack of necessary and precise registration instruments providing information and statistics, regarding licence holding companies or tax payers within tourism sector. Golembski (1990) lists main difficulties in obtaining statistical data as connected with lack of consistent information retrieval. Also Hall (1995) and Burns (1998) note that tourism data for the region present analytical problems, as the tourism statistics tend to be limited and inconsistent.

However, it is possible to create a list of characteristics of the Polish travel market and the trends of its development. The following categories are based mainly on Domanska's (1999) research and

PIT reports. Polish travel companies can be divided into four specific groups, where the first two groups belong to the previously mentioned "old" companies, and the remaining two accommodate the "new" companies.

Figure 3.1 Golembski's (1997) division of travel companies



Source: Golembski 1997:49

The first group consists of businesses taking their origins in the old, previously state-owned companies. These companies tend to be bigger and well-known to the public. They deal as tour organisers: create package tours and supply other travel companies with the tourism services organised on the basis of their own accommodation establishments, restaurants or transport, but also sell the products or individual services provided by other principals. Some of the examples were given previously in table 3.9 and these are: Orbis, Polskie Biuro Podrozy PBP S.A., Gromada, Sports-Tourist, but also Turystyczna Agencja Uslugowa TAU, Autotour PZM, Air Tours Poland.

The second group comprises multifunctional companies involved in a variety of industrial and commercial activities but also involved in tourism, specifically in the area of hospitality. Those companies, once state owned, (some of them remain state owned), were responsible for accommodation establishments in the relevant voivodships. Providing rooms in those establishments was the main part of their services, thus to some extent these companies remain more principals than organisers or agents. Two examples are Przedsiebiorstwo Turystyczne in Lodz, Mazur Tourist in Olsztyn or Przymorze Slupsk.

The third group is created by privately owned, medium-sized travel companies, being both the intermediary for principals and other travel companies and the organisers of tourism products. They put together package tours based on products created by independent principals rather than on their own resources. Some of them provide their own transport, usually coaches. They sell far more products for Poles interested in holidays abroad than the second group. Outgoing tourism being the main aspect of their activity helped them to establish their image in the market quite quickly, although most of them were established after 1989. Examples are First Class Biuro Podrozy Warszawa, Holiday Travel Warszawa, Janpol Krakow, Mazurkas Travel Warszawa or Intercrac Krakow.

The fourth group includes small, privately owned travel companies, formed after 1989. This is the most volatile group in terms of survival in the business; most of these companies deal as agents for other organisers or principals of tourism services. In terms of numbers, this group probably represents 80% of all travel offices in the Polish market (Konieczna-Domanska 1999). According to estimates these companies are usually run by 1-6 people only, including all employees.

3.4.1 Trends in the Polish travel companies

Konieczna-Domanska (1999), Zabinska (1998), Rapacz (1994) and Golembski (1997) present the most characteristic trends concerning travel companies in Poland. In most of the cases the distinction between travel agents and tour operators can not be made as travel companies fulfil most of the functions of both types of travel businesses. Although Golembski (1997) provides the possible theoretical division of agents and operators, he admits as well that in the Polish practice it is difficult to find companies dealing only within the described boundaries of activities. A lot of travel companies act as both types of intermediaries: operators and agents; not too many of them deal only as tour operators.

A lack of distinctiveness and specialisation in tour operations is a feature of a new tourism market, being in a developing stage and is connected with the fact that financial resources of tourism companies are not sufficient to rely only on this type of activities. It is still possible to enter the market in a relatively easy way, as it has not been monopolised yet.

Although more companies are trying to specialise to narrow their focus, Polish companies are still largely too broad, too comprehensive in their provision. Western tourism competitors have suggested specialisation as one possible way for survival for smaller and financially weaker Polish companies (Gazeta Wyborcza 1999). The professionalism of tourism staff should be maintained and looked after, especially in larger Polish companies, as it is an essential factor in the development and establishment of a firm position in the market place.

It is predicted that integration between medium sized and large companies will happen more and more often; the first examples of integration have occurred and are mentioned below. New legislation should regulate the tourism area and spell out the differences between travel agents and tour operators, but eliminate the inequity between various companies in terms of different rules of tax payment. Tax rules change continuously. For example at one stage the 'joint venture' businesses with a foreign investor received tax relief whilst the 'Polish only' businesses did not.

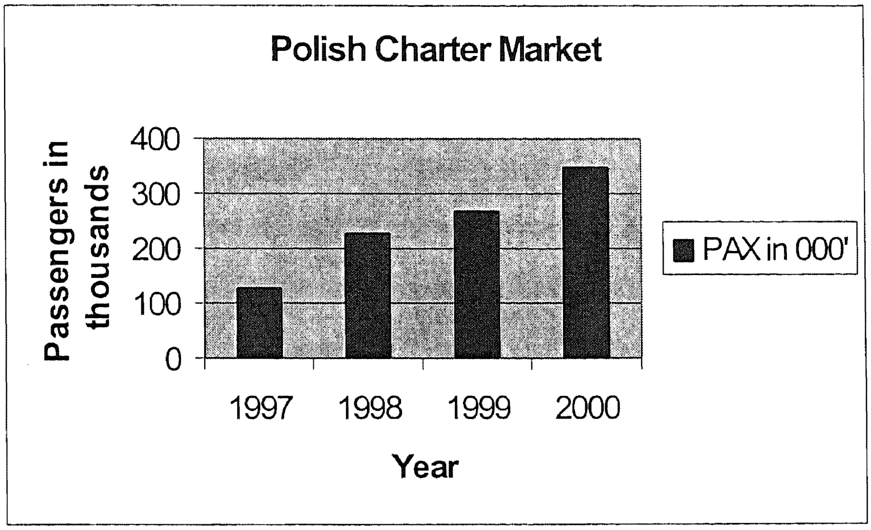
This is proof of a positive government attitude to so-called 'Western expertise' and, most of all, Western financial resources.

The threats for small tourist companies are coming from big (usually German) tour operators, who have already started to deal in the Polish market. As a small tour operator cannot compete with TUI or Neckermann Reisen and even the largest Polish tourism businesses are still very small in comparison with big, international ones, the first strategic alliances have been struck on the Polish market. PBP S.A. is one of the largest examples: three of the old companies (Orbis, Gromada and Air Tours) decided to join together in order to add up the buying power and benefit from synergistic effects. 'Joint venture' types of companies have established their position in the Polish market. Buckley and Witt (1990) suggest that joint ventures hold the promise of upgrading the quality of tourism services in Eastern Europe. This is particularly true where the import of management training and marketing skills are aspects of the joint venture package. Scan Holiday, a Scandinavian joint venture bought in 1998/9 by the Thomson Group is the largest of the competitors in the tourism field. Ving is a Scandinavian subsidiary of another British based tour operator, Airtours. Ving opened its offices in Poland in 1998 and very quickly established a strong position in the market thanks to a very dynamic promotional campaign and to competitive prices for inclusive tours into the Mediterranean region.

There is a group of new Polish tour organisers, but they act mainly as intermediaries for Western tour operators and sell their offers. The examples are Alpina Tour, JanPol and Trip. There is also a rise in the number of incoming travel agencies. The offer available to Polish tourists is widened by relatively new inclusive charter holidays. Year by year more and more Poles buy charter flight holidays. The Western travel agencies and tour operators operating in the Polish market try to reserve that segment for themselves, tending to push the smaller Polish competitors into more specialised, niche-markets. The Polish travel businesses can see no future without charters (Gazeta Wyborcza, 11/08/99:21).

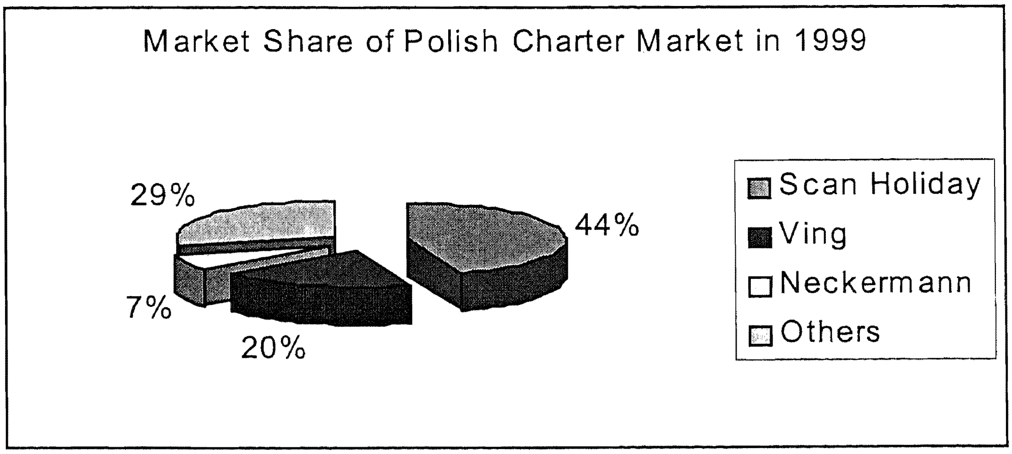
According to the Scandinavian company Ving in 1999 800 000 Polish tourists were expected to go on holiday: 250 000 using charter flights, 350-400 000 by coach and 150 000 by car. At the same time the managing director of PLL LOT Charter Flight Division stated that travel offices booked 200 000 seats, which according to him gives LOT slightly over 50% share in the whole charter market. This is another example of the absence of a reliable statistical basis for analysis of the Polish tourism.

Figure 3.2 The Polish charter market



Source: Gazeta Wybocza 1999:21

Figure 3.3 Approximate market share of Polish charter market in 1999



Source: Gazeta Wyborcza, 11/08/99: 21

Table 3.11 Market share of the main travel companies in the Polish market

Company	Scan Holiday	Ving	Neckermann	Others	Total
Pax in 000'	120	55	18	77	270
%	44.4	20.4	6.7	28.5	

Source: Gazeta Wyborcza, 11/08/99: 21

It is hypothesised that the older Polish travel companies can be to some extent compared to the British multiples, and the newer companies can be compared with miniples and small independents. Polish 'multiples' consist mainly of old tourism companies and some of the new, Western joint ventures, developing fast their outlets in the market. The examples are Air Tours Poland Group (franchising), Almatur Polska, FWP - Biuro Uslug Turystycznych, Logostour, Ogolnokrajowa Spoldzielnia Turystyczna "Gromada", Morskie Biuro Podrozy, Scan Holiday, Juventur, PTTK and Orbis in the first group. The companies of Western origin, joint ventures, etc. which appeared on the Polish market and quickly gained a competitive advantage over the Polish competitors are for example: Scan Holiday and Ving which deal mainly as travel agents selling products of their Western sister companies; or Neckermann and TUI which represent large tour operation businesses.

3.4.2 Embedded case studies on travel companies in Poland

The way in which Polish companies operate in the market is very much based around historical development of the country. Therefore it is easier to demonstrate the process by introducing some of the Polish travel companies. The chosen examples include Orbis, Gromada, Turysta and Almatur, representing old, previously state-owned companies, and Airtours, which belong to the group of new travel businesses; Alpina, which was a new tour operator, and the old organisation, Fundusz Wczasow Pracowniczych (FWP) which has been dealing as a tourism service provider. These examples are placed in appendix 7.

3.5 Organisations and associations for travel agents and tour operators

A trade association can be defined (Medlik 1996: 254) as "a voluntary non-profit making body of independent firms in a particular trade or industry". It exists to protect and advance their common interests through representation and provision of services to members. These services assist them in the conduct of their businesses. Main trade associations with an interest in travel and tourism are based on component industries, and include hotel and catering, transport, tour operator and travel agent associations.

A network of organisations collaborating to provide end-user satisfaction can be subdivided into two major sub-networks: the performance and the support network (Fill 1995). These sub-networks are not mutually exclusive; they are interdependent and interactive. The context for the performance network is the interdependence between organisations in the value-adding processes, the context for the support network is the market exchange relationship between each participant and the focus organisation and the absence of any mutual interdependence.

The performance network consists of organisations directly involved with the value-added processes (producers, manufacturers, suppliers, wholesalers and retailers); the support network embraces the organisations that indirectly influence the value-adding processes. These may be financial institutions, local and national government and legislature, training and professional bodies and pressure groups like consumer interest organisations. Trade associations play an important part in the support network.

Potential conflicts between channel members should be taken into consideration while looking at the creation of partnerships between companies. Organisations can to some extent overcome potential conflicts by employing three elements (Fill 1995): the formal power to control the actions of the organisation; the economic power to influence the organisations through markets in which they operate and the political power generated by legislation and regulation (Table 3.12).

Table 3.12 Participant stakeholders

	EQUITY	Shareholders Directors	Employee / owners	Dissident shareholders
STAKE	ECONOMIC	Preferred debt holders	Suppliers Customers Employees Competitors	European Union Governments Consumer lobbies Unions
	INFLUENCERS	Outside directors Licensing bodies	Regulatory Agencies	Trade associations Environmental groups
		FORMAL OR VOTING	ECONOMIC	POLITICAL
			POWER	

Source: Fill (1995: 140) derived from Freeman (1984)

Tourism associations and organisations tend to play an important role in the British travel trade. For many years the Association of the British Travel Agents (ABTA) dominated the retail travel trade, introducing various regulations and restrictions looking after both members and the customers, and monitoring travel trade. "Stabiliser" (the rule applicable to ABTA members: they could do business only in a closed-shop environment, dealing exclusively with other ABTA members) was probably the most effective one, with the greatest impact on the development of channel relationships between agents and operators. Therefore that part of the business has been regulated in Britain for a long time. Organisations are more and more important to the Polish tourism businesses too.

3.5.1 The role of tourism organisations and associations in the distribution of tourism products

Co-ordination is the key concept in tourism and 'getting organised' usually means forming some sort of tourism association to help lead tourism development activity in a particular direction. Overall function of tourism associations is connected with the planning process of the development of tourism. Core operations of associations include co-ordination and leadership, policy, marketing and communications, training and customer care and monitoring and research (Godfrey and Clarke 2000).

Cockerell (1994) comments on the changing role of the travel and tourism organisations on both the global and national levels, although the emphasis in the article is placed on global associations rather than national ones. The number of representative associations in tourism has been growing. Their lobbying activities and the analysis of data help to maintain the industry visibility, the World Tourism Organisation (WTO) provides information on all aspects of tourism, puts pressure on governments to facilitate travel and is responsible for the industry Code of Conduct. The World Travel and Tourism Council (WTTC) promotes environmentally compatible tourism development, eliminates barriers to tourism growth and emphasises the importance of education and training.

Associations from various sectors of the travel and tourism industry represent the interest of their members; for example the International Air Transport Association (IATA) acts on behalf of airlines. The Universal Federation of Travel Agents' Associations used to negotiate across-the-board rises in travel agency commissions from suppliers, but today it lacks credibility among key travel agency players as the result of:

1. the emergence of multi-national groups and tour operators;
2. the power of some national associations like the Association of British Travel Agents (ABTA) in the UK or Deutscher Reisebüro Verband (DRV) and Bundesverband Mittelständischer Reiseunternehmen (ASR) in Germany.

When the industry is going through a difficult period in terms of financial or operational stability, then members in difficulty are more likely to turn to their industry organisations for support. Most of the industry associations, on global and national levels, experience a shortage of resources. Members do not want to pay higher membership fees unless they are provided with a vital commercial benefit, otherwise organisations need to develop alternative sources of income (Cockerell 1994:83). Even when the times are stable, membership of a trade association can be strongly recommended where that association has a high penetration of potential channel members and where restrictive practices promote business relationships with fellow-members of the association.

According to Godfrey and Clarke (2000: 49-63) a tourism association acts as a catalyst and facilitator for the diversity of local interests, by channelling information, research and ideas to and from local governments, private sector interests and the community. It is a source of training and dissemination of good practice, communicator of current business's use, facilitator in creation of new business relationships. It represents tourism interests to the government (lobbying), it also represent members in negotiations with suppliers and customers and their associations.

These roles of associations have an impact upon the tourism channel relationships between travel agents and tour operators, including specialised sub-contexts in terms of Poland, where dissemination of good practice by tourism associations is very important. Therefore some of the travel and tourism associations and organisations have been researched in Poland and Britain. The following issues were of interest in the secondary research process in order to establish the influence of associations on channels:

- a formal document/ constitution or a clear statement of objectives for an association
- a number of members in the association
- requirements to become a member
- benefits of a membership / services provided for members.

Table 3.13 Travel trade associations and organisations in Britain

Name	**Address**
Association of British Travel Agents (ABTA)	55-57 Newman St., London, W1P 4AH
ARTAC WorldChoice	Herlington, Orton Malborne, Peterborough, Cambridgeshire, PE2 5PR
Advantage Travel Centres / National Association for Independent Travel Agents (NAITA)	Kenilworth House, 79-80 Margaret Street, London, W1N 7HB
Association of Multiple Travel Agents	c/o Personal Service Travel, 29 Grove Rd., Eastbourne, East Sussex, BN21 4TU
Institute of Travel and Tourism	113 Victoria St., St. Albans, Hertfordshire AL1 3TJ
Global Travel Group	Freepost Chester CH1 6ZZ
Association for Independent Tour Operators (AITO)	133a St. Margarets Rd., Twickenham, Middlesex, TW1 1RG
British Incoming Tour Operators Association (BITOA)	BITOA Secretariat, Vigilant House, 120 Wilton Rd., London, SW1V 1JZ

In the primary research the Polish and British travel agents and tour operators were asked questions regarding their perception of the role and importance of trade organisations with regards to channel relationships. In the following section the results from the secondary research covering information about main associations for travel agents and tour operators in Britain and Poland are presented (detailed information about these associations can be found in appendices 8, 9 and 10). Finally, on the basis of primary information their impact on channel relationships is evaluated in chapters 5, 6 and 7.

3.5.2 Associations for travel agents in Great Britain

The travel industry in Britain is closely regulated to provide financial security for both consumers and suppliers. The regulations are coming mainly from two sources, largely responsible for shaping the retail travel industry practice: tourism associations and the legal requirements. Within the tourism associations, the most important is the Associations of British Travel Agents (ABTA).

According to ABTA's Website (ABTA 2000, http://www.abta.com) ABTA is responsible for membership (establishment of criteria, administration of existing members and applications for membership), codes of conduct, consumer affairs (a complaint handling service), corporate affairs (public relations and media services) and control of the use of the logo. It has both a commercial and a regulatory role.

Its commercial activities are connected with maintaining a high public profile, handling pre-departure queries and post-travel complaints, raising standards throughout the industry and providing education and training through the Travel Training Company (its wholly owned subsidiary). ABTA maintains strong links with representatives of the main travel destinations, tourism boards and other associations. Good relationships are also promoted with other principals. ABTA members benefit from preferential terms from suppliers.

The regulatory role is mainly connected with governing the relationships between tour operators and travel agents and also members and their clients. Funds are maintained and bonds provided from which claims are paid in the event of a member's failure. Rules of financial protection of members' clients specify individual bonding requirements for travel agents and tour operators. ABTA has two wholly owned insurance subsidiaries.

The influence of the Associations of British Travel Agents (ABTA) as a regulatory and representative body became weaker after 1993 (Mintel 1998), but it still plays an important role in the British travel trade and is referred to by tourism commentators as 'travel watchdog'. The abandonment of the "Stabiliser" rule in 1993 has widened the number of trade representatives and commercial buying groups. More commercially orientated groupings evolved to represent the interests of particular sectors of the travel agency businesses, especially the independent sector. Many travel agencies belong to more than one grouping.

The new groups include the Global Travel Group agency chain, established in 1993; Travel Trust Association (1994) as well as older groups of Advantage Travel Centre (1978) or ARTAC Worldchoice (1976) (Ujma and Grabowski in press). Independent agents tend to join marketing consortia, helping them to cope with management functions and competition coming from large multiple chains. Detailed description of ABTA and other associations listed in table 3.14 can be found in appendix 8.

Table 3.14 Membership development in the British associations

Association	**Membership**			
	Year of establishment	**Number of members at the outset**	**Year**	**Current membership**
ABTA	1950	100 members	1996	2142 head offices, 4742 branches
Global Travel Group Agency Chain	1993	100 members	1996	200 members
Travel Trust Association	1993	100 members	1996	335 members
ARTAC Worldchoice	1976	80 outlets	1996	586 outlets
NAITA - Advantage Travel Centre	1978		1996	300 head offices, 560 outlets
MTAA - the Multiple Travel Agents' Association		6 multiples		
GBTA (the Guild of Business Travel Agents)	1967		1996	40 members

Source: secondary research

3.5.3 Associations for tour operators in Great Britain

ABTA has been already mentioned as an organisation for both travel agents and tour operators. Other chosen organisations include the Association for Independent Tour Operators, the British Incoming Tour Operators Association and the Federation of Tour Operators. They are introduced in the appendix 9, alongside with the organisations for travel agents.

3.5.4 Travel trade associations and organisations in Poland

After the World War II companies were encouraged to trade in some kind of organisations, for example as co-operatives. In the 1990s, similarly to Britain, a number of tourism organisations existed also in Poland. The examples of tourism organisations include:

- State Sport and Tourism Administration (Urzad Kultury Fizycznej i Turystyki, UKFiT)
- **Polska Izba Turystyki (PIT)** (Polish Chamber of Tourism and 19 regional tourism boards)
- **Polskie Towarzystwo Turystyczno- Krajoznawcze (PTTK)** (The Polish Tourism and Country Lovers' Society)
- **Fundusz Wczasow Pracowniczych (FWP)** (Workers' Holiday Fund)
- Polish Federation of Camping and Caravaning (PFCC)
- Association of Polish Tourist Hotels (SPHT)
- Polish Youth Hostels Association (PTSM)
- Institute of Tourism
- Polish Tourism Promotion Agency
- Polish Tourism Development Agency INC.

The range of tourism organisations and associations is quite extensive, but in fact only a few are designed for travel trade. The main of those few of organisations, printed bold, are presented in detail in appendix 10 in order to compare their responsibilities and competencies and finally their impact on channel relations with their British counterparts.

3.6 Summary of similarities and differences between tourism sectors in the UK and Poland

While the development of the British travel agents and tour operators happened as the result of the growth strategies used by tourism companies, the development in Poland occurred as a result of political and systemic changes.

The situation in the British market was gradually regulated by tourism associations, namely ABTA for agents and ATOL/TOSG for tour operators. These organisations introduced bonding and regulations, making the deals between companies in the channel safer. The Polish companies did not have a regulator such as ABTA; the legislation was not comprehensive enough and as the result, the market was the only regulating force. Therefore, the relationships in it were much more chaotic than in Britain. The perceived need for the stability, legitimising regulatory support of trade organisations is indicated by the membership taken out by the Polish companies in Western trade associations.

Chapter 4

Methodology for Researching Relationships between Travel Intermediaries

4.1 Main aim of the research project

The main aim of this project has been to investigate the structure of, and the relationships within, tourism channels of distribution in two different markets, with a view to assessing likely courses of development in Poland. Of particular interest is whether similar relationships exist in a channel structure in two different tourism markets and which factors shape the relationships.

4.2 Research questions

In order to achieve the aim, a subset of research questions was drawn up, covering the following areas:

1. methods of selection of channel partners applied in Britain and in Poland and the criteria for selection;
2. communication: the flow of information about the product and its impact on channel performance;
3. support provided and the weight of it in channels: "educationals" and training and their impact on channel partners' selection and co-operation;
4. methods of evaluation and assessment of channel performance used in both countries;
5. role of travel and tourism associations and organisations in tourism channels.

The channel relationships were investigated by following the three stages of relationship development in Britain and Poland. Kale and McIntyre (1991: 31-45) (similarly also Crotts and Wilson 1995, Crotts *et al.* 1998) suggest that there are three interfirm channel interaction processes: initiation, implementation and review (Table 4.1). During the initiation process, companies look for partners and initiate channel relationships with them. They search for partners and negotiate the formulation of expected rewards with them. The implementation process is a steady co-operation process, where companies deal with one another, securing their own businesses by managing on-going channel relationships. It begins when exchanges of products, services and information start to take place between channel partners. The review process encompasses the evaluation of the benefits of the relationship versus the cost incurred in maintaining it. Usually the evaluation of both personnel and company performance is then taken into account.

Table 4.1 Three-staged process of relationship's development

STAGE	SUB-STAGES	VARIABLES	tourism associations
Initiation	Search process Negotiations Selection	Social bonds Trust Communication flows	
Implementation	Development of co-operation Conflict resolution Channel management	Power, interdependence, leadership Support: training, educationals Communication strategies	
Review	Monitoring Evaluation Assessment	Comparison level Comparison level of alternatives Performance satisfaction	

Source: Based on literature review

In order to achieve the main aim cross-national comparative research was employed.

4.3 Comparative research

Comparative research helps to understand and explain the way in which different societies and cultures experience and act upon social, economic and political changes. It is a relatively new, but growing phenomenon (May 1997, Øyen 1990). The potential of comparative research lies in the benefits which can be obtained from it. These benefits are interrelated and can be summarised as the import-mirror view, the difference view, the theory development view and the prediction view.

According to May (1997:188) the results generated in 'the import-mirror view' may permit the importation of different methods of organising a society's affairs to improve their efficiency. By examining different societies (the difference view) and reasons why some have developed in similar ways and others in diverse ways it is possible to add to an understanding and explanation of the complicated relationship between economic, social and political systems (the theory development view). Therefore in this research the process of channel relationship development in tourism distribution in Britain will be compared to the parallel process in Poland.

Moreover, the prediction of outcomes is enhanced through comparative work in the 'prediction view'. Not only can the potential for the success of particular policies, systems or practices in a given society be understood, but also their outcomes can be predicted, once experience of their effects in other societies and social and cultural contexts is examined. Thus "comparative studies which reveal patterns or signs can be used to adduce whether dependency relationships are changing in one country towards practices and patterns prevalent in another" (Brewster and Tyson 1993: 8), and that is why such an approach was adopted in this research. The comparison of the two tourism distribution systems should lead to predictions for the development of tourism channels in Poland.

In order to ensure appropriateness and equivalence in comparative research "a major methodological task is to devise and select theoretical problems, conceptual schemes, samples, and measurement and analysis strategies that are comparable or equivalent across the societies involved in a particular study" (Armer 1973: 51).

4.4 Philosophies: positivism versus phenomenology

Many arguments are provided in the literature for and against quantitative or qualitative research. The design and conduct of social research differ depending on the philosophical stance. Several schools of thought emerged to support one or the other research approach (May 1997). One of the basic purposes of science is to explain phenomena, thus the creation of theories can be argued of central importance to science and scientific research. Indeed, theories, the explanation and understanding of phenomena with their consequent prediction and control, can be regarded as the central aims of science (Kärcher 1997: 73). Braithwaite (1968, in Jankowicz 1999) reminds us that while the basic assumptions of a model or a theory take logical priority over any deductions made, epistemologically the basic assumptions are prior in the case of a model, but posterior in the case of a theory. Dann *et al.* (1988: 4) define theory as "a body of logically interconnected propositions which provides an interpretative basis for understanding phenomena". They note as well that both theory and method are essential to any mature research and constantly interact with each other.

Easterby-Smith *et al.* (1995) distinguish between two main opposing philosophies of the nature of science: positivism and phenomenology. A distinction between those two philosophies simplifies to some extent the wealth of philosophical theories that have evolved, but seems to be sufficient here, as these two present 'two ends of a continuum'. A continuing debate within philosophies of science is whether a theory should be tested or generated during research.

Gummesson (1991:15) refers to Kuhn's scientific paradigm as "the basic premises and value judgements held by the researcher". The subject of paradigms is often discussed in terms of an antithesis between the aforementioned two schools of philosophy: the positivistic, traditional natural science school and the humanistic school. Periods of 'normal science' are superseded by 'paradigm shift' when the established scientific norms are changed. Gummesson (1991:16) considers the breakdown of the communist concept of the centrally planned economy and its effects on business globally as an example of such a paradigm shift. The question therefore arises whether models, which worked in the Western system, would work in the post-socialist system.

Table 4.2 Key features of positivist and phenomenological paradigms

	Positivistic Paradigm	Phenomenological Paradigm
Basic beliefs	The world is external and objective The observer is independent Science is value-free	The world is socially constructed The observer is part of what is observed Science is driven by human interests
Researcher's responsibilities	Focus on facts Look for causality and fundamental laws Reduce phenomena to simplest elements Formulate hypotheses and then test them	Focus on meanings Try to understand what is happening Look at the totality of each situation Develop ideas through induction from data
Preferred methods	Operationalising concepts so that they can be measured Taking large samples	Using multiple methods to establish different views of phenomena Small samples investigated in depth

Source: Esterby-Smith (1995:27)

The philosophical standpoints of positivism and phenomenology contain a variety of distinct views about the nature of science and the conduct of scientific research. The key features of positivist and phenomenological paradigms are presented in table 4.2.

In a similar vein Guba and Lincoln (1994) provide implications of each paradigm position on selected practical issues. Some of those implications are presented in table 4.3.

Table 4.3 Paradigm positions on selected practical issues

Issue	Positivism	Postpositivism	Critical Theory et al.	Constructivism
Inquiry aim	Explanation: prediction and control		Critique and transformation, restitution and emancipation	Understanding and reconstruction
Nature of knowledge	Verified hypotheses established as facts or laws	Nonfalsified hypotheses that are probable facts or laws	Structural / historical insights	Individual reconstructions around consensus
Ethics	Extrinsic, tilt toward deception		Intrinsic, moral tilt toward revelation	Intrinsic; process tilt toward revelation, special problems
Voice	"disinterested scientist" as informer of decision makers, policy makers, and change agents		"transformative intellectual" as advocate and activist	"passionate participant" as facilitator of multivoice reconstruction
Training	Technical and quantitative, substantive theories	Technical, quantitative and qualitative; substantive theories	Resocialisation, qualitative and quantitative; history, values of altruism and empowerment	

Source: Guba and Lincoln (1994: 210)

Different views are translated into practical applications in qualitative and quantitative methodologies. Researchers are increasingly moving between the two viewpoints and in practice use a combination of both approaches: positivist and phenomenological. Decrop (1999) observes that methodological eclecticism is desirable: the relationship between knowledge and a researcher (or a respondent) must direct the choice of appropriate research design and methods. Issues of trustworthiness and triangulation are only relevant to researchers operating in post-positivism, interpretivism and constructivism. Hence, it can be of value to triangulate, which involves using a combination of positivist (quantitative) and phenomenological (qualitative) methods, referred to as a pluralist approach. In a pluralist approach, individual methods of data collection and analysis from the two opposing paradigms can be mixed, providing different perspectives on the subject studied. Methodological triangulation can result in a maximisation of the amount of data collected and, hence, the results obtained (Decrop 1999, Kärcher 1997, Van Maanen 1983).

4.5 Triangulating quantitative and qualitative methods

In recent decades researchers suggest that a combination of quantitative and qualitative research methodologies should be followed in order to understand fully complex social and business issues.

Quantitative methods, supported by a positivistic approach, imply that the researcher is independent, objective, unbiased and does not influence the subject under investigation. A conceptual framework is developed prior to data collection and hypotheses are tested (as opposed to generated) during the research process. The approach is, therefore, deductive. Data collection is extensive and typically involves the use of questionnaires. The samples studied are controlled so that they are random and representative of a population. The large sample investigated can lead to increased reliability and generalisability of the results obtained (Kärcher 1997).

Qualitative methods imply that the researcher becomes involved and may even become a research instrument. Therefore, qualitative methods are subjective and observer bias may occur. The aim of the research is to determine why particular events are evident rather then record their occurrence. Qualitative methods can be defined as "an umbrella term covering an array of interpretative techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world" (Van Maanen, 1983: 9). They represent a mixture of the "rational, serendipitous, and intuitive in which the personal experiences of the organisational researcher are often the key events to be understood and analysed as data" (Van Maanen, 1983:10).

Qualitative research is intensive, rather than extensive. The collection of qualitative data is often expensive, time-consuming and labour- intensive. The amount of data is huge due to the deliberate lack of a conceptual framework to guide the research, since qualitative research tends to be inductive, i.e. to generate theories. After gathering data, one of the difficulties is a lack of well formulated methods of analysis. Once the data have been analysed and assessed, the hypothesis generated is tested for validity within the conceptual framework constructed on the basis of data collected. Qualitative data are more appropriate when a potentially greater understanding of the phenomena under study is desired than would be delivered by quantitative research.

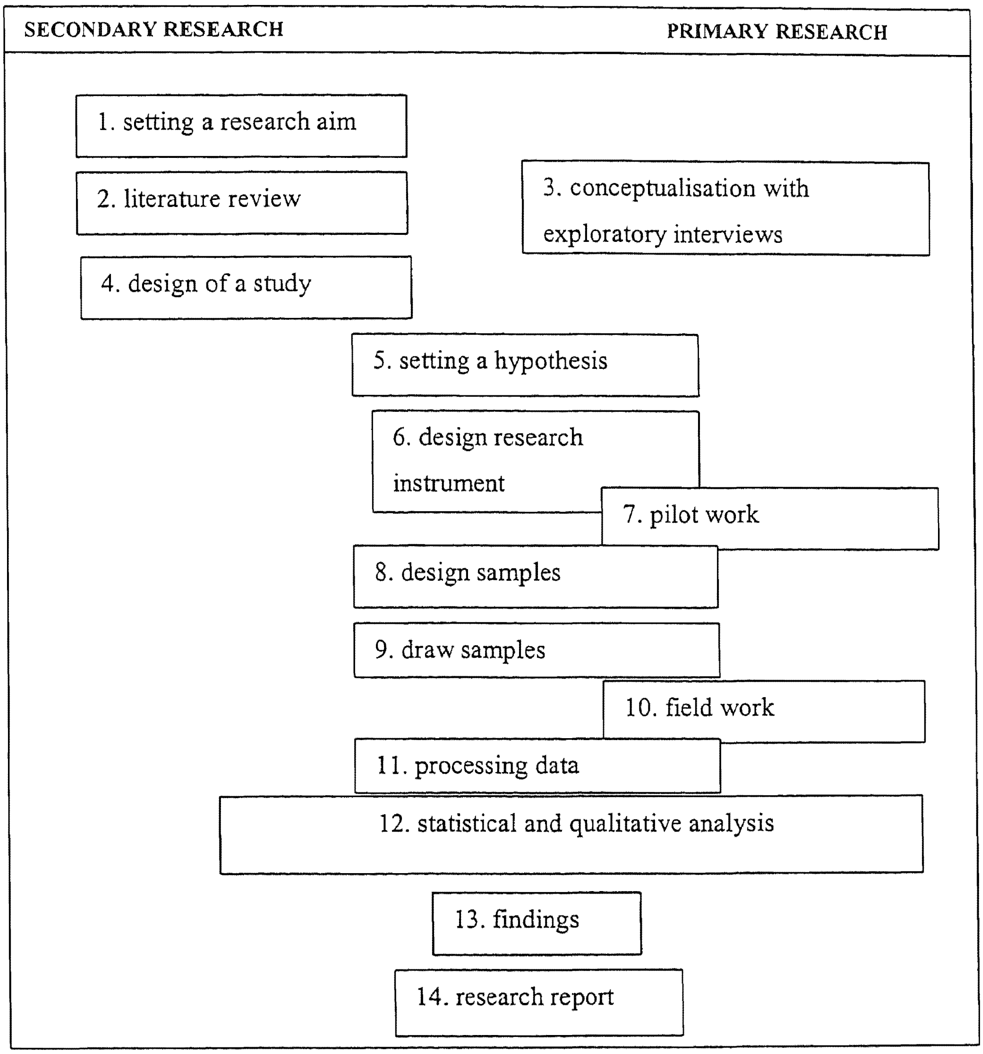
In this research quantitative and qualitative methods were combined in order to respond to the research questions. Consequently, the triangulation technique advocated by Jick (1983) was used here, which is "a combination of methodologies in the study of the same phenomenon" (Denzin 1978: 297). This combination provides multiple viewpoints and a holistic approach (Patton 1990, Gummeson 1991) and is sometimes referred to as multi-staged research (May 1997). Easterby-Smith *et al.* (1995) identify four types of triangulation: data triangulation, investigator triangulation, methodological triangulation and triangulation of theories (also in Hussey and Hussey 1997:74 and Decrop 1999). In this thesis the approach of multiple or methodological triangulation was adopted, which combines various research methods in order to examine the research problem thoroughly.

4.6 Research process

In any particular study a range of methods can be used. Survey research is one of the methods of collecting, organising and analysing data. The relevant data can be collected by a variety of techniques: each case can be observed, interviewed or given a questionnaire (DeVaus 1996: 7). The sequence of doing so is presented by Oppenheim's (1994) outline of 14 steps, which creates the basis for designing and conducting social research. These steps are presented in figure 4.1 and show the process in-line with the positivistic and post-positivist approach.

Oppenheim's (1994) outline of 14 steps was followed and DeVaus' (1996) research techniques of data collection were implemented in this research.

Figure 4.1 Design and conduct of research process



Source: Based on Oppenheim (1994) and Sekaran (2000)

4.7 Research objectives

A literature review was conducted at the outset of the study, following the deductivist approach. It served to identify an area in the present body of work where research would be of value in adding to the current state of knowledge. Some of the research questions arose as a result of this literature survey. Because of mixed, pluralistic approach, the initial set of interviews helped to formulate research questions and objectives, thus also implementing an inductive approach. In order to achieve the main aim and find the answer to research questions about processes in the development of channel relationships, the subset of research objectives was formulated. These objectives help to create the sequence of small steps undertaken to complete the research successfully.

In order to establish the ways in which the selection, support and evaluation criteria applied to tourism channel players in both countries, an array of research methods was utilised. They are shown in table 4.4 along with corresponding research objectives.

Table 4.4 Research methods and their contribution to the research

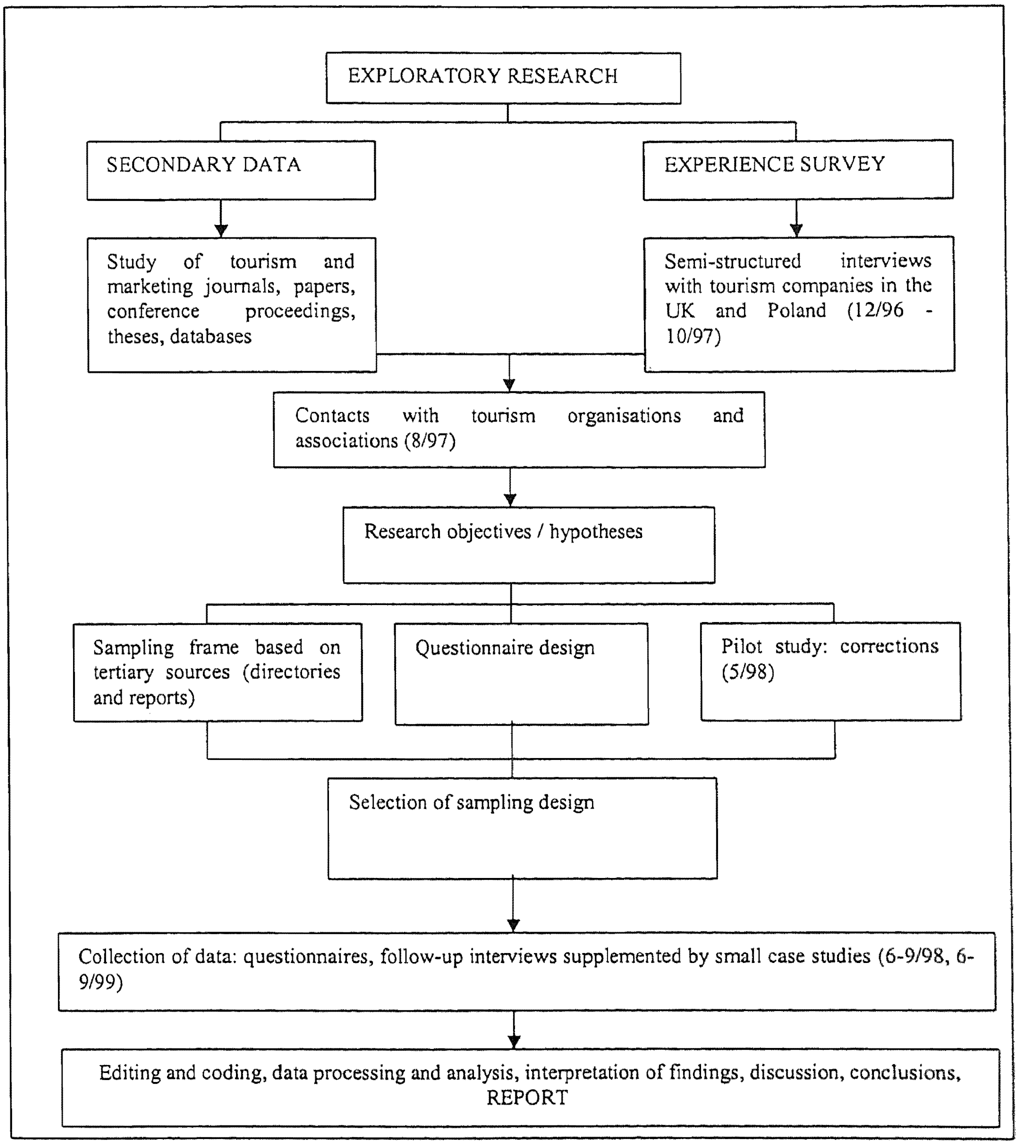
Techniques	Methods	Objectives:
Exploratory research technique	Secondary data collection and analysis Semi-structured interviews	• to establish and clarify the nature of distribution channels • to explore previous research on marketing channels relationships • to identify research techniques employed by other researchers • to define methods of selection, assessment and control of channel partners in tourism • to identify the methods of support and co-operation between channel members in tourism • to verify whether the issues raised by the literature review are relevant and applicable to tourism distribution channels • to obtain documentary material that is related to the research (contracts, agreements, codes of conducts, etc.)
Main research technique	Mail questionnaires Follow-up interviews	• to identify the channel structure in terms of groups, numbers, characteristics and trends • to distinguish the most powerful channel members • to identify factors which influence the channel structure • to compare and analyse the aforementioned factors in each country, linking them to the contextual differences in the two nations' travel service structures
Additional techniques	Content analysis of tertiary sources of information Small historical case studies	• to identify and weigh up the role of travel organisations in tourism distribution channels in both countries • to assess the extent to which these organisations are able to alter channel relations • to establish the rate of change in the numbers of travel companies in the British and Polish markets as a means of assessing the external impact of environmental changes on the structure of distribution channels

The research framework design was then adapted to provide a structure for the conduct of the research and the subsequent analysis of generated results. The flexibility of the pluralist approach enabled research questions to be refined and modified during fieldwork as a consequence of the data collected. A qualitative approach enabled the incorporation of new ideas generated from the analysis of in-depth interviews. Before the empirical survey started, the travel trade business in Britain and Poland needed to be analysed to gain information on the population to be studied and to allow decisions on the sample size to be made. The necessary information has been presented in chapter 3.

4.8 Detailed description of the research process

Oppenheim's (1994) approach was used in this study, thus the description of research employed can be guided by the steps mentioned above. Steps undertaken in this particular case are shown on the diagram (Figure 4.2).

Figure 4.2 A flow-chart of steps in this research



The research has been set out as exploratory. The secondary data collection was carried out in order to establish the available background information and to support the sampling process in the subsequent stages of research. It consisted of a literature search, on-line search and a literature review. An investigation of relevant publications was launched in the British and Polish libraries at universities and tourism organisations and associations, including the Polish National Tourist Office (PNTO) in London, British Tourist Authority, the Polish Chamber of Tourism and the Polish Institute of Tourism. The libraries and databases were accessed and searched electronically. In addition, letters and electronic messages were sent to experts within the tourism field requesting literature suggestions. On-line search and Internet searches were also used in order to create a list of seminal books and articles in relevant journals and periodicals. A review of the literature was an on-going process as the research progressed.

The process of generating ideas required consolidation of the secondary and primary data. The primary data collection process consisted of three stages, which comprised exploratory interviews, a mail questionnaire survey and planned follow-up interviews.

The initial and then in-depth interviews in Britain and Poland were set up typically a month in advance. An initial telephone contact was made with the tour operators and travel agents to identify contact persons in relevant positions; usually sales managers or account managers. This initial telephone contact was followed up by a letter, detailing the author's affiliation and the aim of the research, including any other relevant details. Several further telephone calls were necessary to finally commit the travel companies to interview dates. It was stressed that the research was conducted purely for academic purposes.

4.8.1 Exploratory interviews

An initial exploratory stage of the research was designed in order to find out HOW companies dealt with distribution issues. It included semi-structured interviews with a sample of travel companies chosen as a non-probability convenience sample with the effect of a snowballing sample. Preliminary interviews were conducted between January and November 1997. The sample consisted of 7 companies in England and 10 in Poland (Table 4.5). These 7 companies in Britain included three tour operators (two large and a small one) and four travel agents (3 multiples and 1 independent travel agency). The Polish sample included 3 older companies (one tour operator and two travel agents / tour operators) and 7 new companies (3 travel agents, 1 tour operator, 3 travel agents/ tour operators). Contacts were also made with some of the Polish and English tourism organisations, namely the Polish Chamber of Tourism (PIT) in Poland and AITO, ABTA and the Advantage Travel Centre in Britain. In each case a similar set of questions, covering the aforementioned areas of research, based on the literature review, was utilised.

Table 4.5 Exploratory interviewees in Britain and Poland

Poland				**Britain**		
	TA	TO	TA/TO		TA	TO
New	3	1	3	Multiples / Large TO	3	2
Old		1	2	Independents/ Small TO	1	1
Total	**10**			7		

Key: TA – travel agents, TO – tour operators, TA/TO – companies dealing as travel agents and tour operators at the same time

The interviews were recorded, transcribed (and translated where necessary). A content analysis was conducted using a comparative grid (Easterby-Smith *et al.* 1995). The answers to the aforementioned questions were coded according to the structure and tabulated (Appendix 3). Coding was understood as "the general term for conceptualizing data; thus coding includes raising questions and giving provisional answers (hypotheses) about categories and about their relations. A code is the term for any product of this analysis (whether a category or a relation among two or more categories)" (Strauss 1988 in May 1997: 125). The variance of behaviour between different groups of channels players within the distribution processes was noted and the initial interview findings confirmed it.

On the basis of the literature and the analysis of preliminary interviews, the propositions stated below were drafted. They are connected with the structure and differences between various groups of travel companies in Britain and in Poland. These differences are summarised within the Kale and McIntyre (1991) framework of channel relationships processes, presented in the chapter 2.

Propositions

Initiation process:

1. *Tour operators and retailers in the UK both select their channel partners according to well-understood, but not necessarily written criteria. Amongst these criteria are turnover and ultimate customers' perception of the quality of products. Financial status of a channel partner is one of the selection factors in both countries. Selection of retailers by suppliers and suppliers by retailers in Poland lacks the formal procedures of the UK equivalent.*

2. *Large tour operators in the UK and 'old' travel companies in Poland are more exclusive than small ones in choosing their channel partners. The selection initiated by larger tour operators and well-established companies is biased towards partners who have an established reputation and can offer performance guarantees. Smaller tour operators and retailers in the UK and most of the travel companies in Poland will seek to maximise the number of their retailers in a way which is less critical and less exclusive.*

3. *The search process for a partner for a small tour operator in the UK and for a relatively new tourism company in Poland is largely informal. In Poland it is based mainly on word-of-mouth communication.*

4. *Larger retailers, (multiples and miniples) in the UK, are more successful than smaller ones in acquiring the right to sell the product of a wide range of tour operators. Independents concentrate mainly on niche-markets and specialise in a narrower range of products. In some cases these products are packaged by these retailers in the UK; in Poland this is a normal practice.*

Implementation processes

5. *A point of similarity between the UK and Poland is that in both countries, the supplier - retailer relationship is sometimes dealt with in a contract, sometimes not.*

6. *Where a contract exists, the drafting is more frequently carried out by the more powerful partner (defined in terms of size/turnover), in terms which favour that partner.*

7. *Travel companies in the UK will stress formal exchange practices in the flow of information about tourism services and other flows. Each channel member knows the relevant procedures. Companies in Poland operate in a relatively flexible way, in an ad hoc and unstructured climate. Lack of consistent procedures and lack of expertise are common.*

8. *Basic vertical integration between the activities of retailers and suppliers of tourism product and services is more commonly found in Poland at the local, single-business level than in the UK. A higher proportion of Polish travel agents' businesses than in the UK is in the company's own products, connected not only with tourism.*

9. *Retail package holiday sales in the UK show a much greater market domination by a smaller number of nation-wide multiples than in Poland, in which a higher proportion of retail sales is attributable to small independents.*

Review processes

10. *The formal and informal assessment of channel partners and the provision of mutual feedback is more widespread in Britain than in Poland. The relationship between supplier and retailer members of the UK tourism marketing channel is characterised by a longer-term view than is customary in Poland. Consequently, Polish tourism retailers and suppliers show greater short-term change in the identity of their channel partners and reveal less evidence of mutual support by means of business and other communication.*

11. *Supplementary services, such as tour operators' promotional support and training do not account for the difference in retailers' adoption of tour operators' products in the UK. A higher proportion of Polish travel agents does not yet have complete IT connections between channel partner; formal training and education is not necessary to the extent that it is practised in Britain.*

12. *The better known the town as a tourist destination in Poland, the greater the power of the travel product suppliers in providing services for that town over travel retailers. In the UK the localisation of travel retailers is not connected with the tourism destination (supply-side), but with customer accessibility (demand-side).*

4.8.2 Contacting travel companies in international travel markets: survey as a data collection technique

The second stage of primary data analysis was designed to provide more insightful information into travel agents and tour operators' businesses operating in both markets by means of a larger sample. It was especially important to get that information from the Polish companies due to insufficient and unreliable secondary information in that market.

Because of the geographical dispersion of the population, as well as its size, a survey was chosen as the main study technique from the range of methods of research proposed by DeVaus (1996). The planned research technique of data collection was mailed questionnaires. They were designed to deliver the answer to the question: WHO (in terms of the characteristics of the company) deals HOW with aforementioned stages in distribution?

One questionnaire with 25 questions for Poland and two questionnaires for Britain (for travel agents (13 questions) and tour operators (14 questions) respectively) were designed because of the structure of travel industry in Britain and in Poland, as outlined in chapter 3. The comparability of the research was maintained by use of the same or very similar questions in both industry settings, covering originally the sections below:

TRAVEL AGENTS	**TOUR OPERATORS**
company, its nature and size	company, its nature and size
products on sale	products
ownership of other companies	ownership of other companies
choice of tour operators / suppliers	choice of travel agents
written contracts / agreements	written contracts / agreements
support given by suppliers /a tour operator	support given by a tour operator or suppliers to a travel agent
assessment of co-operation	assessment of co-operation
termination of business	termination of business

Back translation of the Polish questionnaire was utilised in order to discover inconsistent meanings and eliminate them. Most of variables in the questionnaires were categorical and the scales used were mainly nominal and ordinal.

Following the pre-testing of the questionnaire, items which led to non-response or to complaint, were deleted or moved to a more appropriate position within the schedule. For example, all questions which indicated company size were considered sensitive (issues connected with employment, numbers of customers served, integration) and so was the part regarding contracts. In the piloting stage nearly all respondents refused to complete it. Therefore the sections covering written contracts were eventually removed as they were too commercially sensitive, and therefore unlikely to yield valid results.

Even in the case of ranking of products with regards to 'a share' of specific products in the overall turnover the question had to be rephrased into less specific "importance", as that was the only way of getting the answers. However, the measurement was still valid, as that was the closest equivalent possible.

The pilot study conducted in Poland on 16 companies and in Britain on 12 led to some changes in the wording of questions. The section headings were removed from the questionnaire in order to avoid order bias. The tourism terms used in education were changed into terms prevalent in the travel trade environment. It was impossible at this stage to close some of the open-ended questions. The revised questionnaire therefore consisted of both closed and open-ended questions.

Sampling

The questionnaires and covering letters with pre-paid return envelopes were posted to a sample of tourism companies in each country. The sampling frame in each country was created on the basis of travel trade directories (TTG Directory (1998) and INDEX HIT Directory (1996, 1997)). In order to lower the sampling frame error (especially in Poland where not each company is included in the directory), local travel directories of travel companies from different regions in Poland, as well as the other trade sources, complemented the main directories. It was established that although the total number of travel retail outlets was quoted as 2442 (according to Indeks HIT (Hotele, Informacje, Turystyka) 1996/97), the listing under-estimated the real number of tourism companies. It listed for example 14 travel agents in one of the seaside resorts, Kolobrzeg, while in 1996/7 there were 29 agents operating in that area according to the Kolobrzeg local authorities.

It was established that in 1997/98 there were 2470 Polish travel companies, from which around 1900 were small, private independents and the remaining 570 belonged to the group of larger, older, previously state-owned travel offices. However, the number of travel companies who traded only as a travel agent or tour operator was difficult to assess on the basis of secondary data, since there were no statistics of this nature available. In England the TTG Directory (1998), the most authoritative source at that time, quoted 3219 companies which act as travel agents in three categories, as stated earlier. Those 3219 companies represented altogether between 7500 - 9200 outlets. The number of tour operators totalled 1346 companies in two main groups: large, package travel operators and small-scale niche-market tour operators, offering independent, tailor-made holidays (around 1000 companies).

A stratified random sample was chosen in each country. In Poland the records of the companies were kept on a database created specifically for the needs of this research project.

The minimum sample size could be calculated, following various guidelines (Saunders *et al.* 1997), although, as May (1997: 86) suggests, size is not the most significant feature of a sample; rather the sample should reflect population characteristics. In order to obtain a reasonable number of responses, 500 questionnaires were sent by mail to the sample of companies in Poland and 600 in England. In the case of Poland, these questionnaires were sent to main offices of all previously state-owned travel offices (83 in total) and every fifth independent company on the list in INDEX directory with a random start. In England, 350 questionnaires were sent to travel agents (all headquarters of multiples and miniples were targeted and every tenth of the independents) and 250 to tour operators. The list of tour operators was created with the help of the PNTO in order to increase the response rate. The questionnaires were sent to owners or general managers of travel companies.

Some companies were very slow to respond. It was likely that a second round of questionnaire issues would have increased the response rates both in the UK and Poland, but it was not viable within the limits of the project. Follow-up phone calls (reminders) were undertaken in order to speed up the process.

Although the questionnaire was chosen as the best method of reaching representative samples of travel companies in both markets, a lack of control over questionnaire responses was a hindrance in the research process. The obtained response rates, however, were considered satisfactory, following Frankfort – Nachmias and Nachmias (1996: 226) who state that the typical response rate for a mail survey without a follow-up is between 20 and 40 percent.

In the second stage of the main fieldwork telephone interviews were undertaken with the Polish and the British travel businesses. The Polish respondents were far more eager to take part in the second stage of the fieldwork than their British counterparts. There were also signs of over-willingness of the Polish respondents to give positive answers to interview questions and more enthusiastic attitude towards academics. It gave the researcher more choice of possible interviewees, but the questions were handled in the same way both in Poland and Britain, ensuring the reliability and validity of data collected.

4.8.3 Follow-up interviews

The third type of data collection technique was comprised of follow-up interviews, which were conducted at the PhD stage of the research. They should help to understand WHY a specific approach was taken by a specific company. Findings obtained from the questionnaire survey and the interviews were to be complemented by additional techniques to answer research questions. The follow-up semi-structured interviews were conducted over the telephone from 06/99 till 09/99 in Poland and in Britain. The interviews were to explore in detail issues raised by open-ended questions on the questionnaire. Managers, who had already agreed to be interviewed, were requested to answer some structured and open-ended questions, regarding criteria of evaluation of channel partners and membership of tourism associations.

The easiest way of conducting the follow-up interviews was over the telephone. The Polish interviews were conducted by telephone from Poland. Nearly half of managers and owners of Polish travel companies who responded to the questionnaire had agreed to take part in further research. Out of this number 10-15 were selected on the basis of answers they had provided in the questionnaires. The major issues addressed were:

- reasons for using specific criteria of evaluation of channel partners by these companies,
- the range of support given to or obtained from a channel partner,

- membership of tourism organisations and related benefits in terms of channel co-operation,
- reasons for termination of the relationship with tourism channel partners,
- importance of the aforementioned factors in shaping the relationships between travel agents and tour operators.

A simple "prompt" sheet was used, developed from a more complete version of the above list, to keep the interviewees "on track". From tour operators and agents in Britain who agreed to a follow-up interview - a similar sample was selected and, again, the same method was used. The average interview lasted 30 minutes. Interviews were recorded and transcribed in parallel. The issues raised in them were treated as confidential.

Characteristics of interviewees

18 companies were contacted in Poland. 5 represented old businesses among which 4 dealt as travel agents and tour operators at the same time, one was considered a tour operator. Amongst 13 new companies, established after 1989, 8 fulfilled the responsibilities of travel agents and tour operators at the same time, 3 acted as tour operators and 2 represented sole travel agents' businesses. In Britain only 8 companies responded, as considerably fewer companies indicated an interest in participating in follow-ups in Britain than in Poland, but their activities complemented the sample from initial interviews. There were 5 independent travel agents in the group, 2 miniple agencies and 1 small tour operator, therefore the representatives of all possible groups of agents and operators were contacted.

Table 4.6 Follow-up interviews in Britain and Poland

Poland				**Britain**		
	TA	TO	TA/TO		TA	TO
New	2	3	8	Miniples	2	0
Old	0	1	4	Independents/ Small TO	5	1
Total	**18**			**8**		

4.8.4 Additional research techniques

Where possible, complementary, informal research was also undertaken on the basis of trade materials obtained during the fieldwork from different companies and organisations, which includes relevant, though anecdotal, evidence supporting the main themes. This informal research was also extended to a small case study and observation in a couple of travel companies.

The originally planned content analysis of agreements between travel agents and tour operators was dropped, since the sample of agreements obtained was too small to represent the whole range of agreements which, due to their confidentiality, were impossible to acquire. Instead, a partial content analysis of travel directories was undertaken in order to obtain more accurate information on the rate of change of the data included in them. This analysis was a means of describing the rate of change in the travel markets in Poland and Britain and a way of establishing the number of companies closing down and opening businesses each year, especially in Poland where official statistics covering these issues are not obtainable. It also helped to establish the population size and characteristics.

4.9 Methods of analysis

Both quantitative and qualitative analytical methods were used in the research. The types and nature of the data obtained in the quantitative research techniques allowed only for the use of exploratory, descriptive statistical methods, which were enriched by qualitative analysis.

4.9.1 Initial qualitative analysis

The analysis and interpretations of initial interview (and partly in-depth interview) findings provided a source for the basis of conducting a subsequent comparative analysis. The content analysis grid was employed as a mechanism for systematic handling of data in a rigorous way (Easterby-Smith *et al.* 1995). "NUD*IST" and ATLAS/ti software were taken into consideration as tools for analysing qualitative data, but manual checking of verbal content proved to be sufficient and more appropriate. It yielded results as valid as could have been obtained by using computer software (three methods for qualitative analysis were compared by Anderson and Shaw, 1999). Content analysis and qualitative reasoning were therefore employed to analyse and summarise the interview results.

Evidence obtained from the questionnaire survey and the interviews was complemented by additional techniques to answer research questions. The outcomes from all techniques were blended and compared between both countries.

4.9.2 Quantitative data analysis

Information obtained from the questionnaires was formally analysed using the Statistical Package for Social Sciences (SPSS). The nature of the variables (mainly categorical) restricted the possible methods of analysis to descriptive statistics, regarding the numbers of agents and operators in various groups in both countries. (A list of variables can be found in appendix 6).

The sub-groups of agents and operators in Poland and in Britain were compared and the differences between them were detected. Cross-tabulation served as the main technique, with tables displaying the number of cases falling into each combination of the categories of two or more categorical variables. In addition to counts, some tables displayed percentages, expected values, and residuals, depending on the nature of the variables.

Subsequently, the chi-square test analysis based on cross-tabulations and the T-test based on a comparison of means, served as the analysing tools in extracting the similarities between the channel players in Poland and Britain. The sum of the probabilities of the results included in the region of rejection is denoted as the level of significance, or α. It is customary to set the level of significance at 0.05, which means that the null hypothesis is to be rejected if the sample outcome is among the results that would have occurred by chance no more than five percent of the time (Frankfort – Nachmias and Nachmias 1996: 483). Therefore this level of significance was used in the analysis.

Similarly, the proximity between variables in Poland and Britain was detected, especially in the case of the choice of channel players in both countries. Hierarchical cluster analysis was the most appropriate analytical technique for quantitative, binary (dichotomous) variables or count data. This procedure attempted to identify homogeneous groups of cases (or variables, which was the case here) based on selected characteristics. Software employed used an algorithm that starts with each variable in a separate cluster, and combines clusters until only one is left (Kachigan 1998).

'Proximities' procedure in the SPSS software generated distance or similarity measures between variables. Hierarchical cluster analysis plots included dendrograms and icicles. The dendrogram consisted of connected vertical lines which designated joined cases. It re-scaled the actual distance between clusters to numbers between 0 and 25, preserving the ratio of the distances between steps (SPSS help file). Dendrograms were found useful in this research as they depicted the cohesiveness of the clusters. They represented the steps in the hierarchical clustering that showed how the clusters were combined and the values of the distance coefficients at each step.

4.9.3 Qualitative data analysis

A quantitative questionnaire was insufficient and inappropriate to provide an in-depth understanding of the similarities and differences in tourism distribution in both countries because of its restrictive nature. Hence qualitative research techniques were employed. In-depth qualitative interviews were conducted at that stage and each of them lasted from 30 minutes to 1 hour. All interviews were recorded and transcribed. The interview protocol had a semi - structured format, thus, a straightforward content analysis was more appropriate for data analysis than a computer analysis package (Anderson and Shaw 1999).

As the purpose of qualitative analysis included both provisional testing of theory (Kale and McIntyre model) and predictions to improve channel co-operation in Poland, the methods used for data analysis were combining inspection for propositions along with coding (Glaser and Strauss 1967: 105). Analytic induction has been concerned with generating and proving an integrated and universally applicable theory of causes accounting for a specific behaviour.

Coding

Three steps of coding were used in data analysis. A procedure for developing categories of information (open coding) was the first step, then interconnecting the categories (axial coding), and building a 'story' that connects the categories (selective coding), and comparing the results with a set of theoretical propositions (Creswell 1998: 243).

In the open coding phase, the text was examined (e.g., transcripts and documents gathered during the fieldwork) for salient categories of information supported by the text (selection, assessment, support). The reduction of data followed by data display and analysis took place (Miles and Hubermann 1994). The axial coding process followed open coding, where some of the data were to be singled out for description according to the principles of selectivity (Frechtling and Sharp 1997). It took the categories of open coding, identified one as a central phenomenon, and then returned to the database to identify:

- what caused this phenomenon to occur;
- what strategies or actions actors employed in response to it;
- what context (specific) and intervening conditions (broad context) influenced the strategies, and
- what consequences resulted from these strategies.

The overall process was one of relating categories of information to the central phenomenon category.

Selective coding was the final phase of coding the information. It took the central phenomenon and systematically related it to other categories, validating those relationships and filling in categories that needed further refinement and development.

Glaser and Strauss (1967) included in the on-going analytic process the method of constant comparisons - an intellectually disciplined process of comparing and contrasting across cases to establish significant patterns. They noted that conclusion drawing involved stepping back to consider what the analysed data meant. Miles and Huberman (1994: 245-262) suggested tactics for generating meaning, which included noting patterns and themes, clustering cases and making contrasts and comparisons. They suggested following up surprises and twists in the data.

Comparison with computer analysis package

A number of authors have suggested using computer software to develop themes once manual coding has taken place (Anderson and Shaw 1999). Computer software packages for qualitative data analysis essentially aid in the manipulation of relevant segments of text. While helpful in marking, coding, and moving data segments more quickly and efficiently than can be done manually, the software cannot determine meaningful categories for coding and analysis or define salient themes or factors. In qualitative analysis, as seen above, concepts must take precedence over mechanics: the analytic underpinnings of the procedures must still be supplied by the analyst (Frechtling and Sharp 1997).

Weitzman and Miles (1995) reviewed most of these packages and grouped them into six types: word processors, word retrievers, textbase managers, code-and-retrieve programs, code-based theory builders, and conceptual network builders. Although NUD*IST or Atlas/ti may allow quicker analysis, this advantage is only visible in a large sample study. In addition, the process of manually inputting specific quotations was considered desirable in that it gave the researcher a 'feel' for the data, and allowed familiarity with them. Secondly, the use of a computer can encourage a 'mechanistic' approach to analysis. The research analysis may then become a routine and mechanical process (Lee and Fielding 1996). Thirdly, much of the input that is carried out by such software requires words to be specified or coded by the researcher, which may not be appropriate. Finally, most of the available software only identifies the sentence with which a specific word or phrase occurs, and thus often fails to locate the context.

Although the use of computer software was rejected, the quality of data analysis was not lowered. Issues of methodological rigour are not considered problematic. As Krane *et al.* (1997: 215) noted, "none of these procedures directly affects the value of the study; they are merely ways for the inquirers to work with their data ... If individuals use NUD*IST or Hyperqual computer programs, or 3 x 5 cards and paste them to the wall, they are really doing the same thing conceptually."

4.10 Validity, replicability, and sensitivity of results

Distribution channels are a part of the socially constructed world thus the methods used in researching them should be taken from social sciences rather than natural sciences. Social science differs from the physical or natural sciences because it deals with social behaviour which is less predictable than non-human phenomena. People can react to the research carried out and change their behaviour accordingly. The social world is constantly changing, so it is rarely possible to replicate research at different times or in different places and obtain similar results. Within the scientific research it should be possible for research to be replicated by the same or different researchers and for similar conclusions to emerge. In the area of social science, which deals with people as social beings and as communities, the scientific model must be adapted and modified and in some cases largely abandoned (Veal 1997: 2-3).

Sekaran (2000: 25) notes that whenever the attempt is made to qualify human behaviour, difficulties in obtaining a representative sample might occur. This restricts the generalisability of the findings. Generalisability refers to the scope of applicability of the research findings in one organisational setting to other settings. Other obstacles are connected with the measurement and collection of data in the subjective areas of attitudes or perceptions. Thus it is not always possible to meet all the hallmarks of science completely.

Comparability and consistency are often difficult to obtain in research. Still, the research can be designed in a way that ensures purposiveness, rigour, the maximum possible testability, replicability, objectivity, precision, confidence and parsimony (- Sekaran's 'parsimony' refers to economical wording, not to finance).

Although the simplicity in explaining the phenomena or problems was criticised, Mintzberg (1983: 107-108) defends it, claiming that the seven basic themes underlining to some degree various research activities are of seminal importance in a good piece of research. According to him research may be as purely descriptive as possible and can rely on simple (inelegant) methodologies. He argues that "too many of the results have been significant only in the statistical sense of the word" and claims that even a sample of one can be perfectly legitimate. The choice of sample sizes obviously depends on what is to be studied. But it should not preclude the small sample, which has often proved superior. Also, as long as research has been systematic in nature, it can "measure" in real organisational terms. Systematic data create the foundation for theories, but it is the anecdotal data that helps do the building. Theory building seems to require rich description; the richness comes from anecdotes; thus systematic data should be supported by anecdotal data (Minzberg 1983:113). He also advocates integration of diverse elements into research configurations.

Decrop (1999) names the reasons for a lack of consideration of qualitative research. One of them is the persistence of the domination of the positivist paradigm in many areas of tourism research. Positivism considers reality to be objective, tangible and single. Interest is focused on what is general, average and representative so that statistical generalisation and prediction are possible. Positivists blame qualitative research for lacking rigor and validity. Both reliability and validity are put into question since homogeneity of data and coefficients of determination cannot be computed. After Lincoln and Guba (1986) he lists criteria which, when implemented in research designs, ensure trustworthiness. The criteria can be implemented through triangulation, looking for negative or atypical cases, or keeping methods and data in context. The credibility of the researcher is also at stake.

Four criteria for qualitative inquiry are:

1. Credibility (internal validity): How truthful are particular findings?
2. Transferability (external validity): How applicable are the research findings to another setting or group?
3. Dependability (reliability): Are the results consistent and reproducible?

4. Confirmability (objectivity): How neutral are the findings (in terms of whether they are reflective of the informants and the inquiry and not a product of the researcher's biases and prejudices).

These criteria were considered in the process of conducting this research.

Chapter 5

Quantitative Analysis

It is possible to divide tour operators in Britain into two groups: large ones and smaller, niche-type tour operators; while agents can be divided into three groups: multiples, miniples and independents. In Poland the companies can be divided into old travel companies, which tend to be large organisations and new ones, smaller and similar to independents (detailed analysis presented in chapter 3). Due to this diversity of travel companies it is essential to find out the extent of similarities and differences in the structure of travel industry in the two countries in terms of the groups of companies in the market and their approaches to distribution issues.

Main research techniques employed in this research included mail questionnaires and follow-up interviews (Table 4.4, chapter 4). The objectives of the prepared questionnaire were:

- to identify the channel structure in terms of groups, numbers, characteristics and trends
- to identify factors which influence the channel structure
- to compare and analyse the aforementioned factors in each country, linking them to the contextual differences in the two nations' travel service structures
- to distinguish the most powerful channel members.

After the piloting stage (addressed in chapter 4) the focus of the questionnaire changed and the emphasis was placed upon relationships between travel agents and tour operators rather than various groups of suppliers (- the discussion regarding the importance of that specific relationship is placed in the literature review, chapter 2).

Finally, parts of the questionnaire included the following sections (- a copy of the questionnaire is attached in appendix 5):

TRAVEL AGENTS
company, its nature and size
products on sale
integration
choice of tour operators
support given by a tour operator
assessment of co-operation
termination of business

TOUR OPERATORS
company, its nature and size
products
integration
choice of travel agents
support given by a tour operator to a travel agent
assessment of co-operation
termination of business

The information derived from the questionnaire results is presented in this chapter in the following order: the response rates to the questionnaire are presented and followed by the analysis of travel agents' and tour operators' responses in both countries about the issues listed above.

5.1 Response rates

Nearly 28% of the Polish companies responded to the survey. In Britain 23% of sampled travel agents and 22% of tour operators sent their responses back. Table 5.1 presents the numbers and response rates, obtained in both countries.

Table 5.1 Response rates in Britain and Poland

Questionnaires	**Polish companies**			**British companies**	
	Travel Agents	**Tour Operators**	TA/TO	**Travel Agents**	**Tour Operators**
Sent	500			350	250
Obtained	168			88	57
Usable	138			82	55
	58	11	69		
Response rate	**27.6%**			**23.4%**	**22%**

When the numbers obtained are compared with the whole population of travel companies in Britain and Poland, they cover only a very small fraction of respective populations as such, but at the same time they represent all main groups of travel companies. Therefore they can be assumed to be representative for the population by reflecting population characteristics (May 1997, Diamantopoulos and Schlegelmilch 1997).

Basic frequencies, contingency tables and descriptive statistics regarding Polish and British tour operators and travel agents were calculated in the SPSS for the following ranges of variables (lists of variables are placed in appendix 6):

Travel Agents: company age, number of outlets, products, integration, number of tour operators served, staff employed, factors influencing the choice of a tour operator, support obtained from a tour operator, training, assessment of performance, termination of the relationship.

Tour Operators: company age, integration, number of co-operating agencies, staff, evaluation of performance of agents, criteria of choice of a travel agent, support given to a travel agent, training, passengers served, termination of the relationship.

The numbers obtained provided a reasonable basis for conducting the exploratory statistical analysis. However, they were not sufficient for sophisticated statistical methods like discriminant or factor analysis or canonical correlation (- used in some of the previous suppliers – dealers relationship research). Cross-tabulations, chi-square tests and T-tests were performed to test assumptions regarding similarities and differences in channel structures in Britain and Poland.

The response rates in both countries helped to identify the difference in the stability of the working environment. The rate of change in terms of the number of companies which disappear from the market each year is much higher in Poland than in England. Out of 30 non-usable questionnaires, 24 non-response questionnaires were received in Poland because the companies did not exist any more. This number indicated that nearly 5% of the Polish sample had gone out of business in the period of 1996 -1997. That percentage was confirmed by the analysis of two issues of Index HIT Directory and in reality may be even higher. While some of the companies closed their businesses, new ones appeared in the market in approximately the same numbers. Thus the overall number of travel companies remained nearly the same, but, in fact, consisted of different business units. For example - one of the companies was to be interviewed in the 'follow-up' stage, but had stopped trading before that happened, with a new travel company taking over the location and phone number.

At the same time, nearly 9% of companies from the Polish sample were established less than one year ago, which compares to only below 1% of the British sample (one company in the British sample). This finding also confirms the turbulent nature of the travel trade in the Polish market.

5.2 Analysis of travel agents' responses

As noted earlier the Polish tourism companies cannot be easily separated into travel agents and tour operators. Amongst the companies, which filled in the questionnaires, 42% stated that they were mainly travel agents, the majority (50%) acted as tour operators (they organised their own package tours) and at the same time as travel agents (they sold products of other tour operators). The remaining 8% considered themselves tour operators only. Therefore the second group was considered in both analyses: for travel agents and for tour operators, as they represented both sectors and had 'active' relationships with both tour operators and travel agents.

The sample from both countries accommodated 209 cases, of which 82 were British and the remaining 127 were Polish (Table 5.1). The latter could be subdivided into 58 'pure' travel agents and 69 companies, dealing as travel agents and tour operators at the same time.

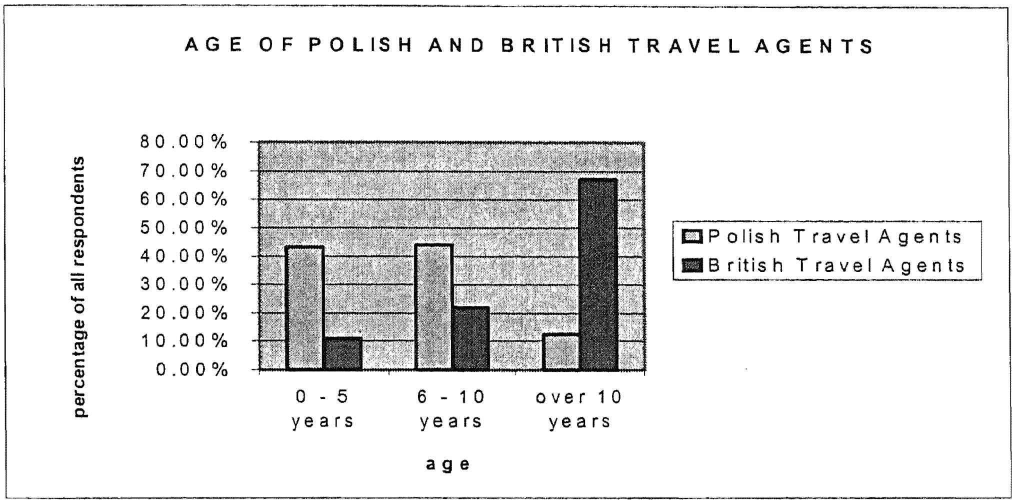
5.2.1 Company age

Table 5.2 Age of travel companies in Britain and Poland

Age	Polish Travel Agents	British Travel Agents
0 - 5 years	43.3 %	11.0 %
6 - 10 years	44.1 %	22.0 %
over 10 years	12.6 %	67.1 %

There is a significant difference in terms of the age of travel companies in Britain and in Poland (chi-square=67.436, significance p=0.000). Most of the Polish companies were established after 1989, thus there are a lot of relatively 'new' companies, while in Britain most travel companies were established more than 10 years ago. Around 13% of all Polish respondents established their businesses before 1989. In Britain at that stage 80% of all respondents had already existed.

Figure 5.1 Age of travel agents in Britain and Poland



The chart presented in figure 5.1 shows that the 'age' pattern for travel agents is similar to that for tour operators (Figure 5.9).

5.2.2 Number of outlets

There is no significant difference between the Polish and the British sample with regards to the structure of travel agents in terms of the number of outlets they run (chi-square=2.972, significance p=0.396). Within the sample 86% of Polish travel agents were small independents running up to 5 outlets, compared to 76% of British independents. 8% and 15% represented miniples respectively and the remaining 6% and 9% belonged to the group of multiples in Poland and Britain.

Table 5.3 Characteristic of a sample

TYPES OF AGENTS	Polish agents	British agents
Independents	86%	76%
Miniples	8%	15%
Multiples	6%	9%

Table 5.4 Characteristic of a population (data for 1998, details in chapter 2)

Poland		**Britain**	
Circa 2470 travel companies (outlets)		Circa 8350 travel agents (outlets)	
1900 new	76% (independents and miniples equivalent)	independents	63%
		miniples	10%
570 old	24% (multiples)	multiples	27%
Circa 190 tour operators		Circa 1346 tour operators	
		Small tour operators	80%
		Middle and large TOs	20%

The sample can be considered as reliable, because it represents the characteristics of the targeted populations.

5.2.3 Products

The range of products included in the Polish questionnaire consisted of the following items: own and other domestic package holidays (depending on whether packaged by the company in question or not), own and other overseas package holidays, city breaks, business travel, airline tickets, hotel bookings, coach tickets, ferry tickets, rail tickets, event tickets, foreign exchange, insurance and car hire. Coach hire was added after the piloting stage, as it represents an important product for a large number of tourism companies in Poland. A similar range of products was included on the British questionnaire for travel agents, however, the British one did not include coach hire, but airline travel / tickets were divided into two categories: charter and scheduled airline. As the next step the relative importance of products to travel businesses was compared between the two countries.

Because of the cultural differences, the weight of 'importance' of products may not be directly comparable in both countries; also 'importance' might be interpreted in a variety of ways. Phrasing the question like that was the only one way of getting responses from travel agents. Otherwise, when the importance of a product was specifically aimed at the turnover or profitability, the issue of confidentiality prevented responses.

The importance of various groups of product offered by the British and the Polish travel agents to the 'well-being' of their businesses was compared by cross-tabulating the type of travel companies and the frequencies of the answers provided by companies selling specific products. The scale 0-9, which was used originally in the questionnaires, was reduced to 4 ranges. The percentages were calculated by looking at the following ranges: 0 – products are not sold at all, 1-3 indicated a product of low importance to the business, 4-6 – average importance (some potential for the future) and 7-9 – products highly important to the agency.

A. Own domestic package holidays

Table 5.5 Domestic package holidays

Category	not sold at all (0)			low importance (1-3)		
	Polish %	**British** %		**Polish** %	**British** %	
	TA / TA/TO	TA	TO	TA / TA/TO	TA	TO
own domestic package holidays	30.0	65.9	55.6	12.2	8.5	13.0
other domestic package holidays	12.3	15.9	N/A	10.7	25.7	N/A
Category	average importance (4-6)			high importance (7-9)		
	Polish %	**British** %		**Polish** %	**British** %	
	TA / TA/TO	TA	TO	TA / TA/TO	TA	TO
own domestic package holidays	14.7	7.3	7.4	43.0	18.3	24.1
other domestic package holidays	35.4	19.6	N/A	41.5	39.0	N/A

*The sums do not add up to a hundred due to rounding.

Own domestic package holidays were sold in Poland by 70% of respondents. The group of companies that described themselves as travel agents and tour operators at the same time relied heavily on the sales of these products. For 12.2% of companies preparing and selling domestic package holidays, their importance was low. 14.7% regarded these products as of average importance, but the remaining 43% relied on them heavily.

This was not the case in Britain, where both tour operators and travel agents were more interested in overseas package holidays. 18.3% of British travel agents considered domestic package holidays as very important; 66% did not sell any at all.

Theoretically, it is always easier for the customer to organise a holiday in his / her own country than abroad. Probably that is why domestic products are not very popular amongst travel agents and tour operators in Britain. Moreover - the level of sales of domestic products in Britain in 1997 with the intermediation of travel agencies amounted only to 6 - 8% of the overall business (Key Note Report 2000).

Although the same pattern could be applicable to Polish tourists, the historical background changed it considerably. Domestic destinations for many years were the only possible option for travel agents and customers. They are still popular amongst small travel companies, selling both whole packages to various places in Poland or just the components, eg. more and more popular bookings in accommodation establishments in rural areas (rural tourism). This trend shifts the importance of the relationships between travel agents and tour operators towards the relationship between travel agents and principals.

53% of the Polish travel companies that responded to the questionnaire sold local products, i.e. local destinations and local attractions (question no. 5 on the Polish questionnaire) alongside other products. Although this was, by no means, their main product (only 8% regarded local products as the main lines), the percentage was still much higher than for the British travel companies which usually relied heavily on overseas package tours.

This finding may indicate that the distinction between incoming and outgoing agencies in the Polish travel trade is as unclear as the distinction between travel agents and tour operators. In Britain agencies either cater for the needs of incoming or outgoing markets; but rather tend to concentrate on outbound tourism. In Poland agencies tend to diversify their activities as much as possible.

B. Other domestic package holidays

Domestic holidays packaged by 'other parties' were sold by more travel businesses than own domestic ones, both in Britain and Poland. Around 40% of travel agencies in both countries admitted that these products were important for their businesses, however, domestic products in general still tended to be more important in Poland than in Britain.

C. Overseas package holidays

Table 5.6 Overseas package holidays

Category	not sold at all (0)			low importance (1-3)		
	Polish %	**British** %		**Polish** %	**British** %	
	TA / TA/TO	TA	TO	TA / TA/TO	TA	TO
own overseas package holidays	30.8	64.6	11.1	10.7	3.6	3.7
other overseas package holidays	6.2	8.6	N/A	5.4	8.6	N/A
Category	average importance (4-6)			high importance (7-9)		
	Polish %	**British** %		**Polish** %	**British** %	
	TA / TA/TO	TA	TO	TA / TA/TO	TA	TO
Own overseas package holidays	10.0	4.8	14.8	48.5	26.8	70.4
Other overseas package holidays	20.0	13.5	N/A	68.4	69.2	N/A

Only 30% of the Polish respondents did not create and sell their own packages, while in Britain the percentage amounted to 65%. In both geographical markets overseas packages, pre-packaged by other channel members, usually tour operators, were inclined to be important for the well-being of the retailers. 68% of respondents in Poland and 69% in Britain rely heavily on these products.

D. City breaks

Table 5.7 The importance of city breaks

Category	not sold at all (0)			low importance (1-3)		
	Polish %	**British** %		**Polish** %	**British** %	
	TA / TA/TO	TA	TO	TA / TA/TO	TA	TO
City breaks	15.4	7.3	27.8	13.8	12.1	9.3
Category	average importance (4-6)			high importance (7-9)		
	Polish %	**British** %		**Polish** %	**British** %	
	TA / TA/TO	TA	TO	TA / TA/TO	TA	TO
City breaks	21.5	26.9	33.3	49.2	53.6	29.6

A similar percentage of retail companies sold city breaks as one of the most important items in both countries. In Poland it was 49% of all respondents, in Britain nearly 54%. However, the percentage could have been even higher in Britain, because most of the tour operators who responded to the questionnaire in Britain did not specialise in those products.

E. Business travel

Table 5.8 The importance of business travel

Category	not sold at all (0)		low importance (1-3)	
	Polish %	**British** %	**Polish** %	**British** %
	TA / TA/TO	TA	TA / TA/TO	TA
Business travel	52.3	6.1	16.9	12.2
Category	average importance (4-6)		high importance (7-9)	
	Polish %	**British** %	**Polish** %	**British** %
	TA / TA/TO	TA	TA / TA/TO	TA
Business travel	16.9	17.1	13.8	64.6

As a relatively new product for Polish travel companies business travel was not very common amongst respondents. Only just around 14% of companies regarded business travel as an important activity. These respondents were mainly old and large travel agencies / tour operators.

In Britain over 64% of travel agents regarded business travel as a significant source of income. Lack of seasonality and lower price-sensitivity were indeed advantages of business travel when a company had clients (firms) which contacted travel agents for purposes of business travel. Quite a large number of Polish companies still tended to organise business trips for their employees on their own, or left it to the employees themselves. In both cases travel agents were not contacted, as travellers preferred to get in touch directly with the principals. The advantages of dealing with travel agents instead were not obvious, in fact agencies were perceived as an additional intermediary which "takes money for nothing". Advantages like spatial convenience, shorter waiting time and a bigger range of products / services, better prices available in one place (Christopher 1992) were not noticed by the potential consumers. Outsourcing was not yet popular to the extent it was in Britain.

Probably it will take some time to encourage companies to use the services of travel agents. Nevertheless, as Polish practices of international trade, including trade within the EC, approach those practices of Western Europe, the tendency to move towards Western patterns of business behaviour may be expected to apply to business travel. With the development of the information technology it can be argued that the business trips can be organised internally, getting the required information directly from suppliers over the phone or from the Internet. However the financial incentives connected with the use of a specialised intermediary (outsourcing) could prompt companies to build working relationships with travel agents, which could in turn improve agent's profitability.

F. Accommodation bookings

Table 5.9 Hotel bookings as a product offered by travel companies

Category	not sold at all (0)		low importance (1-3)	
	Polish %	**British %**	**Polish %**	**British %**
	TA / TA/TO	TA	TA / TA/TO	TA
Hotel bookings	21.5	3.7	43.1	11.0
Category	average importance (4-6)		high importance (7-9)	
	Polish %	**British %**	**Polish %**	**British %**
	TA / TA/TO	TA	TA / TA/TO	TA
Hotel bookings	16.1	34.1	19.2	51.1

The noticeable part of tourists' expenditure embraces the cost of accommodation. Therefore it was assumed that accommodation bookings could possibly create an important part of travel agencies' business. The results showed, however, that this was the case only in Britain, where over 51% of agents did consider hotel bookings important. In Poland only 19% of travel companies considered that product an important part of their product and service mix. The reason for this might be the dominance of domestic travel arrangements and tourists' preference to book accommodation direct. Also, hotels were not the preferred type of accommodation establishments booked due to high prices.

G. Transportation and entertainment

Some of the products listed in table 5.10 were not available in Poland and there was no data available to assess importance of these products to tour operators' businesses in Britain. Charter airline tickets were sold by 59.7 % of British travel agents. Polish counterparts did not sell charter at all as a separate product, as there it is not yet available to the extent as in Britain. Although LOT, the Polish Airline, claimed to operate charter services, the flights were not offered on sale by agents as a separate product. Agents did not sell scheduled airline tickets very often either, although that changed over the period of investigation. In 1999 only 17% of the Polish respondents (mainly old travel companies) considered these products important. The barrier of entry into selling airline tickets was the fact that a company must be a member of IATA, which was an expensive investment for the Polish travel companies.

Table 5.10 Tickets for various means of transport and entertainment

Category	not sold at all (0)		low importance (1-3)	
	Polish %	**British** %	**Polish** %	**British** %
	TA / TA/TO	TA	TA / TA/TO	TA
Charter airline tickets	N/A	9.8	N/A	3.6
Scheduled airline tickets	56.2	3.7	18.5	3.6
Coach tickets	18.5	47.6	10.3	11.9
Ferry tickets	56.2	11.0	23.2	15.9
Rail tickets	91.5	57.3	4.7	15.9
Event tickets	74.6	54.9	18.4	23.2
Category	average importance (4-6)		high importance (7-9)	
	Polish %	**British** %	**Polish** %	**British** %
	TA / TA/TO	TA	TA / TA/TO	TA
Charter airline tickets	N/A	25.9	N/A	59.7
Scheduled airline tickets	8.5	13.5	16.9	79.3
Coach tickets	16.2	20.2	54.6	19.1
Ferry tickets	8.5	42.7	12.2	30.5
Rail tickets	2.3	11.0	1.5	15.9
Event tickets	3.1	15.9	3.8	6.1

The majority of British counterparts (around 80% of travel agents) sold airline tickets and these products were important to their business. However, it was interesting that not only miniples or independents relied on ticket sales, but also multiples, which were perceived mainly as holiday shops. As tourists gain knowledge and are able to plan and organise trips and holidays for themselves, they are eager to buy components of the holiday package. They know that quite often travel agencies have special offers or deals, being consolidators or having special arrangements with specific airlines / banks with regards to the prices of airline tickets.

Coach travel was far more popular in Poland than in Britain. Being cheaper than flights, coach travel met the financial needs of Polish tourists, thus coach ticket sales were important for 55% of

Polish travel companies, compared with only 19% of British travel agents. It was also worth noting that the importance of coach transport was shown by the numbers of travel companies which were vertically integrated and had a transport company within the same business entity.

The geographical location of Great Britain is one of the main reasons that ferry tickets were far more often sold here than in Poland. Rail tickets were not a popular type of product in either country. The same applies to event tickets (although not connected with transport) – 74.6% of Polish respondents and 55% of British respondents did not sell these tickets at all.

H. Foreign exchange

Table 5.11 Foreign exchange in travel businesses in Britain and Poland

Category	not sold at all (0)		low importance (1-3)	
	Polish % TA / TA/TO	**British %** TA	**Polish %** TA / TA/TO	**British %** TA
Foreign exchange	95.4	53.7	0.8	14.7
Category	average importance (4-6)		high importance (7-9)	
	Polish % TA / TA/TO	**British %** TA	**Polish %** TA / TA/TO	**British %** TA
Foreign exchange	2.4	11.0	1.5	20.7

In Britain foreign exchange is an important activity for around 21% of travel agents which try to establish diagonal integration. In Poland foreign exchange was not included in tourism business' activities. 95.4% of travel companies had nothing to do with foreign exchange. Tourists were advised to use services of banks or foreign exchange offices. This situation seemed to be a logical consequence of overseas travel being not so popular or even allowed in Poland for a long time. The exchange of foreign money was always popular as a 'black market' activity as it was one of the options of keeping savings in hard currencies. It began to flourish in the free market economy in the 1990s as a completely separate activity from tourism.

I. Insurance

Insurance was gaining in importance in Polish tourism businesses and belonged to a new range of products. 47% of Polish companies considered it important, as the commission on it was much higher than the average commission for travel products and services (10% versus 30% for insurance). For 72% of companies in Britain it is a vital element of the product mix, even after the introduction of the premium tax on insurance, probably due to its value to the business (Buhalis 1995).

Table 5.12 Insurance as a tourism product

Category	not sold at all (0)		low importance (1-3)	
	Polish %	**British %**	**Polish %**	**British %**
	TA / TA/TO	TA	TA / TA/TO	TA
Insurance	10.8	2.4	13.9	2.4
Category	average importance (4-6)		high importance (7-9)	
	Polish %	**British %**	**Polish %**	**British %**
	TA / TA/TO	TA	TA / TA/TO	TA
Insurance	28.4	23.2	47.0	71.9

J. Car and coach hire

Table 5.13 Rent-a-car and similar services

Category	not sold at all (0)		low importance (1-3)	
	Polish %	**British %**	**Polish %**	**British %**
	TA / TA/TO	TA	TA / TA/TO	TA
Car hire	79.2	8.5	8.4	2.4
Category	average importance (4-6)		high importance (7-9)	
	Polish %	**British %**	**Polish %**	**British %**
	TA / TA/TO	TA	TA / TA/TO	TA
Car hire	6.2	29.3	6.1	59.7

Car hire was popular amongst travel retailers in Britain, but not in Poland. Only 6% sold it in Poland as the main product, compared to 60% in Britain. However, at the same time, Polish companies hired coaches to other parties and this was important for nearly 29% of all respondents. This service was also connected with the levels of vertical integration in the Polish market. Many Polish travel companies operate car-hire and coach-hire as well as acting as a travel retailer. Naturally, they prefer to sell their own transport service, whenever and wherever possible.

Ranking of products

The products in both countries can be ranked in terms of their importance for travel agents by comparing the values of means. The results of a T-test confirmed that the importance of the overseas package holidays and city breaks seemed to be similar for British and Polish travel agents. The means were also similar for other domestic package holidays, although this group tends to be more important in Poland (mean 5.48, std. error 0.25) than in Britain (4.68, 0.38 respectively). There were, however, significant differences regarding importance of other products in both countries, detected by the T-test. Ranking of tourism products in Britain and Poland is presented in tables 5.14 and 5.15, where the importance was ranked in general terms and to specific groups of travel agents.

Table 5.14 Ranking of tourism products in Britain and Poland

Ranking	**Product categories**	**Polish means**	**Product categories**	**British means**
Scale	*0 - products not sold – 9 - the product is very important*			
1.	other overseas package holidays	6.98	airline tickets	7.63
2.	coach tickets	5.90	insurance	7.33
3.	city breaks	5.63	other overseas package holidays	6.81
4.	insurance	5.60	business travel	6.59
5.	other domestic package holidays	5.48	car hire	6.38
6.	own overseas package holidays	5.08	hotel bookings	6.24
7.	own domestic package holidays	4.69	city breaks	6.04
8.	hotel bookings	3.21	ferry tickets	4.93
9.	business travel	2.32	other domestic package holidays	4.68
10.	airline tickets	2.26	coach tickets	2.95
11.	ferry tickets	2.03	own overseas package holidays	2.68
12.	car hire	0.98	foreign exchange	2.66
13.	event tickets	0.77	rail tickets	2.24
14.	rail tickets	0.33	own domestic package holidays	2.11
15.	foreign exchange	0.24	event tickets	1.52

Table 5.15 Ranking for products in terms of groups of travel agents

Products	Polish Travel Agents			British Travel Agents		
Scale	*0 - products not sold – 9 - the product is very important*					
Types of agents	Independents	Miniples	Multiples	Independents	Miniples	Multiples
own domestic package holidays	4.13	4.70	6.29	1.73	3.82	5.00
other domestic package holidays	5.50	5.40	7.00	4.40	8.91	4.14
own overseas package holidays	5.25	7.2	5.14	2.47	3.18	5.14
other overseas package holidays	6.42	6.40	7.00	7.20	8.36	5.14
city breaks	5.00	5.60	7.57	5.85	6.91	6.00
business travel	2.38	4.30	0.43	6.13	6.27	7.57
airline tickets	2.29	4.30	2.14	7.50	8.27	8.57
hotel bookings	3.50	4.30	3.71	5.80	6.82	7.14
coach tickets	6.04	4.40	5.43	3.27	3.82	4.71
ferry tickets	1.90	2.10	2.86	4.93	6.00	5.14
rail tickets	0.33	0.41	0.14	1.40	2.27	5.00
event tickets	0.63	1.20	2.00	1.33	2.36	2.00
foreign exchange	0.16	0.50	0	1.93	4.00	5.71
insurance	6.50	5.10	5.71	7.00	8.64	7.43
car hire	1.00	2.50	2.14	6.15	6.73	8.00

The most important products for the Polish travel agents were ‘other overseas package holidays’, followed by ‘coach tickets’ and ‘city breaks’. The importance of holidays pre-packaged by other companies showed that the relationship between agents and operators was vital for the well-being of Polish travel agencies. The remaining products offered for sale would be shaping the relationships between travel agents and principals rather than operators.

Moreover, package holidays tended to be more important for old and larger travel companies in Poland, than to the independents which relied more on components rather than the whole package. A similar pattern existed in the British market, however, independents and miniples tended to value other overseas package holidays more than multiples. The reason might be that multiples offer in-house products of their vertically integrated tour operators, which they consider ‘own’ rather than ‘other’.

Products as a differentiating factor between groups of travel companies in Poland

Looking at the range of products offered by travel companies in Poland the group characterised as travel agents / tour operators relied more than the separate groups of tour operators and travel agents on overseas rather than domestic travel products. Products created by these companies were more important to their businesses than any other products, thus tended to be core elements of the offer. Own products (both domestic and overseas) were more important to tour operators than to travel agents (- means and medians for those groups are presented in table 5.16); but the values of means and medians were disappointingly low in comparison with the same values for the group of travel agents / tour operators.

Table 5.16 Importance of travel products to travel agents (TA), tour operators (TO), travel agents / tour operators (TA/TO) in Poland

Types of companies		Domestic Package Holidays		Overseas Package Holidays	
		Own	Other	Own	Other
Travel Agents	Mean	3.27	5.77	2.34	7.09
	Median	2.00	6.00	0.00	8.00
Tour Operators	Mean	5.83	2.83	3.17	4.83
	Median	8.50	1.50	1.00	4.50
TA/TO	Mean	5.87	5.25	7.34	6.88
	Median	8.00	5.00	9.00	8.00

(Scale: 0 – product not sold, 9 – product very important)

Methods of sales of tourism products

The Polish travel companies claimed to sell their products mainly directly to tourists or via travel agents. Some of them sold the products by co-operation with firms, companies, schools and social organisations in an extension of post-socialist social tourism (5 respondents). An incoming tourism company, providing ground-handling services in Poland, sold the services mainly through a co-operation with foreign tour operators. Potential customers / partners were found at tourism fairs or by advertisements in newspapers.

Amongst the Polish companies, both tour operators and travel agents, the most important method of sales is a direct sale to customers. 95.7% of all respondents consider this method as very important or at least important to their business. Selling tourism products and services through travel agents is in the second position as 68.8% of respondents recognised this method as very important or at least important. Sales made via the Internet were still considered as unimportant or very unimportant (55.6%). However, at the same time 5.3% of respondents thought it was a very important method for their businesses, but mainly used as an additional method of a dissemination of information about products and services. This observation is in a way opposite to perceiving the Internet as a threat to travel agents or tour operators. A popular theme in the literature regarding the future of travel agents or tour operators, endangered by the development of IT, does not seem to be validated by these statements and this does not seem to be the case only in Poland. Travel companies in both countries realise that the potential of the Internet can be utilised as an opportunity for their businesses rather than threat.

14% of the Polish companies mentioned other types of sales methods. Sales made to groups of tourists / travellers (- eg. popular in Poland, so called 'green schools': training trips for school children organised for a group of at least 20 – 30 members), as well as sales prompted by promotional campaigns in newspapers, were mentioned. The last method, however, was connected more with the awareness–raising activities than actual sales, although according to the respondents they considerably helped in raising sales levels. The companies preferred to advertise in newspapers and wait until a client sees the advert and contacts them. Advertising was perceived as more beneficial in terms of actual sales volume than co-operating with other travel companies. A comparison level of alternatives could be important here, as the advertisements are perceived as an alternative to a distribution network. This situation might be partly caused by the lack of clear boundaries between agents and operators; potential partners in the channel can therefore be perceived more as competitors than contributors in the process.

The British counterparts tend to rely more on traditional distribution channels. Looking at the numbers given by the British tour operators, a large proportion of the sample sold products directly to customers, relying mainly on mailing brochures (- similarly to travel agents which sell directly to customers). The use of databases of potential customers was popular. 88.9% of respondents recognised this method as the most important for their business. Information technology helped to create and maintain efficient customer databases. 83.3% of tour operators sold various products over the phone, but still to ultimate customers / tourists.

As most of the tour operators' sales go directly to ultimate clients, it is worth considering whether tour operators can be classed as wholesalers or rather, as that method of sales would imply, that they are principals in terms of the definitions of producers, wholesalers and retailers.

Sales with the help of an intermediary, (i.e. travel agents) were in the next position. 79.2 % of tour operators regarded this method of sales as very important or important, but only brochures were taken into consideration as a means of delivering the information about the products to the potential customers. Computer reservation systems were not yet regarded as important.

The percentages for sales with the intermediary (68.8% for Poland and 79.2% for Britain) would indicate that travel agents services were more popular between the British than the Polish companies. Yet, in Poland simple direct channelling without intermediaries was used as often as more than two intermediaries. It was quite normal that the chain consisted of more than one travel agent, which used to sell products to the next travel agent before the holiday was finally sold to the ultimate consumer.

Cluster analysis of different types of products for travel agents

Another way of looking at products sold by the British and Polish travel agents is offered by cluster analysis. The similarity / proximity between various groups of products can be assessed to a certain extent by considering the rescaled distance between combined clusters of products.

British Travel Agents

Figure 5.2 Proximity of product importance for British travel agents

Dendrogram using average linkage (between groups)

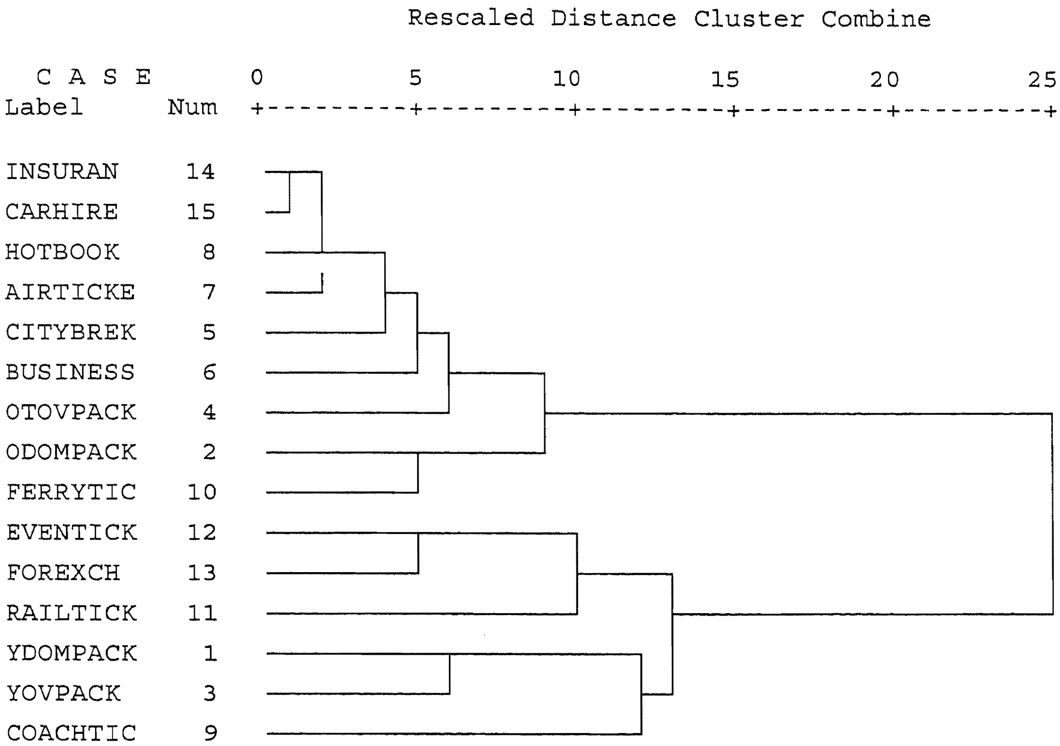


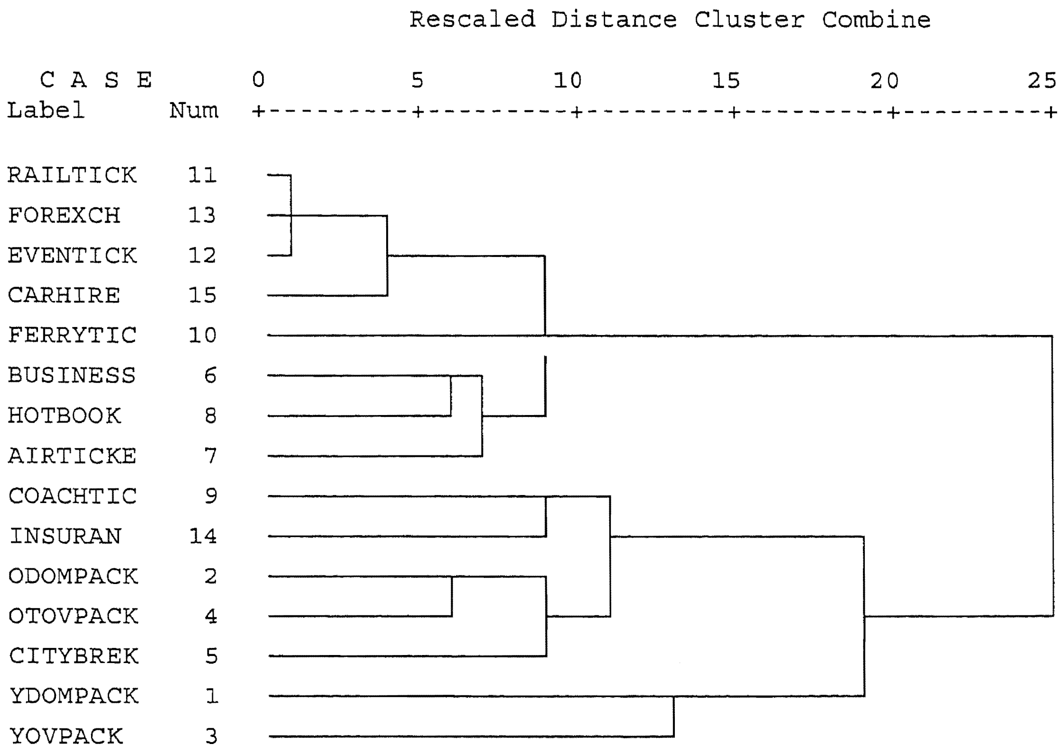
Table 5.17 Product types on the questionnaires

INSURAN	insurance (p11.14)
CARHIRE	car hire (p11.15)
HOTBOOK	hotel bookings (p11.8)
AIRTICKE	airline tickets (p11.7)
CITYBREK	excursions / city breaks (p11.5)
BUSINESS	business travel (p11.6)
OTOVPACK	other overseas package holidays (p11.4)
ODOMPACK	other domestic package holidays (p11.2
FERRYTIC	ferry tickets (p11.10)
EVENTICK	event tickets (p11.12)
FOREXCH	foreign exchange (p11.13)
RAILTICK	rail tickets (p11.11)
YDOMPACK	importance of own domestic package holidays (11.1)
YOVPACK	your own overseas package holidays (p11.3)
COACHTIC	coach tickets (p11.9)

Polish Travel Agents

Figure 5.3 Proximity of product importance for Polish travel agents

Dendrogram using Average Linkage (Between Groups)



In the British sample clusters are located closer to one another than in the Polish one, indicating larger uniformity between certain groups of products. The importance of insurance and car hire tend to be similar in Britain as they merge in cluster 1 at level 1; airline tickets merge with them at cluster 2 at level 2. Hotel bookings and city breaks merge in cluster 3 at level 4. It is difficult to pinpoint the product most dissimilar to all the others.

In the Polish sample there seems to be less uniformity. Larger distances between clusters indicate more dissimilarity between groups of products. Rail tickets, foreign exchange and event tickets, all not very much important to travel companies, create cluster 1 at level 1. The next cluster, however, additionally includes car hire and is merged at level 4 of rescaled distance cluster combine. Ferry tickets are the most dissimilar from other products.

5.2.4 Integration

One of the propositions was that there existed a difference between the British and the Polish companies with regard to the integration of their businesses. It seemed to be the case that in the UK the larger companies are more likely to integrate the activities of retailers and suppliers of tourism product and services, while in Poland basic vertical integration would be found at the local, single-business level. The differences could be found with regard to diversification, too.

The results that have been obtained from the questionnaires (Table 5.18) indicated that the Polish businesses had more 'links' with accommodation establishments and coach companies, while the British companies concentrated rather on horizontal integration with other agents and vertical integration with tour operators. The differences between certain groups are shown below.

Table 5.18 Integration in travel agents' and tour operators' sectors

% of travel companies integrated with	Accommo dation	Coach companies	Airlines	Travel agents	Tour operators	Other enterprises	Not integrated
Polish TA / TA/TO	18.1	22.0	0.0	15.7	13.4	10.1	52.0
British TA	7.3	8.5	1.2	19.5	14.6	3.7	62.2

Horizontal integration

56% of responding travel agents in Britain ran one outlet only. The extent of horizontal integration in the travel trade in Poland was even more limited, as most of the companies questioned (66.4%) ran only one retail outlet. The older the company, the better established in the market and the more retail outlets it operated.

Similar numbers of travel agents in both countries have other agents belonging to one owner (15.7% in Poland and 19.5 % in Britain, chi-square=0.495, p=0.482). Similar results were obtained in case of tour operators belonging to the same group as travel agents (13.4% and 14.6%, p=0.799). Notwithstanding, this result should not be treated as highly reliable due to the differences in defining the two groups in both markets.

Vertical integration

Vertical integration seemed to be limited to transport companies – nearly 23% of the Polish travel companies stated that they ran their own transport company, which was usually within the same business entity. Needless to say, none of the Polish companies owned an airline, and those who sold flights from Poland as part of a package relied heavily on the national carrier – the LOT Polish Airline or foreign airlines (mainly German Lufthansa). Around 18% of respondents ran various kinds of accommodation establishments.

The results show that there was a difference in the pattern of the ownership of accommodation establishments in Britain and Poland (chi-square=4.857, p=0.028). It seemed to be the case that more of the Polish travel agents within the sample invested in their own accommodation establishments; however the scale was small (18.1% of Polish companies compared to 7.3% of British own accommodation establishments). The same applies to coach companies owned by travel agents (chi-square=6.524, p=0.011): 22% of Polish agents owned coaches to provide transport services to their own clients or to rent them to other travel agents, compared to 8.5% of British agents. Conversely, it was the case only in Britain that travel agents were integrated with airlines, which indicated a higher level of development and consolidation within the industry.

The British counterparts concentrated more on pure travel retail activities and relied on outsourcing to a higher extent than it was customary in Poland, because in the UK the demand for tourism products and services was sufficiently high to do so.

52% of all Polish travel agents which responded to the questionnaire claimed that they did not belong to any groups at all. 62.2% of all British agents were not vertically or horizontally integrated. As p=0.146 (chi-square=2.115) it was assumed that the integration was similarly distributed in both countries, however the nature and the scale of the integration was not comparable, because of the size of the companies involved in it.

5.2.5 Number of tour operators in co-operation

The British companies were inclined to co-operate with more tour operators than was customary in Poland, but there are many more tour operators in Britain with which the travel agents can co-opearate. The means were 22 for Poland and 143 for Britain; independents in Poland co-operate with 24 operators compared to 160 in case of the British independents, miniples with 10 compared to 250, and multiples with 26 compared to 90. The more reliable in these cases medians (which are less affected by outliers) were 15 for Polish travel agents and 75 for the British counterparts. The range for Poland varied from 0 to 140, in Britain from 0 to 1000. In Poland no single company out of 138 co-operated with one tour operator only. Most companies dealt with 20-30 tour operators at the time, although circa 10 of those were considered as 'most popular'. Tour operators tended to co-operate with 80–100 out of 3500 agents in the Polish market; but 40 out of the range 80–100 were regarded as efficient in their activities.

The British counterparts usually sold products of 50-100 tour operators. Again, none of these agents relied only on one tour operator's products. Most of the respondents on the tour operation side sold directly to ultimate clients (43%), but a considerable percentage (26%) also sold through the 5000-8000 travel agents' outlets in the UK.

5.2.6 Staff

There was a significant difference in the pattern of the numbers of employees in travel agencies in both countries (p=0.001, chi-square=20.646, df=5). The average number of employees across all branches of an agency was much higher in Britain (= 117) than in Poland (= 10). Most of the Polish companies were small in size. Up to 50% of all Polish respondents employed only up to 5 people on a full time basis. 65% of Polish companies did not employ part-time staff at all.

In Britain around 60% of respondents employed between 5 to 9 staff members per branch. The medians were similar (5 employees in Poland and 9 in Britain), but the range was quite different: from 1 to 115 in Poland and from 1 to 3000 in Britain. Table 5.19 compares the frequencies of agents in Britain and Poland employing similar numbers of staff.

Table 5.19 Staff employed in the analysed samples in Britain and Poland

Number of staff employed	% of Polish travel agents	% of British travel agents
1-5 employees	54.3	35.0
6-10 employees	24.4	20.0
11-20 employees	11.8	20.0
21-50 employees	5.5	5.0
51-100 employees	2.4	5.0
over 100 employees	1.6	15.0
Total	*100.0*	*100.0*

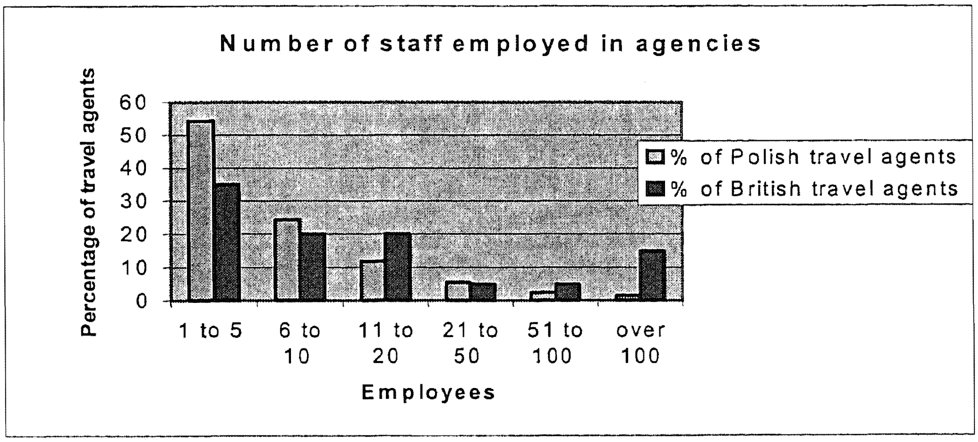


Figure 5.4 Staff employed in agencies

5.2.7 Choice of a tour operator

Factors shaping the selection stage are important for the further relationship development. The list of factors was derived from relevant research (Petit-Rafer 1996, Buhalis 1995, Coulson-Thomas 1992) and initial interviews. The following categories of the factors that influenced travel agents in choosing their tour operators were included in the list:

⇒ Quality of a product
⇒ Reliability of a tour operator's service
⇒ Quality of tour operator's staff
⇒ Tour operator recommended by customers
⇒ High commission
⇒ Effectiveness of dealing with complaints
⇒ Good terms of payment
⇒ Tour operator recommended by other agencies.

Preliminary analysis of the results from questionnaires is presented in table 5.20 below. The results were consistent with those obtained during the initial interviewing, although on the basis of the interviews it seemed to be the case that good terms of payment and high commission were the most important factors in choosing tour operators, which was not confirmed by questionnaires.

Table 5.20 Factors in the selection of a tour operator by a travel agent

FACTORS	**LEVEL OF IMPORTANCE** (percentage of respondents)									
	Very important		Important		Average		Unimportant		Very unimportant	
	Pol n=127	Brit n=80	Pol	Brit	Pol	Brit	Pol	Brit	Pol	Brit
Quality of a product	91.3	72.5	7.9	26.3	0	0	0	0	0.8	1.3
Reliability of tour operator's service	79.5	78.8	15.7	20.0	3.9	1.3	0.8	0	0	0
Tour operator recommended by customers	49.5	26.3	30.7	52.5	6.3	15.0	4.7	1.3	8.7	5.0
Quality of tour operator's staff	36.2	32.5	44.1	51.3	15.0	10.0	1.6	3.8	3.1	2.5
Good terms of payment	34.6	17.5	27.6	55.0	24.4	20.0	11.0	5.0	2.4	2.5
High commission	28.6	47.5	54	38.8	14.3	13.8	1.6	0	1.6	0
Effectiveness of dealing with complaints	26.0	27.5	41.7	48.8	23.6	21.3	5.5	1.3	3.1	1.3
Tour operator recommended by other agencies	26.0	6.3	30.7	28.8	28.3	31.3	8.7	20.0	6.3	13.8
Long-term co-operation	33.1	36.3	40.2	45.0	16.5	15.0	4.7	1.3	5.5	2.5

The results in the table 5.20 showed that agents paid more attention to the quality of a product and reliability of a tour operator than to any other factor. Long-term co-operation, often mentioned by respondents, was a questionable factor, as it implies that the relationship between the companies had existed for some time. It played a role when a specific transaction was supposed to take place, and there were only a few tour operators, who could provide the required product.

Ranking of the selection criteria

The criteria listed by the Polish and the British travel agents were subsequently ranked on the basis of calculated means, where the range was from 1 - very important to 5 - very unimportant, therefore the lower the value the higher the importance of the specific criterion.

Table 5.21 Ranking of the selection criteria in the British and Polish samples

Criteria	**Polish means**	**Criteria**	**British means**
Quality of a product	1.11	Reliability of tour operator's service	1.23
Reliability of tour operator's service	1.26	Quality of a product	1.31
Quality of tour operator's staff	1.93	High commission	1.66
Tour operator recommended by customers	1.93	Quality of tour operator's staff	1.93
High commission	1.94	Effectiveness of dealing with complaints	2.00
Effectiveness of dealing with complaints	2.19	Tour operator recommended by customers	2.06
Good terms of payment	2.21	Good terms of payment	2.20
Tour operator recommended by other agencies	2.39	Tour operator recommended by other agencies	3.06

The independent samples T-test was used to compare means and to emphasise significant differences. These differences occurred in terms of two criteria, namely tour operators' commission ($t=2.537$, $p=0.012$) and recommendation of a tour operator by other travel agents ($t=-4.034$, $p=0.000$). Commission seemed to be more important in Britain; recommendations were more relied upon in Poland (as it may be regarded as one of the sources of reliable information regarding tour operators). The remaining seven criteria were regarded as important more or less with the same strength in both countries. At the same time the cultural differences can change the results of the T-tests, so the results should be supported by the information obtained from the interviews.

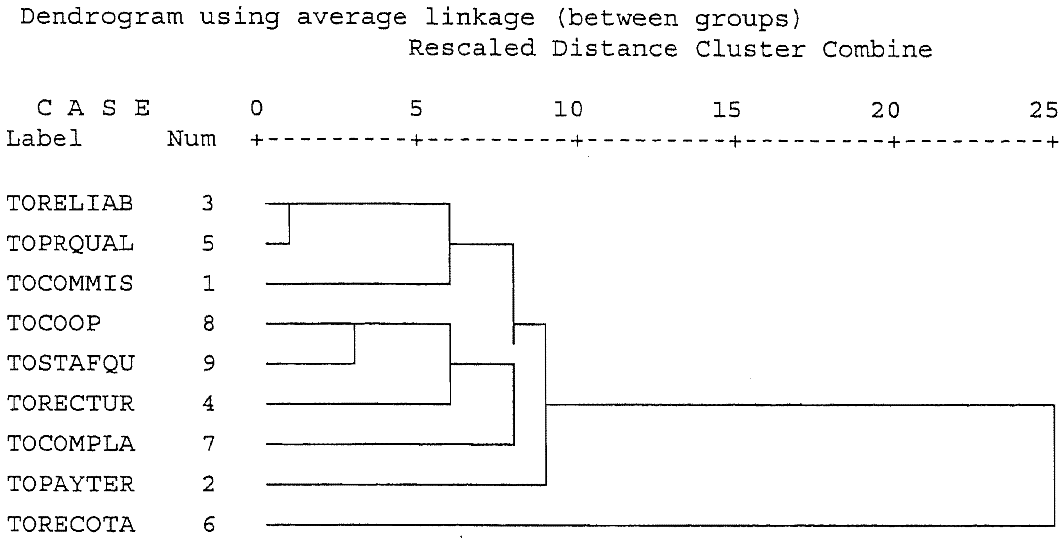
Hierarchical cluster analysis of tour operators' selection criteria

Table 5.22 Variables used in the cluster analysis of tour operators' selection criteria

TORELIAB	tour operator's reliability (p13.3)
TOPRQUAL	tour operator's product quality (p13.5)
TOCOMMIS	tour operator's commission (p13.1)
TOCOOP	long co-operation with a tour operator (p13.7)
TOSTAFQU	tour operator's staff quality (p13.8)
TORECTUR	tour operator's recommendation by clients (p13.4)
TOCOMPLA	tour operator's efficiency in handling of complaints (p13.6)
TOPAYTER	tour operator's terms of payment (p13.9)
TORECOTA	recommendation of a tour operator from other travel agencies (p13.2)

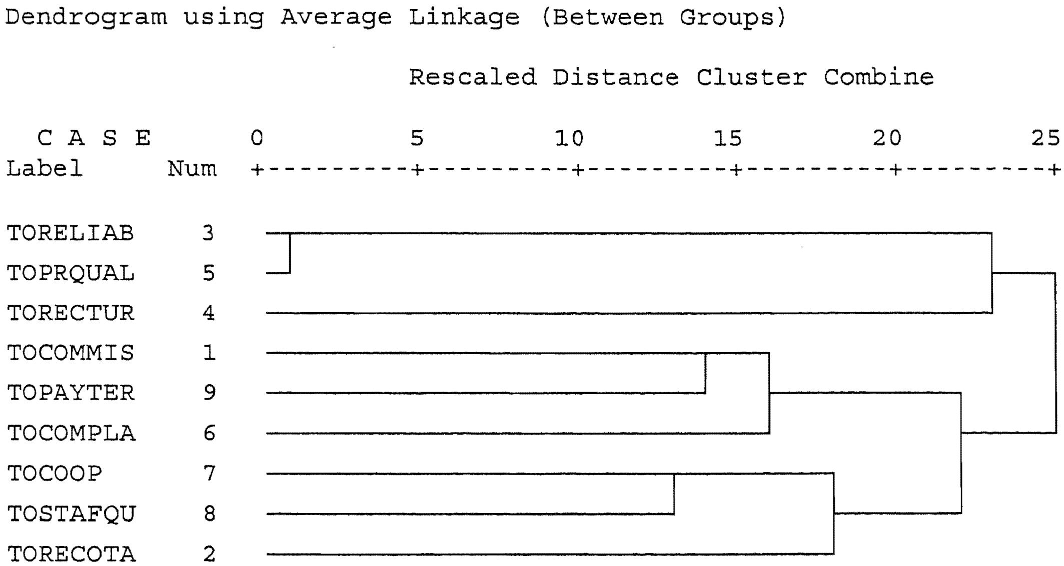
British Travel Agents

Figure 5.5 Dendrogram for the British tour operator's selection criteria



Polish Travel Agents

Figure 5.6 Dendrogram for the Polish tour operator's selection criteria



Cluster analysis confirmed the notion that British travel agents were more formal in choosing their partners than their Polish counterparts. There was much more similarity between variables in the British sample than in the Polish, which was more unstructured.

In both cases tour operator's reliability and product quality were most similar and merged into a cluster at the first level of the similarity index being used (rescaled distance cluster combine). Staff co-operation and the quality of staff in both cases created the next cluster, but the rescaled distance between them was different. In the British sample they merged into a cluster at the level 2-3, while in the Polish at 12-13.

British travel agents perceived commission as grouped with reliability and product quality. These criteria are clustered similarly to co-operation, staff quality and recommendations of a tour operator. Polish agents clustered commission and terms of payment similarly, but these clusters did not have much in common with reliability and product quality.

The criterion least similar to any of those mentioned in the British sample was recommendation of a tour operator by a travel agents, which was perceived as similar to level of co-operation and staff quality on the Polish side at the level 16.

Other factors influencing the choice of a tour operator

The Polish travel agents have given more reasons for the choice of a specific tour operator in the open ended questions in the questionnaire. Some reasons were connected with those characteristics of the offer, which made it more desirable (an interesting product, additional merchandisers, competitive prices). The second group was connected with the company and the perceived quality of the working relationship with it in the future. The items included terms of trade and of co-operation, advertisement strategy, image of a company, recommendation by colleagues from other agencies, flexibility and experience measured by the age of the company. Only one company stated that educationals were of main interest and the provision of those by a tour operator was essential. Another company which was vertically integrated with a tour operator stated that they had no choice at all, because they were allowed only to sell their in-house products. One of the agents dealt only with Polish companies.

The British travel agents behaved in a more predictable way; their approach towards selection criteria was more standardised. They tended to give a more uniform attribution, which was connected with the following issues:

- Length of experience in the industry,
- Uniformity of working systems,
- Availability and standardisation of support services,
- Extent of training.

Additional factors, which were taken into account in a choice of a tour operators, were mentioned by a few British agents as: tour operators' flexibility and attention to detail, ease of communication, prices and ranges of holidays and incentives. Some of the 'newer' travel agents were eager to deal with any operator who "was willing to trade with a non-ABTA agent". This statement showed the domination of tour operators or at least older companies, better established in the market, over the new ones. At the same time it underlined the role of ABTA and other travel associations, which gave guarantees on behalf of their members and shared the organisational image with a member.

5.2.8 Support obtained from a tour operator

Support was another factor shaping the relationships between channel players in the second stage of the relationship development, the implementation stage (Kale and McIntyre 1991, Crotts and Wilson 1995, Crotts, Aziz and Rashid 1998).

Table 5.23 Support obtained from tour operators (from travel agents' perspective)

Category of support obtained from	All of TOs		Some of TOs		**None of TOs**		N of Pol TA	N of Brit TA
	Pol TA%	Brit TA %	Pol TA%	Brit TA%	**Pol TA%**	**Brit TA%**		
Market research data	7.4	2.5	32.8	72.5	**59.8**	**25.0**	122	80
Advice on retail travel management	1.6	0	13.1	33.8	**85.2**	**66.3**	122	80
Recommendation of IT systems	1.6	0	34.4	35.0	**63.9**	**65.0**	122	80
Financial support towards advertisement	2.5	3.8	59.0	70.0	**38.5**	**26.3**	122	80
Advice regarding advertisement	0.8	2.5	54.1	55.0	**45.1**	**42.5**	122	80
Expert product advice	28.9	11.3	61.2	82.5	**9.9**	**6.3**	121	80
Educationals	6.6	7.5	91.0	88.8	**2.5**	**3.8**	122	80
Financial assistance on tourism fair	0.8	1.3	23.0	40.0	**76.2**	**58.8**	122	80

The percentages of tour operators who did not provide a specific type of support at all (bold) helped to establish the 'value' of support to travel companies. The common support given to travel agents was connected with product advice and 'educationals'. The differences in British and Polish practices existed where market research data, management advice and financial assistance were considered, whereas the percentage of tour operators who did not provide agents with that type of support was much higher in Poland.

From the tour operators' perspective, however, more companies in Britain admitted that they did not provide agents with support of various kinds (detailed analysis is provided in part 5.3.8).

Brochures

Tour operators in Poland have only recently started to rely on brochures as a source of information for customers. 85% of respondents stated this was the most frequently used method of informing customers about the product. Both tour operators and travel agents were consistent in this case. Travel agents said that most of their tour operators provided them with brochures as the main information source regarding products. The brochures were issued mainly twice a year (2 issues in 43.5% of cases), and 3 issues were also popular (23.2%). In Britain brochures have been a source of information from the very beginning of the travel trade, but nowadays the emphasis has shifted towards information technology as a medium of channelling product information.

Training provided by tour associations and organisations

Training provided by tourism associations was utilised in both countries to a similar extent. 54.3% of Polish travel agents and 64.2% of British agents took part in them. According to open-ended responses training in Poland was organised by the following groups of providers:

- Bigger suppliers and travel companies (airlines, GDS: Start Amadeus, tour operators) (16)
- Foreign organisations / associations (German Chamber of Tourism, Austrian TIC, British Council) (11)
- PIT and local chambers of tourism (5)
- State tourism organisations (UKFiT, PAPT, TOURIN, Brand Manager Office Warsaw) (5)
- Insurance companies (5).

The British counterparts relied mainly on domestic training providers. The groups were represented by:

- ABTA, AITO, GBTA, Advantage Travel Centres, ITT (16)
- Large suppliers (airlines, Galileo) (2)
- PSARA (Passengers Shipping Association Retail Agent Scheme) (5)
- British tourist boards (2).

Training provided by tour operators

Training sessions offered by tour operators were even more popular than the training offered by associations. 88.6% of Polish agents and 95.1% of British retailers participated in them. Half of the Polish travel companies offered training for travel retailers, but some of the travel agents in Poland did not take part in training sessions organised by a tour operator. The reasons for non-attendance which were given by those agents can be put into three categories:

1. financial aspects - training was claimed to be too expensive,
2. flow of information - the agents stated they were not aware of the training being organised,
3. time consciousness - either the training was organised during high season, which was not convenient, or training about products was regarded as a 'pointless waste of time', especially if the brochures and written information about products were thorough and reliable.

British retailers took part in training more often. They valued training more highly and in their case it was probably also better organised. Training was perceived as a considerable support obtained from a tour operator, but it was not recognised as a main factor when travel agents were looking for tour operators for co-operation.

Cluster analysis of a type of support obtained from tour operators by travel agents

Table 5.24 Support variables

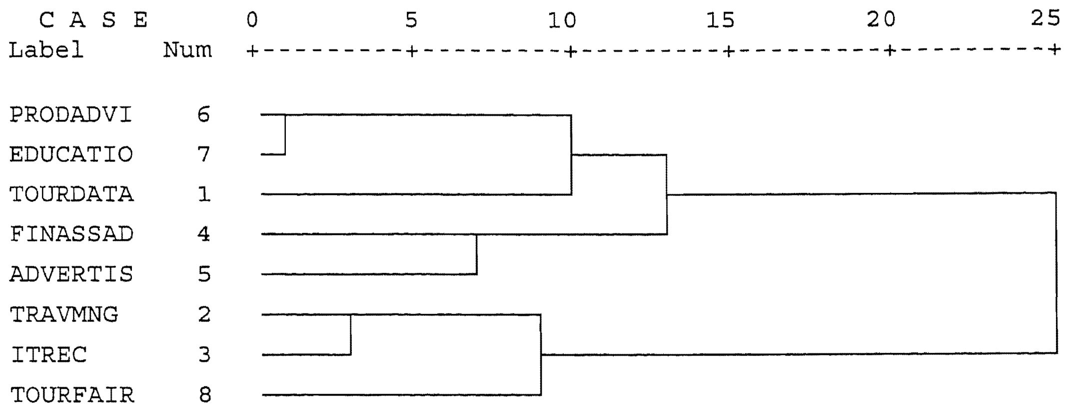
PRODADVI	product advice provided by tour operators (p16.7)
EDUCATIO	educationals provided by tour operators (p16.8)
TOURDATA	market research data provided by tour operators (p16.1)
FINASSAD	financial support towards advertisements (p16.6)
ADVERTIS	advice regarding advertisements (p16.5)
TRAVMNG	travel management advice provided by tour operators (p16.2)
ITREC	IT systems recommended (p16.3)
TOURFAIR	financial assistance with stands on tourism fair (p16.9)

British Travel Agents

Figure 5.7 Dendrogram for type of support available in Britain

Dendrogram using Average Linkage (Between Groups)

Rescaled Distance Cluster Combine

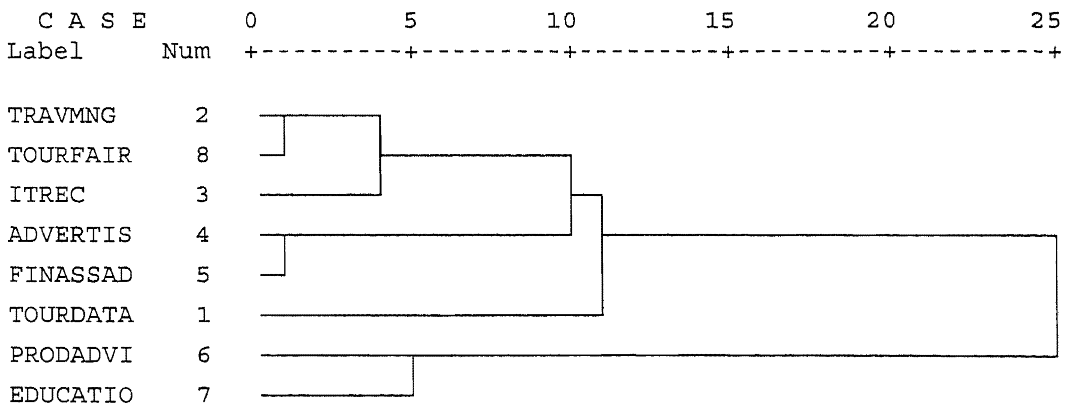


Polish Travel Agents

Figure 5.8 Dendrogram for type of support available in Poland

Dendrogram using Average Linkage (Between Groups)

Rescaled Distance Cluster Combine



A cluster analysis reveals the following similarities between types of support obtained by the British and Polish agents:

British: 'Product advice' and educationals created the first cluster at level 1. 'Travel management advice' and 'IT recommendations' were in the second cluster, emerging at level 3. 'Financial assistance' and advertisements merged into the third cluster at level 7.5 of similarity index. None of the variables was different from the rest.

Polish: 'Travel management advice' and 'support with tourism fair' merged at cluster one and advertisement and 'financial assistance towards advertisement' (nearly non-existent) merged at cluster two at the same level of similarity (1). Then 'IT recommendations' merged with cluster 1 at level 4. 'Product advice' and educationals were perceived as different to the rest of variables.

5.2.9 Assessment of performance

A number of criteria for channel performance evaluation have been established by other researchers (Christopher 1992). The following list is typical:

- sales performance of channel members
- inventory maintained by channel members
- marketing capabilities of channel members
- motivation of channel members (connected with the concepts of: co-operation, conflict, interorganisational relations, relative balance of power, leadership)
- competition faced by channel members
- general growth prospects of channel members (understanding the dynamics of marketing channels in developing long-term strategies for distribution).

On the basis of open-ended questions in the questionnaire and the follow-up interviews it was possible to establish whether, and to what extent, the above list was utilised in the tourism field.

According to travel agents, both in Britain and in Poland, their tour operators assessed them. In Poland 57.8 % of respondents stated that their performance was assessed by tour operators' businesses, which compares to 60.5% of British respondents. Because of the similar relative numbers (57.8% of the Polish agents and 60.5% of the British agents) it was difficult to support the hypothesis that in Britain assessment was more widespread. However, the ways in which companies tended to be assessed differed considerably between the two markets. The areas of assessment were not easy to identify. Sometimes Polish travel agents were aware of being assessed, but they could not specify what criteria tour operators took into consideration. The assessment in Britain was more formal, as shown by the analysis of the main areas of assessment based on interviews and the answers provided for open-ended questions.

Areas of assessment

The British voice on assessment

In the cases where the areas of assessment were identifiable, they were limited to relatively easy-to-measure variables like sales volume, turnover, and the number of passengers sent for holidays prepared by a tour operator. The British travel agents were assessed mainly on the basis of the sales of products of a specific tour operator (22 respondents). In some cases the performance was assessed against set targets, either as a sales volume or as passenger numbers (12 responses). Sales volume or turnover was sometimes compared to other agents' performance in the area, or to last year's data (9 responses). Bookings were often compared to the numbers of brochures racked; the brochure conversion rate was one of the assessed areas as well (6 responses).

The quality of the service provided by agents and staff professionalism, as these characteristics are more difficult to measure, were not assessed often. The evaluation took place only in Britain and was based on two measures:

1. number of complaints, obtained from customers with regards to specific holidays
2. the questionnaire prepared by a tour operator and handed in to customers on their way back home from holidays.

In some cases (limited to large tour operators in Britain only) the "mystery shopper" techniques were used, where an employee of a tour operator (or an agency) was sent to a retail outlet to check the level of the service provided to the ultimate customer. 61% of the tour operators' sample in Britain confirmed that they assessed travel agents' performance. The assessment was not only more quantitative in its nature, but also more frequent in Britain than in Poland. In some cases it was happening continuously, in others once a month or at least after the high, low and mid-season in a specific region.

The Polish voice on assessment

Responses to open-ended questions in the questionnaires provided some insight into that topic. Polish respondents mentioned a few categories of assessment. The most frequent was a tour operator's 'check' on sales volume (22 respondents) and local market share. Tour operators also tried to assess the 'quality of customer service'. This was done by:

- the assessment of the flexibility of front and back office operations,
- attendance in training sessions offered by that tour operator,
- accurate information given to a client assessed by the clients' survey, and
- office design and equipment.

General co-operation between an agent and an operator was another assessed area. The good working relationship was prized usually on the basis of the "good sales levels". The unsatisfactory relationship seemed to be created by problems in accounting and payments, inappropriate racking of brochure and no pro-activity in enhancing the sales level for the tour operator in question. The assessment usually took place once or twice a year.

5.2.10 Termination of the relationship

There was a difference between Poland and Britain (chi-square=8.911, p=0.003) when comparing the frequency of the termination of a relationship between an agent and a tour operator. In Poland the percentage of respondents who stopped dealing with a specific tour operator was higher than in Britain. 47% of Polish travel agents who responded to the questionnaire terminated their relationships with a tour operator during the previous year. Similar to travel agents, 46% of tour operators also terminated their relationships with travel agents for various reasons.

It seems to be the case that the Polish companies were more prone to finishing the relationships with their channel partners (47.2%) than it was customary in Britain (26.3%). The reasons for that behaviour were listed in the analysis of open-ended responses from the questionnaires and follow-up interviews (Chapter 6).

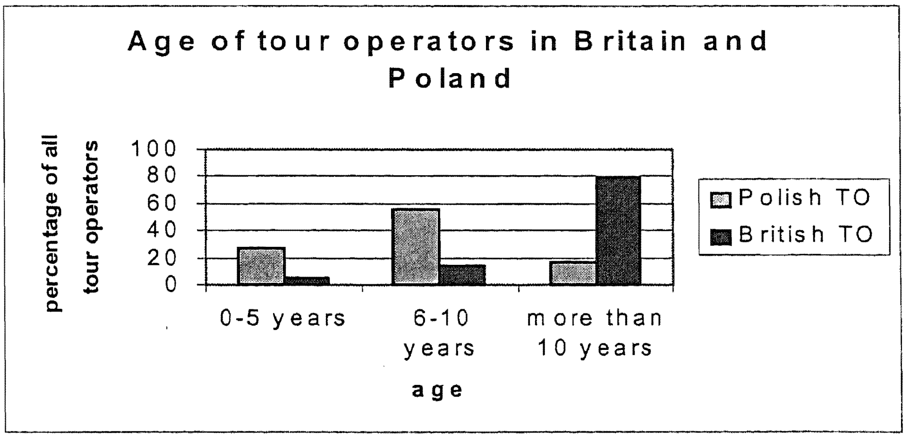
5.3 Analysis of tour operators' responses

The number of responses obtained in Poland and Britain amounted to 134; 80 represented Polish tour operators, but similarly to travel agents the group consisted of 11 'pure' tour operators (TO) and 69 companies acting as operators and agents at the same time (TO/TA). The British sub-sample consisted of 55 tour operators (Table 5.1).

5.3.1 Company age

Similarly to travel agents there was a difference with regard to the age of the Polish and British tour operators (chi-square=53.304, p=0.000). 16.3% of the Polish tour operators were established more than 10 years ago, in case of the British tour operators the percentage is as high as 79.6%. Companies established between 5 to 10 years ago amounted to 56.3% of Polish and 14.8% of British tour operators. The last group of relatively new companies was larger in Poland and constituted 27.5% compared to 5.6% in Britain. The samples were representative for the industry in both cases.

Figure 5.9 The age of tour operators in Britain and Poland



This graph shows an 'age' pattern similar to that for travel agents (Figure 5.1).

5.3.2 Number of passengers served

Number of passengers served, referred to in the industry as PAX, indicates the size of a tour operator. Therefore the information was sought after, as it provides an insight into the structure of the tour operators in both markets, though particularly in Poland, where this information was not readily available in secondary sources.

Table 5.25 Number of passengers (PAX) served in 1998

Nationality of a tour operator	Number of responses	Mean	Std. Deviation	Median	Minimum	Maximum
British	38	104709	336640	7000	35	4000000
Polish	42	6381	8998	3350	95	40000

Unfortunately some of the respondents did not answer that question. The reasons for that could be confidentiality, but also, especially in the Polish dimension - the companies did not know the numbers. Obviously, the numbers of passengers served in Poland were lower than the numbers in Britain. Also, a few of Polish companies gave numbers which did not seem to provide them with a viable amount of business. 10% of respondents stated that they served only up to 120 passengers the previous calendar year. These companies were usually very young ones, which had been established less than 2 years before the interviews took place. The maximum number stated in Poland was 40 000, while in Britain - 4 000 000. According to TTG (1998) the Polish market for air package tours was estimated at 200 000 passengers, while in Britain it revolved around 20 000 000 (Keynote 2000).

5.3.3 Integration

The extent of vertical and horizontal integration based on the results from the Polish and British sample is shown in table 5.26. 'Pure' tour operators in Poland concentrated only on their business or at least on tourism activities (none of tour operators in the sample mentioned any type of diversification), while other groups have diverse responsibilities (3.6% of travel agents, 6.5 % of travel agents / tour operators), often going beyond the tourism field. Therefore, due to the very small sample, 'pure' tour operators in Poland were excluded as a separate group from the comparisons of the integration of travel companies in Britain and Poland, but the combined group of tour operators and travel agents / tour operators was researched instead.

Table 5.26 The level of integration of tour operation businesses in Britain and Poland

Integration in a group	**% of Polish operators**	**% of British operators**	**Chi-square values**	**p values**
Accommodation establishments	25.0	18.5	0.779	0.377
Coach companies	31.3	14.8	4.691	0.030
Travel agents	20.0	27.8	1.097	0.295
Tour operators	13.8	27.8	4.057	0.044
Airlines	0.0	11.1	9.306	0.002
Company is not integrated	37.5	45.3	0.801	0.371

Comparing the numbers of integrated companies the vertical integration between the tour operators and accommodation establishments was similar in Britain and in Poland. 25% of the Polish tour operators and 18.5% of the British tour operators were integrated with some accommodation establishments. There was no statistical difference in terms of vertical integration between the tour operator's sector and accommodation establishments. However, the differences between the two markets occurred in the level and scale of integration between tour operators and transport businesses, namely coach companies and airlines.

It was more likely that a coach company would be integrated with a tour operator in Poland than in Britain. Airlines, on the other hand, have so far only been integrated Britain and not in Poland.

There was a significant difference between the British and Polish tour operators with regard to horizontal integration (i.e. the integration on the same level of distribution). Still, relatively fewer Polish companies (13.8%) were integrated with tour operators, than their British counterparts (27.8%). Similar percentages of tour operators in both countries were not integrated at all (37.5% and 45.3% respectively – table 5.26).

5.3.4 Non-tourism activities affecting channel relationships

37% of all Polish respondents (52/138) admitted to be involved in other than the core type of business, but only 42 out of 52 stated what it was. The companies which tended to be 'tour operators only' concentrate mainly on their core activity, while travel agencies and TA/TO diversified their activities dealing also with non-tourism types of work, like graphic and interior design, computer sales, etc. The options listed were generated into two main groups:

1. activities related to tourism, either as a small scale 'vertical integration' or other examples, not necessarily linked to the main activity in any way,
2. non-tourism activities.

The following examples depicted a 'small-scale' vertical integration (number of responses in brackets):

- Running a hotel (own or leased) or other accommodation establishment (sanatorium, camping site) – (8)
- Licensed coach carrier company – (4)
- Incoming tourism only – (1)
- Organisation of conferences and events, incentives – (2)
- Guided tours, information services for hotels – (2)
- Passport and visa formalities, international passes, concession IDs – (2)
- Rural tourism, spa-tourism, trekking – (3)

Other tourism examples included:

- Manufacturing a destination electronic information / booking systems - (1)
- Agent for transport companies (cargo) - (2)
- Insurance company (various types of insurance, including travel insurance) - (14)
- Foreign exchange services - (1)

Non-tourism activities listed included the following options:

- Office-running related services (reprographics, graphic design, advertising, translation and interpretation) - (10)
- Business estate agents - (2)
- Trading agents (selling a variety of products, starting from office furniture, mobile phones, as well as cars (Yugo, Tavria) and computers, books and flowers) - (7)
- A building company (specialising in chalets) - (1)

- Organising fairs of different kinds (including tourism fairs) - (1)

The variety of different types of business was encountered in the British market as well, although the scale was much smaller. Companies tended to concentrate on their core activities and developed the additional ones around the core product / service. 18% of all respondents in Britain mentioned non-tourism activities (25 out of 139, 8 travel agents and 17 tour operators), but only six listed them. Again these tasks could be divided into tourism-related and non-tourism activities. The group of tour operators was involved in most of tourism-related activities. Some of the respondents gave the following examples of activities:

- operating a sightseeing bus company (1), cruise ships (1), resorts (1)
- ground operating offices (1)
- marketing company (1)
- packaging company, international freight (1)
- consulting company (engineers) (1).

5.3.5 Number of agents in co-operation

Similarly to travel agents' perspective there was a difference between the two nations with respect to the number of travel agencies with which a tour operator was willing to co-operate. The mean was much higher in Britain (1169 compared to 177), due to a larger number of agents in the market, but so was standard deviation and standard error. However, by 'co-operation' the respondents understood the number of agencies who signed agreements with the tour operator.

Table 5.27 Nationality of a tour operator versus a number of travel agents in co-operation

Number of co-operating travel agents (TA)	Nationality of a tour operator	N	Mean	Standard Deviation	Standard Error Mean	Median	Min. value	Max. value
	Polish	38	177.7	319.82	39.37	65	0	1300
	British	17	1169.4	2467.69	385.39	25	0	8000

Surprisingly, looking at the medians less sensitive towards 'outliers', the Polish organisers co-operated with 65 agents, while the British counterparts did so only with 25, but the number of responses from Britain was very low which could introduce bias.

5.3.6 Staff

Number of employees in both countries varied as well and was higher in Britain.

Table 5.28 Number of employees in tour operators' businesses

Number of	Nationality of a tour operator	N	Mean	Std. Deviation	Std. Error Mean	Median	Min.	Max.
Employees	Polish	38	22.78	58.29	6.52	7	3	400
	British	17	291.79	723.74	100.36	13.50	1	3500

Due to a relatively small sample of tour operators in both countries, the results should be treated with caution.

5.3.7 Selection of a travel agent by a tour operator

The literature review suggests that the following factors, listed in table 5.29, can influence tour operators when they are choosing travel agents for co-operation (Buhalis 1995, Coulson-Thomas 1992). The importance of these factors stated by tour operators in Poland and Britain is included in the same table 5.29.

Table 5.29 Factors in the selection of a travel agent by a tour operator

Factors in selection of a TA by a TO	LEVEL OF IMPORTANCE (PERCENTAGE OF RESPONDENTS)									
Polish companies (n=76)/ British companies (n=45)	Very important		Important		Average		Unimportant		Very unimportant	
	Pol	Brit	Pol	Brit	Pol	Brit	Pol	Brit	Pol	Brit
Location of outlets	21.3	17.8	45.0	31.1	11.3	8.9	16.3	11.1	6.3	31.1
Number of outlets	21.3	15.6	26.3	22.2	23.8	11.1	13.8	20.0	15.0	31.1
Promptness of payment	42.5	15.6	37.5	26.7	16.3	28.9	2.5	2.2	1.3	26.7
Reliability of performance	63.3	44.4	30.4	24.4	1.3	2.2	5.1	6.7	0	22.2
Quality of a working relationship	74.4	53.3	23.1	22.2	0	0	1.3	4.4	1.3	20.0
Holidaymakers' perception of the retailer	44.3	31.1	26.6	26.7	10.1	8.9	12.7	11.1	1.3	22.2
Long-term co-operation	32.5	46.7	43.8	24.4	16.3	11.1	7.5	0	0	17.8
Staff quality	39.2	48.9	41.8	11.1	11.4	17.8	3.8	2.2	3.8	20.0
Trade recommendations	26.3	–	46.3	–	20.0	–	3.8	–	3.8	–
Complaints	22.8	–	36.7	–	32.9	–	2.5	–	5.1	–

In order to establish the weightings of specific criteria it was necessary to rank them according to their importance.

Ranking of the selection criteria

The criteria listed by the Polish and the British tour operators were ranked by arithmetic means, calculated for them from the range from 1 - very important to 5 - very unimportant, therefore the lower the value the higher the importance of the specific criterion.

Table 5.30 Ranking of Polish and British selection criteria listed by tour operators

Criteria	Polish means	Criteria	British means
Quality of service	1.32	Quality of service	2.16
Reliability of agent's performance	1.48	Long co-operation	2.18
Promptness of payment	1.81	Quality of a working relationship	2.33
Quality of a working relationship	1.92	Reliability of agent's performance	2.38
Long co-operation	1.99	Tourists' perception of a TA	2.67
Tourists' perception of a TA	2.22	Promptness of payment	2.98
Location of outlets	2.42	Location of outlets	3.07
Number of outlets	2.76	Number of outlets	3.29

Although the sequence of criteria varied in Britain and Poland, three criteria from the list of eight were valued similarly by tour operators in Britain and Poland. These were:

- tourist's perception of a retailer,
- long-term co-operation and
- quality of a working relationship, which was connected with the quality of staff employed by a travel agent.

Number and location of outlets had no significant meaning when a tour operator was choosing a travel agent, but these criteria were marked higher in Poland than in Britain mainly due to the fact that chains in Poland did not cover as many locations as was the case in Britain.

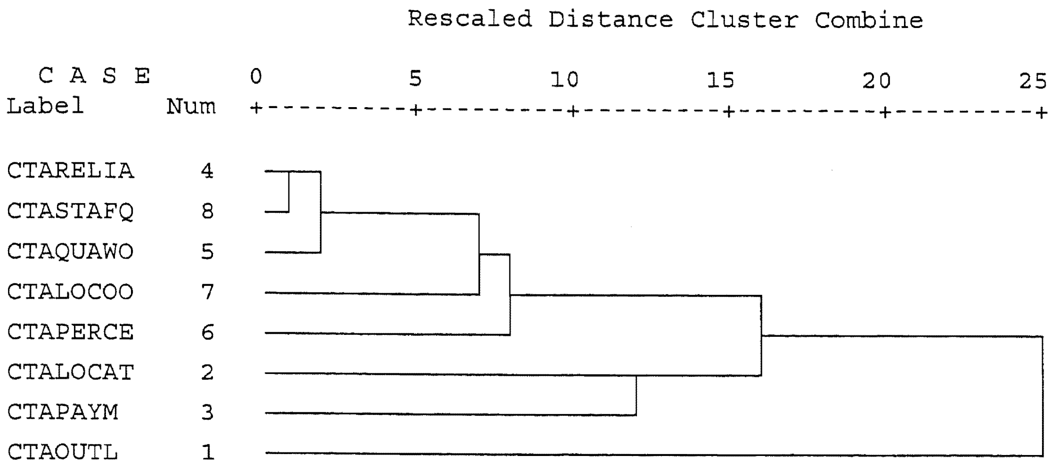
Hierarchical cluster analysis of travel agent's selection criteria

Hierarchical clùster analysis shows the similarities between groups of variables representing selection criteria for travel agents used by tour operators. The clusters seemed to be more similar in both samples in the case of a choice of travel agent, than in the case of a choice of tour operator.

British Tour Operators

Figure 5.10 Travel agents selection criteria used by the British tour operators

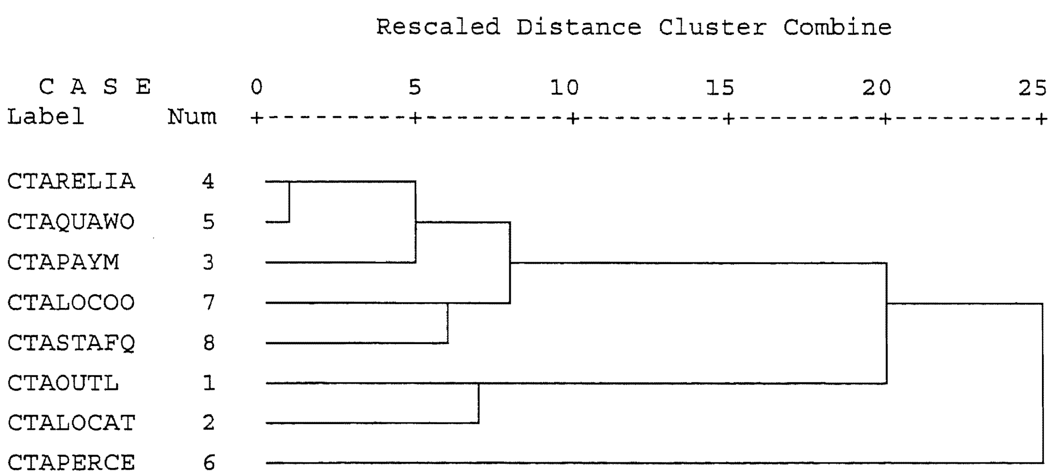
Dendrogram using Average Linkage (Between Groups)



Polish Tour Operators

Figure 5.11 Travel agents selection criteria used by the Polish tour operators

Dendrogram using Average Linkage (Between Groups)



The British tour operators clustered together reliability of performance of a travel agent (CTARELIA) and the quality of staff employed by the agent (CTASTAFQ) at the level 1 of rescaled distance cluster combine. The Polish agents linked reliability of performance (CTARELIA) with a quality of service (CTAQUAWO) demonstrated by a travel agent, which in their opinion had a lot in common with the working relationship between an agent and the operator

(CTAQUAWO). The cluster was created also at the level 1 of the rescaled distance cluster combine index.

However, in the Polish sample the variable most dissimilar to the rest of criteria was the tourist perception of a retailer (CTAPERCE), which in the British sample was linked to the other three clusters combining quality of working relationship (quality of service provided by an agent CTAQUAWO) and long co-operation with the agent (CTALOCOO), staff quality (CTASTAFQ) and reliability of services offered by a travel agent (CTARELIA). In the British sample a number of outlets (CTAOUTL) stood out as dissimilar to the rest of criteria. There may be two reasons for that difference:

1. Polish companies dealing as tour operators were growing and they needed high numbers of retailers, selling their products. The travel agents' outlets should preferably be numerous and well-located (CTALOCAT).

The British tour operators have had mainly well established distribution networks and they did not look at numbers or location issues in the same way Polish ones did. They already had their products in the shops they wanted and they did not necessarily need to change that, unless they changed the distribution strategy.

Distribution nowadays is not connected only with conventional channels, which are being discussed here, but also with call centres and E-commerce. Quite often these new issues dominate the decisions made by tour operators, while co-operation in the conventional channels is being neglected to the detriment of existing channel functions.

2. Even if Polish companies wanted to co-operate with old tourism establishments, which had their outlets distributed 'evenly' in Poland, they needed to contact each outlet separately in most cases, as outlets tended to be individually responsible for their relationship, even though they were a part of a bigger entity. The British tour operators could attract a chain, and

regardless of whether it was a national or regional chain, the location question was solved for the operator and therefore did not arise to the extent to which it was the case in Poland.

Table 5.31 Variables used in the questionnaire to describe travel agent's selection criteria

CTARELIA	reliability of performance (9.4)
CTASTAFQ	staff quality (9.8)
CTAQUAWO	quality of working relationship (9.5)
CTALOCOO	long-term co-operation (9.7)
CTAPERCE	tourists' perception of TA (9.6)
CTALOCAT	importance of travel agents' location of outlets (9.2)
CTAPAYM	promptness of payment (9.3)
CTAOUTL	importance of a number of travel agents' outlets (9.1)

5.3.8 Support given to a travel agent

Table 5.32 Variables representing support offered by tour operators for travel agents

MARKDATA	provision of market research (p25.1)
ITRECOME	IT recommendation (p25.3)
CUSTDATA	customers addresses (p25.4)
TRAVMANA	retail travel management advice (p25.2)
ADVERFIN	financial support towards advertisement (p25.5)
PRODUADV	product advice (p25.7)
STUDYTOU	educationals (p25.8)
FAIRS	financial support towards stands on tourism fair (p25.6)

Table 5.33 Support given to travel agents by tour operators (tour operators' perspective)

The category of support given to a travel agent	All of TA get support		Some of TA get support		**None of TA get support**		Chi-square	P value
	Pol TO %	Brit TO %	Pol TO %	Brit TO %	**Pol TO %**	**Brit TO %**		
Market research data for retailers	11.8	0	31.6	20.9	**56.6**	**79.1**	8.362	0.15
Client's database	3.9	0	31.6	20.9	**64.5**	**79.1**	3.659	0.160
Advice on retail travel management	5.3	2.3	32.6	9.3	**63.2**	**88.4**	8.772	0.012
Recommendation of IT systems	6.6	0	30.3	4.7	**63.2**	**95.3**	15.209	0.000
Financial support towards advertisement	3.9	7.0	60.5	55.8	**35.5**	**37.2**	0.625	0.732
Expert product advice	38.2	60.5	44.7	20.9	**17.1**	**18.6**	7.299	0.026
Educationals	15.8	27.9	57.9	44.2	**26.3**	**27.9**	3.000	0.223
Financial assistance on tourism fair	0.0	7.0	23.7	39.5	**76.3**	**53.5**	9.751	0.008

There seems to be a difference between Polish and British tour operators with regards to the provision of data about the market; lists of potential clients etc. The numbers show that it was more common in Poland to get support of this kind from a tour operator. However, no evidence to support that statement was recorded during the interview session with tour operators in both countries. The difference also existed when travel management advice was taken into consideration. Most tour operators did not provide travel agents with this type of support (63% in Poland and 88% in Britain).

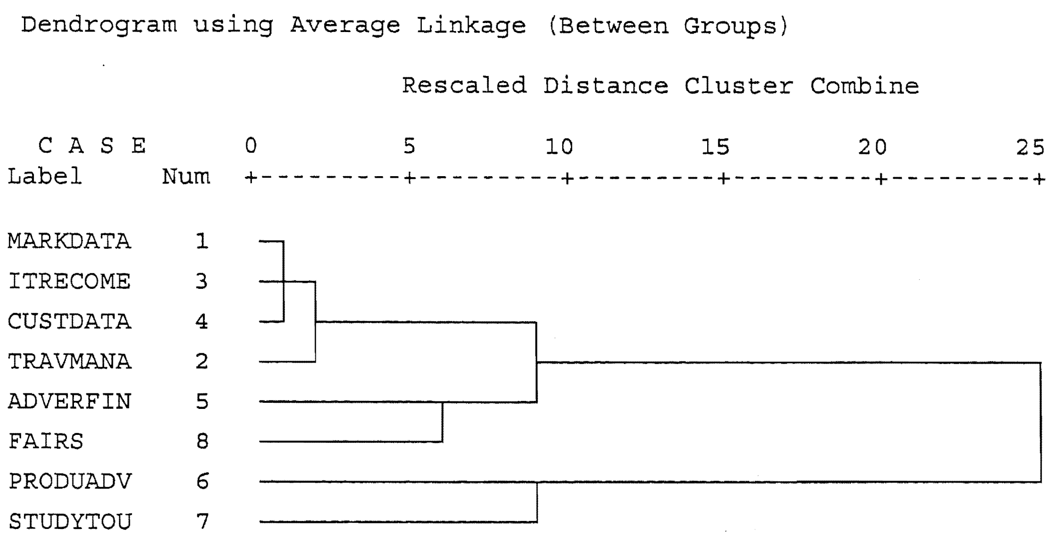
IT recommendation was not a widely given support option either. 95% of tour operators did not provide any of their retailers with this type of support, compared to 63% of Polish tour operators. There was no difference between operators in Britain and in Poland with respect to the supply of potential customers' addresses to their retailers. Although some of the tour operators claimed that this was a popular way of distributing their products, no evidence was found confirming that notion in the questionnaire outcomes. 65% of the Polish companies and 79% of British ones did not provide their retailers with this service. Moreover, in Britain the customer databases were vital for direct-sell tour operators and they are their most popular mode of sale, but other than that these were actually agents who created and kept their own client databases. Some of the big operators started to demand the provision of lists of clients from their agents, which was frowned upon by retailers who perceived it as a threat towards their businesses.

There was no statistical difference in terms of financial support towards advertisements given to agents by operators in Britain and Poland. However, there was a difference in terms of financial support towards stands on tourism trade fairs, which was by no means popular in either of the countries, but it was more likely to be granted by operators in Britain than in Poland.

Product advice represented the type of support which was given by most of the tour operators in both countries, but still it varied between countries. The difference existed in terms of the 'frequency' of providing the retailers with product advice: while in Britain tour operators gave their support to most of their agents, in Poland only 38% tended to provide all their retailers with product advice when needed. Educationals were another form of getting to know various products. The pattern of provision of study tours in both countries was similar and they were provided only to selected groups of retailers. About 25% of questioned tour operators in both countries did not organise educationals at all, while 58% in Poland and 44% in Britain organised them for some agents.

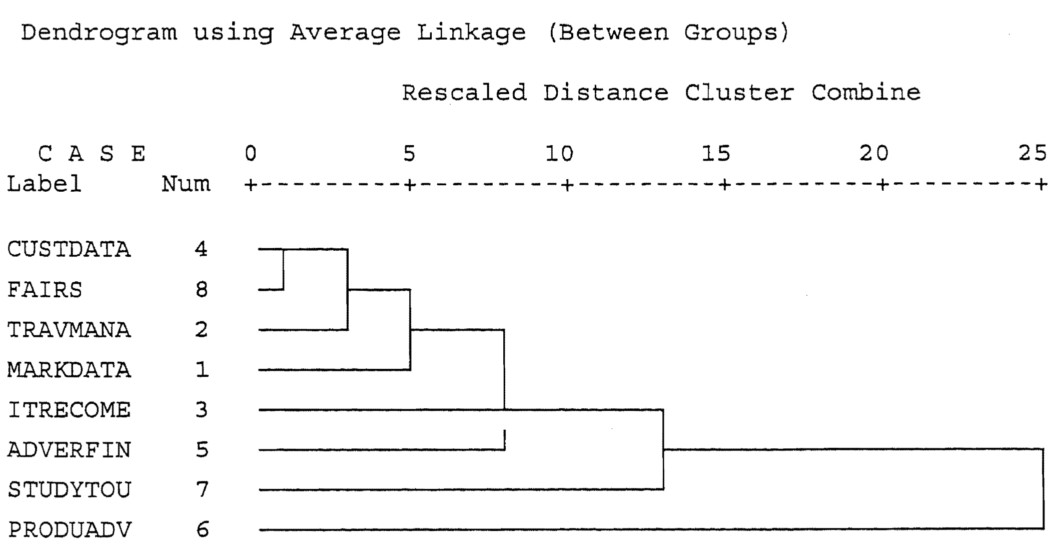
British Tour Operators

Figure 5.12 Cluster analysis for support given by the British tour operators



Polish Tour Operators

Figure 5.13 Cluster analysis for support given by the Polish tour operators



Here in both cases advice about products is most dissimilar to the remaining categories of support.

Training offered to agents

Training was offered in both countries with similar frequencies - slightly over 50% of questioned tour operators offered training in Poland, compared to 62% from the sample of British operators.

5.3.9 Assessment of travel agents' performance

Around 60% of tour operators who responded to a questionnaire in both countries carried out the assessment of their travel retailers (60.8% of Polish TO and 65.9% of British TO). There was no significant difference between countries as to the relative numbers of tour operators which assessed or did not assess their partners (chi-square=0.307, p=0.58).

5.3.10 Termination of the relationship

The nature of the relationship between operators and agents seemed to be far more turbulent in Poland than it was in Britain, as 46% of tour operators in Poland finished a relationship with a retailer previous year, compared to only 11% in Britain. There was a significant difference between the two nations (chi-square=16.06, p=0.000), Poles tended to finish the relationship quicker and more often.

5.4 Summary

The main aspects of channel relationships between the British and the Polish travel agents and tour operators were noted on the basis of frequencies of respondents taking part in the main stages of relationship development process. Similarities and differences occurred in the selection stage, evaluation, assessment and termination of the relationships. The reasons for them are elaborated in chapter 6, based on qualitative information derived from interviews with the main groups of respondents in both countries.

Chapter 6

Qualitative Analysis

The data collected by the questionnaire survey were augmented by further data collection in the interview stage. The content analysis of the Polish and the British interviews was led by open codes (first established broad categories of information), followed by axial and selected coding. The interconnections between open codes were identified and the 'story line' was created with the help of interview quotations. Selected quotes helped to compare and contrast the views of the travel trade in Britain and in Poland. Those views were represented by 'voices' of interviewed British and Polish travel companies.

The main aspects regarding partner's selection, co-operation, support and evaluation are developed in the following section. The British voice is followed by the Polish voice and there is consideration of the similarities and differences between the two.

6.1 Initiation stage of the relationship development process

As was already established the choice of partners was of main interest in this stage.

6.1.1 Criteria for channel partners' selection

In the questionnaire travel companies ranked selection criteria which originated mainly from the review of literature. During the interviews the respondents were given the chance to talk freely about the reasons for employing specific criteria.

Selection criteria given by travel companies are listed in table 6.1 below in descending order from the most mentioned to the least frequently mentioned.

Table 6.1 Criteria for the selection of channel partners (most frequent first)

<table>
<tr><th colspan="2">INITIAL EVALUATION (initiation stage of McIntyre model)</th></tr>
<tr><th>British Voice</th><th>Polish Voice</th></tr>
<tr><td>▪ No standardised selection procedure
▪ Financial credibility and membership in associations</td><td rowspan="3">▪ Experience and knowledge of the industry, reliability
▪ Opinions from colleagues, word-of-mouth communication
▪ Financial stability
▪ Manager's choice, personal contacts
▪ No standardised selection procedure
▪ Tourism fairs as a source of partners
▪ Observation
▪ Building trust</td></tr>
<tr><td>LARGE COMPANIES:
▪ Service level guarantees
▪ Established company policy</td></tr>
<tr><td>SMALL COMPANIES:
▪ Customers' requirements regarding products
▪ Attitude of staff employed
▪ Proximity between companies, belonging to the similar group
▪ Information technology</td></tr>
</table>

The British voice on partner selection

No standardised selection procedure

Although most of the respondents claimed to be non-selective, they also specified a number of criteria looked at while initiating contacts with companies. Even within the British market there was a difference in approaches undertaken by various companies, connected mainly with the size of a company: multiple travel agents gave similar responses to large tour operators, while smaller, independent agents were looking for partners in a similar way to small, niche-market tour operators.

Financial credibility and membership of tourism associations

The main criterion in both large and small companies was connected with financial stability. One of the main tour operators said:

> If an agent can demonstrate financial credibility, which is the case if they belong to ABTA or an alternative association, we will trade with them. We don't actually have selection criteria apart from this one - **the business is not yet at the stage where retailers are chosen on the basis of specific criteria**. It is not like in other businesses, that the supplier selects its retailers against specific criteria, like professionalism of the staff, outlook of the retail outlet and so on. This actually doesn't exist anywhere in the travel trade.

One cannot neglect the role of trade associations, which is emphasised by the Polish and British agents and operators and therefore will be investigated later on.

The remaining criteria were divided into two groups, depending on the size of the company making the choice. Larger companies, and it did not matter whether it was a tour operator or a travel agent, look mainly for service level guarantees and follow established company policy. Smaller travel companies concentrate upon the quality of staff employed in a co-operating company, similarity between companies and meeting customers needs. These characteristics will be looked at in detail.

Service level guarantees

Responses from leading multiples indicated clearly that certain standards were expected from a potential tour operator. Quality controls were demanded by multiples:

> We expect service level guarantees that say you must supply us with brochures, if there is a customer complaint you should deal with it within 28 days, tickets should be issued a week before or a fortnight before departure, invoices should be issued within seven days of booking, etc.

The way in which they expressed their requests was very much coercive, indicating their realisation of power. They emphasised the importance of quality of products offered by a tour operator.

Established company policy

The specification of the required quality was prepared by the head office and usually followed an established company policy. On the basis of that policy head offices prepared a distribution strategy for the company, where various groups of providers were marked as preferential.

> We are strict with the quality. There are some tour operators which are not recommended and are not featured on the Preferred Suppliers List, 'cause they do not sell high quality products. The Head Office decides who should be included in the list. The critical issue is the amount of override commission the tour operator is going to pay us plus the quality of the product, which has to come up to our standards.

Larger companies employed a range of criteria. The largest multiple chains in Britain look at the following items:

- a full range of destinations and types of holidays
- the quality of the product
- financial security
- easy connectivity and operational aspects (for example brochure conversion)

- support for products / services (for example 'the climate in the shop')
- commercial benefits.

Their preferred choice included a basket of at least reasonably large tour operators, which offered a variety of quality products familiar to agents. Usually a single shop had a certain turnover target to reach while delivering a quality service to the ultimate customers. The target was often established by head offices and was expected to be reached as high street companies deal in a very price-led industry.

Customers' requirements regarding products

Smaller travel agents were not as powerful as multiples, however, they were very proud of being independent. They made their own decisions about the choice of channel players and did not have to conform to the strategy established on a different level, i.e. by the head office in case of multiples. They would deal with anyone in the market as long as they were provided with the products demanded by customers.

> Because we are independents, customer choice and requirements regarding products will shape our choice of a tour operator or a product supplier. Even if we don't know a specific supplier, but they have a product on offer which we are looking for, we will start the relationship straight away.
>
> Independence is very important for us. We would deal with anybody and would offer any holidays that suit our customers.

Although the choice of a tour operator was driven by specific requirements given by a client, when two or more tour operators offered the same product, then the one with the best terms of payment would be recommended. It was argued that although the ultimate choice was left to the client, the next step in the process of selection would be defined not by the level of commission, as there were no big differences between tour operators, but by better terms of payment.

Attitude of staff employed

A successful relationship would be judged on the basis of the approach and working relationships with the staff employed by a travel agent or a tour operator. The stronger social bonding between the involved staff, the better the relationship was inclined to be.

> In the proprietor's view, small niche-market tour operators are easier to work with. Staff employed there are more friendly and easy-going. This is really an important factor – whether the relationship between travel agents and tour operators will be a successful one is in 75% of cases down to the quality of staff employed. They need more than just to know how to make a booking; they should know the product and share the knowledge with the staff from the travel agency who needs that particular information (a miniple TA).

Proximity between companies

Independents preferred to work with companies which were similar in size or management style. A specialist travel agent claimed to co-operate mainly with 85 small, niche market tour operators and principals in the most popular destinations. Although high street tour operators were important to some extent for their business it would not be a problem for a company to survive without their brochures and products. Another independent agent stated:

> It is easier to deal with independent tour operators than with integrated ones. Independents are to some extend similar to us, thus the relationship is better. We are like siblings to some extent. They are also more flexible than multiple operators, don't make us feel we have to do something for them in order to earn their help and support.

Information technology

Information technology was the other factor which influenced the choice of a tour operator or created a barrier of entry for them. Although 'key words' for searching for a supplier were defined by the specification of a required product, only those suppliers were taken into consideration which were featured in a specific database.

Summary on the British selection

A few British companies claimed that there was no selection procedure, but at the same time financial credibility of a potential partner should be confirmed, for example by membership of specific tourism associations. Large companies, both operators and agents, looked for service level guarantees, also to some extent provided by associations and organisations. Large companies often followed company policy, established by head offices. Smaller companies paid attention to customers' choice of products, financial benefits and attitude of staff employed. Some of them noticed that the selection or search phase could be performed with the help of information technology. However, most of independent companies did not like to be left with the choice made for them, they preferred to choose companies similar to theirs in terms of size and management style, rather than work with a larger partner, usually far more powerful.

The Polish voice on partner selection

Experience and knowledge of the industry, reliability

During the initiation stage the Polish travel companies were mainly interested in assessing the **reliability** and **experience** of the potential channel partner. Knowledge of the industry was a facet of the reliability of a specific company and that was assessed initially by word-of-mouth and opinions from colleagues. New companies were emerging in the market nearly every day. There were no reliable, up-to-date sources of information about travel companies like directories and databases, because these quite often were outdated immediately after publishing. New legislation introduced the requirement to register the tourism activity and to get the licence. This decision could reduce uncertainty, as the directories of registered companies might be easier to access. However, all companies in Poland performing any type of economic activity should be registered, so the possibility of having an updated database has always existed, but has never been used to the advantage of the industry. Because of that situation Polish companies used opportunities like trade meetings or social, informal meetings within the industry in order to gather information regarding a new company in the market.

Opinions from colleagues

Comments from colleagues were essential: both the new and the old travel agents and tour operators relied on them. The owner of a new travel company (TA/TO) said:

> I check whether the agency is reliable by listening to the news in the tourism environment - if one agency has financial problems, all the rest will know about it soon. We have to use our own six-year experience, the knowledge of the market and our "gut feeling".

Similar statements were repeated by various types of respondents. An owner of a small, new travel business, again representing both the travel agents and tour operators' side, said:

> There is no official source of information with regard to who is who in the market. What we know comes from informal settings: gossip, word of mouth, etc.

Financial stability

Financial stability was emphasised by the Polish travel companies as the most important characteristic to estimate when choosing channel players. Although an opinion about a company existing in the travel trade was essential, it was not necessarily always taken on-board. There were not many pure tour operators in the market, which gave them a competitive advantage. A new TA/TO stated:

> It would be really good if it was possible to assess a channel partner from the outset, but it is not. It is possible to listen to the trade news, but one cannot rely entirely on them. Thus, quite often, the decision is being made and despite the bad image of some companies co-operation starts anyway, because it is fairly difficult to find another supplier. The examples are new tour operators who emerged in the market after 1989.

On the other hand one of the old and well-established travel companies admitted:

> We do not deal with companies that were created 'yesterday' and are unfamiliar. We know each other quite well, despite the fact that there are 200 travel companies in Krakow alone. A potential partnering company should be registered as a travel business for at least two years and preferably belong to PIT (the Polish Chamber of Tourism) or a local tourism chamber.

The membership of tourism organisations might be beneficial for travel companies in the stage of building the relationships, as it gives them some service level guarantees. This attitude was similar to the situation in the British market, where especially larger, integrated companies, both travel agents and tour operators, admitted to expect certain standards and service level guarantees in order to start dealing with a new partner. This notion will be explored in the section regarding trade associations and organisations.

Manager's choice

A few both new and old companies admitted that the initial contacts with new suppliers were often the responsibility of a manager and usually were based on his or her personal acquaintances. One of the older tour operators stated:

> The 'checking' is the responsibility of our boss and is very shallow. The boss uses his own knowledge and intuition. Usually we have no problem, because the agents which approach us are the ORBIS outlets, that means that these are reliable and well-established companies in the market, we trust them.

It caused problems connected with the level of staff involvement in management shown in the example given by a large, old company:

> Until 1998 only our own products and those of allied tour operators were sold, we had virtually no choice with regard to outbound tour operators. After 1999 five large tour operators were chosen by a new management. We did not have any particular influence with regard to the choice of those operators; it was done for us. Now their products are offered as an addition to in-house products, but the sales levels are really low. Staff don't want to sell it, despite the training provided.

The statement indicates that the management should not overlook the role of staff. It is up to staff to sell certain products and they do it only if they know what they are selling.

No standardised selection procedure

Representatives of both new and old companies admitted that no formal selection procedure took place in the tourism business. One of the respondents (a new TA/TO) said that the 200 agents that sold their products were not chosen or selected, but were simply willing to co-operate. An old TA/TO admitted that the agents were being offered a different range of products, depending on their credibility:

> They should belong to any of the tourist associations (on national or regional level) if we are to provide them with our best products. If we sell less popular products we do not check the agent at all, we would like to sell the product and the probability of having it sold is higher if our product is available in as many outlets as possible.

Some of the older companies still behave as if they operated in a seller's market, which is not necessarily the case any more. Exercising their post-monopolistic power can be dangerous because unsatisfied agents will be soon able to turn to other organisers.

Tourism fairs as sources of partners

First contacts initiating relationships took place either at tourism fairs or just by accepting an offer:

> Usually agencies send their offer (with a blank agreement) to other agencies, known or unknown to the originators, and they ask for a reply if anyone gets interested in the co-operation in the sale of their products (a new TO).
>
> New agents are contacted during different types of trade fairs and the pre-contract arrangements take place there. Then the potential partner is observed for an unspecified period of time and its reliability, credibility and quality of service is evaluated. The main criteria are named as steadiness in selling tour operator's products and the "punctuality" of payments - cash-flow is extremely important (a new TO).

Observation

Some companies 'observed' a potential partner before co-operation. The observation used to take place during an initial study tour. This way of dealing with potential partners was mentioned by an old and large tourism company: during the study tour the new agent was being observed in an informal way and assessed informally judging 'whether there is some potential there or not'. The ability of staff who worked in that specific company to co-operate with the organiser's staff provided clues as to whether the company would be a good partner or not. If they were reliable and flexible at the same time, the co-operation could be promising.

Building trust

The smaller companies dealt with new partners in a more stringent way, because that provided them with some kind of security. They tended to change their attitudes and procedures in the process of developing trust towards a new partner.

> A new client will always have much more stringent terms and conditions of payment, because we can not trust them to the extent we do in the case of our well-known partners. In the latter case we can wait for the money, because we know we will get it.

Summary on the Polish selection

For the Polish travel companies, both new and old as well as travel agents, tour operators and travel companies dealing as both at the same time, the most important characteristic in the process of selection of a potential partner was its 'reliability'. This criterion was evaluated in terms of knowledge of the market and financial stability. The information about the two characteristics came from informal sources: opinions from colleagues and word-of mouth communication, but was not necessarily always followed.

It was easier for older companies to be 'chosen' as they were perceived as more reliable and experienced than new ones nobody had heard of before. Membership in tourism associations helped to establish an image of a company and provided service level guarantees. Quite often a 'no selection' procedure was followed, anyone met at tourism fairs or contacted by mail could become a partner. Some of the new companies had been observed for a period of time; then the co-operation started and relationships developed as trust between companies increased. In older, larger companies the co-operating channel partners were often chosen authoritatively by the manager, which was not a good tactic, if not supported by staff working in the company.

Similarities and differences in partner selection

In neither of the situations it can be established whether tour operators or agents were more often initiators of the relationship. Neither customers nor products were mentioned by Polish channel players as important factors influencing the selection process of channel partners, which probably will change when more Western companies appear in the market. This finding was inconsistent with the questionnaire results, as there quality of a product and service was ranked highly.

Information technology and databases were noted only by the British travel companies as an initial source of information about channel players.

6.2 Implementation stage of the relationship development process

Main aspects considered by channel players at this stage included contracts, membership of tourism associations, evaluation of co-operation and performance and support.

6.2.1 Contracts / written agreements

Approaches towards the written, formal basis of relationships used in both countries between tourism companies are substantiated by interviewees' quotations, presented in table 6.2. These quotes demonstrate channel members understanding of contracts and their attitudes towards them.

Table 6.2 Application of contracts between travel agents and tour operators

CONTRACTS / AGREEMENTS (implementation stage / review stage)	
British Voice	**Polish Voice**
– Because of the **ABTA code of conduct** there is no necessity of having individual contracts between travel agents and tour operators (a miniple) – **Contracts are usually signed by travel agents** which promise to rack brochures, not to show a tour operator in a bad light, some of them wish their products to be offered first, before any other tour operators (an independent) – **Targets** are specified in a written agency agreement (a miniple) – **Terms of trade** can be changed if the minimum sales value is not achieved (an independent) – A direct contact between travel agents and tour operators is nearly non-existent; it is down to the computer systems only. However, before that stage **most of the tour operators require a written agreement to be signed by a travel agent** (a small TO) – We would normally have **a trading agreement**, which could run over a quite a long period of time (5 years) (a multiple)	– There are **different types of agreements**, each of them covers similar areas, but each at the same time has a different name: a co-operation agreement, an agency agreement, a manager's agreement, an intermediary agreement, a selling agreement (a new TA/TO) – There is a standard type of agreements between travel agents and tour operators, which might be described as **vague**, but everybody knows what it is all about (a new TA/TO) – All contracts are similar, they contain terms of payment for each type of holiday, the way we can book it (by phone, fax or letter), the amount of deposit we have to pay, etc. In theory all deposits paid by a client should be immediately transferred from our account to the supplier's account, but it depends really on the relationship between agencies and the **level of trust** we have for each other (a new TA/TO) – Agreements between companies are not signed with every single one, but only with those that are steady in co-operation with the tour operator (**contract as a reward**) (a new TO)

– We have **a standard contract** that we encourage tour operators to sign, but some of them have their own standard contracts, so we exchange the contracts and sign the one we are both happiest with. We are a credit agent and that is how we pay tour operators. We don't pay individually, booking by booking, we don't pay in advance, we pay according to an agreed formula, and a formula is in there (a multiple)	– Only the situation where the commission is cut is mentioned in the contract (**coercive impact of a contract**) (an old TA/TO) – **People** are the main asset in that business, they make the difference, not the contracts (a new TA/TO) – We deal with or without a written agreement, the **money** is our guarantee (a new TO)

The British voice on contracts

In Britain contracts were not essential when a one-off deal took place, which was more of 'an encounter' rather than a 'longer term' relationship, but considerably helped when the relationship between a travel agent and a tour operator tended to become a stable one. They were usually very much technical and specified terms of trade and targets, which should be achieved, therefore sometimes were referred to as 'trading agreements'. They regulated the working relationship, but because the environment had been regulated in the past by organisations like ABTA, some of the players, usually smaller ones, did not feel the necessity of having a written agreement.

> Larger tour operators send a copy of an agreement, however it is not necessary to have one signed. 80 percent of tour operators are not bothered really with a written agreement. From our 160 tour operators only 30 have written agreements; some of them are out of date anyway (a miniple).

It generally seemed to be the case that contracts were prepared by a stronger partner and signed by a weaker one, but it all depended on the specific situation:

> We have written contracts with most of the tour operators. We have to have them to set up an account with them. If we have a one-off deal with a tour operator, then we deal only if they are ABTA members and have ATOL bonding (a miniple).
>
> Agreements are usually signed by travel agents which promise to rack brochures. Exclusivity of sales is not required, however the tour operator in question should be shown in the best light to a client. The terms of payment are established, too - direct payment basis, cheques, etc. (an independent).

Agreements contained the terms of trade and the requirements like sale targets or quality controls which created some basis for future evaluation of a relationship.

The Polish voice on contracts

Companies in Poland emphasised that the factors shaping the relationship between an agent and a tour operator were more connected with the quality of staff employed by an agent or a tour operator and the cash flow achieved in the business with a specific company than with any other characteristics. As long as due payments were received on time and the flow of information between companies was established everything seemed to be in order, and there was no need for formalised agreements.

Contracts though will be demanded by new legislation. One of the new TA/TO admitted that in the past contracts had been signed for an unlimited period of time, but it was no longer the case at the time of the interview:

> The agreements with tour operators are usually signed for specific time (usually one year). Sometimes the time is unlimited, but quite rarely nowadays. The agreements are based on existing legislation and the recommendation of State Sport and Tourist Administration (UKFiT) (a new TA/TO).

The 'existing legislation' helped to form general commercial contracts, not necessarily tourism-specific. UKFiT did not produce any specific guidelines which would help to shape tourism contracts. Therefore older companies valued experience as a main source for creating standard contracts and gave the following example to illustrate main parts of a contract:

> Logostour asks Almatur to sell Logostour's products. Almatur is supposed to act as Logostour's intermediary. The information regarding Logostour's products is to be sent to Almatur. The intermediary's responsibilities cover the following issues:
>
> * the flow of reliable information about Logostour's products should reach potential customers
> * an order should be submitted in a written form, faxed and confirmed by Logostour
> * the sale of a tour can be accomplished only after the availability of a place is confirmed by Logostour, either by fax or phone
> * the payment should reach organisers 7 days after the invoice is issued
> * a flat commission is not combined with the level of sales or turnover and varies between 7-12% (even if there is a threshold from which the commission will be higher, it is usually impossible to achieve)
> * the agreement is valid for an unlimited period of time; one can terminate it with 3 month notice (an old TA/TO).

Contracts as a differentiation technique

Some of the old tour operators used different types of contract for different types of agents. The following extract was the only example where the exclusivity of sales had been mentioned:

> Agents can be divided into two main groups - **general agents**, who sell products of different tour operators and **licensed agents**, who are allowed to use the tour operator's logo, but sell only their products and nobody else's. They can possibly sell tours packaged by them, but not other tour operators (an old TO).

The companies which diversify their activities get the potential power in a channel. One of the new travel companies, specialising not only in tourism, but also in providing computerised management systems for travel companies said:

> Our company does not look for tour operators who would like to co-operate. Those companies contact us independently, thanks to the company publicity, public relations, tourism fairs, brochures, commercials and advertisements. When a tour operator wants us to sell its products, we try to establish whether the company is equally powerful. We don't want to deal with someone who will overbalance us with its own power (a new TA/TO).

The diversification beyond tourism (here reliance on the sales of electronic equipment) strengthened the economic position of the company and enabled it to become more selective and 'fussy' in the tourism channel, as it had other alternatives.

Similarities and differences in contracts

Indeed, both in Britain and in Poland the contracts did not create the basis for co-operation between travel agents and tour operators. Some of the British companies were 'forced' to sign a trading arrangement in order to get the access to reservation systems used by large tour operators. In those cases the communication between companies was narrowed down to information technology; had that not been the case – the agents would probably have traded without contracts. Setting targets for a season was an important element in the British contracts, but was missing in the Polish ones, making it difficult to evaluate and remunerate the performance.

It was interesting to note that the opinions on the Polish side varied considerably – some players regarded contracts as a normal part of a relationship. They usually needed contracts as formal basis for co-operation. Some of the organisers regarded 'contracted' companies as partners on a higher level of co-operation and perceived having a signed contract as some sort of reward for an agent. Others included only coercive elements in their contracts. The other companies were happy to co-operate with their partners just because they were satisfied with the working relationship between staff of both companies, and the 'punctuality' of payments and did not consider contracts as necessary to deal with other channel players.

6.2.2 Evaluation of channel partners' performance

The British voice on partner evaluation

Assessment performed by tour operators

Most of the respondents, mainly travel agents from all size-groups, stated that only large tour operators commonly practised the assessment. There was a clear purpose behind the assessment and it was straightforward for both tour operators and travel agents. Tour operators wanted their products to be sold intensively and therefore assessed the performance of agents and divided them into more and less efficient groups. Therefore the performance was evaluated by easy-to-measure criteria, mainly number of passengers booked (number of bookings) and sent on holidays (PAX), or turnover, or percentage of sales of a tour operator's products. One of the largest tour operators admitted that 'the company concentrates more on passenger revenue than on how it is delivered and to this extent it is more focussed on shares and revenue delivered and less on how it gets done'.

The process was probably not formalised to an extent comparable with cases in manufacturing industries, and various operators were using different measures, but amongst them the quantitative values mentioned above were most popular. The numbers in some cases were compared to numbers that had been achieved in the previous year or a target was set from the outset by a tour operator and was to be achieved by an agent. The feedback was delivered regularly to travel agents, annually, biannually or quarterly and showed their performance levels leading to calculated levels of override commission.

> We are evaluated because on evaluation depends the level of override commission we can get. Basic commission is 10%; everything above it is an override commission. We do have a Preferred Supplier List, because obviously the preferred suppliers are those who will give us more override commission (a multiple agent). *(The use of preferred suppliers was criticised by the MMC.)*

In the case of multiples the assessment tended to be more formalised.

> Information retrieved from tour operators tells us about our performance product by product, season by season, shop by shop, and how that compares to a previous year; in some cases they tell us what our share of the market is. They are very keen for us to sell their products, if we sell less this year than we sold last year, they want to know why, what is the problem. They want to work with us; they realise that a lot of power is with a retailer in this industry. They send a written information to us on the regular basis, probably every month, as soon as their information system allows them to produce these things (a multiple travel agent).

The operators pulled out information from the computer system which indicated the impact of information technology on the process of evaluation and on the relationships between companies. Similarly to some Polish situations it was recognised by large tour operators that the productivity of a retail outlet was dependent to a large extent upon the locality of the shop. One of the large tour operators admitted that 'knowing the area one can predict whether the shop is being good or not'.

The value of feedback for some agents was not very important, though. Most of them used it to concentrate on specific areas of their management, but in terms of shaping the relationship it was not a vital tool. Two independents stated:

> Small tour operators do not set targets, but also do not assess our performance at all, or if they do it is an informal process. But usually they are not interested in any type of evaluation. It does not bother us, we actually prefer to deal with small, independent tour operators, who offer high quality products to us and are flexible.
>
> More and more often some of the small tour operators send a feedback form with their comments on travel agents performance with regard to their products. These forms are sent once a month, but do not make any difference in terms of support that is given to the tour operator by the assessed agent. It is recognised that the feedback is given specifically in order to enhance the turnover gained for this tour operator.

A practical mechanism for changing the nature of independent's business in relation to the large tour operator was based on combining the formal and informal approaches to evaluation. A formal approach would usually be displayed as a turnover level or other measures mentioned above; the informal would include various social occasions, for example a conference or a meeting, where tour operators' representatives could be asked for additional help in social settings. Mixing of both approaches actually affected the business potential.

Smaller tour operators and travel agents were usually approached informally and that approach was based mainly on the relationship between employees. Staff in smaller companies seemed to be more effective and more straightforward which could have been one of the reasons why these partners were perceived as more flexible. One of the agents explained:

> A good relationship usually depends on the attitude of the tour operator to a travel agent. It does not necessarily involve the quality of staff; it goes deeper into the attitude of a tour operator. Some of them go directly to a customer and it is obvious that those will not foster the relationships with a travel agent. So it would be more connected with the tour operator's mission and objectives than the quality of staff employed there.

Large tour operators were usually vertically integrated. The largest were also involved in horizontal integration, where the tour operating level was served by two main types of companies – traditional tour operators and direct-sell tour operators. These arrangements quite often led to intra-channel multi-level conflict between the direct tour operator division on one side and the retail division of the same company or external retail agencies on the other side.

Complaints were mentioned by some of the travel agents as natural occurrences, which were just bound to happen. They tended to increase the communication levels between travel agents and tour operators, but smaller travel agencies claimed that complaints at normal levels did not substantially influence the relationship between travel agents and tour operators. The quality of the tour operator staff was not considered important, but it was expected that they dealt with complaints quickly and effectively.

Assessment performed by travel agents

The multiple travel agents paid much attention to the quality of the service provided both by a tour operator and by their own staff employed in various outlets around the country. One of the multiples claimed that the quality helped to change the company into 'a discipline machine'. As the market was very competitive and shop managers often lacked experience it was necessary to have very good procedures in place to make sure that good selling techniques were employed, brochures well displayed, etc. This was mainly the responsibility of an operational team. The control of quality factors was done through a network of people: from operational director, sales directors, regional managers and shop managers.

> We don't, for example, allow the tour operators' reps to call on our shops, because they were taking too much productive time from our shop manager. We can do it from here, it is not necessary for them to go to every single shop, we control our supply and we know what the quality is like. It is a continuous process more than a formal procedure.

This was not, however, the policy applicable to all multiples in Britain. Another one allowed tour operators representatives to call into shops and even encouraged them to do so as it used to develop relationships. They considered that the assessment of the retailers by tour operators was not as yet formally widespread throughout the industry. Only economic criteria were taken into consideration and if the co-operation was not as functional as it was assumed to be and the tour operator 'was not happy', then

> Something should be done about it, but there isn't a formalised way of doing so. This type of assessment is probably more specific in the franchise type environment or approved agents type of agreement, we don't really do that (a multiple).

Another large tour operator suggested that although they gave their agents feedback on performance, they tended not to complain too much about various issues, as travel agents were at the end of the day their customers.

> We have an overall top-level discussion, because they are our customers, so you have to be very careful what you are saying (a large tour operator).

The assessment of tour operators again was performed only by large travel agencies, mainly multiples. One of them said:

> We have letters from customers and from shops, people from the shops ring us with their comments, we also do surveys with the shops, a quarterly survey on how they rate our service. We do focus groups with the shops' staff and ask on their opinion on various day-to-day issues.

Summary on the British evaluation

Only large tour operators and the biggest chains of travel agents performed an assessment of their channel partners' performance. The feedback was not very useful for independents and miniples, but multiples tended to appreciate it. Mixing of formal and informal approaches in order to improve performance was common and more effective in smaller companies, than in large ones, which preferred to stick to more formal assessments and support systems.

The Polish voice on partner evaluation

The Polish evaluation seemed less clear in its purpose. Most of the Polish travel companies stated that they were not aware of, and not interested in any kind of evaluation by their counterparts in the channels. It did not matter whether the company acted as a travel agent or as a tour operator, although it seemed to be the case that tour operators were more involved in assessing their retailers than vice versa. This activity was not perceived as a process, but rather as an informal exchange of opinions, regarding various day-to-day issues arising in the co-operation.

> Sometimes (rather rarely) agents have some comments on a company's products, but they play a very small part in planning the package tour components (a new TO).
>
> Agents are not assessed against specific thresholds or benchmarks, but a more general approach is being undertaken. That usually means no procedure, just gut-feeling, no specific set rules and criteria, just the general idea of the partner is taken into account (an old TA/TO).

Some of the companies expected to be assessed by their partners, but they could not specify any details regarding the assessment. The evaluation was claimed to be mainly informal, based usually on the judgement of the proprietor of the partnering companies. Some of the respondents guessed that the main areas looked at were delivery of payments and standard of their service, but as there had been no communication established between companies specifying these issues, either formal (agreements) or informal, there was no documented evidence supporting it.

The new groups of travel agents and tour operators talked about various criteria in evaluation of the relationship between channel partners, even though the term 'criteria' seems to be too formal. They all admitted that the evaluation was not very 'procedural', but left to people to perform and therefore became individualistic, informal and not moderated in any way.

Mainly companies dealing as tour operators performed the evaluation. They looked at sales volume obtained by the partners selling their products. In some cases agents were given set targets that should be achieved in order to reach a higher level of commission, but this was not a common practice. More often salespeople from the best retail outlet were motivated by incentives for good performance. Tour operators checked the timing of payments as well. Some of them categorised agents according to the level of sales obtained by them. Different categories were supported differently, as one of the older TA/TO put it: 'on the basis of the volume of sales it is possible to assess the level of promotion and co-operation'. Obviously agents labelled as 'loyal' got more support than the remaining group.

> Travel agents' loyalty is estimated by the willingness of a travel agent to support a tour operator's products. This is based on the stability of sales of the tour operator's products in time - the product should be on sale all the time and also it should be at least effectively sold in roughly the same numbers each year.

Agents were also put in categories according to their location.

> It is sensible to distinguish between those travel agents which sell tourism products in big cities, where people usually earn more money, and those who sell tourism products in the poorer regions.

One of the new tour operators mentioned sales volume and standard of service as main items for evaluation and gave a list of possible ways of checking it:

> Standard of service can be assessed by doing market research - customers are asked to fill in a questionnaire on the quality of services provided to them by a principal; by monitoring the level of turnover of a company; by checking what other travel agents/ tour operators' opinion is about this specific company.

Companies had heard about a variety of the methods of assessment, but they did not necessarily use them. Quality of service was usually linked to reliability of information given to potential customers. Understood as such, it was checked usually by 'a mystery shopper', who phoned agents from time to time to get the information. One of the old TA/TO mentioned that the process was not well developed yet:

> Even if information is inaccurate, there is no set procedure stating what should be done in such a case. So far there has been no evidence of such misconduct.

One new incoming tour operator was aware of being assessed regularly by retailers. It co-operated mainly with British travel agents. The quality of service was mentioned by it as the main criterion and justified by the European Union consumer-protection legislation demanding fulfilment of required standards of a service. The tour operator was aware of being responsible for the standard of service and knew that sometimes only 72 hours were given for solving the problem.

> We get the feedback regularly: for example we get the analysis of the results of the questionnaires, given to tourists and we know how they rate our standard of services.

Sometimes the service standard was evaluated according to the number of customer complaints about the products of a specific tour operator. Some of the tour operators investigated the reasons for complaints. One company claimed problems were caused because of an overlong channel of distribution. The misunderstandings and imprecise flow of information were bound to happen in a chain consisting of not one, but two, three or even four intermediaries between a tour operator and an ultimate customer (this issue is explained in chapter 7).

Different ways of service standards evaluation were listed, but most of the respondents emphasised that whichever evaluation took place, the result was very much dependent on people employed in tourism businesses. The relationships between companies were seen from the perspective of the co-operation between employees of those companies:

> It does not matter whether the co-operating company is large or small; it is all down to the employees in that company and the social bonding between the managers and owners of companies (an old TA/TO).

Therefore the assessment was down to knowing people and trusting them. It took time to build up trust, but it paid off as the quality of the relationship was automatically changing. When the relationship progressed and business partners trusted each other more, some other support services became available, for example credit services.

> A considerable level of trust is essential for the relationship to become efficient and reciprocated. When the co-operation between agencies has just started, we pay 30 - 45% of a price as a deposit long before holidays, the rest just before the start. When the co-operation has been lasting for a longer period of time - it is possible for us to pay after the event, especially when we do the same with our products sold by this agency (a new TA/TO).

One of the old travel companies stated that the head office undertook the assessment, but "at the local outlets the directors are not interested in statistics". Another old TO/TA offered a list of factors taken into consideration in monitoring travel agents, although they emphasised that it was still a very spontaneous activity, not planned in detail, with no procedure to follow. The factors included:

- standard of the office,
- offer additional to in-house products and services (new offers should be in-line with current ones and complementary rather than competitive),
- contacts mainly by computers,
- location of agency (avoiding geographical competition),
- the office registered as a travel business for two years and belonging to a travel organisation,
- people in the business and the level of their expertise.

Evaluation and motivation

A uniform level of commission was paid to the retailers:

> It does not matter whether it is our own outlet, licensee, independent travel company with a signed agreement with us - all get the same commission. It is just fair, because everybody sells exactly the same product and the sale is based on the same brochure (an old TA/TO).

Because of that 'treatment', however, the company saw no point in creating procedures for the evaluation of agents; they could not see any benefits connected with monitoring of agents' performance and admitted that there was no motivational incentive behind it either.

Another old TA/TO said:

> Promotions, presentations, phone reservations and payments are taken into consideration while assessing the quality of service provided. When the performance (understood as sales volume) is *good enough*, the override commission is being given, but usually on the informal basis. The

commission rates can reach 8%, 10% or 12%, depending on types of products being sold. There is nothing in the agreement though, no statement promising the higher commission after reaching the specific threshold, that is why the procedure is called 'informal'. It is usually only the goodwill of the tour operator which raises agents' commission.

Summary on the Polish evaluation

The assessment was generally not performed formally, although the interviewed Polish companies felt that they were or should be evaluated by their partners. They could not, however, always specify the assessment criteria. Tour operators tended to evaluate sales volume and timing of payment. Assessment by Western partners was more thorough. It was recognised that relationships between companies were based on the behaviour and professionalism of members of staff. These elements were perceived to influence the result of whatever evaluation was taking place. Assessing and rewarding people rather than the company was supposed to enhance staff motivation and improve company performance in the channel.

Similarities and differences in performance evaluation

Table 6.3 Criteria for evaluation of channel partners (most frequent first)

CHANNEL PARTNERS' PERFORMANCE (implementation stage / review stage)	
British Voice	**Polish Voice**
▪ Number of passengers or turnover ▪ Sales volume ▪ An attitude of a tour operator towards a travel agent, staff quality ▪ Dealing with complaints ▪ Quality procedure ▪ Localisation of a shop and its productivity	▪ No interest in the evaluation of any kind or not aware of evaluation ▪ Sales volume ▪ Quality of services ▪ Co-operation between people ▪ Building up trust between companies ▪ Localisation of a shop and its productivity

The assessment of channel partners performance took place more frequently in Britain than in Poland and was more formalised. Both in Britain and Poland the assessment was performed rather by tour operators than travel agents, where mainly the turnover was measured. It was recognised in both countries that the productivity of a retail outlet was dependent to a large extent upon the location of the shop. In order to increase productivity of channel partners the smaller British companies used formal and informal approaches, while the larger ones relied on implemented procedures. The Polish counterparts tried to motivate members of staff in the partnering companies in order to increase sales levels.

6.2.3 Membership of tourism organisations

Two other areas connected with the relationship development mentioned by travel agents and tour operators in Poland and in Britain were:

1. Membership of tourism organisations
2. Range of support given to or obtained from a channel partner.

Both of them are linked to initiation and implementation stage of a relationship development process. However, the role of organisations seemed to be more important in the first stage, while support played an essential role in the second stage. These two areas will be discussed in turn and compared on the basis of the answers given by channel players in both countries.

The British voice on tourism organisations

The British travel agents and tour operators belonged mainly to the Association of British Travel Agents (ABTA), the Global Travel Group (GTG) and the Travel Trust Association (TTA) (Table 6.5). All of these organisations were British.

The main benefit of belonging to a trade association like ABTA was connected with bonding. The organisation provided an agent with financial credibility and gave guarantees for a travel agent approaching a tour operator. Up to 1996 ABTA was the only recognised organisation capable of granting guarantees. After 1993, when the stabiliser rule was abolished, new organisations became guarantors, too, after they had been recognised by largest tour operators. One of those operators said:

> Until about 1996 a non-ABTA (agent) would not get any of our business. We relaxed this criterion slightly and we deal with the Global Travel Group. The GTG is effectively set up as a consultancy for travel agents, an alternative to ABTA, so these travel agencies which do not belong to ABTA and wished to trade with major suppliers got the possibility of doing so and effectively use the GTG as a guarantor. We share a guarantee bank account with them. If an agent can demonstrate financial credibility - which is the case if they belong to ABTA or an alternative association, we will trade with them.

Another tour company also stated:

> The GTG acts as a Guarantor for a travel agent. They are more like a bank and provide a reserve financial back-up in case of some difficulties with any member of the Global. Most multiples will have a credit service with us, which might be a guaranteed sum of money in a bank account or a property which is our guarantee in the case of their collapse.

Some of the smaller travel agencies claimed that membership of ABTA was essential; in their view new trade associations were not as reliable as ABTA.

> In 1984, when we opened our shop, it was obvious and it is obvious now that ABTA, although its role has changed somewhat, especially due to the new European directive, that ABTA controls the British travel industry. Then and now the membership of ABTA gives you an access as an agent to the rest of the industry (an independent travel agent).

Others claimed that the new organisations were as good as ABTA, but cheaper:

> The Travel Trust Association monitors travel agents accounts and gives a benefit of accreditation. This accreditation ensures tour operators that the travel agent in question is reliable. If anything happens to the money paid by clients to the trust account of a travel agent, the TTA will cover the cost incurred by a tour operator (an independent).
>
> It was tough at the beginning (in 1996), when TTA was not recognised as a reliable association, but it is not the case anymore. TTA has over 400 members and is well recognised in the trade. It is much cheaper than ABTA and does more for members as well. Global Travel Group was taken into consideration as well, but their financial requirements were too high (£10 000, 1.5% of gross turnover) and also it was felt that the company would lose control over the business. OK, Global does the administration for you, and support members with an IT system, but it is not cheap, and you are the Global representative really (an independent).

The benefits of bonding and guarantees were important not only for the co-operating companies down or up the channel; in this case not only for travel agents and tour operators, but also foremost to consumers. The potential tourists recognised the leading organisations, which proved that their members could be trusted, and highly regarded their image. On the other hand the organisations were criticised by their members that only creating the image and status was not sufficient.

> ABTA gives the status and image only, remains a symbol of travel trade, but is not a proactive organisation any more. Because of bonding and recognised name in the market, membership is beneficial in terms of creating 'trust' between partners. ABTA is necessary to build trust on the tour operator side. It is also important for the customers, but it is not value for money any more. ABTA's code of conduct is important in terms of relationships between travel agents and tour operators, but that's all (a miniple).

The discrepancies between the expectations of potential members and the real benefits pushed the groups of independents and miniples to join organisations dealing as consortia, the examples being ARTAC Worldchoice and NAITA Advantage Travel Centres. The main benefit gained by being a member of a consortium was bargaining power for smaller players.

> A number of travel agents got together and set up ARTAC and as they got more members, they got more strength and they were able to go to the middle size operators and got more extra bit of commission. The small independent travel agent will not usually have commercial muscle like the volume sale, in some cases they just live on their standard basic commission. Most of the independents will come together to a consortium and will get a higher commission by being a member of ARTAC or NAITA (a multiple travel agent).

Travel agents were provided with some 'buying power', which helped to balance the power in the relationships with tour operators. Advantage Travel Centre provided their members with a preferred suppliers list. The members were rewarded for using suppliers from the list, which was beneficial for both parties involved.

> Advantage Travel Centre helps trade with other members of the tourism chain. Relationships are definitely better when a tour operator belongs to the consortium or is listed as a recommended supplier. Belonging to the same organisation or group creates some sort of psychological bonding, which is fruitful later on. Moreover, Advantage supports their members with marketing activities, management advice and proactive dealing with members' problems (an independent).

In the first instance consortia were created by small players in the market. Then they became recognised as a powerful means of distributing products. The last three years have been rich in alliances between consortia and multiples, for example an alliance between AT Mays (429 outlets) with the independents' consortium ARTAC WorldChoice (586 outlets) to create the UK's largest agency chain with 1015 branches – rebranded as Carlson WorldChoice (TTG 1997/2245). Consortium members wanted significant commission deals to match those available to the powerful multiples. Tour operators expected some effort from all individual consortia members to produce results in return for their increasing levels of investment. According to TTG 1999/2346 for "consortium" one should read "control", because they justified providing benefits of an important area of supply, but the price was a loss of control over a single area of one's business. The tie-ups between Thomas Cook and Carlson Worldchoice and between Airtours and Advantage Travel Centres seemed to prove that point.

The multiples and large tour operators recognised that associations provided consumers with confidence, but beyond that the benefits were not obvious. From the travel agents' perspective arbitration and complaints procedures in organisations were valuable tools.

> If the tour operator is not prepared to come up with solutions satisfactory to the customer, we will then refer the customer to the ABTA arbitration (multiple TA).

The Association for Multiple Travel Agencies (MTAA) provides multiples with the possibility of co-operation on various issues and lobbying. Similarly, the British Incoming Tour Operators' Association (BITOA) is perceived as one of the strongest lobbying organisations, but representing tour operators.

> Within MTAA we work with our competitors on certain issues for the good of the industry, for example the insurance premium tax or other issues, where we feel we are discriminated. MTAA is a body to support general courses.

Flow of information about the market place was mentioned once only, with reference to the Guild of Business Travel Agencies, which was more a kind of prestigious club where 'directors attended the meetings and were kept informed about what was going on in the marketplace' (a multiple).

Summary on the British membership in tourism associations

The summary of benefits and impacts of trade membership for the British and the Polish companies is presented in table 6.4.

Table 6.4 The evaluation of tourism organisations and their impact on channels

MEMBERSHIP OF TOURISM ORGANISATIONS (implementation stage / review stage)	
British Voice	**Polish Voice**
▪ Guarantor role for a travel agent approaching a tour operator ▪ An organisation provides an agent with a financial credibility, bonding ▪ Accreditation on the basis of monitoring, enhances reliability ▪ Status and image ▪ Bargaining power gained in a consortium ▪ Consumer confidence ▪ Complaints procedure, arbitration ▪ Lobbying, co-operation on various issues ▪ Flow of information about the market place	▪ Customers trust it, organisations give the right image and prestige, more stability ▪ Psychological benefits of status and security for a proprietor ▪ Good source of commercial information ▪ Easier to sell some products (IATA, ATOL) Economical (discounts) and functional bonuses ▪ Gaining more business via concentrated marketing ▪ Finding out about business practices ▪ Expertise and support of organisations: training provision ▪ Lobbying ▪ Access to complaints procedures ▪ Organisations are not helpful, no benefits ▪ <u>Western organisations:</u> ▪ Source of tourism products to be marketed ▪ Source of customers / consumers ▪ Learning Western business practices ▪ Customers have a good attitude to the Western associations (enhanced status)

The Polish voice on tourism associations

British travel companies joined mainly the British organisations, while the Polish travel companies joined not only Polish, but also Western organisations. They clearly distinguished between the Polish and Western organisations and tended to favour the second group. Polish respondents wanted to become members of Western trade organisations because they perceived it as a good investment. Other reasons for joining Polish trade organisations are mentioned in table 6.4 and are discussed below.

The first and foremost benefit connected with Polish associations was that customers trusted them. Being a member of a bigger grouping gave a company a good image and some sort of prestige and more stability by making it more reliable in the eyes of customers. The reasoning behind it was that a company wanted by the association should be better than a company which did not belong anywhere. If a firm lost its good image it could be excluded from the organisation. Moreover,

> Membership in any of the organisations allows the member to display a logo of that organisation. It makes the customers trust the company more. The membership of the Krakow Chamber of Tourism gives a suitable image and prestige to a member (a new TO).

New and old companies noted that the customers asked more and more often whether a travel company was a member of any organisations. Membership provided customers with feelings of security, but the owners of the travel companies looked for it, too. Psychological needs for status and security for proprietors were reinforced by the procedure of entering some of the Polish associations. The most popular one amongst respondents, the Polish Chamber of Tourism (PIT) and its local branches were difficult to join for new travel companies due to stringent membership criteria. One of the new TA/TO stated:

> First of all a new member has to be recommended by two of the existing members of the Chamber. Then the rest of Krakow Chamber of Tourism's (KIT) members is observing each of the new members for one year. Each company's annual report with the number of employees, number of serviced tourists, sales volume in the previous year should be submitted to the Chair. On the basis of that data the new company gets a provisional membership only for the first year. After that period it can become a full member, provided that nobody has anything against it (especially clients).

Another valuable benefit connected with organisations was that they provided a forum for an exchange of commercial information. Numerous companies, old and new, travel agents and tour operators mentioned that it became easier to get to know companies in the market since they joined associations. During the trade meetings an informal assessment of quality of different products took place. The interaction between members was very important in that process:

> We meet there, exchange information, talk to each other, and in the end know each other better. We observe new entrepreneurs who start their business in the tourism market (a new TA/TO).

> It helps to co-operate with other travel companies in our local market; meetings help to exchange information about the market; information about new players can be obtained there, one company can recommend another (a new TO).

> Once a month there is a meeting for all members, where they can exchange general information with regard to various issues. For example one can hear there that the accommodation establishments in Czech Republic have changed their terms of payment, etc. Information is usually general and technical to some extent (an old TA/TO).

Although access to trade associations' sources of information was valued by members, the information as such was treated in a cautious way. Ultimately views of trade members did not necessarily affect the decision–making process regarding the co-operation with a specific company. Information gathered during trade meetings was supplemented by that gathered during social events in informal settings.

> It is easier to get to know companies in the market, although information regarding reliability of travel companies is usually disseminated between members in an informal way. This source of information is not treated as the ultimate one (an old TA/TO).

Some of the members admitted that they belonged to organisations because of the possibility of using their services in the future, which provided them with some sort of security. They were coping on their own at that moment in time and did not need any help, but thought that one day help from the organisation could be needed. One of the new travel agents expressed the view that regional membership might be 'essential for new travel agencies, because they might get there counselling or supporting services like explaining changes in tourism legislation or help in organisational problems'.

Some of the members relied on organisations as additional sources of marketing and business possibilities. Public sector tourism organisations met that requirement sometimes, as one of the new tour operators noted:

> The Polish National Tourist Office in London helps us find partners and recommends us to clients abroad. They are the linking part of a chain between us and other travel agents, a tour operator or a final customer.

Some of the respondents claimed that there was still a need for an organisation in the Polish market which would act as a consortium.

> We need an association which should act as a big marketing department for all of us. It will not do the work instead of us, but it can provide us with necessary information, it can co-ordinate our actions and help to establish new contacts, especially outside the country. We have no co-ordination and co-operation right now (a new TA/TO).

Already mentioned meetings of members provided a forum for finding out about business practices and getting some advice from more experienced colleagues. Exchange of knowledge, expertise, networking between companies were valuable outcomes, improving the well-being of businesses and their proprietors, and hopefully customers as well.

> A learning organisation is a popular thing nowadays. Companies want to share experience and learn not only from their own mistakes, but also from others' mistakes if possible. Each of the members seems to be an expert in a different area. That gives the possibility for the member to

> get help on different "battlefields". Meetings are far more productive and interesting if the members come from different countries, have various experiences and so on. It is also one of the possibilities of meeting the right companies to do business with - or to promote your own company to others. You never know when it may pay off... (a new TO).
>
> Discussion of the impacts of tourism legislation on various aspects of tourism business helps a lot. It is easier to get to know various business players. Moreover, it is possible to get a piece of advice from other, sometimes more experienced members regarding foreign companies, their way of doing business, their way of ordering a service and their reliability (a new TA).

Members were also looking for as much support as possible. In Poland it was more likely to get support from an organisation than from a channel partner, therefore members' expectations as to the amount of help derived from the organisations were growing. Training was one of the areas mentioned most often and although members paid for it, the level of prices was perceived as reasonable:

> We belong to the Polish Chamber of Tourism (PIT). We received the list of 22 courses and training organised by them for us.

Organisations played the part of facilitator for training. While various training sessions were organised by different travel agencies, for example training for tourist guides, the information about the training was distributed to members by an organisation.

Organisations provided 'a safety net': if a travel agent dealt with a tour operator and they were both members of the same association, then both parties had access to a complaints procedure, which again gave proprietors some feeling of security. Some organisations also acted as motivators by providing members with 'performance contests' and produced certificates for those who were best. This activity gave members an opportunity for benchmarking their products and services against their direct competitors. Certificates were of interest to tourists, too.

Lobbying was another benefit proprietors looked for when joining various associations. In Poland agents tended to join for example an Association for Passenger Transport Companies (ZMPPA), which was described by one of the members as 'a voice of all members against the Ministry of Transport, as it helps to push tourism-friendly legislation'. Another member noted that:

> Beyond PIT there is still a need for another national tourism organisation, which would have an impact on VAT, export taxes, special deals for investors in tourism including or excluding foreign companies, etc. There is a lack of general rules and legislation supporting the

> development of tourism, also there is a lack of guidance and help for tourism companies. Public sector tourism is underdeveloped (a new TA/TO).

Finally there was a group of companies which claimed that organisations were not helpful at all and that no benefits of membership existed. Some of those companies had been in the tourism business for years and in their opinion there were no visible or tangible benefits, so they did not belong to any of tourism associations and organisations or had resigned from a membership. Most of them claimed that social contacts were better than organisational ones, because tourism was a 'people business', where 'rumours' were disseminated on social, informal grounds. Some of the respondents resigned because they were disappointed by the organisation.

> We belonged to Krakow Chamber of Tourism (KIT), but we resigned after one year, 'cause we were disappointed. We didn't get the help we needed. We don't want to belong to an association for travel agents which acts as a consumer's body. First we would like to get help then customers will be satisfied too. Belonging to an association does not mean much - when an agent belongs to KIT, the customer may send his complaint to the travel agent and KIT as well, but it is not a guarantee that he or she would get a refund (a new TA/TO).

Western tourism associations

Western organisations were popular amongst Polish travel companies for reasons similar to those mentioned above, but Western experience was highly regarded by members. The organisations offered more possibilities than the national ones and linked various companies from numerous countries. In some cases it was necessary to join international organisations like IATA or ATOL in Britain, if an agent wanted to sell airline tickets. Companies tended to join organisations offering them functional or special discounts for some of the flights or other services; for example one of the old TO/TA admitted:

> First Business Travel Management International gives us the opportunity of getting bonuses and discounts while dealing with business principals, usually high standard hotels. We can't say 'no' to 75% off the normal price. The benefits are economic and financial (an old TA/TO).

Western organisations enhanced image and status of their members in the eyes of their customers.

The benefits for the proprietors and staff were threefold:

1. Learning Western business practices;
2. Getting a possible source of tour products to be marketed via association's meetings;
3. Getting a new source of customers.

Tourism meetings and conventions created a possibility for an exchange of know-how, highly regarded especially by new travel companies:

> The main benefit of the Association of Polish and American Travel Agents (SPATA) is a convention for all members, which takes place annually. In 1998 the chosen venue was Zakopane, where our head office is located. Participation in the meeting gives an opportunity for sharing experience, dissemination of good practice, comparing the ways in which different problems are addressed. It is a learning process. It is also possible to find a partner at those meetings; there is a possibility of introducing the company and also the region to those who might be interested. The image of the company is being enhanced as a result of all aforementioned factors.

Meeting new potential partners would become more beneficial if the company was introduced by the representatives of an organisation:

> An organisation for German Travel Agents and Tour Operators (RDA) is associated with an invitation for members to a closed, trade-only fair in Cologne (Köln) where the new member is introduced to the others by the organisers. It helps to organise outgoing coach trips to Germany, because it provides the opportunity of meeting potential partners (a new TO).
>
> Membership of ASTA is perceived as a marketing tool, a tour operator wants to introduce himself to other members and start dealing with them at some stage. It is said that is it easier to start to do business with somebody who is actually known already, but the tangible benefits remain to be seen (a new TA/TO).

New companies seemed to have a 'healthy attitude' towards membership; the older ones sometimes tended to join associations without any specific goals in mind, just following suggestions from Western companies or impressed by the image of Western organisations.

> We want to be recognised not only in the Polish, but also in the foreign markets. We were told that this is where foreign tourism organisations and associations might help. Someone suggested we should join one of the British tourism associations. Being a member would provide us with open access to much broader market, just for the price of membership and an annual fee. It is down to the head office to make the decision with regard to a new membership. The Director of the branch thinks that it will definitely pay off as our company will be featured in the association brochure and also the logo of the association will be shown on our letterhead, which definitely will improve the company image (an old TA/TO).

Summary on the Polish membership in tourism associations

The main benefits entailed recommendation for a client because the membership enhanced the credibility of the members, opportunity of getting training sessions organised by an association, and ability to contact experts from various areas who help considerably in understanding changes in legislation and other matters. Western associations provided members with international recognition and taught them Western practices. Whereas Polish companies joined Western associations, it was less common for Western companies to join Polish or overseas organisations, which would indicate that the British organisations were sufficient for the needs of their members.

Table 6.5 Membership of tourism associations amongst respondents in Britain and Poland

Polish Associations	**Freq.** N= 55	%	**British Associations**	**Freq.** N= 82	%
			LOCAL ASSOCIATIONS		
Polish Chamber of Tourism (PIT)	15	27.3	Association for British Travel Agents (ABTA)	70	85.4
Regional Chambers of Tourism (8 regions)	24	43.6	Advantage Travel Centres	28	34.1
			ARTAC	11	13.4
			Travel Trust Association	9	11
			Guild of Business Travel Agents	6	7.3
			Global Travel Group	2	2.4
			Multiple Travel Agents Association	1	1.2

ACTIVITY RELATED ASSOCIATIONS			
Polish Associations	**Freq.** N= 55	**British Associations**	**Freq.** N= 82
Polskie Towarzystwo Turystyczno-Krajoznawcze (PTTK)	7	IATA	16
IATA	7	AITO	5
Polski Zwiazek Zeglarski	2	ATOL	3
Polish Association of Passenger's Carrier	2	Passenger Shipping Association PSARA	2
		BITOA	1
		British Activity Holiday Association	1
		European Tour Operators Association	1
		Confederation of Passenger's Transport	1

FOREIGN ASSOCIATIONS			
Polish Associations	**Freq.** N= 55	**British Associations**	**Freq.** N= 82
German Chamber of Tourism	3	ASTA	2
First Business Travel International	1		
IATA	7		
USTOA	1		
RDA (German Association for Travel Agents)	5		
ASTA	7		
ATS	1		
SPATA	3		

6.2.4 The range of support in the tourism channels

Support is expected to play an important part not only in the second (implementation) but also third (review) stage of a relationship development.

The British voice on partners' support

The scale of support in Britain depended not on whether the company was a travel agent or a tour operator, but more on the size of a company, although training and educationals were more often organised by tour operators than travel agents. The range of support delivered by the British travel companies was either negotiated or granted on the basis of the performance achieved by travel agents; therefore it was linked with the monitoring of partners' performance. Larger organisations and companies would have a number of different training sessions and other type of support made available for them or organised in-house, while smaller companies had to rely on their own initiative and intensively looked for support opportunities.

Large companies negotiated with channel members over what sort of support would be given or obtained as a result of a relationship. A multiple chain reported:

> When we negotiate, we negotiate override commission, terms of payment and marketing support. We may ask tour operators to pay for some sort of advertising and educational places (a multiple).

One of the largest tour operators emphasised the role of support in the relationship, linking it to motivation and 'reward system':

> In return for their commitment the agents will be given an extra target related bonus, that is the essence of the agreement and this is how the relationship starts. Then alongside that there are things like educationals, training packages, conference sponsorships, guarantees on brochure supplies, a whole range of standard support (a large tour operator).

The 'whole range of standard support' usually entailed three categories. There was support connected with products offered by a tour operator (brochures, educationals, training sessions); and support that focused on improving the relationship between an agent and a tour operator (information technology support and representatives' visits); finally support linked to boosting sales of a specific product (incentives, merchandisers).

Information about products

All tour operators, regardless of their size, offered information about products. The basic support created an essential part of the deal and took the form of brochures provided to a travel agent. One of the small independents noted that sometimes they got two different sets of information, but usually there was only one brochure designed for tourists. Therefore, some of the independents complained that 'the weight of brochures a small travel agency gets is absolutely enormous and the storage is difficult'. Some brochures were more popular amongst tourists than others. As the result independents would like to have more brochures of large tour operators, while these operators limited the numbers of brochures sent to the shops. There was a difference between an ordinary and a preferential agent, where the latter would be given more brochures and general support.

All respondents stated that knowledge about products shaped the relationship between travel agents and tour operators.

> Training enhances knowledge about products, thus has a direct impact on the relationship with a tour operator. When staff know more about products obviously these products will be pushed more often (an independent).

Training and educationals

Depending on the size of an actual company, there were different ways of improving employees' knowledge. Amongst them training sessions and study tours were the most popular.

> There is nothing better than first hand experience. Probably the best way of learning about the product is a study tour, but we get them only when we achieve a certain amount of business (an independent).

Small, independent retailers complained that educationals did not happen very often and tended to be offered by travel associations rather than tour operators. Large chains on the contrary did not have problems with getting hold of places on study tours organised and paid for by tour operators. While independents were complaining that support obtained from tour operators was usually limited to product advice and educationals, with the latter provided rather by trade organisations, the multiple chains had a wide range of training offered to their employees.

There were different ways of training, offered by tour operators and big chains as well. A large tour operator named the following types:

> It is Sales Executives' job to train and support shops. We have training visits from sales staff, who come here and look around. We have regional training sessions with one person out of the shop from each shopping region and train them on the specific products; we do also a national thing as we took the best staff to Paris for a weekend to launch our products for 1998. It can be also an evening promotion, and alongside the shops themselves do their own training for their staff as well (a large TO).

The big multiples argued that with the numbers of products, brochures and tour operators they offered, training must be a strategic and continuous process and as they were getting help from suppliers, it was much easier for them to organise training sessions:

> We have a lot of educationals, which we obtain from tour operators to see the destination. We do countless training sessions each week, briefing sessions, periodically as well: how to sell ancillaries like car parking, car hire, selling techniques, health and safety. A part of the normal Sales manager's job is training as well; it is a regular and on-going process. With 134 tour operators and 450 brochures it must be really. That is why Shop Sales Managers sell very little, their job is really a coaching job. We also support training for National Vocational Qualifications (NVQs) (a multiple chain).

Although training was based on elements coming from different suppliers, it was often packaged in-house. Chains controlled the courses and although suppliers were aware of these courses, they did not dictate the content of training as it was in other industries. The whole process of training was one of the major differences between the bigger retailers and the smaller agencies.

> The ideal training would be if the management would sit with the individual and determine what the needs were. Then individuals should work through the courses, prepared for them. By the time they would complete all of this, they would be fully trained and fully experienced. Every staff member has one of these booklets, and work at their own pace (a multiple).

A miniple confirmed that:

> Support is provided by various tour operators. Sometimes somebody comes to the agency and gives **training on the spot**, more often though the **self-study training packs** are sent to the agency. At the back of the folder there is an exam paper, which should be filled in and returned to the tour operator. Then a certificate of a finished training is given (a miniple).

In both cases there was a motivational reward linked to training, either as a prize for the best performing agency or as a personal fulfilment and satisfaction for those who finished individual training and got a certificate.

Miniples sent their staff on educationals or tried to be proactive and asked tour operators for organising training sessions.

In order to enhance staff awareness regarding products and services, we invite a tour operator once a month for **an informal training session**. This session takes place after working hours, usually it's a social event more than anything else. **The tour operator's representative** brings for example pizza for staff or soft drinks and talks about their products (a miniple).

Representatives' visits

According to one of the independent travel agents occasionally suppliers have so-called 'free agents', in other words 'agents who come round promoting companies, who might represent three different small companies, sometimes competitive, sometimes not'. A person might represent two specialist tour operators which would not be directly competitive, because they served different destinations, and the third which might be, for example, a car hire company. The nature of contacts between suppliers, including tour operators and retailers, has changed and tended to be highly computerised, especially with regard to large companies. Smaller agents found it really frustrating, as they claimed when a problem occurred sometimes 'trying to talk to the right person can be very difficult'.

Some of the small companies have very aggressive salespeople who are very keen to be around, they get to know people, they build a good rapport with the branch they visit and they are very welcome. It comes back to the personal relationship between the people who work in a branch and an individual sales rep, rather than which company they represent (a multiple TA).

Meetings with a tour representative improved a working relationship between staff in an agency and a tour operator:

The meetings with a tour rep are beneficial to us and them too, because I am sure the products we are told about are sold more often than those we know nothing about, or which are described in brochures only. If we don't understand something within a brochure or a tour operator wants to draw our attention to any of the details - this is a good opportunity for that (a miniple).

Not all of the miniples shared the same point of view. Factors other than training played a more important role in 'pushing' products:

Some, usually big and medium-size tour operators, provide training. They organise a seminar session for agency staff. Usually it is one day training connected with a specific geographical region. It definitely enhances the product knowledge of this specific tour operator, but it does not necessarily mean that the tour operator will be promoted or pushed to customers first. In our case **price is the most important factor**, we will push products suitable for clients with regard to price (a miniple).

An informal training session could improve the relationship between a travel agent and a tour operator, because of a contact between a tour operator's representative and a travel agent's staff.

Visits paid by representatives and information technology support were other factors affecting relationships in channels. It used to be the case industry-wide that there were lots of tour operators' sales forces visiting travel agents' shops and they used to visit all travel agents. It was no longer the case at the time of the interviews - the contacts between travel agents and tour operators had moved towards computerised links. Some of the multiples, which were usually vertically integrated with large tour operators, did not allow representatives to enter their outlets. The reps were only entitled to appointments with the head office. Others not only allowed representatives to visit, but even encouraged them to do so, but on the basis of a clear understanding that 'this is all about sharing information about how well we are performing, about new products and so on'.

IT support

Multiple chains expected that tour operators would provide them with a straightforward booking process, which in many cases was linked to computerised reservation systems. Tour operators paid for the cost of a network call, while agents paid for the terminal lines from a Viewdata supplier, for example Imminus (TTG 1998/2295), by which the agent indirectly supported a tour operator. Apart from that multiples often expected 'some mix sort of guarantees: how to deal with invoices and tickets, how to deal with customer complaints, and so on'.

Smaller agencies looked at the attitude of a tour operator towards a relationship and valued their flexibility in meeting customer's needs. They preferred to work with smaller, specialised, independent, niche-market tour operators as opposed to high street mass market tour operators, owners of multiple travel agencies. The latter 'expected us to do things for them: promote them at all costs, push their products to customers – at the same time they did not offer much in return', and thus were not perceived as 'good partners'.

> A good relationship usually means a really flexible partner, so that the tour operator is eager to change times and dates of the holidays, can add additional beds to a room, and so on. Flexibility should be connected not only with the product but also with the service. Most of the tour operators are contacted over the phone and this is only because the proprietor is not really confident in using computers. Most of tour operators are easily accessible over the phone, however, many of them have provided access through the Viewdata to their booking system (an independent).

Another independent agent pinpointed an impact of systems on relationships:

> Tour operators are contacted mainly over the phone, however in terms of the big operators, systems really have an impact on the relationship. For example I tried really hard to avoid booking Thomson's, because they had cut the basic commission to 7% as opposed to average 10%, so it is not very profitable for me. But at the same time Thomson's system is the quickest. When I have a client waiting in front of me, I am under time pressure. Then I don't want to, but I will use Thomson instead of First Choice or Sunworld, because I know they are the quickest to do the booking on-line. But it does not mean I agree with Thomson's preferred agent scheme or anything like that.

According to an independent agent, good relationships were established with tour operators who:

- Were easy to get through to,

  > There is no point really in trying to contact a tour operator who does not answer the phone or where lines are busy all the time. They have to be 'connectable', otherwise it is a waste of time for us (90% of the time we are happy if our call is being answered really).
  >
  > Larger tour operators are contacted through Viewdata systems. Only big tour operators can be contacted this way. Although around 50% of medium-size tour operators are using Viewdata as well, it is often easier to contact them directly. Most of the small ones we usually co-operate with do not use computerised systems anyway (an independent).

- Employed staff who were knowledgeable, helpful and quick in dealing with questions, problems, and inquiries.

Incentives and merchandisers

The process of providing travel agents with incentives was supposed to boost sales of products pre-packaged by tour operators. Similarly to other areas, there was a difference between small and large tour operators, as their financial resources were different. Small tour operators tended to offer incentives in the last minute as a "last resort" strategy when they could not see any other way of selling products and services:

> A lot of smaller tour operators than Thomson, who need to develop their business, are likely to come to you more often and try to give you incentives to sell their products, because they are probably themselves on the borderline: making money and not making money. ...The smaller tour operator is financially a problem market for the very same reason that a private travel agent is a problem market (an independent).

Large tour operators offered incentives on the basis of evaluation of travel agents' performance. The assessment undertaken by them used to lead to a categorisation of retailing shops / outlets, where the following characteristics were recognised by respondents as important:

- Level of experience, expertise and enthusiasm of staff employed by an agent,
- Evaluation of a shop's performance, based mainly on sales volume,
- Shop's potential.

> We have so called "no hope shops", which will never give you much of the business, so we service them on a low cost basis. We have got people who always are in the middle of the range or bad, who actually could be good shops, so called "potential shops" and we have got "good shops", which remain good. ... So we have something like categorisation of retailers, but if a shop in a C category according to sales levels has the potential to become an A shop, we will service it differently (a large TO).

Level of support and incentives in relationships between an agent and tour operators were listed in a form of commercial agreement, which large organisations again tended to have and signed more often than the smaller ones.

> These relationships will revolve around some form of commercial agreement or a business plan which will be negotiated and co-ordinated. It will go into details of further relationships, commercial terms, training, educationals, promotional activity, etc. and the National Account Manager will maintain this relationship (a large tour operator).

Large operators preferred to deal with chains, or as they called them retailers 'in control of the business'. They valued centralisation and gave more support to pre-categorised "supportive" outlets, as opposed to non-supportive outlets. They justified this approach by gaining economy of scale and a better outcome for the same money invested. An extra target-related bonus was offered for an agent commitment.

> When the retailer is in control of the business, we will establish the activity (for example promotions or advertising campaigns) with their head office for the whole retail network, while further down we would have to contact each retail outlet separately which is impossible (a large TO).

Merchandisers, once prevalent in the industry, were linked mainly to vertically integrated companies. This special type of sales representatives provided outlets with support of different kinds of promotion and managing a stock of brochures in various outlets. The merchandising role has less to do with constructive selling than with the organisation of existing promotional materials.

> On the promotional side we give them different support, in-store campaigns, we give them posters and materials they can use in their shops, we do local advertising for some shops, we do national advertising. We keep a database with our previous clients, they are selected from that database when we market a new product, we also advise them to keep in touch with a local branded shop. There is quite a lot of support on the marketing side for all the shops (a large tour operator).

Merchandiser, as representatives of a tour operator, influenced the management of agencies. That was recognised by some of the large chains. Their head offices did not appreciate that activity and stopped the visits:

> At some point the bigger and more powerful retailers recognised that in order to keep control from the centre they did not need too many people talking to shop managers and persuading them to sell this and that, so they abandoned Sales Reps visits in the local branches. Lunn Poly, Thomas Cook, AT Mays and Co-op Travelcare said "No merchandisers in our shops" and it is a part of a mature business really (a multiple TA).

Multiple agencies introduced procedures blocking tour operators' practices by which they tried to balance out the power of tour operators. In the result this type of support is nearly not available at all.

Table 6:6 Support obtained by the Polish and the British partners in the distribution channels

THE RANGE OF SUPPORT OBTAINABLE IN A CHANNEL	
British Voice	**Polish Voice**
▪ Information about products, brochures ▪ Training and 'educationals' ▪ Representatives' visits ▪ Information technology (IT) support ▪ Incentives and merchandisers	▪ Promotional materials ▪ Training ▪ Study tours, 'educationals' ▪ Other factors – 'Pull' factors – Horizontal integration – Electronic systems, strengthening the links between companies

The Polish voice on partners' support

The range of support obtained in the Polish tourism market was much smaller than it was the case in Britain. The Polish companies named the following as support practices: brochures, price lists, study-tours and training, finally advertising materials and maps. In Britain the same practices would constitute an essential part of the co-operation between companies, the information necessary in order to perform well. Elements of support strengthening the links between companies were listed as: electronic systems between companies, pulling clients to a specific agent by a tour operator; and a horizontal integration.

Travel companies acting as agents got more and more support as the situation in the market stabilised. However, when the interviews took place, quite a few of the smaller, new travel companies, acting usually as travel agents and tour operators, mentioned that they did not get brochures as supporting materials which could be given out to tourists, as it was the case in Britain. A common practice was to get one or two brochures, used only by agency staff as a manual, while instructing potential tourists about the holidays, tours or other products. Thus a large number of brochures obtained from a channel partner was appreciated.

Promotional materials

Promotional materials received by travel companies came mainly from Western partners (German tour operators, Greek travel agents and tour operators, public sector tourism bodies). Most of the small companies did not get much of that type of support, only those agents who acted on behalf of Western partners or the largest Polish tour operators felt supported in this way.

> We are mainly an agent for German tour operators. We get promotional materials all the time. We get huge numbers of brochures, posters and leaflets published by tour operators, with their logo and design, we can get neon lights and office equipment as well, but we don't use it. Tour operators support us, give us promotional materials and their advice, when we need it, but we pay for our training, because we invest in ourselves at the same time and gain the knowledge and skills necessary to develop (a new travel agent).

Training

Training organised in-house was available only in old, large organisations. Quite often it was based on training sessions organised by Western operators, for example Jagiellonia, a new travel agent, used training systems originated at Neckermann (Germany). It was usually paid for by the head office, the participants bore minimum costs.

Smaller companies took part in training sessions, advertised mainly by tourism associations and organisations. These sessions were offered by other agents and sold by them, rather than freely given as a supportive practice. On the micro scale training was treated by travel businesses as a commercial, income - generating activity, not a supportive practice.

Just like in British companies, in-house training in Poland was less frequently found in smaller companies. However, much use was made of informal training, large partners' employees (reps) were invited frequently to explain new systems, destinations, special offers to small companies' staff.

Study tours

Mainly Western partners offered study tours for travel companies in Poland.

> We get information about so called "study tours" and a possibility of participating, but it happens usually abroad, very rarely in Poland (a small TA/TO)
>
> If we are interested in an offer from abroad then we have the possibility of going for a study tour in order to see the accommodation in different destinations in Turkey, Germany or Spain. But it all comes from the Western tour operators and we have to pay only for transport to the destination. When a study tour is organised by a Polish tour operator, then we have to pay for everything (a new travel agent).

Study tours, similarly to training, started to be treated as a possibility of selling a trip in the last minute, especially between smaller travel companies:

> So called "study tours" are fashionable now. They are usually organised when a supplier is not able to sell his product on the market. Then he decides to sell it as a kind of a study tour, half-priced, and sends his half-priced offer to other travel agencies. According to me a real study tour should be organised by a tour operator, at his expense in total or offered with a big discount. Our study tours are exactly the same as holidays trips, no special educational programme is included, the only one difference is in price and in the way the thing is offered - it is not offered for an open public, but just for travel trade (a new travel agent / tour operator).

Other factors

Some of the old and new travel companies tried to avoid geographical competition between their agents. In order to support geographical exclusivity of agents these operators tried to implement a 'pull factor' strategy, whereby the person who contacted a tour operator, but lived in a different region, was given the address of a nearest agent of that tour operator and was advised to complete the booking procedure there. This indicated that the competition on the Polish market was less severe than in Britain, where the point was not to let the potential customer leave a travel agency empty-handed, because it was very easy for him to end up in a competitive outlet and finalise the purchase there. Also, products in Poland are not available throughout the country.

Older companies usually had outlets located in larger cities in Poland. The level of horizontal integration between them tended to be higher than between independents. Some of those companies claimed that this was a kind of support already, because 'being a part of the bigger organisation helps'. One of the companies claimed that outlets worked in a similar way to a consortium, which gave them competitive advantage over other businesses. In Britain this type of relationship would not be considered as a support between tour operators and agents, but as companies in Poland deal often as both travel agents and tour operators, support between outlets of the same organisation could be considered as supportive towards channel partners. One outlet could sell the products and services packaged by another outlet of the same company, which to some extent was similar to channels of distribution for hotel chains, where one hotel could be a channel for another one.

Many companies in Poland dealt not only with tourism. Some of them tried to use their expertise in other fields in order to strengthen the links between agents and operators in the tourism field. For some companies it was easier, especially when their additional activity revolved around computers, information technology, electronic systems, etc.

> We co-operate with independent travel agents and use electronic systems as a means for creating a stronger link between agents and ourselves. All of our agents are equipped with customer service software for free. That enhances their loyalty for us and reduces customers' ability to switch to other operators (a new travel agent / tour operator).

The company used its expertise and referent power base to secure its position in the channel and create loyalty and bonding between its partners in the channel by providing IT support.

Similarities and differences between support categories in Britain and Poland

Although training and educationals, as connected with products, were more often organised by tour operators than travel agents, the scale of support in Britain depended not on whether the company was a travel agent or a tour operator, but rather on its size. Larger organisations have a range of support categories made available for them, while smaller companies had to look for support, if they needed it.

In Britain support was often negotiated or granted on the basis of the performance achieved by travel companies. Therefore it was connected with the monitoring of performance, which identified a need for specific type of support. 'Standard support' entailed three categories: support connected with a tour operator's products, support directed at an improvement of the relationship between a travel agent and a tour operator (usually IT support and representatives' visits), and support boosting sales of a specific product.

There is a strengthening tendency for companies of the same size to offer support of similar types at similar levels. This is to be expected in a market in which normal competition takes place, and in which managers move from one company to another.

In Poland the range of support was much narrower and included mainly promotional materials, training, study tours and other factors. In many cases from the British perspective essentials like brochures were perceived as valuable support rather than normal practice. The Polish agents observed growing demand for some of the categories of support and therefore treated them as potential products. They sold 'study tours' or prepared and offered training sessions as an additional product on offer.

6.3 Review stage of the relationship development process

It was assumed that the processes of evaluation and support taking place in the implementation stage would have a strong bearing upon the review process. Assessment of relationships, if in place, would be directly linked to an evaluation process. The level of satisfaction derived from co-operation between channel members should be linked to the level of support and communication between partnering companies. There was a difference as to which variables affected the review stage in both countries. However, if the review was positive, then the relationships were carried on. When the review was negative – it led to a stagnant level of co-operation in both countries. The most extreme outcome of the review stage was the termination of relationships.

6.3.1 Termination of the relationship with tourism channel partners

Termination of a relationship proved to be a difficult topic to discuss with the respondents. Neither operators nor agents wanted to list the reasons for terminating the relationships in detail. The open-ended responses in questionnaires yielded more results than the interviews. The interviewees were reluctant to reveal any commercially sensitive information and therefore were reluctant to talk about the subject. Firstly, the analysis of travel agents and tour operators' perspectives on termination is shown and then the country specific approaches are detailed.

Travel agents' perspective on the termination of a relationship

The reasons given by agents from both countries were very similar. Where the difference appeared, it was usually development-specific. The common reasons are summarised first and put into groups, then the differences between the Polish and British agents are shown.

There were six groups of reasons, where the first five were prevalent in both countries, while the sixth tended to be country-specific.

1. Poor standard of a tour operator's services and products resulting in
   - poor levels of sales of a tour operator's products, usually connected with
   - unreliable offer and customer service, causing
     - customer complaints and
     - no extension of the agreement between a travel agent and a tour operator.
2. Poor standard of relationship, usually assessed on the basis of:
   - inefficient flow of information / communication between companies (the Polish retailers specified these as lack of contact with a tour operator, last-minute cancellations of holidays, problems with documents and invoicing)
   - lack of space for brochures with low conversion into sales
   - poor financial terms (the Polish retailers mentioned delayed commission payments, change of financial agreements, changeable prices of products).
3. Opening a competitive level in the current channels of distribution and selling products directly to tourists.

Offering concessions and incentives to ultimate clients directly by a tour operator was perceived as breaking the contract, because the clients were taken away from agents. The Polish retailers referred to it as "stealing" clients.

4. Liquidation of a tour operator / bankruptcy / suspended activity
   - a passive role of a tour operator as "tour operators have gone into receivership" (no active support; difficult financial position of a tour operator)
5. A tour operator stopped being an ABTA member in Britain or was disqualified from the Polish Chamber of Tourism (PIT) in Poland.

While the first five reasons led to the termination of the relationship in both countries, the sixth one was country-specific. Mergers, acquisitions and take-overs have been mentioned only in Britain as the reason for terminating a relationship when a tour operator was bought by another one whose strategy was quite different to the first one. Competition was a reason stated only in Poland as a better offer from a different tour operator stopped the relationship with the first one.

Tour operators' perspective on reasons for the termination of a relationship

Only a few companies in Britain gave reasons for terminating the relationship and quite often it was not really "termination" but as they claimed, "less involvement" or "mutual decision" regarding the demise of the relationship. Thus the co-operation and lack of mutual 'anger' was stressed by the British tour operators. The mutual decisions regarded supplying and stocking brochures, which were effectively one of the most popular source of information about products; thus termination in delivery of brochures resulted in termination of the relationship. In some cases the termination of delivery was itself the only sign – or the major sign – of the termination of the relationship. Little else was said or written, but when the brochures stopped, no more of the products were sold.

In other cases the tour operator changed the strategy and decided to become less involved with the multiples; however, again it was not referred to as a termination. Only when agents restricted sales of tour operators' products, were found to be unprofessional, or did not pay for sold holidays – was the termination immediate. It was stressed, however, that this happened extremely rarely.

Polish tour operators were more reluctant than agents to terminate the relationship with their agents, but it happened and again the reasons could be grouped into the following categories:

- delayed payments / lack of payments / financial problems (14/33)
- lack of sales of a tour operator's products (6/33)
- poor quality of travel agents' services (lack of expertise, lack of proper communication between an agent and customers, especially about products) (10/33)
- lack of trust towards travel agents (a case in court against the agent, rumours about financial instability of an agent) (3/33)
- suspended activity / bankruptcy of an agent (1/33).

The British voice on termination

Causes of termination given by the British companies revolved around performance indicators, technical compatibility or a strategic decision on restructuring a chain of supply, usually made by a tour operator.

Performance indicators

Relationships were valued in Britain. When the co-operation started, the companies established their own 'code of conduct' and set limits which preferably should not be reached in the exchange process:

> A tour operator is allowed to 'mess a client' once a year only. Then, if the right booking conditions are not sustained and the tour operator is not interested in negotiating the deal, it'll go to the informal, black or grey list of not-so-reliable suppliers (an independent).
>
> Obviously, there is something like 'a black list of suppliers', but this is a very informal list. Each of us creates his or her own list in the staff heads more than as an office procedure (an independent).

Even if a tour operator initially failed expectations of a company or customers, the termination of the relationship did not happen immediately. Firstly, negotiations took place and only in case of a complete lack of improvement the relationship was finally terminated.

As the result of reaching the limit of unreliability, a list of suppliers not improving their standards was created in an informal way, which might affect the initiation process in the future. Agents or tour operators would not be willing to co-operate in the future with companies, which were marked once as 'not good enough' and 'not meeting the required standards'.

> The most important factors for us are customer service, attitude towards us and the ultimate client and the number of complaints from customers. There are suppliers who failed customers and our expectations so many times that we stopped dealing with them. There was no other way, because the negotiations did not bring anything new (a miniple).

One large chain claimed that they 'never had anybody terminate the relationship on the basis of the evaluation of performance', mainly due to their careful selection of service providers:

> Because we are fairly selective and we have a big basket of tour operators it doesn't come to the point where we actually terminate relations with them ... The relationship was always strong enough for us to solve any problems. An example could be the situation from a few years ago: when Intasun (ILG) collapsed there was a particular tour operator who re-booked a lot of their passengers. There was a chance to expand their business, but they were not able to keep up with their customer relations department, ticketing and invoicing departments and they got very much behind and of course the service they were providing was extremely bad. We gave them a number of our staff for the customer service and administration departments who helped them to resolve their problems and get them back on to the level we were happy with. We feel it is better to work with people and help them to come through difficult times, rather than say: you have a problem, we will leave you alone - sink on your own. We want long-term relationships; we want to be dealing with our customers year after year after year. If we fall out of a tour operator there is a danger that we fall out of our customer, so we want to work together. The value of a customer is of the lifetime value, not in the value of booking. The cost of getting new business is far more expensive than cost of hanging on the existing business (a multiple chain).

This example of a relationship was a kind of informal vertical integration, where a tour operator and a travel agency, although they were separate business entities, actually were acting in a co-operative manner as if they had been part of the same group. Although the process turned out to be beneficial for both sides in the channel, it happened only amongst large travel companies. It could not happen when the 'donor' company was too small to have a reserve of human resources.

Technical compatibility

One of the reasons for terminating a relationship was linked to technical compatibility of systems between agents and operators. A large tour operator admitted that although there were still products booked over the phone (like city breaks), the retailers should have been equipped with a compatible computer system if they wanted to deal with that specific tour operator. Otherwise the agreement between the companies would not be signed by the tour operator. Notwithstanding, the statement was not confirmed by agents, as some of them admitted they had had an agreement with that tour operators, despite the fact that their system was not compatible with theirs.

Strategic decision restructuring the distribution process

Groups of tour operators provided examples showing the other two groups of causes for termination of relationships in Britain. These reasons were more structural or strategic than tactical. Each company should have a strategy for their business. Some of the strategic decisions undertaken by tour operators regarded distribution of their products, which affected the channel relationships. As a result of those decisions some operators terminated their relationships with agents and that was reported both by large and small operators.

One of the small operators claimed that it had used travel agents in the past, but stopped for two reasons: firstly, travel agents were inefficient and not proactive; and secondly, an additional link in the channel was inevitably connected with a lower quality of service. Instead they preferred to contact potential clients directly and noticed the following benefits:

1. No commission had to be paid, so the money was saved.
2. The business was under closer control; if a client was not satisfied with a service, they knew that they were to blame.
3. The brochure was sent directly to a client. If a client was interested, he or she would get in touch with the company (a small specialist tour operator).

A large tour operator said that they 'discarded retailers in the 1980s as the matter of policy', because they found that in-house vertically integrated agencies had been more cost effective and sufficient for their needs, so the vertical integration was an issue affecting the external channel relationships.

The Polish voice on termination

The Polish reasons for the termination of a relationship seemed to be threefold. The most obvious reason for the termination of a relationship in Poland was when a company, either a tour operator or an agent, went bankrupt or was liquidated. When a travel agent started to have financial difficulties and no payment was received for services rendered, than the relationship was terminated, too. The remaining reasons, mentioned by travel companies during the interviews, tied together an evaluation performed in the implementation stage and the criteria from an agreement between companies. If the established thresholds of sales had not been achieved than the contract was not renewed for the next season.

> If the company does not achieve the necessary level of sales the contract is terminated (a niche market tour operator).
>
> In the agreement there is rarely a statement about the cases in which the co-operation between a travel agent and a tour operator will be terminated, but it seems to be obvious for everybody in the business that when sales are too small the co-operation will be discontinued (a new TA/TO).
>
> When the retailer hasn't sold anything for two seasons, its agreement can be cancelled (a new TA/TO).

Summary of similarities and differences for termination of relationships

Table 6.7 Reasons for a termination of a relationship

REASONS FOR TERMINATION OF THE RELATIONSHIP WITH TOURISM CHANNEL PARTNERS (review stage)	
British Voice	**Polish Voice**
▪ Performance indicators	▪ Bankruptcy, liquidation of a company
▪ Technical compatibility	▪ Established thresholds of sales not achieved
▪ Restructuring a chain of supply	▪ No payment received for services rendered
▪ No longer a member of tourism association	▪ Better offer elsewhere (competition)

Although the groups of reasons were similar to some extent, the number of cases and the 'strength' of reasons were different in Poland and Britain. For example liquidations happened more often in Poland, thus this reason was mentioned more frequently there. Terms of trade (commercially sensitive and confidential) seemed to be similar between various travel companies. Giving as an example commission levels, these were similar regardless of the type / size of a tour operator or travel agent, so they did not affect the relationship, although they were mentioned by a few agents. It was only in Poland that competition, and the probability of getting a better service / offer / product elsewhere, caused termination of a current relationship with a tour operator. This was a surprising factor taking into consideration the relative underdevelopment of the tour operation sector. The British tour operators, being in the maturing phase of their development cycle (Evans and Stabler 1995), did not get involved in 'price wars' amongst each other, which might happen in Poland in the future.

Chapter 7

Comparing Relationships: Discussion on Tourism Distribution Channels

7.1 Content of the study

The literature review (chapter 2) revealed the need for research into distribution channels in different countries, but in the same market. Tourism which stimulates the development in less-developed countries (Przeclawski 1994, Bachvarov 1997, Akehurst 1998) was selected as the area for research. The evolution of channel relationships in Britain and Poland was investigated in three stages: initiation, implementation and review, following the Kale and McIntyre (1991) and Crotts *et al.* (1998) models.

Detailed understanding of the structure of tourism channels was needed in order to establish relevant population sizes of groups of channel players in both countries. The overview of distribution channels in Poland and Britain based on secondary research was shown in chapter 3. It was recognised that historical, political and economic backgrounds, as well as demand and supply, impact in different ways upon the structure of channels in each country. Following that recognition the methodology was designed and presented in chapter 4. The exploratory study was based on initial interviews, and a set of propositions was put forward, which gave an insight into travel agents' and operators' attitudes towards channel relationships. The main fieldwork consisted of a survey with questionnaires, analysed in chapter 5. The results from the quantitative research are augmented by outcomes from in-depth interviews (covered in chapter 6).

Further investigation into the travel agent - tour operator relationships in Britain and Poland takes place in this chapter. Results from previous chapters are triangulated with the issues raised in the review of literature. The outcomes of the empirical primary research are discussed with the view to assessing likely courses of development in Poland. Conclusions and recommendation follow.

7.2 Purpose of this discussion and chapter layout

The aim of this discussion is to show clearly the link between the results obtained from the empirical research (reported in chapters 5 and 6) and the literature on distribution channels (chapter 2) as well as secondary research results (chapter 3). In order to discern the variations in the fieldwork from results obtained by other researchers, which contribute to current knowledge, the discussion is based around research objectives in the following order:

Channel relationships development process guides the discussion, giving the possibility of applying the general channel theories to tourism distribution channels by investigating economic and behavioural concepts which affect each of the three stages in Britain and Poland. This development process is closely related to organisational patterns employed in tourism marketing channels. Therefore, the channel structure in terms of groups, characteristics and trends is compared in Poland and in Britain. The rates of change in the numbers of travel companies in the British and Polish markets are established as a means of assessing the external impact of environmental changes on the structure of distribution channels. Methods of selection of channel partners applied in the UK and in Poland are presented next, with the emphasis placed on variation in selection procedures between Britain and Poland. Support in the channels has been recognised as a non-coercive source of power, which can raise satisfaction levels (Wilemon 1972). Main methods of co-operation and support between channel members in tourism, which have an impact on the level of satisfaction of channel players, revolve around training provided in channels and around flow of information. Methods of assessment of channel performance used in both countries are presented further. Two main factors of focus here are criteria for evaluation of performance and approaches to agreements, demonstrated by channel members in both countries, only in Britain or only in Poland. Finally, tourism associations and organisations play an important role in channels as a support network. Their impact on distribution of tourism products and the extent to which these organisations are able to alter channel relations are assessed in both markets. Other issues help to distinguish the most powerful channel members, to identify economic, political and financial factors which influence the channel structure and analyse the aforementioned factors in each country, linking them to the contextual differences in the two nations' travel service structures.

7.3 Theoretical aspects in tourism distribution channels

7.3.1 Tourism distribution in Britain

Trends in the development of tourism channels in Britain have led to the situation where a clear distinction exists between different players, including principals, travel agents, tour operators and tour organisers. Their roles and responsibilities were created in an evolutionary process and are regulated by travel associations and European legislation. Relatively high levels of consolidation can be found between channel members. In terms of diversification different kinds of integration can be found, but even integrated companies mostly specialise in tourism activities.

7.3.2 Tourism distribution in Poland

Before 1989 the tourism market in Poland was a typical example of a seller's market, with only a few companies in the country delivering tourism products and services. The need for foreign travel may have been large, but was not transformed into demand. The changes in the economy after 1989/ 1990 affected the tourism channels; the main implications were that tourism businesses started to operate in the buyer's market. Some of the new companies applied their practices to the new situation and became competitors for the old, state-owned travel businesses, which often were not able to change their inflexible management practices.

The years of the seller's market and the development of mainly domestic tourism placed most of the power and control in the channel relationships into the hands of a the group of principals (similar to suppliers / manufacturers, which is in line with Wilkinson 1974). Principals were able to dictate the conditions of the agreements between themselves and any intermediaries, because intermediaries needed suppliers more than the other way round. As the relationship between demand and supply changed in the buyer's market, factors influencing the control of one group of channel players by the other also changed. Western companies entered the Polish market with new products and a new management style. Polish tourism channels developed partly due to Western tour operators selling directly in the Polish market, Western companies owning Polish travel companies, and finally because of Western tour operators dealing with Polish travel agents and introducing Western trading practices.

7.4 Tour operators – travel agents relationships

Relationship development is a process in which buyers and sellers move from discrete transactions to a relationship characterised by interdependence and commitment (Crotts and Wilson 1995, Crotts *et al.* 1998). Kale and McIntyre (1991) postulate three interfirm channel interaction processes: the initiation process, where firms begin channel relationships with other firms; the implementation process, where firms manage on-going channel relationships and the review process, where managers in firms evaluate the benefits of the relationship versus the costs incurred in maintaining it. In each of the phases different aspects of channel theory play an important part. It was important to find out the differences between the processes in retailing of tangible goods and tourism, and then the differences between tourism channel relationships in Britain and Poland.

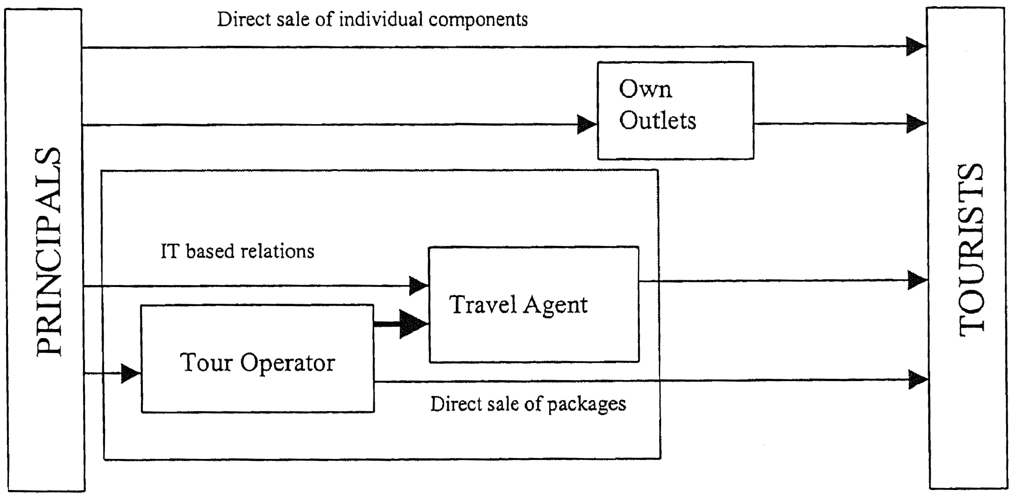
7.4.1 Nature of activities performed by travel agents and tour operators in Britain and Poland

The distinction between different levels of the distribution channels is not as clear-cut in Poland as it is in Britain. For example, the distinction between incoming and outgoing agencies in the Polish travel trade was as unclear as the distinction between travel agents and tour operators. In Britain agencies either catered for the needs of incoming or outgoing markets; but there are many more outbound than incoming tourism specialists.

Travel agents and tour operators

There is some ambiguity in the definition of a tour operator (as noted in chapter 2). A tour operator creates package arrangements for its customers. It is also an organisation which purchases travel seats and accommodation, thereby acquiring a risk. There is a difference between Polish and British practices amongst small travel companies. Small travel agents in Britain sometimes act as tour organisers, although they do not regard themselves primarily as tour operators. The Polish ones usually bear the risk when they buy 'places' or rooms from the principals, whilst the English usually do not as this is done by tour operators. However, whilst it is not significant from the customer point of view, it is significant from a business perspective. Polish businesses buy rooms from suppliers, while the British agents sell places, packaged by tour operators. Companies in Poland deal mainly with principals, while in Britain the agents deal mainly with tour operators.

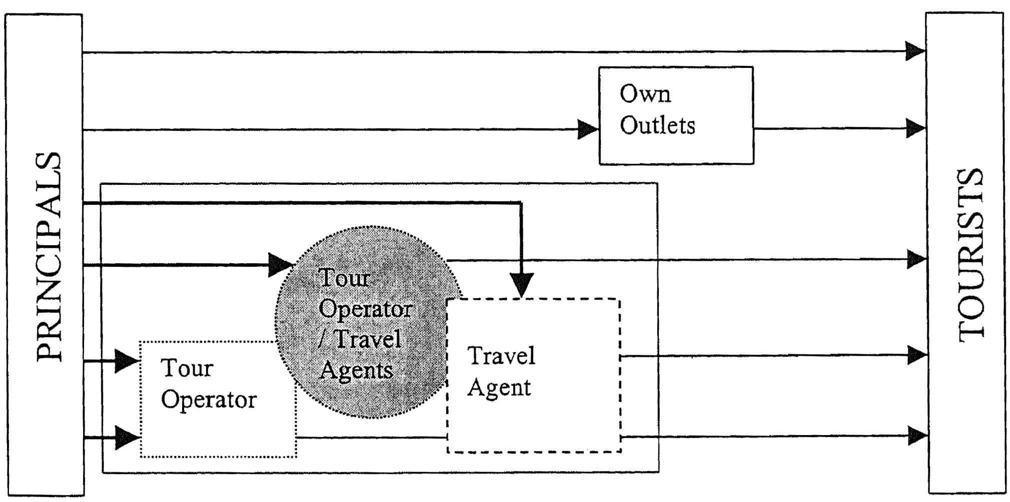
Figure 7.1 Channel relationships in Britain



The distinction between travel agents and tour operators is not clear in Poland. Companies usually act as tour operators by preparing their own travel products and reselling them to other travel agencies and at the same time as travel agents, when they sell them to ultimate customers alongside with products from other sources. Defining these companies as travel agents or tour operators is dependent on the percentage of sale made directly to customers in comparison with the percentage gained through the network of other channel players.

There are some businesses that call themselves travel agents and tour operators at the same time. They form the largest group in the market in terms of the number of businesses. Their chosen designation could undergo legally enforced change. Soon they will have to decide whether they are the retailers or organisers of tourism products and services in the light of new tourism legislation, otherwise they will need two licences instead of one (Check your travel company – Dziennik Polski 2001). If that is going to happen, the distinction between the two sectors will appear in the Polish market as well. The main differences in the structure of the tourism channels between Britain and Poland are presented in figures 7.1 above and 7.2 below. The boundaries between companies in Poland are vague and the links between principals and travel businesses are stronger than between travel intermediaries. In Britain the distinction between travel companies is easier to be made and the relationships between them are more effective.

Figure 7.2 Channel relationships in Poland



Incoming and outgoing agents

In the Polish questionnaire the finding related to local products (reported in chapter 5) may indicate that the distinction between incoming and outgoing agencies in the Polish travel trade is as unclear as the distinction between travel agents and tour operators. In Britain agencies either cater for the needs of incoming or outgoing markets, but rather tend to concentrate on outbound tourism. In Poland agencies tend to diversify their activities as much as possible.

Buhalis' (1995: 74) division of travel agents into two separate groups within a channel (incoming and outgoing) seems to be interesting from the tourism standpoint and misleading from the channel theory standpoint at the same time. The normal structure, customer - retailer - wholesaler - supplier is changed into: tourist - outgoing travel agency - tour operator - incoming travel agent - principal, which includes two different intermediaries. The outgoing travel agents deal directly with tourists, while the other group creates values for suppliers and tour operators more than anybody else, thus they are not the link between a destination and a tourist any more. The division of travel agents for outgoing and incoming is not extensive, as it does not include the third group of internal travel agents:

- incoming travel agents - organise holidays for foreigners in the destination area;
- outgoing travel agents – sell holidays taking place outside the country for the people, who live in that country
- internal (domestic) travel agents - organise holidays for citizens in their own country.

Incoming agents act in general as an arm of tour operators and some sort of consolidator of the rooms offered in accommodation establishments. Their role is quite important only when smaller and medium sized tour operators are taken into consideration. Larger tour operators prefer to deal directly with the sector of suppliers, thus leaving the incoming travel agents out of the channel.

If the British market is taken into consideration as an example of the 'originators' area for the Polish tourism, although ITA/ITO are recommended by the Polish National Tourist Office to the British tour operators which create packages to Poland, they are actually implemented on a very small scale. 5-6 agencies are recommended (only those who promote themselves in the British market) and they are used mainly by smaller tour operators, while larger ones (Thomson, Airtours) deal directly via their own representative arms with the Polish suppliers of accommodation and transport services. Thomson included Poland as a winter destination in 1997 for the first time. These packages were offered mainly for British customers and sold in Britain. It was cheaper for Thomson to organise tours using their own resources, rather than using relatively inefficient Polish intermediaries.

In the case of the outbound operator Airtours, their Scandinavian subsidiary offers package holidays for Poles. Airtours' Scandinavian Leisure Group runs the Polish business via its direct-sell brand, Ving. Airtours decided to sell direct despite a network of 3500 travel agents in Poland (TTG 1997/2287). No matter whether inbound or outbound tours were offered, neither of the large tour operators used Polish intermediaries.

Some of the general aspects of distribution theory were applicable directly to tourism and some, as it was established, were not yet used in tourism. For example evaluation of performance, suppliers' control over training processes, composition of contracts and agreements by more powerful members, all happen in the retailing of goods, but not so often in tourism. Some of these practices were noted during empirical research in tourism channels in Britain, although still in an underdeveloped form compared to retail of tangible products. There was no sign of these practices at that time (1997-1999) in Poland, although Polish companies felt that monitoring of different processes should be performed.

7.5 Organisational patterns in tourism marketing channels

Stern and El-Ansary (1993: 325-330) (also Fill 1995, Stern *et al.* 1996) have divided organisational patterns in marketing channels into two main groups: a group of conventional marketing channels and a group of vertically integrated marketing channels. Co-ordination in conventional channels is achieved primarily through bargaining and negotiations where the companies rely heavily on unrestricted open-market forces, especially price mechanisms. Because of these characteristics the channels may run into severe problems, connected with a high degree of uncertainty facing the members due to environmental changes. These might be new regulations, shortages, slow growth, competition from other channels and technological breakthroughs. None of the companies in the conventional channels is able to provide leadership, which increases the reliance on open market forces (Etgar 1977, 1978, 1979, Wilkinson 1974).

The data obtained (regarding the number of outlets of travel agents) confirm the propositions that the structure of travel agents (expressed as groups of agents) is similar in both countries and the distribution of outlets amongst travel businesses can be assumed as similar. The structure of travel agents in both countries, i.e. the number of outlets, allows classification into three groups – large companies, middle range companies and small companies, although the scale in absolute numbers of businesses / outlets is different in the two countries (details in chapters 3 and 5).

Although the structure can be assumed to be similar, the organisation of channels differs between the two countries. While in England channels of distribution are integrated, the Polish organisational structure may be described as conventional marketing channels. Similarities and differences are noted in the section below.

7.5.1 Diversification

After comparing the channel relationships in the two tourism markets in the initial stages of the research a set of propositions was put forward. These propositions (printed in *italics*) are revisited from this point onwards in the discussion. Some of them regarded the level of integration in both markets.

Basic vertical integration between the activities of retailers and suppliers of tourism product and services is more commonly found in Poland at the local, single-business level than in Britain. A higher proportion of Polish travel agents' businesses than in Britain is in the company's own products, connected not only with tourism.

In Britain the structure is much more diverse and the level of vertical and horizontal integration is higher in terms of the country as a whole unit. The largest tour operator in the British market depicts one of the elements of the leading example of vertical integration, where the airline (Britannia), tour operation (Thomson Holidays) and retail chain (Lunn Poly) as well as accommodation establishments are in the same business entity. All the largest players, at different levels in the distribution system (especially tour operators and travel agents), are linked with others in a hard or soft vertical integration. The smaller, independent travel companies work together in associations, which are an example of horizontal integration. This enables them to prevail on the market and get better deals from their channel players.

Although the largest Polish travel company, Orbis, is also integrated both horizontally and vertically, it does not create the channel with airlines, but rather with coach companies. The results from the questionnaires showed that when transport and tourism companies were integrated, these were usually coach companies in Poland and airlines with large tour operators in Britain. The buying power of Polish customers is low, airline tickets are expensive, charter flights from Poland are provided only by the Polish national carrier LOT, so the prices are not competitive. Smaller companies try to control the process of delivery of products and services by owning and using coaches (details in chapter 5), because they do not want to share their profits with other companies. The industry is not yet at the stage where they can benefit from synergistic effects.

The pattern of business activities of Polish tour operators and travel agents is more diverse both within and outside the travel industry than in the UK. After 1989 a lot of small, private companies emerged in the Polish market. The description of their activities, given to the local authorities while opening the enterprise, was often very diverse in their nature.

Vertical integration (percentages of 'integrated' respondents) and types of products on offer were discussed in chapter 5 and contractual nuances were covered in chapter 6. The results showed that it was not unlikely that a company was a manufacturer of shoes or a flower shop and provider of tourism services at the same time. Many businesses went bankrupt during the first few months of operation. Those companies which survived became more reliable for other market players and customers, although the number of companies that do not specialise only in tourism remains quite high. The results of primary research confirmed that notion, as 37% of companies in Poland were involved in various types of business activities as opposed to 18% in Britain. Additional activities performed by the Polish travel companies were divided into those related to tourism (mainly small-scale vertical integration), non-tourism support services linked to tourism needs and non-tourism activities (details provided in chapter 5).

The diversity of business in Poland may cause strengthening of the power of business unit, but does not increase the power in the tourism channel. These "agents" might be more secure in their own business; by diversity of activities they keep the risk at the lower level, but at the same time there is a trade-off. Other companies within a tourism chain do not perceive them as good and reliable partners, because they do not specialise in tourism.

Diversification of travel agents in Britain revolved mainly around vertical and horizontal integration. The British counterparts concentrated more on pure travel retailer activities and relied on outsourcing to a higher degree than was customary in Poland, because the demand for tourism products and services was sufficiently high to do so. When companies in Poland dealt with non-core activities on their own, specialisation and subcontracting non-core activities (outsourcing) was more common in Britain.

The difference between both countries in the approach towards 'diversification' lies in the attitude of travel agents and tour operators towards 'other activities'. If travel retail activities in Britain are diversified, than that extension is usually tourism-based. Diversification in Poland is broader. Tour operators in Poland tend to concentrate more on their own business compared to other groups of travel companies, while in Britain the smaller tour operators diversify their tourism-based activities. The reasons behind that might be twofold:

1. There is, as noted, a far smaller proportion of 'pure' tour operators in Poland, so the level of business might be sufficient for them, and diversified travel agents and mixed TA/TOs are much more prominent than in the UK.
2. A high proportion of the tour operators who answered the questions in Britain were small-size, niche-market ones. In order to secure their presence in the market they diversify their activities, but their diversification is of limited scope, in that most deal with tourism-related activities.

Retail package holiday sales in Britain show a much greater market domination by a smaller number of nation-wide multiples than in Poland, in which a higher proportion of retail sales is attributable to small independents.

The data obtained in the research process did not support this proposition. Shares of retail sales are either unknown or treated by businesses as highly confidential. There was only one remark in the secondary sources, relating to the share of the main Polish travel company, Orbis, in the air package tour market, but the percentage given there was not confirmed even by the company during the interview.

The remaining differences between the two markets in terms of their organisational structure and diversification were also revealed in the research process. It was not surprising that the Polish companies were much younger than the British counterparts. Similarly, the British companies were larger than Polish. It was expected and confirmed that, on average, more people were employed in the British companies, they served more customers and co-operated with more channel partners than it was customary in Poland. For example, numbers of tour operators in co-operation differed between countries. Most companies in Poland dealt with 20-30 tour operators at any time, although circa 10 of those were considered as 'most popular'. Polish terms of reference were worth noting: people did not talk about most effective, efficient partner, but rather referred to them as most 'popular', showing the importance of social bonds between companies. The average number of co-operating tour operators in Britain varied from 50 to 100. The reasons behind it where that:

1. There were more tour operators in Britain than in Poland,
2. The relationships have been shaped for a longer period of time in Britain than in Poland,
3. The flow of information was easier to manage in Britain due to higher coverage of new IT systems than in Poland,
4. The volume of business conducted per outlet was greater in Britain than in Poland, it was therefore reasonable to expect a somewhat higher diversity in customer preferences.

Other differences between travel agents and tour operators were connected with the nature of their responsibilities and have already been covered in the preceding section of the discussion.

7.6 Methods of selection of channel partners in Britain and in Poland

7.6.1 Selection process

The question of who starts the process of selection of a channel partner: a tour operator or an agent is interesting in estimating members' power. The answer would provide an insight into the balance of power and dependency in the tourism channel. There is, however, no straightforward answer to the question (as detailed in chapter 6) as the selection process is very much dependent on a specific situation and existing requirements (Doswell 1997). Therefore, the emphasis was placed upon the characteristics of the most desired channel partner, rather than who actually starts the selection process.

Selection criteria differ between countries. The list of factors was derived from relevant research. Coulson-Thomas (1992) listed company strategy, market, products, costs involved; Stern *et al.* (1996) looked at performance satisfaction, trust, reputation and comparative level of alternatives. Petit - Rafer (1996) and Buhalis (1995) used product quality, staff expertise, quality of a working relationship, terms of payment, commission and long co-operation. Initial interviews revealed the following criteria: reliability of a company, recommendation of a company by other agents / operators, dealing with complaints, recommendation of a company by clients; location and number of outlets of an agent, reliability of its performance and promptness of payment.

One of the propositions in this research suggested that *tour operators and retailers in Britain both select their channel partners according to well-understood but not necessarily written criteria; amongst these are turnover and ultimate customers' perception of the quality of products. Financial status of a channel partner is one of the selection factors in both countries. Selection of* *retailers by suppliers and suppliers by retailers in Poland lacks the formal procedures of Britain equivalent.*

A few British companies claimed that there was no standardised selection procedure in place, but the number of Polish companies stating the same was much higher. Neither customers nor products were mentioned in the interviews by Polish channel players as important factors influencing the selection process of channel partners, which probably will change when more Western companies appear in the market. This finding was inconsistent with the questionnaire results, where quality of a product and service was ranked highly. It is likely that the Polish channel members are aware of the importance of the customer base and of product and service quality; they have simply not used these factors in their partner selection, preferring other criteria like financial stability and personal links instead.

Large companies in Britain often followed company policy, established by head offices, and looked for service level guarantees, also to some extent provided by associations and organisations. Smaller companies paid attention to customers' choice of products, financial benefits and attitude of staff employed. Most of the independent companies preferred to choose companies similar to theirs in terms of size and management style, rather than work with a larger partner, usually far more powerful.

The search process for a partner for a smaller tour operator in Britain and for a relatively new tourism company in Poland is largely informal and based mainly on word-of-mouth communication.

Information technology and databases were noted only by the British travel companies as an initial source of information about channel players. Some of the small tour operators noticed that the selection or search phase could be performed with the help of information technology.

A new company which emerged in the Polish market, had to prove its reliability to the market players, usually by paying in advance for all goods and services provided by another channel player. The co-operation which agents needed was not freely available; a new agent had to pay for the right to sell holidays, despite the fact that the client may not necessarily be found. The "better" established companies (which have been on the market for 5-7 years) were very cautious at choosing their partners: the entry to the market was definitely not as open when the fieldwork was conducted, as it had been straight after 1989. The financial stability of a new company had to be proven first. Different associations were also checking up on the company, before tourism channel players accepted the company. Even though old companies had some kind of a 'checklist', which they used in the initial evaluation of a channel partner, it was not used in a formal process (details in chapter 6).

Larger tour operators in Britain and 'older' (pre-1989) travel companies in Poland are more exclusive than smaller ones in choosing their channel partners. The selection process of a channel partner, initiated by larger tour operators, is biased towards partners who have established reputations and can offer performance guarantees. Smaller tour operators in Britain and most travel companies in Poland will seek to maximise the number of their retailers in a way which is less critical and less exclusive.

Large tour operators were more secure in their turnover, so they were more exclusive in choosing their channel partners. From their perspective it was the turnover that really mattered in the selection stage. In both countries larger retailers were more successful than smaller in acquiring the rights to sell the products of a wide range of tour operators, due to their image in the market and the fact that they are usually better known in the market. Customers trusted them more. It was easier for older companies in Poland to be 'chosen' as channel partners as they were perceived more reliable and experienced than unknown companies. Whereas the larger tourism suppliers and retailers were likely to have formally decided statements defining the characteristics of desirable channels partners, the smaller businesses were less likely to have such pre-formulated selection criteria.

Smaller retailers and smaller operators were less clear than larger ones about acceptance criteria for chain partners. British small tour operators had a preference for smaller retailers, which has a clear implication for the balance of power in the channel. Polish small tour operators did not have this preference: in their rapidly growing, but financially precarious situation, the preference was for any known and trusted partner, provided the right sales level was reached. Polish small tour operators were, in fact, likely to find the larger – hence financially more secure – companies more attractive than smaller ones.

For tour operators important selection criteria were that the retailer should have a high turnover, especially for products which are similar (competitive) to the products offered by the tour operator, and compatible data systems because it is cheaper to communicate with them via a computer-based reservation system, than doing the whole booking procedure over the phone. Where small tourism retailers in Britain lacked data links compatible with major tourism organisers they were not accepted by the organiser as a channel partner. Conversely, where significant tourism products were offered by suppliers, even if that supplier had no compatible data link it was likely to be accepted by major retailers. In Poland there was no clear tendency to reject channel partners, either travel agents or tour operators, due to the absence of IT provision. To do so would be to handicap one's company by excessively reducing the number of channel partners from which selection may be made.

Social bonding

Whereas in England tourism channel players looked for a channel partner on the basis of objective performance criteria, tourism companies in Poland preferred to deal with firms whose owners or managers they considered 'friends'. It was much easier for people well-known in the specific area to open a new enterprise within the same area and survive in it than for new-comers. Tourism represented one of those areas. Thus, social factors and informal networking have an importance in Poland which they do not have in Britain. This activity might be, in part, a continuance of the relationship networking which was necessary in socialist times to achieve many transactions.

Social bonding is remarkable in Poland at the initiation stage. Uncertainty in the unstable environment and the lack of formal systems of approval of companies (i.e. directories) put the emphasis on other ways of obtaining information about companies. Social bonding is one of them, alongside association membership, which actually provides a forum for social contacts. This notion has not been fully recognised in the literature, although Haukeland (1995) noted that basis for confidence in the relationship, especially in international tourism channels (Norway) is gained by personal contact with collaborating partners in the first place. Although educationals, good reputation among customers and good quality brochures should follow, the importance of stable personal ties is considered to be decisive in maintaining well-functioning collaborative relationships. These ties and social bonding are, however, generally perceived as important in the implementation stage (Crotts and Wilson 1995, Crotts *et al.* 1998), while they tend to play an important role at the very first stage of relationship building in Poland.

In rapidly changing economies, such as the Polish economy, it is clear that the social aspects of channel relationships became very important as a means of avoiding economic risk. A high level of formal and informal communications between channel members acts as an information system which enables businesses to select channel partners regarded as acceptable by others in the network. Conversely, businesses regarded as high risk (particularly in financial terms) suffer from networking which brands them as 'undesirable' channel partners.

Similarities and differences between Britain and Poland in partner selection

For the Polish travel companies, both new and old as well as travel agents, tour operators and travel companies dealing as both at the same time, 'reliability' was the most important characteristic in the process of selection of a potential partner. This criterion was evaluated in terms of knowledge of the market and financial stability. The information about the two characteristics came from informal sources: opinions from colleagues and word-of-mouth communication, but it was not necessarily always followed.

Table 7.1 Similarities and differences in selection criteria

Factors	British Voice	Polish Voice
Common to both groups	No standardised selection procedure Financial credibility and membership in associations LARGER COMPANIES ONLY Service level guarantees Established company policy	No standardised selection procedure Reliability Financial stability Experience and knowledge of the industry Membership in tourism associations
Different	SMALL COMPANIES ONLY Requirements regarding products, customers' choice in small companies Attitude of staff employed Proximity between companies, belonging to the similar group Information technology	Opinions from colleagues, word-of-mouth communication Personal contacts, manager's choice Tourism fairs as a source of partners Building trust by 'observation'

Categories common to groups of travel companies in Britain and Poland and categories employed only in Britain or only in Poland are compiled in table 7.1. The empirical data suggest that the relative importance of the selection process itself differs between countries. In Britain the selection is less important than in Poland due to the development and higher stability in the business environment. The Polish companies look for information necessary in the selection stage in various contexts, linking it to membership of tourism associations, initial observation of potential partners and, most of all, social bonding and networking with people from the business. Customers' preferences of products were highly ranked both by the British and the Polish companies in the questionnaire, but during the interviews customer preferences were mentioned only by small travel agents and tour operators in Britain and product quality was of interest to large companies in Britain.

Another discrepancy between quantitative and qualitative assessment of selection criteria derived from the questionnaires and the interviews in the empirical research was noted. According to the questionnaires tour operator's selection criteria were similar in both countries, apart from the tour operator's commission and recommendation of a tour operator by other agents (chapter 5). In the questionnaires travel agents in the Polish sample ranked recommendations of a tour operator by other agents as the least important selection criterion, while in the interviews they said that they were specifically looking for other companies opinions and recommendations of channel players. Although these recommendations were sought after, they were not necessarily always taken on-board.

7.7 Methods of stimulating performance in the implementation stage

In the implementation stage the focus is on the role of behavioural concepts of power, dependence, leadership, conflict and satisfaction as well as flows of information and communication in the management of a channel. Processes connected with contract negotiation are also important, whilst support obtained from channel members increases satisfaction of the players involved in the relationships. Associations and their impacts are considered separately.

7.7.1 Communication

The flow of information is a cement holding the industry together (Poon 1994). It is dependent upon the communication levels between channel players (Stern *et al.* 1996). With relation to channel management, McGrath and Hardy (1986) observed that sales orders from a manufacturer increase the likelihood of conflict eruption in the channel. Communication can help to solve problems and avoid or decrease the levels of conflict (Stern and Gorman 1969, Lucas and Gresham 1985, Skinner *et al.* 1992).

The interviews revealed that in Poland there was often a lack of official communication between companies. Channel players talked to each other in a situation where they were losing business, otherwise they tried to be independent as much as possible and used direct channels. They tried to avoid conflicts in relations with other companies, but not so much by using communication techniques, but rather by avoiding relationships. In general, conventional channels experienced worse information flows than vertically integrated channels.

In Britain communication was often limited to computerised systems. On the one hand the practice, introduced by large operators, was supposed to reduce the costs of connection between channel players and increase efficiency. On the other hand, though, agents complained that it became difficult to solve problems and they were looking for more personalised contact with operators. That notion supports the view represented in the literature (Stern *et al.* 1996, Skinner *et al.* 1992). Small companies regretted that it was not easy to talk to anybody on the 'other side'. Some of them looked for help and support, too. The support connected with management advice or financial advice was nearly unobtainable. Connectivity was more important than communication, but it did not necessarily help to solve problems or conflicts.

7.7.2 Behavioural aspects in the channels

The approaches to some of the behavioural factors affecting channels (for example dependence, interdependence and power) varied between Britain and Poland. Four main approaches to dependence were mentioned in the literature (chapter 2) and were analysed in the two markets. The differences in interdependence in relationships are highlighted by empirical research.

Sales and profit approach (Frazier *et al.* 1989, Etgar 1976, Kale 1986) claims that the higher the percentage of sales and profit contributed by a specific supplier to the agent, the greater the agent's dependence on this principal. Methods of sales listed in chapter 5 show that sales with travel agents were more popular in Britain than in Poland (79.2% as opposed to 68.8% in Poland), so the reliance on travel agents' services is still higher in Britain.

Following the results from questionnaires direct sales methods were similarly popular both in Britain (83%) and in Poland (95%), although the differences were hidden behind the reasons for employing them. Direct sales in Britain were often connected with new possibilities of technology: customers contacted a tour operator's call centre and bought holidays by the telephone or on-line. In Poland relatively high income was generated by organisers in direct sales rather than by their reliance on travel agents' services, therefore the dependence on travel agents tended to be weaker than in Britain. The reasons for the propensity to sell or buy direct rather than via an intermediary had existed in the marketplace for years; Poles were accustomed to organising trips for themselves, dealing directly with suppliers rather than through travel retailers. Because it has been customary, direct channels will probably still play an important role in the future.

However, since 1991 the usage of travel agents' services by Polish tourists has been on the increase. Polish customers eagerly use the products on offer at agencies, if these are in affordable price brackets. Sales through travel agencies are growing steadily in Poland (details in chapter 3). In 1998 26% of tourists used travel agents to buy packages, 29% used agents and other methods to fully or partly book a tour, although 45% did not use any pre-booking (Trew and Cockerell 2000). A relatively high percentage of tourists who do not book their holidays in advance is, again, linked to the historical development of the Polish tourism market. Another factor might be linked to the fact that other methods of sales, going beyond standard channels, were employed in Poland by 14% of respondents. The British counterparts tend to rely mainly on traditional distribution channels (details in chapter 5).

Role performance approach (Hunt and Nevin 1974, Lush 1976, Frazier 1983, Frazier and Summers 1986) refers to how well an agent or a principal carries out its role in relation to another company down or up the channel. The better the agent or principal plays its role, the more the other company becomes dependent upon the originator. In cases of outsourcing, a company is reliant on another channel player for performing certain activities which go beyond its core competencies.

In Britain outsourcing is more popular than in Poland. This notion explains to some extent the stronger links and better co-operation between British, rather than Polish companies. On the top of the evolutionary rather than revolutionary development of relationships in Britain, outsourcing causes higher interdependence of channel players and, therefore, higher commitment to relationships (Crotts and Wilson 1995).

Growing demand for outbound tourism products in Poland introduced higher dependency of Polish travel agents on Western tour operators. The agents perceive Western operators as experts. Western financial power and experience give operators a referent power base: Western companies know what marketing strategies should be used and how products should be advertised. Polish companies either lack knowledge regarding these issues or lack financial resources necessary to execute, for example, efficient advertising. National advertising of tourism products on TV started when Western operators appeared in the Polish market. It was originated by the Scandinavian travel company Ving, belonging to the British operator Airtours, and Scan Holidays, after it had been bought by Thomson. Agencies which sell products of these tour operators, or have similar destinations on offer, benefit from those activities performed by large Western operators and therefore treat them as superior.

Offsetting investments approach (Heide and John 1988) maintains that offsetting investments help to safeguard the agent against opportunism by the operator. Polish tour operators recognised that by making agents invest for example in IT systems (or rather by supplying them with IT systems compatible with their own) they actually increase the dependency of an agent on their services and products. Despite recognising that process, only one of the new companies introduced that practice. The company specialised in electronic data systems as much as in tourism, therefore was economically well-placed for introducing IT systems.

Old companies tried to use a similar strategy, or rather a combination of offsetting investments, role performance and trust approach, by supplying agents with certain types of agreements on the basis of which the agent could act as a franchised outlet of the old company. The benefits included using their logo which helped to increase customers' trust. Thus, the old companies were trying to combine the contractual approach based around agency theory (Bergen *et al.* 1992) with their image and experience. This practice helped to gain some benefits in the 'seller's market', but is not a very effective tool nowadays. It is not flexible enough for the new task environment (Thompson 1967, Lucas and Gresham 1985), which became unstable after a number of new companies appeared in the market. These new companies became as 'professional' as the old ones and introduced a healthy level of competition by offering an alternative choice for suppliers and customers.

Trust approach (Ganesan 1994, Moorman *et al.* 1993) assumes that a long-term relationship is built on the extent to which companies trust one another. Social bonding in Poland and the association membership in both countries increase this much needed trust. These dimensions are discussed later in the text.

Considering **interdependence and co-operation,** the literature shows two contrasting cases: Anderson and Weitz (1992) argue that interdependence should be low in order to achieve high level of co-operation in channels. Frazier (1999) argues that this is not the case and the higher the interdependence between companies, the better the co-operation. Observing in this research the relationships in tourism, Frazier's argument tends to be more appropriate, as the companies that are not reliant on others will not try to improve the relationships, however, they will do so if the viability of their business is endangered. Strong interdependency (Frazier 1999) can help strengthen the relationships between TA/TOs in Poland. If the sale levels achieved in a direct sale are sufficient for the viability of their business, then companies are doing well on their own and are not interested in selling each other's products. However, if companies are not self-sufficient, they will cherish the relationships and co-operation more, as they will be dependent on others for success.

According to the literature and previous research on power relationships (for example Stern *et al.* 1996, Wilemon 1972, Rosenbloom 1995, Lucas and Gresham 1985, Wilkinson 1974) travel and tourism principals do not conform to the manufacturing industry model, for example the motor industry model investigated by Petit-Rafer (1996). Travel intermediaries have far greater power to influence and direct consumer demand when compared to their counterparts in other industries (Mill and Morrison 1992, Buhalis 2000, Gartner and Bachri 1994). The distribution channel in tourism creates the link between the suppliers of travel services and their customers, but with the difference that tourists have to go to the product, rather than products reaching them. That is why consumers are very much more dependent upon intermediaries.

This is not the case in Poland as yet, due to the historical development of the travel trade and high reliance on domestic products and domestic markets (chapter 5 showed higher reliance on domestic package tours as well as own products between Polish companies than between British companies). Principals/ suppliers are more powerful in Poland, serving the domestic market, than travel agents or tour organisers. They rely on their own sources of selling their products / services, mainly rooms in accommodation establishments, and so far they have not needed intermediaries to the same extent intermediaries needed them. However, this situation is slowly changing as Western tour operators start offering mass market package tours in destinations with guaranteed weather, and the overall price is not much higher than the price for domestic holidays.

The customer adoption processes in the Polish and the British markets

It can be noted here that there is a considerable difference in the product adoption process between Britain and Poland. At the moment mainly young people extensively use the offer for holidays abroad in Poland, but as this product matures in the Polish markets, other groups will follow suit, forcing domestic suppliers of products and services to use the services of agents and organisers to a wider extent.

7.7.3 Products

A unique product which is desirable in the tourism market may give one company the advantage over another. The supplier who has the better product in terms of its desirability in the market, is more powerful in the relationships with its channel partners and it is easier for that supplier to get a better deal with its retailers. This is particularly true for the Polish dimension, where the number of pure tour operators offering unique products is relatively low (only 8% of the sample).

With the emergence of travel agency chains in Britain and on the other developed markets, the power in the distribution channels in tourism has shifted from suppliers and tour operators to retailers (Gartner and Bachri 1994). Despite that, tourism product suppliers are still able to put pressure on tourism retailers, while negotiating the agreements with them, if the demand for their product is high enough to ensure the retailer that his turnover target will be met (Konieczna - Domanska 1999).

Larger retailers in Britain are more successful than smaller ones in acquiring the right to sell the product of a wide range of tour operators. Independents concentrate mainly on niche-markets and offer a narrower range of product; in some cases these products are packaged by these retailers, which is a normal practice in Poland.

The narrower range of products for small retailers is not the case as far as small versus large is concerned, but there is a clear difference between Britain and Poland. In Poland small retailers have a smaller choice of products on offer and therefore use cross-selling, often when a certain type of product that they do not have on offer is sought after by customers. In the cross-selling process, a travel agent may offer the customer a product which is not normally sold there; the travel agent acquires the product from a friendly competitor in exchange for a financial contribution or a 'swap' deal.

The better known the town as a tourist destination in Poland, the larger the power of the travel product suppliers providing services in that town over the travel retailers. In Britain the localisation of travel retailers is not connected with the tourism destination (supply-side), but with the customer's accessibility (demand-side).

In Britain the localisation of a travel agent's outlet is not an important factor influencing power relationship. The localisation is not connected with tourism destinations to the extent to which it is in Poland where travel agents in tourism destinations act often as ground handling / incoming agents.

There is a big difference in the process of designing and launching products in England and in Poland. In Britain research is undertaken before products are marketed. Products are marketed according to the same set of channel partner decisions, whereas in Poland the channel partner decisions are varied according to estimates of a product's success. Products similarly 'important' in Britain and in Poland, and products valued differently in each of the markets are listed in table 7.2 following the results from questionnaires.

Table 7.2 Similarities and differences in product adoption

PRODUCTS ON OFFER (implementation stage)		
Products	**British Companies**	**Polish Companies**
Similar in both groups	Overseas package holidays - important City breaks- popular Event tickets – not popular Insurance – growing importance	Overseas package holidays - important City breaks - popular Event tickets– not popular Insurance – growing importance
Differences	Business travel, accommodation bookings, air transport tickets, foreign exchange, car hire - more popular in Britain	Domestic package holidays more popular in Poland Own products more popular in Poland Coach tickets more popular in Poland Business travel – potential for development in Poland

Relationships with regard to products

Only 30% of Polish, but 65% of British respondents did not create and sell their own overseas package holidays. This is possibly a sign of inefficient co-operation between organisers and retailers in Poland or perhaps a lack of information and a lack of transparency in the tourism channels. Furthermore, a rapidly growing number of entrepreneurs, keen to participate in the market growth of Polish tourism, but without prior contact with tour operators and without a credible track record, might be expected to opt for 'do-it-yourself' tour organisation, rather than deal with highly professional, and perhaps suspicious, foreign tour operators.

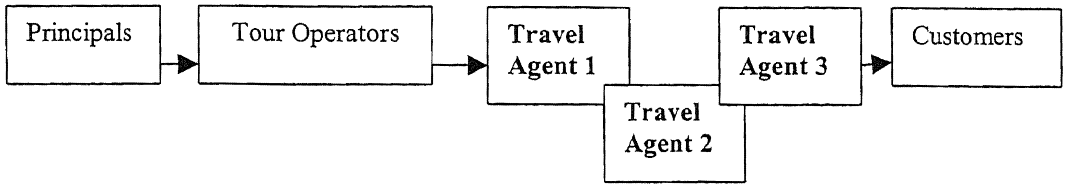
High reliance on "own products" in Poland weakens the relationships between travel agents and tour operators. Companies prefer to create their own products, both domestic and overseas, and work alone instead of selling products which already exist in the market, and involve co-operation with other travel agents / tour operators. Because of this trend the relationships tend to be more stable with the principals who provide the core components of holidays, such as tickets, transport, accommodation establishments, insurance companies, than between travel agents and tour operators.

The 'social' holiday system and the Worker's Holiday Funded Accommodation Establishment (introduced in appendix 7) caused initially lower demand for the services offered by travel intermediaries in Poland. For that reason the suppliers of travel products and services have been more powerful in the Polish market than it has been the case in Britain. The phenomenon of the relative importance of the 'end-of-chain' suppliers has been promoted by the fact that these services have experienced a lesser rate of change in the development of the Polish market economy than have been experienced by the tour operators and travel agents sectors, which have been obliged to grow from the original state-owned base. This process is changing as more and more customers look for travel agents' and tour operators' services.

Despite the strong relationships with principals, there is, however, a network of relationships between travel agents, tour operators and travel agents / tour operators, especially when 'other' packages are sold. Overseas package holidays are gaining in importance in both markets. This is a big change for Poland, where for so many years domestic holidays, supplemented by travel in the Eastern bloc, were the most important in the market. Business travel shows some potential for development in Poland. The agents, however, first need to build relationships with firms in the market as their future clients for business services.

The channel network is characterised mainly by a two-way deal (especially in the case of the third group of companies TA/TO), represented by a conditional statement: "I'll sell your products, when you sell mine". None of the companies tend to rely on a one-way flow of products / services / information only. It is more of a conditional, commercial agreement with an element of a barter exchange, rather than an agreement between two companies, where one is a pure supplier and the other purely agent / retailer, dealing on the supplier's behalf. As most of the companies in Poland tend to be both at the same time: a principal and an agent for another principal, the relationships are not as clear-cut as they are in Britain. A certain amount of calculative commitment is included in the relationship.

Figure 7.3 Overlong channel of intermediaries in Poland



Suppliers and customers are looking for offers to sell and buy respectively, the active role of travel agents can help both sides, but only when agents are perceived as beneficiary to both sides. The system of cross-selling is popular between travel agents in Poland. The reason for it is connected with the limited number of tour operators; while tour operation is a well-developed sector in Britain, it is underdeveloped in Poland. The process of specialisation has begun, but has not yet reached the stage it has reached in Britain. There is less exclusivity, therefore companies in Poland looking for business opportunities tend to create very long channels, sometimes with 3-5 intermediaries in a chain. Operators are not easily accessible by agents and as a result products are sold from one agent to another. Due to the cross-selling, the communication gets distorted on the way from suppliers / organisers to ultimate consumers. Therefore, a small number of good relationships with travel providers might be more beneficial for travel agents than popular in Poland the system of cross-selling.

In Britain the relationships tend to be easier to follow in the case of large travel companies, either on the retailing or tour operating side. In case of smaller companies the relationships tend to be transactional rather than long-term, which is similar to some extent to the Polish environment.

7.7.4 Contracts

A task environment in Poland is heterogeneous with few buyers and variations in the types of customers, and unstable, experiencing changes in price structures and customer and suppliers

It was interesting to note that the opinions on the Polish side varied considerably – some players regarded contracts as a normal part of a relationship. They usually needed contracts as a formal basis for co-operation. Some of the organisers regarded 'contracted' companies as partners on a higher level of co-operation and perceived having a signed contract as some sort of reward for an agent. Others included only coercive elements in their contracts. The other companies were happy to co-operate with their partners just because they were satisfied with the working relationship between staff of both companies and the 'punctuality' of payments and did not consider contracts as necessary to deal with other channel players.

7.7.5 Support in the channels

Wilemon (1972) notes that support obtained in the channels can raise the levels of satisfaction of channel partners and improve their performance. The propositions noted in the first stages of the research were that *supplementary services, such as tour operators' promotional support and training do not account for the difference in retailers' adoption of the tour operators' products in Britain.* Although, indeed, agents did not consider support services important at the very beginning of the relationship with a tour operator, they stated that it played an important role in the next stage of the relationship development process. They looked for training, advice regarding products and any other type of support with which the tour operator in question could provide them. That was the case in Britain and in Poland, although the following differences occurred in both markets.

A higher proportion of Polish travel agents does not yet have complete IT connections between channel partners; formal training and education is not necessary to the extent to which it is implemented in Britain.

Collins, Sweeney and Geen (1994: 5-6) emphasise the benefits of training. It improves performance, increases staff motivation and loyalty to the company, builds employees' confidence in carrying out their duties and enhances the professional status of the industry. It helps to overcome communication problems in a large organisation or between organisations. According to these authors a training package offered by tour operators for their employees should include course purpose and benefits, duration and structure of the program should be well designed, concepts and skills contained in the training should be planned for the intended 'audience'. Courses should be practical and help to solve problems in real-life situations. Systematic monitoring the performance of trainees and trainers should be implemented.

Types of modules used by some of the operators and linked to distribution include the following options:

- An introduction to tour operating (a distribution chain introduced)
- Product knowledge – sales and marketing (distribution and servicing travel agents)
- Customer service and quality control
- IT (videotext links and recent developments in tourism operations).

Results from questionnaires showed that although product advice and educationals were used in both countries, companies in Britain used market research data, management advice and financial assistance more often. Support categories listed in the questionnaire such as market research data and financial support were not mentioned at all by respondents in interviews in both countries. Only IT recommendation, product advice, educationals and other types of training were referred to as normal practice. Advice on management was used only in Britain to a limited extent, where large tour operators have merchandisers who helped agents to manage promotion and brochure displays in their outlets. Multiples did not appreciate this practice and forbade reps to visit outlets, as it was felt that they change the tactics recommended by head offices towards those recommended by the tour operators in question. That practice proved that by granting support the originator of support practices gains some power on a non-coercive basis.

In Britain support was often negotiated or granted on the basis of the performance achieved by travel companies, therefore it was connected with the monitoring of performance, which identified a need for specific type of support. 'Standard support' entailed three categories: support connected with a tour operator's products, support directed at an improvement of the relationship between a travel agent and a tour operator (usually IT support and representatives' visits), and support boosting sales of a specific product.

In Poland the range of support was much narrower and included mainly promotional materials, training, study tours and other factors. In many cases brochures were perceived as valuable support rather than normal practice, whilst from the British perspectives they were essentials. The Polish agents observed growing demand for some of the categories of support and therefore treated them as potential products. They sold 'study tours' or prepared and offered training sessions as an additional product on offer.

Polish companies use Western training methods and they regard themselves as 'junior' in comparison with the Western business practice. The same phenomenon applies to Western associations. Training, industrial organisations and IT increase the tendency to learn directly from the Western model. As the result the future pattern of Polish development is similar in these respects to Western. There is a direct and indirect impact of that as the old companies use established Polish training methods and deal with old, well-known suppliers. New companies use modern IT, create new links with new partners, quite often Western, but pay more attention to what customers want and they establish their relationships with suppliers accordingly.

Similarities and differences between support categories in Britain and Poland

Table 7.3 Similarities and differences in partner's support in tourism channels

THE RANGE OF SUPPORT OBTAINABLE IN A CHANNEL		
Factors	**British Voice**	**Polish Voice**
Common to both groups	Information about products, brochures	Information about products, although brochures perceived as additional support
	Information technology (IT) support	Electronic systems, strengthening the links between companies
	Training and 'educationals'	Training, study tours, 'educationals'– sought after
	Incentives and merchandisers	Promotional materials
Differences	Representatives' visits	'Pull' factors
	Management advice	Horizontal integration
	Financial assistance	

Although training and educationals, as connected with products, were more often organised by tour operators than travel agents, the scale of support in both countries often depended not on whether the company was a travel agent or a tour operator, but rather on its size. Larger organisations have a range of support categories made available for them, while smaller companies had to look for support, if they needed it. Similarities and differences between support categories in both countries are presented in table 7.3.

7.7.6 Assessment of channel performance

In tourism a large number of small suppliers and small number of large suppliers (Go and Williams 1993) create a variety of complex interconnections. Because of the complexity of the channel structures evaluation of performance of channel players and the system of monitoring may be complicated, but should be implemented in the tourism channels (Bittner and Booms 1982, Renshaw 1992, Medlik 1996, Laws 1997).

The formal and informal assessment of channel partners and the provision of mutual feedback are more widespread in Britain than in Poland. The relationship between organiser and retailer members of British tourism marketing channels is characterised by a longer-term view than is customary in Poland. Consequently, Polish tourism retailers and suppliers show greater short-term change in the identity of their channel partners and show less evidence of mutual support by means of business and other communication.

Channel partners in the UK are inclined to continue an existing relationship even though their expectations with regard to performance, especially turnover and profitability, may not be attained in the short-term. They try to help partners to achieve harmony in the relationship and obtain the expected level of service in the long-term. In Poland harmony between channel players is not perceived as an important factor. The flow of information between companies is dependent upon the frequency of sale of services. Support from the channel partners is difficult to obtain.

The assessment of partners may be formal, informal or mixed. This research shows that although the monitoring in tourism is behind the similar process in retailing, it tends to be better defined in Britain than in Poland. British companies have a more formalised attitude towards initial evaluation than their Polish counterparts, which was demonstrated by a hierarchical cluster analysis (chapter 5). However, even in Britain only large tour operators and the biggest chains of travel agents performed an assessment of their channel partners' performance. Mixing of formal and informal approaches in order to improve performance was common and more effective in smaller companies than in large ones, which preferred to stick to more formal assessments and support systems.

Poles tended to look at the relationships with companies through the personal ties / links with the personnel of that companies. Sometimes the Polish companies blindly followed Western practices, not reflecting upon their applicability to the Polish situation; in most cases though companies tried to apply Western procedures to their needs. Unfortunately, in most cases evaluation of partners on the Polish side did not seem to have a specified purpose. For that reason it seemed to be chaotic and unstructured. The assessment was generally not performed formally, although the interviewed Polish companies felt that they should be evaluated by their partners. Tour operators tended to evaluate sales volume and timing of payment. Assessment by Western partners was more thorough. It was recognised that relationships between companies were based on the behaviour and professionalism of members of staff. Assessing and rewarding people rather than the company was supposed to enhance staff motivation and improve company performance in the channel.

Similarities and differences in performance evaluation

Table 7.4 Similarities and differences in evaluation criteria of channel partners

CHANNEL PARTNERS' PERFORMANCE (implementation stage / review stage)		
Factors	**British Voice**	**Polish Voice**
Common to both groups	Number of passengers or turnover Sales volume Quality procedure Localisation of a shop and its productivity	Sales volume Quality of services Localisation of a shop and its productivity
Differences	An attitude of a tour operator towards a travel agent, staff quality Dealing with complaints	No interest in evaluation of any kind or not aware of evaluation Co-operation between people Building up trust between companies Localisation of a shop and its productivity

The assessment of channel partners performance took place more frequently in Britain than in Poland and was more formalised. Both in Britain and Poland the assessment was performed rather by tour operators than travel agents, where mainly the turnover was measured. It was recognised in both countries that the productivity of a retail outlet was dependent to a large extent upon the location of the shop. In order to increase productivity of channel partners the smaller British companies used formal and informal approaches, while the larger ones relied on implemented procedures. The Polish counterparts tried to motivate members of staff in the partnering companies in order to increase sales levels.

7.8 Review stage of the relationship development

7.8.1 Terminations

Monitoring of performance for review purposes, mentioned by Holloway and Robinson (1995) (details in chapter 2) has not been extensively used in the tourism environment. Despite the lack of formal evaluation in Poland, termination happened much more often there than in Britain. It was more difficult to build long-term relationships, as companies tended to stick to transactions rather than relationships. Interorganisational alliances were not very popular, despite Selin's (1993) observation, although some of the Polish companies started to create first inter-alliances. Problems were created by poor management and difficulties in coping with one company rather than a link of two or more.

Summary of similarities and differences in the termination of relationships

Table 7.5 Similarities and differences in reasons for the termination of a relationship

REASONS FOR TERMINATION OF THE RELATIONSHIP WITH TOURISM CHANNEL PARTNERS (review stage)		
Factors	**British Voice**	**Polish Voice**
Common to both groups	Performance indicators	Established thresholds of sales not achieved, poor standard of products or relationships
	Liquidation of a company	No payment received for services rendered
		Bankruptcy, liquidation of a company
	No longer a member of tourism association	No longer a member of tourism association
Differences	Technical compatibility	Better offer elsewhere (competition)
	Restructuring a chain of supply	
	Mergers and acquisitions	

Termination happened more often in Poland. 47% of the Polish travel agents and 46% of tour operators finished their relationship with channel partners the previous year (details in chapters 4 and 5). In Britain terminations happened as well, but 'only' for 26% of travel agents and 11% of tour operators. Also, the attitude towards terminations was very different between Poland and Britain. In Britain companies claimed to be "less involved" with certain channel players or they emphasised the "mutual decision" regarding the demise of the relationship, rather than one-sided termination.

Although the groups of reasons were similar to some extent, the number of cases and the 'strength' of reasons were different in Poland and Britain. For example, liquidations happened more often in Poland, thus this reason was mentioned more frequently there. Terms of trade (commercially sensitive and confidential) seemed to be similar between various travel companies. Giving as an example commission levels, these were similar regardless of the type / size of a tour operator or travel agent, so they did not affect the relationship, although they were mentioned by a few agents. Only in Poland did competition and the probability of getting a better service / offer / product elsewhere cause termination of a current relationship with a tour operator. This was a surprising factor, taking into consideration the relative underdevelopment of the tour operation sector. The British tour operators, being in the maturing phase of their development cycle (Evans and Stabler 1995), did not get involved in 'price wars' amongst each other and this level of price-competition is likely to apply in Poland when the Polish life-cycle has matured.

7.9 Tourism associations' impact on the distribution of tourism products

Associations play an important part in tourism (Godfrey and Clarke 2000, Cockerell 1994). It was therefore not surprising that they also play a role in the three stages of relationship development process. However, the willingness of Polish companies to join tourism associations, especially Western ones, was not initially expected to the extent to which it is actually happening.

Travel companies in Britain will stress formal exchange practices in the flow of information about tourism services and other flows. Each channel member knows the relevant procedures. Companies in Poland operate in a relatively flexible way, in an ad hoc and unstructured climate. Lack of consistent procedures and lack of expertise is common.

Procedures in Britain were created mainly as the result of learning by mistakes, development process and common practice, and they were created by travel associations like ABTA, regulating the travel trade.

7.9.1 Bonding

An ABTA equivalent does not exist in Poland, despite the fact that there are various travel and tourism associations on the Polish tourism market. Consumer protection plans are much weaker in comparison with the situation on the British market. ABTA's bonding arose from the necessity of protecting tourists from being stranded away from home or losing deposits in the case of bankruptcy. The same security measures were suggested in Poland by several authors (Golembski 1997, Konieczna-Domanska 1994 and 1999, Ujma 1999). Neither of the associations was strong enough to introduce bonding.

In the summer of 1997 a few tour operators went bankrupt and Polish tourists were stranded in Turkey and Greece. The Polish government had to pay for a charter flight and take the tourists back to Poland, as no bonding and no protection schemes were implemented in Poland. As a result of that tourism legislation was changed in such a way that a travel agent or tour operator is only allowed to operate if the company gets a licence and pays an adequate amount of money into a special account or to the insuring company. According to the new tourism legislation (which was confirmed by Parliament at the end of August 1997 and became valid from 1999) the responsibility and liability of tour organisers is much greater, so they have to pay much more than travel agents in order to get the licence.

The government took over, introducing specific regulation in a legal manner. Associations played a part only as commentators, but not as regulators, which in a way weakened the potential role of the associations.

Bonding and insurance are necessary in order to improve customer protection and security. In Poland the new legislation plays a role similar to the regulatory role of ABTA in Britain, with the difference that it is obligatory to comply with the law. In order to get the licence a tour operator or travel agent must meet the following conditions:

- A bonding agreement with a bank or an insurance company should be signed
- At least one of the employees must have a tourism or equivalent degree or training / experience in tourism
- The office must be accessible to the public.

Thus there are legal requirements for Polish companies to comply with. These fulfil the same functions as all of the regulatory roles of the British trade organisations. This is probably a faster way to achieve a result, but will reduce the importance of Poland's home grown trade organisations by means of reducing the span of their responsibilities. However, if organisations are able to explain changes in the legislation to their members, it will keep them 'popular' amongst them.

7.9.2 The role of associations in the relationship development

Table 7.6 The similarities and differences in evaluation of tourism organisations

MEMBERSHIP OF TOURISM ORGANISATIONS (implementation stage / review stage)		
Factors	**British Voice**	**Polish Voice**
Common to both groups	Guarantor role for a travel agent approaching a tour operator Consumer confidence Status and image Bargaining power gained in a consortium Complaints procedure, arbitration Flow of information about the market place Lobbying, co-operation on various issues	Organisations give more stability Customers trust it Status and image Economical (discounts) and functional bonuses Access to complaints procedures Good source of commercial information Gaining more business via concentrated marketing Lobbying
Differences	Bonding = enhanced reliability and financial credibility Accreditation on the basis of monitoring	Psychological benefits of status and security for a proprietor Expertise and support of organisations: training provision, finding out about business practices Learning Western business practices Source of customers / consumers Source of tourism products to be marketed

In the selection stage, when a potential partner needed to confirm its financial credibility, it was sufficient to do so by providing some evidence for membership of specific tourism associations, both in Britain and in Poland. Membership in tourism associations helped to establish an image of a company and provided service level guarantees. Some of the new companies in Poland had also been observed for a period of time; then the co-operation started and relationships developed as trust between companies increased. The reason for it was connected with the fact that the associations in Poland do not provide their members with bonding.

They do, however, provide their members with other benefits, linked to the implementation and the review stage of the relationship development process. The summary of benefits and impacts of trade membership for the British and the Polish companies is presented in table 7.6.

The main benefits entailed recommendations for a client because the membership enhanced the credibility of the members, opportunity of getting training sessions organised by an association, and the ability to contact experts from various areas who help considerably in understanding changes in legislation and other matters. Western associations provided members with international recognition and taught them Western practices. Whereas Polish companies joined Western associations, it was less common for Western companies to join Polish or overseas organisations, which would indicate that the British organisations were sufficient for the needs of their members.

Members in both countries appreciated the role of associations in providing some evaluation and support. Training opportunities were considered highly valuable in Britain and in Poland. In Poland they often were the only source of training for agents, as training provided by operators was not widespread. Provision of some sort of evaluation between companies in Poland was also mentioned by the travel agents. Contests for quality products and services gave members not only satisfaction, but also recognition in the market and some sort of accreditation. However, main benefits in Poland were related to an opportunity of social contacts between members during meetings.

Associations played a part in the review stage. Some of the travel businesses, again in both countries, admitted that they were prone to termination of a relationship with a company if the company was no longer a member of an association. ABTA was mentioned as an example in Britain and the Polish Chamber of Tourism in Poland. However, taking bonding into consideration again, it was more legitimate for a company in Britain to end the relationship, but it was not so in Poland. The fact that it happened emphasised the value of membership to the Polish travel businesses.

While British travel agents and tour operators developed as a result of growth strategies used by tourism companies, the development in Poland occurred as a result of political and systemic changes.

The situation in the British market was gradually regulated by tourism associations, namely ABTA for agents and ATOL/TOSG for tour operators. These organisations introduced bonding and regulations, making the deals between companies in the channel safer. The Polish companies did not have a regulator such as ABTA; the legislation was not comprehensive enough and as the result, the market was the only regulating force. Therefore, the relationships in it were much more chaotic than in Britain. The perceived need for stability, legitimising regulatory support of trade organisations is indicated by the membership taken out by the Polish companies in Western trade associations. The Polish membership of Western trade associations is not matched by Western companies' membership of Polish trade associations, indicating that the need for legitimacy and for association with successful trading systems is a high priority for Eastern European tourism businesses. Western tourism businesses, already furnished with the necessary memberships, see no advantage in attaching themselves to East European trade associations.

Chapter 8

Conclusions

This chapter concludes the thesis by bringing together the aim of this research and its main findings. It demonstrates the contribution to knowledge, provides recommendations and projections for the future, and finally identifies the limitations of the study and suggests areas for further research.

8.1 Research aim revisited

The maintenance, adaptation and evolution of marketing channels have been previously researched only to a limited extent; empirical investigations on behavioural aspects have been conducted solely in developed countries (Frazier *et al.* 1989, Kale 1986, Crotts and Wilson 1995, Kale and McIntyre 1991). According to Kale (1986) (also Albaum and Peterson 1984) research conducted across different market environments and countries would permit testing the generalisation of theories. They claim that studies should be conducted in the same industry in different countries with comparable samples. Thus this research covers the gap in the existing literature.

As tourism becomes increasingly globalised, not only should similar and developed markets be included in the research process, but they should be compared to other, less developed markets with a view of an expansion of knowledge and established 'best practices' (Dumazedier 1974, Auerbach and Stone 1991). Kuhn's (1967) method of testing a theory in a different environment was connected with the paradigm shift which happened with the collapse of communism. Poland was one of the countries chosen. It represents an ex-socialist country in the process of transition.

The aim of this research was to compare two tourism distribution systems: the British and the Polish. The analysis of channel structures and organisation patterns in a tourism context in Britain and Poland further fills the gap within distribution research. The investigation into the structure of the channels of distribution and the relationships within them was accomplished. The expected results were to project likely courses of tourism development in Poland, based on the comparison between the two tourism systems. The applicability of some of the mechanisms of channel control and assessment in Britain to the Polish situation was of interest as potentially beneficial for Polish businesses.

This research tried to establish whether the process of tourism globalisation is a possible threat or opportunity for the Polish channel players. The degree of Western influences was investigated with a view to estimating their impact on the change of Polish tourism trade practices. This research can also guide to some extent Western companies entering the Polish market, where the structures and behaviour of tourism companies differ from experience gained in their local markets. The whole research process was designed and implemented in order to recognise which solutions of the British "best practice" might be successfully implemented in the Polish environment, despite the obvious differences between the markets.

8.2 Contribution to knowledge

8.2.1 Strengths of this research

This research concentrates on channel relationships in tourism. The general theory of marketing channel relationships is applied to the tourism sector, and its applicability in two different geographical dimensions is explored. The fieldwork covers a new geographical research area, not observed previously with relation to channel relationships, namely Poland; it, therefore, fills the gap identified in the literature.

Two markets are compared here: a mature market of Britain and a newly re-developing market of Poland. Each market has undergone different historical and economic development processes.

Extensive fieldwork has been conducted, providing valid samples in both countries, and covering a representative range of companies.

Travel agents and tour operators' relationships, including the variables of mutual selection and control, and the development of channel strategies in Britain and in Poland, constitute original work. The field investigations of the variety of partners' selection, monitoring and support techniques in the two countries, the collection of data revealing the classification and evaluation of Polish channel structures, and their comparison study with channel structures of Britain are also innovative.

The main findings of the research support the expectation of an original contribution to knowledge. The most significant themes, enriching current knowledge, revolve around the following themes:

- Reasons for the appropriateness of some performance optimisation strategies and techniques, and for the absence of others in the tourism context are given with an explanation for British / Polish differences. The significance of social contacts in Poland is noted.

- The Polish associations are listed and classified for the first time in terms of their role and impact on distribution channels, and a comparison is made with parallel British associations. The support of tourism organisations is valuable to tourism firms gaining and securing their positions in the Polish market, and data presented illustrate for the first time the organisational memberships of Polish tourism businesses. The striking differences between these and their UK equivalents are displayed, and the reasons for the divergence analysed.

- Potential avenues for the development of the tourism industry structures in Poland become apparent, resulting from the analysis of the British industry channel relationships. Some provisional solutions for Poland could be applied to other European post-socialist countries.

It was expected that as the structure of the tourism intermediaries in terms of their size groups was similar in both countries, the old travel companies in Poland would act in a manner similar to large tour operators and multiples in Britain. The new companies were expected to behave in a similar way to smaller operators and miniples or independents. Following the literature review it was also expected that the multiples should be more powerful in Britain than any other channel players, while tour operators should dominate the underdeveloped market in Poland (Buhalis 1995, Kale 1996).

It was established that large multiples, indeed, have significant power in Britain, whereas tour operators were definitely not the most powerful channel players in Poland, and neither were the old companies. Despite the fact that the old companies were more experienced and were better known in the market, some of the new Polish companies developed quickly, following Western ways of organisation and management, and became relatively powerful in the market.

Although the growing demand for foreign holidays transfers power to tour operators, only those operators who offer desirable products benefit from it. Domestic suppliers in Poland, who have been powerful in the socialist setting, may increase their power even further by supporting travel agents and building relationships with them.

The research findings are therefore of value not only to the enhancement of academic knowledge but also to best tourism practice. In this connection, guidelines can be prepared for the use of tourism practitioners (particularly for those in Poland) in order to assist them in the development of successful relationships with their channel partners.

8.3 Summary of the main findings

It was established by qualitative and quantitative research that the following factors affected tourism relationships between agents and operators.

- Historical development played an important part in shaping the relationships in both markets. As a result of this development Britain has two distinctive sectors - travel agents and tour operators, while in Poland tourism companies tend to perform various activities and specialisation has not yet happened to the same extent as in Britain.

- Demand for tourism products and services has been affected by the general development of each country. Outbound tourism has been popular in Britain since the 1960s, while in Poland until the beginning of the 1990s domestic tourism dominated in the market as a form of holidays. This factor is changing, but principals (i.e. domestic suppliers) are still very powerful in Poland; they have far more power than tour operators or travel agents.

- In Britain tourism companies concentrate mainly on core tourism activities and in providing satisfactory services for the customers, which reinforce good co-operation with other companies up and down the channel. Non-core activities are dealt with by outsourcing. In Poland, where businesses trade in a volatile market, companies diversify in an attempt to keep business running smoothly. Diversity of operations in Poland is happening within and beyond tourism. Polish tourism companies, for example, use support categories (training and educationals) as additional products available for sale, and offer ranges of non-tourism products and services far beyond those encountered in Britain.

- In terms of support, both in Britain and Poland, agents looking to extend their knowledge about new products sought training and educationals. These training categories were delivered either by travel associations or tour operators, but in Britain large companies were the main provider of training options, while in Poland associations organised training more often than channel players.

- The marketing concept has been introduced to Polish businesses since the beginning of the 1990s, while in Britain it has been prevalent in the market from the 1960s. As a result of the acceptance of the principle of customer orientation, the understanding of customers' needs and wants is greater in Britain than in Poland. Tourism channel players in Britain, therefore, more often take customers' preferences into consideration in the process of establishing their channel relations.

- Contracts, especially those including evaluation procedures and realistic targets, were helpful in establishing the boundaries and responsibilities in relationships. This practice, however, happened in Britain more often than in Poland, where either there was no evaluation included, or targets were not feasible. Motivational factors included in agreements were very much underdeveloped in Poland. Therefore there was no basis for the assessment of a partners' performance.

- Channel integration is happening on a macro scale in Britain, and a micro scale in Poland.

- Technological developments shape tourism relationships in Britain to a far greater extent than in Poland. Information technology (IT) in Britain is a factor which in some instances replaces if not the relationships, then at least a verbal contact between companies. Information flow is directed by IT and all stages of relationship development are happening in the on-line world, rather than in face-to-face business.

- Systems and patterns of operation in Poland are not yet close to those of the travel trade in Britain because of the diversity of businesses, the level of integration and the development of IT. The inappropriateness of the Polish patterns of operation is coupled with a large number of inexperienced 'newcomers' in the travel trade, because a very high percentage of retail outlets have not been in tourism very long. This all creates difficulties in finding good channel partners.

- Despite the gap between Western practices and the Polish situation, this research provides a confirmation of intrusion of Western practices. Membership of tourism organisations and associations has been considered especially by the Polish businesses as a 'window' to Western co-operation, opportunities, business and money. Companies belonging to associations were perceived as more successful and reliable in both countries, but in Poland membership offered an additional incentive as a new source of information about companies, a source for evaluation of channel performance and credibility back-up.

The Polish tourism market (and the relationships within it) has been presented and compared to its British counterpart. Similarities and differences between the two systems were noted. It was confirmed that the separation of travel agents and tour operators is not very straightforward in Poland. The distinction between incoming and outgoing travel companies is again not very clear. As a result difficulty arises in establishing which group is the most powerful in terms of channel control. To some extent in the less-developed markets like Poland the power is kept in the hands of suppliers / originators of tourism products / services rather than intermediaries. The situation, therefore, resembles more a manufacturing industry than a service industry in a seller's market. This situation, whilst particularly true for the Polish domestic tourism, changes towards Western practices where tour operators offering outbound tourism products and services are gaining power thanks to the spreading of business practices by:

⇒ Co-operation with Western partners
⇒ Training provision
⇒ Membership of Western associations
⇒ Willingness to learn from Western partners, regarded as superior
⇒ Educated, more experienced customers, demanding better products
⇒ Prospective EU-membership enforcing EU customer protection, security and bonding regulations.

The power of the suppliers /originators is destined to be reduced, and the Western model more closely approached, as the early dominance of in-country holidays is replaced by the growth of international tourism in Poland. Social factors, linked to combined formal training and procedures, are helping the Polish companies to bridge the gap between them and the rest of the tourism world.

Marketing is a relatively new concept in Poland. Old tourism companies, which have become accustomed to having a monopolistic advantage and lack of competition, find it difficult to integrate marketing into their activities. New companies find it easier to adapt to a new market situation, but they do not necessarily put customers first. In order to secure their business they tend to combine various economic activities, not necessarily linked only to tourism. Diversity of activities within the same business is still quite extensive in Poland.

Old companies appear to pay more attention to their relationships with well-known channel partners than their new counterparts. They trust their partners more and recommend partners' products more often, than do newer competitors. The new companies find it more difficult to build new relationships, unless they are established by people who have been in the tourism business for a long time and are known in the market as tourism entrepreneurs. Companies with activities diversified beyond tourism find it easier to survive, but more difficult to build a stable system of distribution, as tourism-only channel players do not trust them.

This research suggests that there is the need for a new, strong tourism association in the Polish market, providing its members with benefits comparable to those of ABTA. In the year 2000, following new tourism legislation, the Governmental Register / Licensing Office (Centralny Rejestr Zezwolen) for tourism companies was established. Tourism companies have to register either as a travel agent or a tour organiser in order to obtain a license. At the end of 2001 there were 3237 tourism companies registered (personal communication with the Register Representative, 2002). The access to more reliable statistic regarding the number of active travel companies in Poland introduces more transparency in the market place. Although the regulatory role has been taken over by governmental agencies, the associations can provide substantial help in organising or advising the companies in the marketplace. Even if the role is more advisory than regulatory, it will still benefit Polish companies in building relationships. As most of the channels in Poland still represent the conventional type, a strong organisation could provide members with leadership, which might be more beneficial, rather than relying solely on open market forces (Etgar 1977, Wilkinson 1974, Godfrey and Clarke 2000).

8.4 Limitations of current research

Comparisons are the source of the extension and transferability of knowledge, but they have their limitations. Comparisons are sometimes not easy to make. One of the primary problems with comparative analysis is not only the ability of researchers to understand adequately cultures and societies which are different from their own, but also to generalise and explain social relations across societies and social contexts (May 1997).

Doswell (1997) identified two concepts which can hinder the process of successful transfer of knowledge from one country to another and the applicability of some solutions. The two interrelating concepts are "absorptive capacity" and "cultural compatibility". The former is concerned with the capacity to absorb and harness new technology or to cope with the pace of new development in knowledge, skills and resources. The latter, "cultural compatibility", is referred to as compatibility of particular systems or approaches within the cultural framework of the country. These two concepts can prevent the adoption, adaptation or retransmission of some ideas and practices by particular nationalities. Therefore they can influence the behaviour of the Polish channel players.

Other limitations were connected mainly with the availability of the information base and the fieldwork. In Poland the fieldwork had to fulfil two roles: it had to provide descriptive data as well as data for a further analytic investigation. Not only was the fieldwork designed to provide some background information about companies in Poland, but also to provide data specifically needed for the research problem. The reason for the dual role of the fieldwork was the lack of a consistent base of secondary information in the case of Poland at that time (1997-1999).

Although the questionnaire was chosen as the best method of reaching representative samples of travel companies in both markets, a lack of control over questionnaire responses was a hindrance in the research process. The obtained response rates, however, were considered satisfactory.

In the second stage of the main fieldwork, face-to-face in-depth interviews might have been better than telephone interviews in terms of time allotted for the conversation. However, the geographical dispersion of travel companies in both countries was too extensive to permit face-to-face interviews.

The Polish respondents were far more eager to take part in the second stage of the fieldwork than their British counterparts. There were also signs of over-willingness of the Polish respondents to give positive answers to interview questions. The Polish respondents had more positive attitude towards academics and perceived them as another source of potential information. Therefore they were willing to co-operate more often than their British counterparts, who had been more exposed to the research process and maybe could have seen less incentive in partaking in it. It gave the researcher more choice of possible interviewees in Poland and made it easier to achieve a valid sample of Polish companies, although eventually both British and Polish groups attained satisfactory levels. The questions were handled in the same way both in Poland and in Britain, ensuring the reliability and validity of data collected.

8.5 Implications of the research in terms of present and future trends

The structure of Polish tourism distribution channels resembles the British tourism channel structure of a previous era, before tour operators emerged in the market as a separate business sector. Development trends for Poland are deduced from the comparison. Patterns in the organisation and structure of the relationship between travel agents and tour operators are analysed. This analysis leads to recommendations which, if adopted in Poland, might strengthen the positions of "new" companies there.

The volume and value of tourism businesses continue to grow. The current mechanism of growth is partly progressing through the Polish entrepreneurial activities, partly consolidation and finally foreign ownership. There is still a high degree of bankruptcies, especially in the smaller business section. The collection of tourism business statistics and the bonding activities in Poland have improved vastly since year 2000 due to the Governmental Register, but still have not reached the level of reliability and stability attained by the British tourism companies. Improvements in the governmental registry and introducing tourism register for travel agencies, tour organisers and other tourism companies will soon provide a better understanding and more accuracy in terms of the Polish tourism structures. It is reasonable to expect that as the economic and political changes recede, the rate of bankruptcy will be less prominent.

The Polish market is likely to develop in the following directions:

1. The benefits and costs of the employment of agents by suppliers (Christopher 1992, Stern *et al.* 1989, Renshaw 1992) indicate that travel agents developed because suppliers needed their services. Suppliers in Poland may soon realise that the help of intermediaries in stimulating demand might be essential for them to survive as the demand moves from domestic to foreign tourism. Therefore, Polish travel companies will continue to develop their relationships with principals and develop a sector of tour operators, at least in domestic terms.

2. Western tour operators will increase their influence over the product development process and gain a higher share of the Polish market for mass-market package holidays. They will dictate the way in which those products are to be sold; consequently they will shape the relationships with intermediaries. The contractual agreements will be composed by them and intermediaries will have to comply with them.

3. Large tour operators will increasingly opt for direct sales by setting up their own retailing outlets and efficient websites. This process would challenge the intermediaries already existing in the marketplace, which may then count only as domestic product shops or small-scale organisers. Polish travel agents will have to provide tourists with additional products / services, perceived by customers as a value-added offers, in order to be able to compete with the offerings of large direct-sell operators. Alternatively, or in addition to that, they should have services of good value on offer to these operators and build up co-operation on the basis of soft vertical integration with tour operators.

4. Some or all channel relationships may be taken over by modern technology, for example the Internet, making it possible for suppliers to reach final consumers without any help from intermediaries.

8.6 Future research

This thesis provides implications for future research in the field and original ideas for further investigation.

Information technology facilitates the process of "streamlining of the distribution chain" (Hoffman 1994), therefore it also affects the channel relationships. It is said that IT will replace some of the actions and relationships between different channel members. As IT develops and is adopted by the tourism industry, it impacts on different players in the channels of distribution. According to different authors, different groups of players are put in danger and may become obsolete in the channel. For some a travel agent will not be used any more, because of the possible direct connection between the potential tourist and the range of principals. For others tour operators will be in danger, because IT will make it easier for a travel agent to prepare a package holiday, by connecting services provided by different suppliers, according to the ultimate user's needs. Information technology and its impacts upon relationships can be studied in-depth, as it may at some stage take over the communication flows between travel companies, therefore reducing the need for tour operators by making the flow of information between principals and agents easier to establish and achieve.

Historical development has shaped the structure of the tourism distribution channels in a different way in Britain compared to Poland. As a result, there are two separate sectors of travel agents and tour operators in Britain, while this distinction is not clear in Poland. Tourism companies in Poland often act as both travel retailers and organisers; also, they often deal with both incoming and outgoing tourism. However, as the demand for tourism products in Poland changes and outgoing tourism becomes more popular amongst tourists, some of the tourism companies have already chosen to specialise either in outbound or inbound tourism. Motivation of channel players and performance indicators / boosters could be studied in-depth, especially when the situation in the Polish market stabilises.

Choices of possible destinations has become much more diverse for Polish holidaymakers. They turn to destinations abroad, firstly European and then those more exotic, located on other continents. By doing so they follow to some extent in a geographical and sociological sense the "tidal wave of the pleasure periphery" (Prosser 1994:25). Actual and potential tourists are becoming more questioning in their approach to and selection of travel alternatives. There has been a failure to conduct in Poland systematic research into customer needs, both in the area of the product and in that of customer accessibility through marketing channel systems.

Finally, a study of Polish trade associations should be undertaken, possibly with government support and direction, in order to provide a thorough set of benefits and guarantees to encourage professionalism in Polish tourism services providers.

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Appendices

Appendix 1

POSSIBLE FOLLOW-UP INTERVIEWEES IN BRITAIN

Travel Agent	Street	City	Post Code	Group
TRAVEL TRAIL	4 Cotswold Court	Broadway	WR 12 7AA	Miniple
BROOMSTICK TRAVEL	The Coach House, Oaklands, Church Street	Barrowford Nelson	BB9 6QW	Independent
BUDJET FLIGHTS LTD.	91/93 St Albans Rd.	Watford	WD1 1SJ	Miniple
Concord Travel	57 Marine Drive, Rottinodean	Brighton	BN7 7HQ	Independent
DRIFTERS TRAVEL	22 Craven Terrace	London	W2 3QH	Miniple
GEM TRAVEL	3 Darwin House, Corbygate Business Park	Corby	NN17 5JG	Independent
HENLEY TRAVEL	Henley College Coventry Henley Road Bell Green	Coventry	CV2 1ED	Independent
Jamneys a la Ceute	Lion Building Market Place	Uttoxeter	ST14 8HP	Independent
KARNAK TRAVEL Ltd	5 The Precinct High Street	Egham	TW20 9HN	Miniple
MEDWAY TRAVEL MANAGEMENT	16 Albion Place	Maidstone	ME14 5DZ	Miniple
Thomas Cook UK Retail	13-14 Conningsby Road	Peterborough	PE3 8AB	Multiple
Ruislip Travel Ltd	23 High Street	Ruislip	HA4 7BN	Independent
Travel Choice	214 High Street	Bromley	BR1 1PW	Miniple

MULTIPLES Head Office	Address	ABTA number
Lunn Poly	Lunn Poly House, Clarendon Avenue, Leamington Spa, CV32 5PS	18057
The Thomas Cook Group Ltd.	P O Box 36, Thorpe Wood, Peterborough PE3 6SB	20606
Co-Op Travelcare	P. O. Box 53, New Century House, Manchester, M60 4ES	22902
A. T. Mays the Travel Agents	MTG (UK) Ltd) Moffat House, Nineyard Street, Saltcoats, KA21 5HS	0001X
Co-Op Travel (West Midlands Co-Operative Society Ltd)	Co-Op Superstore Shaw Street Walsall WS2 8PQ	D7896

Tour Operators	**Street**	**City**	**Post Code**
CLUBMED	106-110 Brompton Rd.	London	SW5 1JJ
FAVERSHAM TRAVEL SERVICES	6 Preston Malthouse, St. John's Road	Faversham	ME13 8EZ
INTER TOWNS TRAVEL	55 Rodney Street	Liverpool	L1 9ER
MARTIN RANDALL TRAVEL Ltd.	10 Barley Mow Passage Chiswick	London	W4 4PH
ISLANDERS Ltd	Bornemouth International Airport		BA23 6SE
SPORTSWORLD GROUP plc http://www.sportsworld.co.uk	New Abbey Court Stert Street	Abingdon	OX14 3JZ

Appendix 2

POSSIBLE FOLLOW-UP INTERVIEWEES IN POLAND

Company	Address1	City	PostalCode	Type
Jan - Pol	ul. Westerplatte 15/16	Kraków	31-033	New TA/TO
INTERCRAC	Rynek Glówny 14	Kraków	31-008	New TA/TO
RADTUR	ul.Curie-Sklodowskiej 9	Kraków	31-025	TO
Agencja FERIAE	ul. Dunajewskiego 6	Kraków	31-133	New TA
INTERCARS International France	ul.Pijarska 21	Kraków	31-015	Old TO/TA
Brytyjskie Biuro Podrózy	ul. Karmelicka 58	Kraków	31-128	New TA/TO
BTZ PTTK	ul. Westerplatte 15/16	Kraków	31-033	Old TA/TO
OST GROMADA	Pl. Szczepanski 8	Kraków	31-011	Old TA/TO
Happy Holiday	ul. Kosciuszki 33	Kraków	30-105	New TA
Jordan	ul. Dluga 9	Kraków	31-147	New TA/TO
ORBIS TRAVEL	Rynek Glówny 41	Kraków	31-013	Old TO
SOLTUR	Pl. Szczepanski 5	Kraków	31-011	Old TA/TO
AT POLMENTOUR s.c.	ul. 3 Maja 19	Bielsko Biala	43-300	New TA
BP AGA TRAVEL	ul. Buczka 16a/2	Bielsko Biala	43-300	New TA
BUT JANMAR	Rynek 33	Bolków	58-575	New TA
MITOUR Sp. z o.o.	ul. Sielanka 1/2	Bydgoszcz	85-073	New TA
BUTiUbezp.PLANET A s.c.	ul. Wolnosci 15	Chorzów	41-500	New TA
BPiT "ALMATUR"	Al. NMP 37	Czestochowa	42-200	Old TA/TO
BT AN TRAVEL	ul. Polanki 95A	Gdansk	80-302	New TA
FU-T EWAK	ul. Podwale Grodzkie 1, Box 349	Gdansk	80-895	New TA/TO
B.T. MART - TOUR	Pl. Konstytucji 1	Gdynia	81-354	New TA/TO
BP MILO-ONE s.c.	ul. Starowiejska 37	Gdynia	81-363	New TA/TO
BP lic. ORBIS	ul. Koszarska 1A	Gniezno	62-300	Old TA/TO
BT SINDBAD-max	ul. Pilsudskiego 32a	Jastrzebie Zdrój	44-335	New TA/TO
BP ALEKSANDER	ul. Fabryczna 24	Kalisz	62-800	New TA
AP GLOBAL	Pl. Grunwaldzki 4	Katowice	40-127	New TA/TO
BT ROMA	ul. Sowinskiego 5a	Katowice	40-022	New TA
B.P. EURO-TRAVEL Sp. z o.o.	ul. Boh. Getta 11a	Klodzko	57-360	New TA/TO
BP "ATUR"	ul. Krasinskiego 8	Leszno	64-100	New TA
BT LIMATUR	ul. Mordarskiego 6	Limanowa	34-600	Old TA/TO
BP Lic.ORBIS	ul. Odrodzenia 3a	Lubin	59-300	Old TA
BP.AXEL TRAVEL	ul. Kopernika 10	Lubin	59-300	New TA
HARCTUR	ul. Narutowicza 30	Lublin	20-016	Old TA/TO

BP VEGA	Pl. M. Kopernika 5	Lubliniec	42-700	New TA
B.P. OLIMP	ul. Piotrkowska 120	Lódz	90-006	New TA/TO
BP LEWANT	ul. Piotrkowska 42	Lódz	90-265	New TA/TO
GROMADA	Rynek 3	Nowy Sacz	33-300	Old TO
BP SKALNY	ul. Kopernika 12	Nowy Targ	34-400	New TA
BUT IWONA	ul. Królowej Jadwigi 6	Nysa	48-300	New TA/TO
B.T.K. i Z. OLTUR	ul. K. Wielkiego 12	Olkusz	32-300	New TA/TO
B.P. TRAVELAND	ul. Linki 3/4	Olsztyn	10-534	New TA/TO
BT.ZNP LOGOSTOUR	ul. Dabrowszczaków 15	Olsztyn	10-540	Old TA/TO
PTTK o/OTWOCK	ul. Warszawska 39	Otwock	05-400	Old TA/TO
PTTK BORT	Pl. Pilsudskiego 3	Piaseczno	05-500	Old TA/TO
AT PEGAZ	ul. Bytomska 67	Piekary Sl.	41-940	New TA/TO
ARC TOURS BP	ul. Glogowska 103	Poznan	60-265	New TA/TO
AT VENI-TOUR	ul. Grunwaldzka 6	Przemysl	37-700	New TA
BTU HORYZONT	ul. Dabrowskiego 111	Rumia	84-232	New TO
BIiUT CROATIA	ul. Gliwicka 12	Rybnik	44-200	New TO
BUT TRAMP	ul. Pilsudskiego 31	Rzeszów	35-959	New TA/TO
BP JUVENIA 2000	ul. 3 Maja 12	Sosnowiec	41-200	New TA
BTiU ATMA	ul. Reymonta 1	Starogard Gd.	83-200	New TA/TO
B.P. GLOBUS	ul. Zamkowa 4	Tarnowskie Góry	42-600	New TO
BP.MAJLEN	ul. Graniczna 4	Warszawa	00-130	New TA
JUVENTUR WARSZAWA	Al. Jerozolimskie 32	Warszawa	00-024	Old TA/TO
KAMEX Sp. z o.o.	ul. Czerniakowska 32	Warszawa	00-714	New TA
POLISH TRAVEL QUO VADIS	ul. Ptasia 2	Warszawa	00-138	New TO
Marco-Polo	ul. Sikorskiego 2	Wieliczka	32-020	New TA/TO
BT "JOWISZ"	Plac Wolnosci 17	Wloclawek	87-800	New TA/TO
ALFA	ul. Koscielna 60 m.4	Wolomin	05-200	New TA
TOP-SKY s.c.	ul. sw. Mikolaja 80	Wroclaw	50-126	New TA/TO
PTTK	Rynek-Ratusz 11/12	Wroclaw	50-106	Old TA/TO
TRIP	Ul. Zamoyskiego 1	Zakopane	34-500	New TO
PW. AS	ul. Paderewskiego 25	Zawiercie	42-400	New TA
BP MEGA TOURS-EUROSTOP	ul. Lisowskiego 2/2	Zielona Góra	65-072	New TA/TO

Appendix 3

EXAMPLE OF ANALYSIS OF INITIAL INTERVIEWS

TA/TO	TYPE OF BUSIENESS	CONTACT WITH PARTNERS	PARTNERS' SELECTION	INFO ABOUT THE PRODUCT	SUPPORT	FEEDBACK FROM SUPPLIERS	COMPLAINTS	ASSOCIATIONS	CONTRACTS	CO-OPERATION	EDUCATIONALS	COMMISSION LEVELS	OTHER issues
New 1	small, private TA/TO trips to Europe hiring of coaches	Brochures, vouchers, invoices over the phone no reps	level of service (accuracy of info), promptness of payment, reliability (comments from field experts)	brochures for staff only, itinerary, more detailed info is gathered by the staff	none	the reservation must be confirmed over the phone when the client is in the office	dealt on the spot or after contacting the supplier	none, previously KIT but resigned	an agreement with the terms of payment written is created in each case	with accommodation establishments directly or via ground handlers in a destination	used as a last-minute, half-price holidays more than educationals	5-10%, 25% on insurance	change in the market (sellers to buyers), lack of TO sector - it is more costly business to operate as a TO than as a TA no evaluation of channel partners
New 2	small, private TA/TO green schools family holidays coach tickets, ferry tickets	fairs or after the offer is sent with a standard agreement by another TA/TO; phone	reliability first impression after the first transaction (experience, trust)	brochures (for staff only)	none	not requested	no strict special procedure	KIT - enhancement of reliability	concerns only paying terms and conditions	with accommodation suppliers when preparing the holidays, with travel agent when selling them	organised usually by TO from abroad, with a view to a foreign destinations	5% - abroad 10% - Poland	no evaluation by suppliers training from KIT and other organisations (other TAs)
New 3	TA/TO holidays on the Polish seaside	personal at the beginning, sales staff, telephone, fax	the quality of the accommodation establishment and the service provided the word-of mouth communication selecting the new partners is important	brochures prepared by the company for clients with a written description of the establishment	none, suppliers must agree for taking a photo of their establishment	supplier is contacted each time when the booking takes place	dealt on the spot or after contacting the supplier	PIT training enhances reliability	written agreement, allotment and contracting places, every thin gis paid for long before the season starts	more tactical than strategic		3-10%, in average 7%	evaluation - if a supplier is satisfied with a process of co-operation, he will be more inclined to sell more rooms to that TA next season
Old 1	Large TA/TO, own accommodation establishments	phone, fax, CRS (till 1997 Amadeus)	credibility and reliability tourism association appointments	brochures for clients, price lists, manuals for staff	none	none	procedure of checking the accommodation and recompensation for the client	PIT, KIT, IATA	written agreements with partners	between Gromoda outlets and other companies as well	provided by PBP for directors only	7-12%	training provided by PBP nationally, sales volume is evaluated by suppliers

Appendix 4

COVERING LETTERS

Luton, 30/07/1998

Dear

ACADEMIC RESEARCH INTO THE TRAVEL AGENCY / TOUR OPERATOR RELATIONSHIP

Are you able to help me by completing this questionnaire? I am working towards a PhD based jointly at the University of Luton and Cracow Academy of Economics in Poland. The central theme of my PhD is a comparison between the UK and Polish Tourism Industries in terms of marketing channel relationships. The ultimate aim is to develop a model of best practice for the Polish industry using the established English experience as a guide. If you are able to help, your contribution will positively help Poland's understanding of its tourism development needs in the difficult transition period of its economy.

The information you provide is to be used purely for academic study; all information will be treated in the strictest confidence.

Would you be kind enough to return the completed questionnaire as soon as possible in the pre-paid envelope? Any additional comments you might have would be also welcome. I will be very happy to send my analysis of the overall responses to anyone who participates.

Your assistance is greatly appreciated.

Dorota Ujma
Research Student
University of Luton
Luton Business School

BADANIA AKADEMICKIE

DOTYCZĄCE POWIĄZAŃ POMIĘDZY BIURAMI PODRÓŻY I TOUR OPERATORAMI

Szanowni Państwo!

Prowadzę badania mające na celu ustalenie zależności pomiędzy agencjami turystycznymi i organizatorami wyjazdów turystycznych na rynku brytyjskim i polskim. Ich ustalenie pozwoli na opracowanie zestawień rożnych metod zarządzania przedsiębiorstwem turystycznym i optymalnej metody sprzedaży dla różnych rodzajów produktów turystycznych.

Badania są prowadzone w celu czysto naukowym, prowadzącym do doktoratu na University of Luton w Wielkiej Brytanii, przy współpracy z Akademią Ekonomiczną w Krakowie. W imieniu wyżej wymienionych uniwersytetów, jak i przede wszystkim swoim własnym, bardzo proszę o udzielenie odpowiedzi na pytania zawarte w załączonej ankiecie. Proszę o wysłanie ich w zaadresowanej i opłaconej kopercie najszybciej jak to możliwe. Ankieta nie zajmie Państwu wiele czasu, a ja z wdzięcznością powitam wszystkie komentarze z nią związane.

Ze swojej strony pragnę zapewnić całkowitą poufność powierzonych mi informacji. Zostaną one zanalizowane jedynie dla realizacji wyżej wymienionego celu.

Bardzo proszę o poświęcenie 15 minut swojego cennego czasu i udzielenie informacji, bez której nie mogę kontynuować badań.

Z góry serdecznie dziękuję

Dorota Ujma
Researcher

University of Luton

Akademia Ekonomiczna w Krakowie
Katedra Marketingu Usług Turystycznych
ul. Rakowicka 27
31-051 Kraków

Appendix 5

QUESTIONNAIRES

TRAVEL AGENTS

Q1. How long ago was your company established? (Please tick the age of your company)

☐ 1 year or less

☐ more than 1, up to 2 years

☐ more than 2, up to 5 years

☐ more than 5, up to 10 years

☐ more than 10 years

Please state the year: ____________________

Q2. How many retail outlets do you have in the UK? (Please tick the appropriate box)

☐ 1

☐ 2 - 5

☐ 6 - 10

☐ 11 - 20

☐ 21 - 25

☐ 26 - 30

☐ 31 - 50

☐ more than 50

Q3. Could you give me an approximate idea of your company size by telling me how many staff work in it? (Please state the number)

Full-time ....

Part-time ....

Temporary ....

Q4. Are you a member of any of the following associations: (Tick as many as appropriate)

Association of British Travel Agents (ABTA) ☐

Global Travel Group ☐

Travel Trust Association ☐

National Association of Independent Travel Agents (NAITA) ☐

ARTAC Worldchoice ☐

The Multiple Travel Agents' Association (MTAA) ☐

The Guilt of Business Travel Agents (GBTA) ☐

Others - please state: ....

....

Q5. On a scale of **0-9** please rank the importance of the following specialities your office handles; **9** means **very important**, **0** means that **you do not sell it**.

Your own domestic package holidays	☐	Coach tickets	☐
Other domestic package holidays	☐	Ferry tickets	☐
Your own overseas package holidays	☐	Rail tickets	☐
Other overseas package holidays	☐	Event tickets	☐
Excursions / city breaks	☐	Theatre tickets	☐
Business Travel	☐	Foreign exchange	☐
Charter Airline Travel	☐	Insurance	☐
Scheduled Airline Travel	☐	Car hire	☐
Hotel bookings	☐	Other - please state:	

....

Q6. Are you part of a group containing: (Please tick as appropriate)

Hotels / accommodation establishments ☐

Coach companies ☐

Other travel agents ☐

Tour operators ☐

Airlines ☐

Other enterprises ☐ (Please, state other types of enterprises)

....

....

The company is not a part of a group ☐

Q7. For how many tour operators do you currently sell? Please estimate the number:

____

Q8. Please rank in terms of importance the factors which influenced your choice of tour operators.

	1 Very Important	2 Important	3 Average	4 Unimportant	5 Very Unimportant
High commission	☐	☐	☐	☐	☐
Good terms of payment	☐	☐	☐	☐	☐
Reliability of service	☐	☐	☐	☐	☐
Recommendation from customers	☐	☐	☐	☐	☐
The quality of the product	☐	☐	☐	☐	☐
Recommendation from other travel agencies	☐	☐	☐	☐	☐
Effectiveness of dealing with complaints	☐	☐	☐	☐	☐
Long-term co-operation	☐	☐	☐	☐	☐
Quality of the proprietor or the staff	☐	☐	☐	☐	☐

Other factors (please state)..

....

Q9. Please tick the types of assistance provided to you by your suppliers:

	All of them do	Some of them do	None of them do
Provision of market research data	☐	☐	☐
Expert advice on retail travel management	☐	☐	☐
Recommendation of IT systems	☐	☐	☐
Financial support towards advertisement	☐	☐	☐
Advice regarding advertisement	☐	☐	☐
Expert product advice	☐	☐	☐
'Educationals' / study tours	☐	☐	☐
Financial assistance with stands on tourism fairs	☐	☐	☐

Q10. Do you take part in product training sessions provided by suppliers?

Yes ☐

No ☐

If no, why not? (Please state the reasons) ....

....

Q11. Do your staff attend training provided by trade associations?

Yes ☐ No ☐

If yes, please name the organisations used:

....

....

Q12. Is your performance assessed by any of your tour operators?

Yes ☐

No ☐

If yes, what areas of activity are assessed? ....

....

How often are you assessed? ....

Q13. Have you ceased to deal with a tour operator in the last 12 months?

Yes ☐

No ☐

If yes, what was the reason? (Please specify)

....

....

....

....

The name of your travel retail company:______________________________

Address: ____

____

____

Would you be prepared to be interviewed for further research into relationships between travel agents and tour operators? If so, please write your name and daytime telephone number below. The interviews will take about one hour and will be arranged to suit you.

Name: ______________________________

Daytime Telephone Number: ______________________

THANK YOU

TOUR OPERATORS

Q1. How long ago was your company established?

- ☐ 1 year or less
- ☐ more than 1, up to 2 years
- ☐ more than 2, up to 5 years
- ☐ more than 5, up to 10 years
- ☐ more than 10 years

Please, state the year: ____________________

Q2. Are you a member of the following associations: (Tick as many as appropriate)

Association of British Travel Agents (ABTA)	☐
International Air Transport Association (IATA)	☐
Air Travel Organiser's Licence (ATOL)	☐
Federation of Tour Operators (FTO)	☐
Association of Independent Tour Operators (AITO)	☐
British Incoming Tour Operators Association (BITOA)	☐

Other (Please state):

....

Q3. How many staff work in your company? Please state the number:

Full-time ....

Part-time ....

Temporary:..........

Q4. On a scale of **0-5** please rank the importance of the following specialities; **5** means **very important**, **0** means that **you do not sell them at all**.

Domestic package holidays	☐
International package holidays	☐
Excursions / city breaks	☐

Other - please state:...

....

Q5. Rank the importance of the following sales methods in terms of your business; 1- very important, 5 very unimportant.

DIRECT TO A CUSTOMER BY:

	1 Very Important	2 Important	3 Average	4 Unimportant	5 Very Unimportant
Phone	☐	☐	☐	☐	☐
The Internet	☐	☐	☐	☐	☐
Direct supply of brochure to customers	☐	☐	☐	☐	☐
Teletext	☐	☐	☐	☐	☐

RETAIL SALES (VIA TRAVEL AGENTS) USING:

	1 Very Important	2 Important	3 Average	4 Unimportant	5 Very Unimportant
Viewdata	☐	☐	☐	☐	☐
Istel	☐	☐	☐	☐	☐
Prestel	☐	☐	☐	☐	☐
Fastrak	☐	☐	☐	☐	☐
CRS systems	☐	☐	☐	☐	☐
Brochures	☐	☐	☐	☐	☐

Q6. How many holidays did you sell last year? Please state the approximate number of PAX:

____

Q7. How many travel retailers currently sell your products? Please state the numbers of:

Companies _______________

Branches _______________

Q8. Are you part of a group containing: (Please tick as appropriate)

Hotels / accommodation establishments ☐

Coach companies ☐

Travel agents ☐

Other tour operators ☐

Airlines ☐

Other enterprises ☐ Please state the other types of enterprises:

....

....

The company is not part of a group ☐

Q9. Which of the following factors influenced your choice of travel agents? Please rate the importance of each of them:

	1 Very Important	2 Important	3 Average	4 Unimportant	5 Very Unimportant
Number of outlets	☐	☐	☐	☐	☐
Location of outlets	☐	☐	☐	☐	☐
Promptness of payment	☐	☐	☐	☐	☐
Reliability of performance	☐	☐	☐	☐	☐
The quality of a working relationship	☐	☐	☐	☐	☐
Holidaymakers' perception of the retailer	☐	☐	☐	☐	☐
Long-term co-operation	☐	☐	☐	☐	☐
Staff quality	☐	☐	☐	☐	☐

Other factors (please state)..

....

....

Q10. Do you assist your retailers with any of the following? Please tick as many as appropriate:

	All of them	Some of them	None of them
Provision of market research data for retailers' use	☐	☐	☐
Expert advice on retail travel management	☐	☐	☐
Recommendation of IT systems	☐	☐	☐
Addresses for direct customers mail shots	☐	☐	☐
Financial support towards advertisement	☐	☐	☐
Expert product advice	☐	☐	☐
Support for 'educationals' / study tours	☐	☐	☐
Stands in tourism fairs	☐	☐	☐

Q11. Do you provide product training sessions for your retailers?

Yes ☐

No ☐

Q12. Do you evaluate the performance of your retailers?

Yes ☐ No ☐

If yes, what are the main criteria you look for in your evaluation?

....

How often do you check their performance?

....

Q13. Is your performance formally assessed by your retailers?

Yes ☐ No ☐

If yes, what areas of activity are assessed?

....

How often is your performance assessed?

....

Q14. Have you ceased to offer your product to any travel retailer in the last 12 months?

Yes ☐

No ☐

If yes, why? Please state the reason:

....

The name of your company: ______________________________

Address: ______________________________

____

____

Would you be prepared to be interviewed for further research into relationships between travel agents and tour operators? If so, please write your name and daytime telephone number below. The interviews will take about one hour and will be arranged to suit you.

Name: ______________________

Daytime Telephone Number: ______________________

THANK YOU

AGENCJE TURYSTYCZNE / TOUR OPERATORZY

☐

P1. Czy Państwa Firma działa jako (proszę wybrać odpowiednią opcję):

☐ agencja turystyczna (detalista)

☐ tour operator (organizator podróży)

☐ pełni obie funkcje jednocześnie

☐ działalność firmy nie jest ograniczona jedynie do turystyki

Proszę wymienić inne rodzaje działalności:

....

....

Ze względu na zróżnicowanie działalności polskich firm turystycznych nie jest możliwe stworzenie jednolitego kwestionariusza dla każdej z wyżej wymienionych grup. Jeżeli działacie Państwo ***tylko*** *jako AGENCJA TURYSTYCZNA proszę o odpowiedzi na pytania ogólne i pytania adresowane do AGENCJI (odnośnik znajduje się na początku odpowiednich pytań). Jeżeli główny trzon Państwa działalności stanowi ORGANIZOWANIE PAKIETÓW, proszę wówczas o odpowiedzi adresowane do TOUR OPERATORÓW, pozostałe grupy proszę O ODPOWIEDZI NA WSZYSTKIE PYTANIA.*

PYTANIA OGÓLNE:

P2. Kiedy powstała Państwa firma? Proszę wybrać odpowiednią kategorię:

☐ mniej niż rok temu

☐ od roku do 2 lat temu

☐ od 2 do 5 lat temu

☐ od 5 do 10 lat temu

☐ więcej niż 10 lat temu

Rok założenia firmy: ____________________

P3. Ile osób pracuje w Państwa firmie? (Proszę podać liczbę)

Pełny etat...............

Pół etatu...............

Tymczasowo ....

P4. Do jakich organizacji turystycznych należy Państwa Firma? Proszę wymienić:

....

....

P5. Czy sprzedajecie Państwo imprezy turystyczne związane z miejscowością, w której znajduje się Państwa biuro?

Tak ☐ Nie ☐ (Proszę przejść do następnego pytania.)

Jeżeli tak, czy jest to Wasz główny produkt?

Tak ☐ Nie ☐

P6. Ile osób nabyło u Państwa produkty w ramach zeszłorocznej oferty? Proszę podać przybliżoną liczbę:

____

P7. Czy Państwa Firma należy do grupy, posiadającej własne:

Hotele / pensjonaty / inne obiekty bazy noclegowej ☐

Własny transport autokarowy ☐

Inne agencje turystyczne ☐

Innych tour operatorów ☐

Linie lotnicze ☐

Inne przedsiębiorstwa, nie związane z turystyka ☐ Jakie? Proszę podać rodzaj działalności:

....

Firma nie należy do żadnej grupy ☐

P8. Proszę o uszeregowanie poniższych metod sprzedaży w odniesieniu do ich wagi dla Państwa działalności (1 - bardzo ważna, 5 - zupełnie nieważna).

	1 Bardzo Ważna	2 Ważna	3 Średnio Ważna	4 Nieważna	5 Zupełnie Nieważna
Bezpośrednio turystom	☐	☐	☐	☐	☐
Poprzez Internet	☐	☐	☐	☐	☐
Poprzez agencje turystyczne	☐	☐	☐	☐	☐

Inne metody (proszę o ich podanie) ....

P9. Czy Pracownicy w Państwa firmie biorą udział w szkoleniach branżowych organizowanych przez organizacje turystyczne?

Tak ☐

Nie ☐

Jeżeli tak, proszę podać które organizacje je przygotowywały:

....

PYTANIA DO AGENCJI TURYSTYCZNYCH:

P10. Ile oddziałów ma Państwa firma w Polsce?

- ☐ 1
- ☐ 2 - 5
- ☐ 6 - 10
- ☐ 11 - 20
- ☐ 21 - 25
- ☐ 26 - 30
- ☐ 31 - 50
- ☐ więcej niż 50

P11. Które z poniższych produktów znajdują się w ofercie Państwa Firmy? Proszę o zaznaczenie wagi podanych poniżej produktów i usług turystycznych z punktu widzenia Państwa działalności poprzez przyporządkowanie **każdemu z nich cyfry od 0 do 9**, gdzie **9** oznacza, ze produkt jest bardzo ważny, **0** - nie jest w ogóle sprzedawany przez Państwa biuro.

- Własne krajowe oferty turystyczne ☐
- Inne krajowe oferty turystyczne ☐
- Własne międzynarodowe oferty turystyczne ☐
- Inne międzynarodowe oferty turystyczne ☐
- Krótkie wycieczki objazdowe (short breaks) ☐
- Podróże służbowe ☐
- Bilety lotnicze ☐
- Rezerwacja miejsc w hotelach ☐
- Bilety autobusowe ☐
- Bilety promowe ☐
- Bilety kolejowe ☐
- Bilety na imprezy kulturalne (teatr, opera) ☐
- Wymiana walut ☐
- Ubezpieczenia ☐
- Wynajem samochodów ☐
- Wynajem autokarów ☐

Inne (proszę o podanie przykładów) ....

....

P12. Proszę o podanie przybliżonej liczby tour operatorów, których produkty obecnie Państwo sprzedajecie:

____

P13. Proszę zaznaczyć wagę poniższych czynników przy wyborze tour operatora, którego produkt Państwo sprzedajecie (1 - czynnik bardzo ważny, 5 - czynnik zupełnie nieważny).

	1 Bardzo Ważny	2 Ważny	3 Średnio Ważny	4 Nieważny	5 Zupełnie Nieważny
Oferowane warunki finansowe	☐	☐	☐	☐	☐
Polecenie od innych firm turystycznych	☐	☐	☐	☐	☐
Niezawodność w działaniu	☐	☐	☐	☐	☐
Rekomendacja turystów	☐	☐	☐	☐	☐
Jakość oferowanego produktu/ usługi	☐	☐	☐	☐	☐
Szybkość i efektywność w rozpatrywaniu skarg	☐	☐	☐	☐	☐
Długa współpraca	☐	☐	☐	☐	☐
Jakość pracy kadry, zatrudnionej przez kontrahenta	☐	☐	☐	☐	☐
Termin płatności	☐	☐	☐	☐	☐

Inne czynniki (proszę o ich podanie)..

....

P14. Czy Wasze wyniki działalności są oceniane przez tour operatorów?

Tak ☐

Nie ☐

Jeżeli tak, co podlega ocenie?...

....

Jak często dokonywana jest ocena? ....

P15. Czy bierzecie Państwo udział w sesjach szkoleniowych, dotyczących produktów turystycznych, organizowanych przez tour operatorów?

Tak ☐

Nie ☐ Dlaczego nie? (Proszę podać przyczyny)

....

P16. Które z poniższych opcji są dostępne u Waszych tour operatorów? Proszę wybrać odpowiednią kategorię dla każdej z podanych opcji.

	Wszyscy dostarczają	Niektórzy dostarczają	Żaden wytwórca nie dostarcza
Dostęp do danych o rynku turystycznym	☐	☐	☐
Fachowa pomoc w zarządzaniu firmą turystyczną	☐	☐	☐
Polecenie najlepszych systemów komputerowych	☐	☐	☐
Adresy do bezpośredniego kontaktu z potencjalnymi klientami	☐	☐	☐
Porady dotyczące reklamy	☐	☐	☐
Wspólnie finansowane akcje reklamowe	☐	☐	☐
Fachowe porady dotyczące ich produktów	☐	☐	☐
Study tours / edukacyjne wyjazdy dotyczące produktów	☐	☐	☐
Finansowe wsparcie przy organizowaniu stoiska na targach turystycznych	☐	☐	☐
Katalogi (foldery) z ofertą	☐	☐	☐

Inne (proszę o przykłady) ....

....

P17. Czy w ciągu ostatnich 12 miesięcy przestali Państwo współpracować z jakimś tour operatorem?

Tak ☐

Nie ☐

Jeżeli tak, jakie były tego powody (proszę o ich podanie):

....

....

....

Jeżeli działacie Państwo ***tylko*** *jako agencja turystyczna, proszę przejść do ostatniej strony.*

PYTANIA DO TOUR OPERATORÓW:

P18. Czy wydajecie Państwo katalogi (foldery) dla Waszych agencji / klientów?

Tak ☐

Nie ☐ (Proszę przejść do P23)

Nie dotyczy ☐ (Proszę przejść do P23)

P19. Ile rożnych rodzajów katalogów produkujecie Państwo w ciągu roku? (Proszę podać liczbę wydań)

____

P20. Ilu agentów sprzedaje Państwa produkty? Proszę o podanie ich liczby:

agenci, z którymi podpisali Państwo umowę o współpracy ☐

agenci efektywnie sprzedający Państwa produkt ☐

P21. Czy oferujecie Państwo swoim agentom sesje szkoleniowe, dotyczące Waszych produktów?

Tak ☐

Nie ☐

P22. Czy oceniacie Państwo wyniki działalności agentów, sprzedających Wasz produkt?

Tak ☐

Nie ☐

Jeżeli tak, jakie są główne kryteria oceny? (Proszę o ich podanie.)

....

....

Jak często jest oceniana działalność agentów?

....

....

....

P23. Proszę zaznaczyć wagę poniższych czynników przy wyborze agenta, sprzedającego Państwa produkt

(1 - czynnik bardzo ważny, 5 - czynnik zupełnie nieważny).

	1 Bardzo Ważny	2 Ważny	3 Średnio Ważny	4 Nieważny	5 Zupełnie Nieważny
Ilość oddziałów agenta	☐	☐	☐	☐	☐
Położenie oddziałów	☐	☐	☐	☐	☐
Szybkość przelewu należności	☐	☐	☐	☐	☐
Rekomendacja od innych firm turystycznych	☐	☐	☐	☐	☐
Niezawodność w działaniu	☐	☐	☐	☐	☐
Jakość usługi	☐	☐	☐	☐	☐
Opinia turystów o danym biurze	☐	☐	☐	☐	☐
Szybkość i efektywność w rozpatrywaniu skarg	☐	☐	☐	☐	☐
Długa współpraca	☐	☐	☐	☐	☐
Jakość pracy kadry zatrudnionej przez kontrahenta	☐	☐	☐	☐	☐

Inne czynniki (proszę o podanie)..

....

P24. Czy przestali Państwo rozprowadzać swój produkt przez danego agenta w ciągu ostatnich 12 miesięcy?

Tak ☐

Nie ☐

Jeżeli tak, jakie były tego powody (proszę o ich podanie)

....

....

....

....

....

....

P25. Czy agenci sprzedający Państwa produkty otrzymują od Państwa pomoc związaną z wykonaniem poniższych czynności? Proszę wybrać odpowiednią kategorię dla każdej opcji.

	Wszyscy otrzymują	Niektórzy otrzymują	Żaden nie otrzymuje
Dostęp do danych o rynku turystycznym na użytek agencji	☐	☐	☐
Fachowa pomoc w zarządzaniu firmą turystyczną	☐	☐	☐
Polecenie najlepszych systemów komputerowych	☐	☐	☐
Adresy do bezpośredniego kontaktu z potencjalnymi klientami	☐	☐	☐
Porady dotyczące reklamy	☐	☐	☐
Wspólnie finansowane akcje reklamowe	☐	☐	☐
Fachowe porady dotyczące ich produktów	☐	☐	☐
Study tours / edukacyjne wyjazdy dotyczące produktów	☐	☐	☐
Finansowe wsparcie przy organizowaniu stoiska na targach turystycznych	☐	☐	☐

Inne - proszę o podanie: ....
....
....
....
....
....
....
....
....
....

Bardzo proszę o podanie następujących danych:

Nazwa Przedsiębiorstwa____________________

Adres: ____________________

____

____

Czy zgodziłby się Pan / Pani na przeprowadzenie z nim/ nią wywiadu, mającego na celu dalsze pogłębienie wiedzy na temat zależności, występujących w sieci dystrybucji pomiędzy agentami turystycznymi i tour operatorami? Jeżeli tak, bardzo proszę o podanie poniżej danych personalnych i dziennego numeru telefonu. Wywiad będzie trwał około 1 godziny i zostanie ustalony w terminie najbardziej dla Pana / Pani dogodnym.

Tytuł: ____________________

Imię I Nazwisko: ____________________

Numer telefonu: ____________________

DZIĘKUJĘ

Appendix 6

LIST OF VARIABLES FROM THE QUESTIONNAIRES

Code	Name
TATOIN	type of business (p1)
TATOINOT	other non-tourism types of business (p1.1)
COMAGE	age of the company (p2)
ESTYEAR	year of establishing a company (p2.1)
STAFFUL	the number of full time staff (p3.1)
STAFPART	number of part-time staff (p3.2)
STAFF	number of employees
TOURASSO	tourism association - membership (p4)
LOCPROD	local products sold (p5)
LOCMAINP	local product - main? (p5.1)
PAX	number of clients who bought your product last year (p6)
GRUPHOT	accommodation establishments in the group (p7.1)
GRUPCOA	coach companies in a group (p7.2
GRUPTA	other travel agents in a group (p7.3)
GRUPTO	other tour operators in a group (p7.4)
GRUPAIRL	airlines in a group (p7.5)
GRUPOTH	other enterprises in a group (p7.6)
OTHERTY	other types of enterprises (p7.7
NOGRUP	company is not a part of a group (p7.8)
SALECUST	sales made directly to customers (p8.1
SALEINT	sales via the Internet (p8.2)
SALETA	sales via travel agents (p8.3)
TRAIASSO	training by associations (p9)
ASSOTYP	name of the association organizing training sessions (p9.1)
OUTLETS	number of retail outlets in Poland (p10)
YDOMPACK	importance of own domestic package holidays (11.1)
ODOMPACK	other domestic package holidays (p11.2
YOVPACK	your own overseas package holidays (p11.3)
OTOVPACK	other overseas package holidays (p11.4)
CITYBREK	excursions / city breaks (p11.5)
BUSINESS	business travel (p11.6)
AIRTICKE	airline tickets (p11.7)
HOTBOOK	hotel bookings (p11.8)
COACHTIC	hotel bookings (p11.9)
FERRYTIC	ferry tickets (p11.10)
RAILTICK	rail tickets (p11.11)
EVENTICK	event tickets (p11.12)
FOREXCH	foreign exchange (p11.13)
INSURAN	insurance (p11.14)
CARHIRE	car hire (p11.15)
COACHIRE	coach hire (p11.16
OTHPROD	other products (p11.17)
TONUMBER	number of tour operators in co-operation (p12
TOCOMMIS	tour operators commission (p13.1)
TORECOTA	recommendation of a tour operator from other travel agencies
TORELIAB	tour operator's reliability (p13.3)
TORECTUR	tour operator's recommendation by clients (p13.4
TOPRQUAL	tour operator's product quality (p13.5)
TOCOMPLA	tour operator's efficiency in handling of complaints (p13.6)

TOCOOP	long co-operation with a tour operator (p13.7)
TOSTAFQU	tour operator's staff quality (p13.8)
TOPAYTER	tour operator's terms of payment (p13.9)
TOCHOTHE	other criteria of the choice of a tour operator (p13.10)
PERFASSE	assessment of travel agent's performance (p14)
WHATASS	areas of assessment (p14.1)
WHENASS	frequency of assessment (p14.2)
TOTRINSE	tour operator's training sessions for retailers (p15
WHYNOT	the reasons for not taking part in training (p15.1)
TOURDATA	market research data provided by tour operators (p16.1)
TRAVMNG	travel management advice provided by TOs (p16.2)
ITREC	IT systems recommended (p16.3
CLDATABS	client's database provided by TOs (p16.4)
ADVERTIS	advice regarding advertisements (p16.5)
FINASSAD	financial support towards advertisements (p16.6)
PRODADVI	product advice provided by TOs (p16.7)
EDUCATIO	educationals provided by TOs (p16.8)
TOURFAIR	financial assistance with stands on tourism fair (p16.9)
BROCHURE	provision of brochures by TOs (p16.10)
OTHSUPPR	other support obtained from tour operators
TOTERMIN	termination of dealing with a tour operator (p17)
WHYTERM	reasons for termination (p17.1)
TOBROCH	tour operator's brochures for travel agents (p18)
BROCHISS	number of issues of brochures (p19)
TAAGREEM	the number of travel agents with signed agreement (p20.1)
TAEFFECT	the number of efficient travel agents (p20.2)
TATRAINI	training for travel agents offered by a tour operator (p21)
TAPERFOR	travel agent's performance assessed by the tour operator (p2
FREQEVAL	frequency of travel agents' evaluation (p22.2)
OUTLETNO	agent's selection - number of outlets (p23.1)
OUTLLOCA	agent's selection - location of outlets (p23.2)
PAYPROMP	agent's selection - promptness of payment (p23.3)
TRADRECO	agent's selection - trade recommendation (p23.4)
RELIABIL	agent's selection - reliability of performance (p23.5)
SERVQUAL	agent's selection - quality of service (p23.6)
TOURPERC	agent's selection - tourist perception of the retailer (p23.
COMPLAIN	agent's selection - dealing with complaints (p23.8)
COOPER	agent's selection - long co-operation (p23.9)
STAFQUAL	agent's selection - staff quality (p23.10)
OTHFACT	agent's selection - other factors (p23.11)
TATERMIN	termination of doing a business with a travel agent (p24)
WHYYES	reasons for terminating the relationship (p24.1)
MARKDATA	support for agents - provision of market research data for t
TRAVMANA	support for agents - retail travel management advice (p25.2)
ITRECOME	support for agents - IT recommendation (p25.3)
CUSTDATA	support for agents - customers addresses (p25.4)
ADVERADV	support for agents - advertisement advice (p25.5)
ADVERFIN	support for agents - financial support towards advertisement
PRODUADV	support for agents - product advice (p25.7)
STUDYTOU	support for agents - educationals (p25.8)
FAIRS	support for agents - financial support towards stands on tourism fair
OTHERSUP	support for agents - other types of support (p25.10)

Appendix 7

EXAMPLES OF POLISH TRAVEL COMPANIES

ORBIS (an old travel company)

The company was established in 1920 as a private company, but after the second World War became state-owned or, as it was called, nationalised. It consisted of a few sister companies or departments, each of them responsible for a separate tourism sector: hotels and other accommodation establishments, transport and travel trade. For many years this company had been a dominant force in the upper sector of the travel and hospitality services of the country. In 1982 the hotel and travel operations were merged into one enterprise. In 1989 the Polish economy was introduced to the new, market oriented system. In 1991 the changes allowed ORBIS to be transformed into a joint stock company - wholly owned by the State - with the possibility of ultimate privatisation.

Until 1993 ORBIS was a multifunctional company conducting travel, transport and accommodation activities. The company has offered over 10 000 rooms in 55 hotels, all located in Poland, of which 53 were wholly owned and 2 were operated under a lease agreement. The hotel business was divided into 30 business units which reported directly to Head Office.

In the middle of 1993 the reorganisation of ORBIS took place. The Polish Travel Bureau ORBIS Ltd. (Orbis Travel) became a subsidiary of the ORBIS Holding Company. The holding company was responsible for the strategic direction of the business, overall co-ordination and certain tasks including finance management, development of information systems, central marketing, sales and central reservation system, control of major capital and operating expenditures and setting of the investment policy. The ORBIS Holding Company consisted of two tour operators: incoming, which arranged tours in Poland and outgoing, which organised outbound tour packages.

In 1998 ORBIS consisted of three different parts: Orbis Travel and Orbis Transport, which has been already privatised and only the Orbis Hotels' section is still under central Government control. Initially hotel operations were run as a division of the holding company. The group should be transferred to the operationally independent hotel subsidiary. Orbis Travel operates a national network of 70 retail outlets. Also as a franchiser it is involved in almost 100 independent agencies, operated under various franchise agreements. The primary activity of Orbis Travel is retailing of travel services. Transport company (Orbis Transport) offers rent-a-car services, coaches and car maintenance services. It rents cars under its own name and that of the international car rental company - Hertz.

The process of privatisation of ORBIS began in the end of 1993. In the first stage 51% of Orbis shares had been exclusively offered to Orbis employees. In early 1994 these two companies were privatised. The majority of shares were distributed to Orbis employees. From November 1997 ORBIS has been quoted on the stock exchange as one of the first travel companies among 150 others from different industries.

ORBIS operates tourist information offices and owns commercial companies in more than 15 countries. The most important offices are located in the USA, Great Britain, France, Germany and Italy. These offices are responsible for the promotion of Orbis, they provide tourism information on Poland and some of them are selling Orbis services. Orbis participates in a number of enterprises including hotel developments, banking activities (credit card clearing), casino operations, travel insurance and many other businesses. It belongs to various international travel related organisations: UFTAA, ICCA and IHA.

GROMADA

Gromada is also one of the older travel companies both organising and selling tourism products in Poland and abroad. Gromada owns a few hotels, motels and guesthouses in Poland and also one in Berlin. Gromada travel offices are located in main cities in Poland but Gromada products are sold as well by a network of small, independent travel agencies.

TURYSTA

This is also an example of the older type of a travel company in Poland. It was established in 1957 in Warsaw, and like Gromada, is a co-operative travel agency. It was created for the tourism needs of members of the Workers' Co-operative Society (Spoldzielczosc Pracy). The head office in Warsaw and six branches (Krakow, Gdansk, Lodz, Katowice, Szczecin, Wroclaw) traded under the name of TURYSTA. The network grew fast - in 1959 there were 30 branches of Turysta throughout Poland, their products were sold also in the network of other retailers. For the first two years they had been selling only domestic products, but in 1959 Turysta was given the permission (by the Ministry of Finance) to organise outgoing holidays for Poles. According to their articles (statute, charter) Turysta was supposed to provide medium standard of services for members in the first place and then for the rest of potential clients. In domestic tourism Turysta specialised then in camping, hunting tours and "folk" holidays.

Turysta owned from the very beginning its own source of transport - in 1960 they had 34 coaches. In 1964 Turysta acquired its first accommodation establishment – a camping site in Mazury, the Polish Lake District. Turysta owns two hotels: in Czestochowa and Sanok, and two camping sites: in Mazury and Warsaw.

First outgoing destinations for Turysta's tourists were placed in East Germany, Czechoslovakia and Yugoslavia. Two groups were sent to Belgium (the first destination in the West) in 1962. Turysta could offer only those destinations and those types of holidays which were permitted by law at that time. That is why most holidays were placed in Poland; usually these were short trips for the 'mass workers' market. Outgoing tourism started to develop on the larger scale in the middle of the 1970s. The boom for holidays abroad was evident in the 1980s. 1987 was the best year for international tourism, when Turysta sent 136.000 Poles abroad.

In 1992 the Co-operative Travel Agency Turysta was divided into 19 new, smaller co-operatives. 17 of them work together under the umbrella of "Turysta" brand. The agencies offer holidays in Greece, Croatia, Spain, Turkey, Italy, Lithuania, Hungary and of course in Poland.

FUNDUSZ WCZASOW PRACOWNICZYCH (FWP)
WORKERS' HOLIDAY FUND

This organisation was more of a service provider. It entailed the tourism infrastructure (mainly 'social' houses, which belonged to different factories and companies and created the holiday accommodation establishments for their workers) and was the main provider of so called 'social tourism'. Workers from one factory could have gone to different places year by year, instead of visiting only the one place which belonged to their company. Social houses usually represented a low standard of accommodation. The holidays there were paid partly by the companies on behalf of their workers. The remains of this system are still in place in some cases, but because it is not profitable for the companies any more these houses are being sold to tourism companies. It is easier and more effective to outsource these services, if they are needed. At least fixed costs are much lower, because the company is not involved in looking after the buildings.

The social houses Marlboro and Carmen in Zakopane, which were inherited by Philip Morris Kraków, are one of the examples of this type of accommodation, although they were completely refurbished at the beginning of the 1990 and represent a higher standard of accommodation. They serve the needs of employees in the first place, but it is also possible for "outsiders" to book a room there. They sell their rooms directly, without any intermediaries. Rates for the services (usually accommodation and 3 meals a day) offered there are set at market prices.

HUT PUS

HUT PUS established in 1950 is another example of a travel company, belonging to a factory. In this case it was the Huta im. Sendzimira (steel-works) in Krakow. Thanks to HUT PUS and others like it, the demand for travel services was met at the place of work. This led to a reduction in the demand for travel services prepared and sold by independent travel agents. Because of the political situation in most cases only internal tourism could have taken place. The holidays organised by travel offices belonging to factories and industrial companies were cheaper than those from independents, because they were usually subsidised.

ALMATUR

Almatur was established in 1956 as a travel office specialising in tourism for students and academics. So far students have been the most frequently served market segment, although the offerings are prepared for everybody. Almatur owns a few accommodation establishments and coaches, thus is able to control the process of delivery of tourism services to its clients. It has 17 branches in Poland, but co-operates closely with 10 agencies, which are treated in the same way as Almatur branches. Almatur outlets are based mainly in big cities, especially those with large academic communities. The holidays offered by Almatur can be bought in approximately 200 travel agencies in Poland, which act as agents (http://www.almatur.com.pl).

Almatur belongs to the following tourism organisations: International Air Travel Association (IATA), Federation of International Youth Travel Organisations (FIYTO), International Student Travel Confederation (ISTC) and Polska Izba Turystyki (The Polish Chamber of Tourism, PIT).

AIR TOURS

Air Tours Poland Group is a travel agent and a tour operator with wide tourism activities. The Group specialises in business travel, conference and event management and training session. It uses Start Amadeus as a computer reservation system for air tickets, hotel rooms and rent-a-car services. The group has long-term co-operation with many airlines and hotel chains. Air Tours holds the prizes awarded by the Polish Chamber of Tourism (PIT), Globus'95, '96, '97 for the best tourist products on the market. The company has three outlets in Warsaw and one in Katowice, Lodz, Bialystok, Poznan and Krakow, but their products can be booked in any travel agency. Air Tours offices can be found also abroad: in Japan (Tokyo), United Arab Emirates (Sharjah), United Kingdom (London) and U.S.A. (New York). Their offer is also available in any LOT Polish Airlines Office throughout the world. (Air Tours Poland Group promotional materials: all inclusive brochure, Winter 97/98). Air Tours is a member of the international tourism associations including IATA, ASTA and one of the originators of the Polish Chamber of Tourism (PIT).

ALPINA TOUR

Alpina Tour was a tour operator based in Krakow. The company specialised in coach holidays organised abroad, it was also to be amongst the first five major charter tour organisers. Alpina used to send several thousands Polish tourists to the Mediterranean region annually. In the first half of 1999 12000 –13000 tourists went abroad with Alpina, the remaining 6000 bought holidays for the period from July to September 1999. At the end of July 1999 around one thousand tourists who were supposed to leave for holidays on the following day were informed that the holidays were cancelled. The reasons were not given. Tourists tried to get in touch with various travel agencies, where most of them bought Alpina's holiday, but agents knew absolutely nothing about the reasons for cancellation. Tourists and agents were left without any explanation. Nobody could get in touch with the main office in Krakow, where there was a notice, signed by a chief executive of Alpina that the cancellation was caused by the withdrawal of partners abroad who refused to accommodate Alpina's tourists, as the Polish company had not paid for their services. The Polish tourist companies had heard and commented on Alpina's financial problems in 1998; the chairman of PIT confirmed that nobody in the Polish travel market dealt with Alpina exept on a "cash with order" basis.

As the result of company's shortage of cash, at the end of July 1999 Alpina Tour left around 1500 Poles in various destinations in and outside Europe. Coaches were sent by Alpina to pick up some of their tourists and a few flights were chartered by the Ministry of Foreign Affairs in order to repatriate the rest of them, some tourists paid for transport out of their own pocket. Powszechny Zaklad Ubezpieczen (PZU, the Polish insurance company) transferred the money from Alpina insurance to UKFiT account, but 812 000 PLN was not enough to give the money back to all the affected tourists. Some of them have already complained about it to the relevant authorities. The case was presented at court and was being dealt with. It was possible that the bankruptcy of Alpina would be announced. (Based on Gazeta Wyborcza 1999, 22/07/99 and 24-25/07/99). The lack of appropriate bonding system once again proved to be painful for both the customers and agents selling Alpina's products.

Appendix 8

ASSOCIATIONS FOR BRITISH TRAVEL AGENTS

This section provides information about ABTA, the Global Travel Group Agency Chain (GTG), the Travel Trust Association (TTA); consortia: Advantage Travel Centres (NAITA), ARTAC Worldchoice; an organisation for multiples the Multiple Travel Agents' Association (MTAA) as well as for business travel agents the Guild of Business Travel Agent (GBTA) and mentions the other British associations for agents and operators.

ABTA (Association of British Travel Agents)

ABTA is still the 'queen' of associations for the travel trade, although its role has changed. It was established in 1950 by only hundred of London travel agents (Beaver 1993, 451-499), but in 1956 it already had 364 members with 772 offices. At that time only travel agents belonged to a group as the term 'tour operator' was unknown then. ABTA was a private and exclusive club, although the members were invited to join. Membership at that time was allowed if a company had licences covering Rail, Passenger Shipping and Air Transportation. In 1955 ABTA and the other existing organisations for small travel agents, including the relatively large Travel Trades Association, merged and as the result ABTA became a limited company and the travel industry trade association.

In the following years the overseas package holidays industry grew, where packages were organised initially by travel agents and then by specialised tour operators. The growth of the industry brought some trading problems, as some of the members went bankrupt, causing losses to the public. In 1965 in order to protect a consumer, during an ABTA convention in Jersey, a fund was established for the benefit of the public in case a travel member failed. It was also the beginning of bonding for travel agents. At the same time the "Stabiliser" rule was adopted. The rule stated that if an ABTA member tour operator wished to sell its foreign inclusive holidays through a third party, it could only do so through an ABTA member travel agent. Conversely, ABTA travel agents could only sell the package holidays of ABTA tour operators. This arrangement created a 'closed shop' environment (Mintel 1996: 9). On one hand it was beneficial for clients that travel agents who belonged to ABTA could sell only products organised by ABTA members and thus covered by bonding. On the other hand, the choice of products was narrowed down. From the industry perspective the closed-shop aspect made membership of ABTA necessary, so it grew rapidly.

By 1967 tour operators had become prominent in the market, so a special group was organised for them within ABTA. Bonding for tour operators based on turnover was established. The new structure of ABTA consisted of two different councils for travel agents and tour operators. In 1974 the additional Air Travel Reserve Fund was established to further protect the consumer for overseas package holidays by charter airline, as the regular bonding had proven to be insufficient. More and more people travelled abroad and the financial protection offered by ABTA became widely recognised. The introduction of the retailers fund, bonding and indemnity insurance has shown customer care "virtually unique in the western world's market-place" (Beaver, 1993: 454).

In 1976 the "Stabiliser" rule was claimed to be a restrictive practice, so the Office of Fair Trading referred ABTA to the Restrictive Practices Court. The battle finished in 1982, and the "Stabiliser" was allowed for another 11 years, as being in the public interest. Following the EC Package Directive (1990), which came into force in 1993, the 'Stabiliser' ceased to exist. Tour operators were no longer restricted to deal only with ABTA members and might appoint sales agents of their choice. Many of them continued to use their existing network with well-known channel partners.

As ABTA was no longer so important in dealing with other companies, the membership started to decline. The other non-ABTA organisation and associations gained in popularity, especially when the market leaders in travel trade accepted those bodies as reliable enough (Thomson accepted Global Travel Group and TTA, but only in 1997 and 1998 respectively). At the same time (1998) two different councils for travel agents and tour operators have been merged into one, reflecting the structural changes taking place in the British travel trade.

The abandonment of the "Stabiliser" in 1993 change ABTA's role from a licensing authority to a voluntary trade association and has widened the number of trade representatives and commercial buying groups within the retailer sector (Mintel 1998: 10). In spite of this ABTA is still the largest association representing the travel trade, and at least 70% of travel agents are members (Mintel 1996 stated a much higher percentage of members, around 90-95% that has decreased to 70% currently). The association estimates that its members are responsible for 90% of package holidays sold in the UK.

In 1976 the statutory training boards (set up by the Government in the 1970s) which provided specialised training for all industries in the UK were disbanded due to high costs of operation. Training had to be organised and funded by each industry, so ABTA established its own Training Board from its own resources. Although licensing ceased to exist, ABTA still regulates their members via its Code of Conduct and provides bonding and financial protection and a repatriation guarantee for the public travelling with ABTA licensed travel agents and tour operators as well as training.

Organisational objectives for ABTA

ABTA objectives are stated as follows (cited in Beaver 1993: 460):

- "to maintain an organisation of tour operators and retail travel agents in the United Kingdom,
- to promote and develop the general interests of all members of the association and their relations with one another and their principals,
- to establish and maintain a code or standard of conduct between members and the general public and between members and their principals with the object that the membership of the Association be recognised as a guarantee of integrity,
- to ensure competence and a high standard of service,
- to discourage unfair competition without interfering in any way with initiative and enterprise based on fair trading,
- to promote friendly relations with others in the travel business in general and provide means for negotiation and liaison with other bodies concerned with the development of travel both in the United Kingdom and abroad."

ABTA membership

ABTA membership (Source: Mintel 1998: 11)

YEAR	HEAD OFFICE	BRANCH OFFICES	TOTAL
1991	2748	4049	6797
1993	2572	4405	6977
1995	2219	4719	6938
1996	2090	4754	6844
1997	2031	4807	6838
1998	2280	5101	7381
1999	2562	4984	7546

Membership peaked in 1993 and 1994; since then it has declined, but increased again in 1999. The number of head offices has declined, while the number of branch offices has expanded, which reflects the trend that the number of travel agents is declining while the number of multiple chain outlets is increasing (Mintel 1996: 8).

ABTA membership criteria

To become a member a company must meet the following conditions (Beaver 1993):

- travel agent must employ at least two persons on a permanent full-time basis, each of them with at least two years' recent full-time practical experience of reservation and ticketing procedures in a UK travel agency or one year experience and an approved course completed
- travel staff are required to work exclusively on the travel side of a mixed business
- member are divided into affiliated and full members (where the full members have traded as retail agents for 3 years and have the right to vote on matters affecting the constitution)
- all applicants are required to provide financial protection to the association in the form of a bond plus evidence of financial stability
- a paid-up share capital of at least £30 000 must be paid (figure dating from 1993).

Benefits of membership / services provided for members

According to ABTA promotional materials, available in the form of brochures and on the Internet (ABTA 2000, http://www.abta.com), membership brings a range of benefits, which might be divided into five groups: commercial benefits, representation and member services, training and charity. Within the first group there is use of ABTA logo, signifying quality and reliability as well as entry into financial protection schemes, quality reassurance to clients and an independent arbitration service. ABTA is present in Westminster and Brussels, where it represents the UK travel trade and influences the UK and European legislation, thereby promoting members' interests. ABTA offers a lot of services for members: a Members' Information Bureau provides them with advice and assistance in trade matters. Seminars explaining new legislation are held around the country, essential publications are delivered to members at least annually (ABTA Members Handbook, ABTA News, Surveys and Statistics), ABTEL - ABTA's viewdata service is available to all offices and members are invited to attend local and annual ABTA meetings on preferential terms. ABTA's wholly owned subsidiary the Travel Training Company offers a comprehensive range of courses. The ABTA Benevolent Fund, ABTA's own charity, can help financially those members who have financial difficulties.

ABTA's website (http://www.abta.com) was set up in the spring of 1996 in order to target consumers on the technology front and show them what the association offers. This site includes a directory of the association's members and links to their websites. Additional information includes currency updates, as well as weather information and other items.

The Global Travel Group Agency Chain

Global Travel Group (GTG) was established in 1993 (GTG promotional materials, Mintel 1996) as an association for independents. Initially it targeted disaffected ABTA members, the independent outlets that lack co-ordination and centralisation, and they can not expect the quality of support from operators and suppliers to the extent given to the multiples. The Global Travel Group was not a co-operative, franchise or retail consortium, although it embodied elements of each of the former. It was formed to unite independent travel agents and provide them with the business, financial and customer service benefits enjoyed by the larger multiples.

The group aims to create a national distribution chain with up to 1000 branches. By offering this distribution chain to selected independent suppliers and obtaining preferential trading terms in return, the benefits of vertical integration may be obtained by both suppliers and retailers within the independent sector.

Members

Global is the sixth largest group in terms of members of outlets, but many of its members are smaller or new agencies, thus Global is only around 12th in terms of turnover (Mintel 1998).

Benefits of Membership

According to Mintel (1998: 12-13) the group has differentiated itself from other independent associations in a number of ways in terms of the benefits and services for members.

- GTG has developed an alternative form of consumer protection to ABTA bonding, where customer funds are kept separately from agency finance, thus providing security in the event of agency failure. New members are not required to provide a substantial up-front payment, therefore GTG has attracted new companies.
- GTG has its own IATA and ATOL licences.
- GTG offers members a group purchasing facility, a complete corporate identity and marketing resource.
- GTG members use an intranet system developed in-house linking 600 computers, allowing them to undertake simultaneous searches of a wide range of tour operators.
- GTG launched a card based loyalty scheme as the first travel agency group in January 1998, they also want to introduce a Holiday Club for customers.

The Travel Trust Association

The Travel Trust Association was set up in 1994 (TTG 1997/2252). At the beginning of 1997 it had 220 members, 70% of them were agents which had small tour operating business. At the end of 1997 the number of its members revolved around 300, 90% of this number there were small, non-licensed tour operators, especially coach carriers. TTA is gaining popularity and credibility as competition for ABTA. According to Beaver's (1997: 21) report, the TTA is "the most rapidly growing of any UK travel retailing group, with over a hundred increase in membership in the last year; following the recent agreement with Thomson Holidays, all the top ten tour operators are suppliers to TTA".

Consortia

Whereas members of the GTG and the TTA were originally established for non-ABTA agents, the following organisations (namely NAITA, ARTAC, Scotway, Mid Consort and Swifta) include small, independent agents, who might also be ABTA members. They have reacted to the competition from multiples, miniples and non-ABTA groupings by forming themselves into commercial consortia (Beaver 1997: 21).

Advantage Travel Centres
The National Association of Independent Travel Agents (NAITA)

NAITA was established in 1978 to assist independent travel agents in securing competitive deals and prices from travel companies (Mintel 1996). Originally the group was restricted to non-multiple companies with AITA appointments and sales turnover above 1 million pounds (Beaver 1993: 1705). These restrictions no longer exist, but most members still meet these requirements. In the early 1990s NAITA changed from a trade association to a more commercially orientated collective buying and marketing group (Mintel 1998) and trades as Advantage Travel Centres.

NAITA objectives

- to provide co-ordination of members' buying and selling power,
- to increase members' earnings by negotiating enhanced commission terms with business partners,
- to enable members to access a range of specially negotiated preferred and corporate rates,
- to provide highly competitive low cost flights, through the Advantage consolidation unit,
- to provide members with a common brand and image - reinforcing the professional and unbiased service they provide, and highlighting their affiliation to a nation-wide network of fully bonded independent agents,
- to implement a strategic year-round schedule of tactical campaigns, with the intention of highlighting members' competitiveness in the high street,
- to implement a programme of national and regional media coverage, highlighting specific consumer campaigns and the benefits to be obtained from Advantage Travel Centres,
- to provide an independent marketing consultation service,
- to arrange competitive ABTA and IATA bonds through Advantage Travel Centres' own captive bonding insurance company,
- to offer high levels of client cover through the exclusive Advantage Travel Insurance policies,
- to communicate any membership developments, via regular mailings, a members' magazine, meetings and yearly conferences (Siedle 1996: 66, based on NAITA promotional materials).

Requirements to become a member

Applicants should be ABTA or IATA bonded, with an annual turnover not less than £1.000.000 for IATA only agents, £750.000 for ABTA only and £500.000 pounds for ABTA and IATA agents. The company must not have more than 25 sales outlets and must not belong to any other consortium, franchise or similar association. An accepted member should support to the best of its ability the business partners' products and constantly display the Advantage Travel Centre branding and support Advantage tactical campaigns.

Major benefits for Advantage members

The organisation enables member agencies to deal with a wider range of tour operators and airlines, thus offering customers a more extensive programme than the majority of multiples. It negotiates on behalf of its members higher commission rates, according to the Managing Director, Ron Muir, it comes up to 12-17% (World Travel Market'97, travel trade seminar on the future role of travel agents).

It provides national marketing support and joint promotions with tour operators, which is diverted to the nearest Advantage travel agency. Members have access to computer technology and database management, a Teletext programme has been recently offered for customers and 30 agents agreed to sell holidays in that way.

ARTAC Worldchoice (The Alliance of Retail Travel Agents Consortia)

ARTAC was founded in 1977 by a group of 80 independent travel agents concerned at the growth in market power of multiple groups. Main benefits were connected with a wide range of commercial initiatives and enhancing of members' commission and turnover by dealing with specific companies. Originally ARTAC worked closely with the Association of Independent Tour Operators (AITO).

The role of the association was to assist independents to compete against the force of the multiples, but in 1997 ARTAC formed an alliance with the Carlson-owned AT Mays, the 4th multiple high street chain, to develop their mutual commercial interests. Members of ARTAC and the former AT Mays travel agencies began trading under the new corporate identity Worldchoice from the end of 1997, although each member remained an independent and autonomous organisation (Mintel 1998: 12). They agreed to share branding. The Worldchoice network now (1998) comprises almost 1100 outlets, with a collective market share of 12-13%. ARTAC members have achieved already a 2.35% increase in commission as a result of the alliance. Originally there was to be no compulsion in racking brochures, although members were expected to support specific groups of suppliers. A total of 123 members joined ARTAC Worldchoice since January 1997. Membership reached 673 members, but 172 agents had not taken the full Worldchoice branding (TTG 1998/2307). Then, as some of the suppliers and Carlson invested a lot in the alliance, they demanded support from all members and this request started to cause problems in co-operation from the non-Carlson membership (TTG 1998/2308, Mintel 1996, 1998, Beaver 1993, 1997).

The Multiple Travel Agents' Association (MTAA)

The association represents the six largest multiple agencies: Lunn Poly, Thomas Cook, Going Places, AT Mays, American Express and Co-op Travelcare. They co-operate together, trying to establish and secure the best legal solutions for their portion of the travel trade. The association acts as a forum for exchanging views on different subjects, especially these aspects which put trading in danger. Their latest activity was connected with complaints about two-tier tax on insurance. Given its membership, it has considerable potential as a basis for joint decisions on lobbying at the highest level (Mintel 1998, interviews).

The Guild of Business Travel Agent (GBTA)

GBTA was formed in 1967 to act on behalf of travel agents primarily involved in business travel. Membership is by invitation only and each new member undergoes a vigorous vetting procedure. All members must hold IATA licences and belong to ABTA for 5 years. GBTA estimates that its members are responsible for 75 - 80% of business travel transacted by travel agents (Mintel 1996, 1998).

Other British associations

There are also a number of regional tourism associations in Britain. The examples include Scotway for independents), Mid Consort, Swifta. The Association of European Travel Agents and the ***Direct Marketing Travel Group*** were mentioned too. The latter was launched in 1997 to represent tour operators and travel agencies that sell directly to the public, through newspapers as well as the new multimedia technologies, such as Teletext and the Internet.

Appendix 9

ASSOCIATIONS FOR BRITISH TOUR OPERATORS

ABTA (Association of British Travel Agents)

By 1967 tour operators became noticeable in the market, so a special group was organised for them within ABTA. The new structure of ABTA consisted of two different councils for travel agents and tour operators. In 1998 those two councils were merged into one, reflecting the structural changes taking place in the British travel trade.

The Association for Independent Tour Operators (AITO)

AITO was established in 1976 as an alliance of small, specialist companies "dedicated to providing a quality product, personal service and choice to the consumer" (AITO 2000: http://www.aito.co.uk). From the outset it has served primarily as a forum for the specialist tour operator and as an organisation providing information to the public and marketing services for members.

Benefits of membership

AITO defines quality as "providing a level of satisfaction which, based upon the holiday information provided by the tour operator, aims to meet or exceed a customer's reasonable expectations, regardless of the type of holiday sold or the price paid" (AITO 1999). Their aim is to achieve that level of quality by:

- Accurate brochures – AITO members' brochures clearly and accurately describe the holidays and services offered.
- Product improvement by customers' research and their suggestions for improving standards from a post-holiday questionnaire.
- Professional access to high standards of personal service, maintained by the thorough training of employees.
- Financial security - all AITO members comply with current UK government regulations regarding the protection of clients money.
- Exclusive membership - AITO has strict membership criteria which must be satisfied before new companies are allowed to join. All members must adhere to a rigorous code of business practice which governs their Operational Conduct.

- Environmental issues by raising the level of environmental awareness within the industry.
- Dispute settlement service – if a dispute between an AITO member and a customer cannot be resolved quickly, AITO's low cost Independent Dispute Settlement Service may be called upon by either side to bring the matter to a speedy and acceptable conclusion.

AITO membership

A list of AITO Members is available in their Directory. Tour operators distribute their products either directly to the customers, or via travel agents (all or selected), but mainly both methods are used. The numbers for years 1998 – 2000 are presented in table 00. In 1998 the Directory featured 201 tour operators. 45 of them sold their products directly to the public, 2 through all travel agents, 1 via high street agents, 5 via selected travel agents only. The majority, 148 companies, sold through selected travel agents and direct to the public.

Distribution of AITO products

Directory	Membership	Directly to customers	Via travel agents		Both methods	
			All of them	Selected only		
1998	201	45	2	6	148	
					All of travel agents	Selected travel agents
1999	225	55	2	5	35	128
2000	241	56	0	7	N/A	177

Source: Based on AITO Directories 1998-2000

The British Incoming Tour Operators Association (BITOA)

BITOA was established in 1977 to represent the commercial and political interests of incoming tour operators and suppliers to the British inbound tourism industry (TTG 1998/2297). The association has evolved from a group of inbound operators bonding together to fight demands for increased fees from guides to become a powerful voice in the tourism lobby. Membership includes not only tour operators, but also four national tourist boards, regional tourist boards, hoteliers, transportation companies, heritage sites, attractions and other suppliers. The association is funded by member subscriptions and revenue generating commercial services. The members of BITOA were referred to as "patriotic people who try to repair the damage to the country's balance of payments caused by the rest sending the UK population abroad by bringing in even more of the world's populace to worship our heritage" (TTG 1998/2297) Nonetheless, the association is now taken extremely seriously at the highest level.

Objectives of the association

- to promote tourism to Britain,
- to ensure that BITOA members adopt ethical best practice procedures with client and suppliers,
- to encourage members to adopt eco-friendly practice in their business,
- to improve educational and training programmes.

Commercial opportunities for BITOA members include the opportunity to exhibit at domestic and overseas exhibitions at reduced rates, use of BITOA Legal Hotline, subsidised educational, training and educational programmes, subsidised BITOA conference rates, and monthly updates on the travel industry (BITOA information leaflet).

Federation of Tour Operators

In 1970 the Federation of Tour Operators was known as Tour Operators' Study Group (TOSG) and represented most of the largest companies in the UK travel industry. It was their idea to introduce bonding to the British tour operating industry in 1970. It remains an influential consultative body, made up of nearly 20 leading British tour operating companies (Holloway 1994: 60). The tour operators belonging to FTO provide the tourist public with 90% of inclusive tours by air (Mintel Report 1998).

Appendix 10

TRAVEL TRADE ASSOCIATIONS POPULAR IN POLAND

The Polish Chamber of Tourism (PIT)

PIT is a non-governmental body that is funded by annual subscriptions from its members. Its purpose is to act on behalf of the travel industry in negotiations with Government and to raise standards within the industry; similarly to the UK BITOA (BTA Market Guide, Poland 1997/98: 5). A large proportion of the travel industry belongs to PIT.

The Polish Chamber of Tourism was created in order to provide tourism businesses with a new form of organisation in all regions of Poland. Local branches were set up in 1993 in the strategic regions with regard to tourism, namely in Bialystok, Bielsko-Biala, Czestochowa, Szklarska Poreba, Gdansk, Katowice, Kielce, Krakow, Lodz, Olsztyn, Radom, Slupsk, Bydgoszcz and Warsaw (Indeks HIT 1997: 36-37). In 1998 the Chamber had 14 local departments and 8 regional chambers.

The General Meeting of Members elects the PIT Council once every four years. The members of the Chamber, usually experts selected by tourist agencies, conduct their activities in nine committees. Statutory objectives include representing the economic interest of members and provide them with assistance in the development and dissemination of business ethics. The PIT co-operates with different bodies in order to fulfil these aims, for example with the UKFiT, the Ministry of Finance, the Frontier Guards and the Ministry of Transport.

PIT is a lobby group in various parliamentary committees; it co-operates with the Polish Economic Chamber and international tourism associations like IATA. Decision-makers in Poland are becoming more and more aware of the importance of tourism to the country's budget; this awareness is reflected in the process of transformation of the Polish legal system to meet the European standards. The Polish Chamber of Tourism closely monitors this process with regard to tourism legislation. New legislation for tourism services aims at providing Polish customers with protection schemes, while tourism develops. PIT introduces legal regulations for tourism activities, explains setting up guarantee funds, promotes Poland abroad and assesses standards of accommodation and finally it issues licences for tour guides.

Co-operation between PIT and the IATA made it possible to introduce the Bank Settlement Plan, clearing system for airlines and tourist agencies. PIT also provides employees of tourist businesses with training and education on matters connected with VAT, courses for IATA agents and courses for tour guides. PIT organises study tours for its members. They are aimed at boosting the international trade and promotion of the Polish tourism market. PIT also provides general information about tourism market in "Tour-Express", an information magazine published by the PIT.

According to the travel agents the best thing which has been done so far by the PIT was introducing in 1992 a system of recommendations of tourist offices. The recommendation is granted to the offices with high quality services for a period of 3 years and after its expiry can be prolonged after the monitoring process. In 1995 all tourist agencies which belong to PIT were granted a special certificate with a logo sign. The certificate is granted for one year and may be regarded as a sign of reliable and professional service.

Polskie Towarzystwo Turystyczno - Krajoznawcze (PTTK) *(Polish Country Lovers' Society)*

It is a popular tourism organisation, but it also owns a number of travel offices in Poland. These offices are known as Incoming/Outgoing Travel Offices PTTK (Biuro Turystyki Przyjazdowej / Wyjazdowej) and there are approximately 175 PTTK Travel Offices in Poland (Index PIT 1997). The company provides walkers' shelters in popular hiking areas, especially in the mountains, and also has hotels of a relatively low standard in towns and cities in Poland.

The following two American associations are included in this section as they were found to be popular amongst Polish travel businesses.

The American Society of Travel Agents (ASTA)

ASTA's mission is to enhance the professionalism of members world-wide through effective representation in industry and government affairs, education and training, and by identifying and meeting the needs of the travelling public. ASTA is the world's largest and most influential travel trade association, with over 26500 members in more than 170 countries. ASTA has a long-established reputation for promoting sound, environmentally responsible tourism. In October 1998 a new partnership with the World Travel and Tourism Council (WTTC) started to assist in the promotion of environmentally friendly tourism world-wide (Environment, World Travel and Tourism Development 1998: 120-121).

The United States Tour Operators Association (USTOA)

USTOA's active members are among the world's leading tour operators (Organisations in Travel 2000, http://airtravel.about.com/travel/airtravel/cs/organizations/index_2.htm). To become a member of USTOA, a tour operator is required to have a total of 18 references from industry sources and financial institutions. It must meet specific minimum criteria in items of tour passengers and/or dollar volume, be in business at least three years under the same management in the U.S., and must carry a minimum of $1,000,000 professional liability insurance.