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**Thesis submitted for the Master of Arts (Tourism)
of the University of Canberra.**

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**Changing Distribution Systems:
Bon Voyage to your Travel Agent?**

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ABSTRACT

Travel agents, traditionally the sector of the travel and tourism industry that has held a strong position of power by providing an important link in the distribution channel between principals and consumers, are now finding their business under threat. Rapid changes in consumer demand, information technology and business systems are impacting on travel agency viability around the world.

Increasing distribution costs have seen travel principals aiming to reach their customers with distribution that is much more direct than in the past, cutting the travel agent out of the system, or at the very least, reducing agency commissions. Strategic alliances have also given suppliers - particularly airlines – marketing synergies, and again reduced their need to rely on agents to distribute their product. Further synergies have come from the use of diagonal integration, a process whereby firms use information technologies to logically combine services for best productivity and most profitability; for example, Internet booking plus electronic ticketing.

In addition the motivations and consumer behaviour of travellers are changing. The “new tourists” want experiences, not just a vacation, are more likely to know what they want, to do their own pre-purchase research, and to have a stronger preference for tailor-made arrangements. This market is independent, and more likely to rely on

the Internet as a source of tourism information than to rely on the services of a travel agent to plan their trip.

This thesis analyses the changes in the travel and tourism distribution system that point towards the apparent disintermediation of travel agents, and makes recommendations for new marketing strategies for travel agents, so that they may retain their viability into the twenty-first century.

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