



PLANNING MALAYSIA:
Journal of the Malaysian Institute of Planners
VOLUME 23 ISSUE 5 (2025), Page 229 – 254

THE IMPACTS OF ELECTRONIC DISTRIBUTION CHANNELS AND INFORMATION TECHNOLOGY ON THE TRAVEL AGENCIES SECTOR

Ong Han Yun¹, Azizan bin Marzuki²

*^{1,2}School of Housing, Building and Planning,
UNIVERSITI SAINS MALAYSIA*

Abstract

This study endeavors to explore the resilience of travel agencies in the Digital Age, addressing the phenomenon of disintermediation. It examines the ramifications and challenges posed by e-commerce and the efficacy of internet technology on traditional travel agencies. The research is grounded in data collected from Bukit Mertajam and Seberang Perai, utilizing judgment sampling to select respondents and qualitative data derived from 15 semi-structured interviews with travel agents. Findings from the interviews revealed that the current strategies and policies employed to fortify travel agencies encompass (1) the roles and functions of electronic distribution channels, (2) supportive strategies within tourism policies and the government's role in tourism policy-making concerning travel agencies, and (3) the advantages of electronic distribution channels, alongside the challenges and adverse effects associated with these channels, as well as the perceptions of travel agencies regarding electronic distribution channels, all of which are pivotal in determining the survival of travel agencies. The conclusion drawn indicates that internet technology and tourism policies serve as significant indicators of success.

Keywords: Benefits, Challenges, Impact, Travel Agency, Surviving, Internet Era.

¹ Corresponding author. Email:

INTRODUCTION

The internet affords unparalleled access to the travel industry across all destinations. Travel agencies must navigate these conditions and devise an optimal marketing distribution mix to minimize costs, strategically allocate their marketing resources, and monitor their efforts to cultivate incremental revenues. Traditionally, distribution in the tourism sector has been characterized by intermediaries such as tour operators and travel agencies. As intermediaries, travel agencies must leverage the internet and concentrate on their business strategies to sustain competitiveness and avert obsolescence. The corporate travel sector has already begun to undergo transformation due to the emergence of electronic commerce as a revolutionary technology (Tsaur, Liang, & Hsiao, 2006). To curtail expenses, travelers are now empowered to arrange their own travel itineraries, booking flights and accommodations directly online, which poses a significant threat to travel agencies within their operational milieu, consequently diminishing market share and revenue levels. In contemporary times, most travel agencies and operators have evolved into 'brick-and-click' organizations, as traditional operators expand into the realm of e-commerce, now termed cybermediaries. Suppliers are harnessing internet technology as a means to promote their products and services directly to consumers, effectively circumventing travel intermediaries.

The novel and innovative nature of internet technologies enhances the dissemination of information for every traveler, thereby diminishing the significance of intermediaries. The emergence of new internet technologies has transformed the landscape of travel agencies, as the process of booking is increasingly streamlined, with commercial transactions being channeled predominantly through websites that serve as primary conduits to connect directly with consumers (Rigas Doganis, 2006). It becomes exceedingly challenging to justify the utilization of traditional travel agencies when one recognizes the simplicity and convenience of using the internet (Clarke & Doherty, 2004). The advancements in internet technology have profoundly impacted the realms of networking and the automation of distribution channels within the travel and tourism industries.

From the travel and tourism sector, the evolution of Information and Communication Technology (ICT) has elicited a myriad of responses among travel agencies, ranging from reactive survival strategies to a more static approach. However, to date, research concerning the utilization of ICT by travel agencies and its ramifications on their business operations remains scant and limited. The present proposed study endeavors to address these issues by concentrating on effective distribution strategies for tourism products, complemented by an examination of tourism policies that bolster the survival strategies of travel agencies, thereby mitigating the prospective risks faced by traditional travel agents. The following research questions guided this inquiry:

1. What constitutes an effective distribution strategy for tourism products within travel agencies?
2. How supportive are tourism policies in relation to the survival strategies of travel agencies?
3. What are the future risks confronting traditional travel agents in their interactions with suppliers and travelers following the advent of the internet?

In addressing the pivotal research questions delineated above, it is imperative to adopt a robust research approach that facilitates meticulous data collection, analysis, and interpretation of findings for the benefit of the researcher. Consequently, all researchers embarked upon the study with a comprehensive literature review to furnish a profound understanding of effective distribution strategies for tourism products employed by travel agencies, the supportive role of tourism policy in enhancing survival strategies of travel agencies, and the prospective risks faced by traditional travel agents amidst the evolving dynamics between suppliers and travelers introduced by the internet.

The internet serves not merely as an advantageous tool for travel agencies but also as a formidable challenge to traditional distribution methods. Conversely, the internet facilitates cost-effective advertising and promotional strategies while acting as a pivotal communication channel to generate supplementary sales. It has fundamentally transformed the conventional role of travel agencies as intermediaries within the distribution channels for tourism products and services. Booking processes are progressively being streamlined, with commercial transactions increasingly conducted through websites. This shift has intensified pressure on service providers, resulting in reduced distribution costs and diminished commissions.

Tourism plays a crucial role in sustainable development, and organizations such as the UN and WTO endeavor to align policies with principles of sustainability. It is imperative for governments to comprehend market trends, consumer travel behaviors, and prevailing conditions to ensure the attractiveness of destinations, safety, and the provision of quality information for travelers. The public sector should actively support environmental quality and amenities. Malaysia's tourism policy emphasizes education and training for travel agents, ensuring they are well-versed in planning, marketing techniques, and tourism impact analysis. Governments establish specialized training institutions and offer incentives for enterprises. Travel agencies provide essential tourist information services, while the National Tourism Policy advocates for the development of innovative tourism products, including riverine tourism, culture and heritage-based tourism, agrotourism, ecotourism, and MICE.

Online shopping has gained significant traction among travelers, offering readily accessible information, prompt responses, and competitive pricing. Approximately 20% of individuals utilize social media for vacation

planning, compelling the airline and travel sectors to persist in their competitive endeavors. Travel agencies should reposition themselves as consultants in travel process management, leveraging internet technologies such as Computer Reservation Systems and Global Distribution Systems to facilitate the booking of air tickets and accommodations. Given demographic considerations, cultivating online trust is paramount for leisure travel.

The internet has significantly impacted tourism marketing, offering opportunities and increasing consumer choices. It has transformed distribution channels, becoming a virtual market with specific communication strategies. Central governments shape tourism policies using institutional mechanisms. The internet has also transformed organizational value chains, allowing producers to bypass traditional market intermediaries. However, it also poses threats like disintermediation and traditional roles of travel agents. Travel agencies should continue embracing technology, developing informational websites, and increasing e-commerce usage to strengthen their performance and merge with new internet technology called cybermediaries.

More research is needed to understand how to successfully integrate online and offline channels, compare the effects of specific technologies on various agency types, and better understand the digital skills gap and how it affects agency survival. Although the issue of disintermediation has been studied, little is known about long-term survival and re-intermediation tactics, especially for small and medium-sized organizations.

This study is instrumental in enhancing our comprehension of the capabilities and reliability of the internet as a distribution channel when integrated into the tourism industry. In terms of research context, it is anticipated that this study will contribute to the implementation of innovative internet technology approaches in tourism planning and management for travel products and services, particularly for traditional travel agencies and travelers, thereby fostering improvements in business performance.

LITERATURE REVIEW

The ascendancy of the internet has fundamentally transformed the conventional distribution paradigms of tourism services and products. A strategic shift has emerged, enabling tourism enterprises to generate value through adept management of information and communication technology (ICT) (Amit & Zott, 2001). The tourism sector is undergoing a revolution characterized by the proliferation of online channels, which alter the structural dynamics and influence the behavior of agents within the industry. Agile network organizations are increasingly attuned to market opportunities, representing a novel approach to the specialization of tourism intermediaries, and possess the capacity to deliver more efficient outcomes (Isabel, 2012).

The past decade has witnessed the advent of the internet and the rise of novel travel eMediaries, which have emerged as an increasingly pivotal distribution channel within the tourism sector, as articulated by Kalodikis and Yannakopoulos (2003). The deployment of sophisticated Computerized Reservation Systems (CRSs) is propelling a significant surge in tourism demand among travelers. The tourism industry has experienced a paradigm shift towards intermediation, with traditional travel agents now engaging directly with consumers via search engines such as Google. This evolution has engendered a new distribution framework that encompasses consumers, technologically adept corporate travel agents, online tour operators, and various search engines. Consequently, this transformation has redefined the conventional retail agent model, enabling suppliers to forge direct connections with consumers and adapt to the dynamic landscape of the industry. Online travel agencies and travel aggregators have become popular platforms for travelers to compare prices, read reviews, and book flights, accommodations, and other services (Mayhew, 2018). Digitalization has also enabled cost reduction by comparing prices across multiple platforms, allowing customers to book flights, accommodations, and activities at competitive rates without additional fees (Mohapatra, Mohapatra, & Dubey, 2022). This has eliminated the need for traditional travel agencies, allowing customers to access a wide range of options and make direct bookings (Dhanabagiyam, 2020).

According to Haxton (2015), the internet's influence on the conventional operations of travel agencies is characterized by the tourism policy's co-existence and attempts at coherence within the overarching government approaches, as well as policy complementarity that generates synergies, thereby enhancing the well-being of each sector both collectively and individually. Effective policies are essential for fostering tourism growth and optimizing the strategic trajectory of travel and tourism development. This can be achieved by implementing frameworks that enhance information intensity, promote awareness and coordination, eliminate obstacles, ensure safety and security, and mitigate burdensome taxation on consumers across various governmental tiers and between governmental entities. Such measures are crucial for fortifying and cultivating a supportive and collaborative policy environment for Travel and Tourism, as they significantly impact competitiveness and sustainability, thereby propelling tourism growth. Second, in order to balance the requirement to boost tourism's contribution to the local and national economies with the preservation of natural functions, government support policies are required (Andriansyah et al., 2019).

Tourism can serve a pivotal role in advancing sustainable development. The United Nations Environment Programme (UNEP) and the World Tourism Organization (WTO) mandate that all nations ensure their policies and actions for development and management are fully aligned with the principles of

sustainability. The tourism policy must encompass a thorough understanding of consumer travel patterns, customer demands, and the evolving trends within market conditions. The execution of these policies should focus on preserving the appeal of destinations, safeguarding the safety and security of travelers, and fostering a more supportive and cooperative policy environment for tourism. Ensuring the safety and security of tourists while implementing judicious taxation across a broad spectrum of policy domains will significantly influence individuals' decisions to travel.

The conventional travel agencies are experiencing significant pressure from the airline industry, which is adept at directing customers straight to their own services, thereby instigating a highly competitive landscape and extensive consolidation within the travel agency sector. Conversely, the advent of the internet presents substantial opportunities for the acquisition of travel-related information (Bloch & Segev, 1997).

The traditional roles of travel agencies—serving as information sources, specialists, and mediators—have been fundamentally challenged by emerging internet technologies. The integration of online technology into traditional travel agencies heralded the onset of the internet era. Ultimately, traditional travel agencies must not only embrace internet technology but also concentrate on niche markets. According to Buhalis and Law (2008), travel agencies can leverage e-business technologies to enhance the value of their services. The internet serves as both a formidable challenge and a remarkable boon for numerous stakeholders, facilitating greater computer literacy among consumers, while simultaneously threatening to diminish the distribution channels of traditional travel agencies unless they can offer value-added services that fulfill customer needs.

To provide travelers with the best possible service, Rosario and Raimundo (2021) have proposed that traditional and e-commerce distribution channels can be used in conjunction with social networking to better understand customer wants, facilitate consumer marketing strategies, and exchange creative ideas. Travel agency enterprises must prioritize exceptional service, product quality, and competitive pricing in their initial phases. They utilize mobile booking platforms and online portals to connect buyers with suppliers and sustain their operational frameworks. Travel agents meticulously gather information regarding executives' destinations, travel preferences, and itineraries, linking them with multiple agencies. Online travel services are revolutionizing the industry by providing unparalleled convenience and value. Travel agencies can harness information technology to navigate the marketplace, manage operational costs, and adhere to corporate policies. Nonetheless, competition between the travel and airline sectors is poised to persist, with smaller agencies increasingly focusing on alternative revenue streams beyond airline services. Trust in the internet remains paramount for leisure travel.

RESEARCH METHODOLOGY

To obtain precise and comprehensive data for this study, it was conceived as a qualitative investigation employing a case study strategy and semi-structured interviews as the research technique. A total of 15 respondents were meticulously selected from pertinent travel agencies in Bukit Mertajam and Seberang Perai, Penang, Malaysia, encompassing branch managers, assistant managers, tour representatives, sales coordinators, and tour executives. An interview schedule was meticulously crafted to ensure that data collection was conducted in a structured manner, aligning with the study's objectives. In this research, judgment sampling was employed to facilitate the acquisition of more nuanced data and intricate details. Figure 1 delineates the research process.

To ascertain the worthiness of the research topic, it is imperative to delve into the research problems that will facilitate the researcher's comprehension of issues pertaining to travel agencies. The research objectives and inquiries serve a pivotal function in guiding and supporting the researcher in the examination of the targeted subjects. Subsequently, a literature review is conducted to engage with pertinent topics that are essential for this investigation.

Upon gathering information from the literature review, a research design can be meticulously crafted. Two research methodologies will be employed: "extensive" and "intensive" research designs, as delineated by Andrew Sayer (2003). According to Maxwell (2012), intensive interviews afford researchers the opportunity to probe into public perspectives. The researcher then opted for an intensive approach, concentrating on qualitative techniques through interactive interviews. For instance, judgment sampling was utilized to discern respondents in the data collection process.

Longhurst (2003) emphasizes the critical importance of participant selection in the conduct of semi-structured interviews. This study adopts an inductive approach, as it generates results, strategies, and theories that are both comprehensible and experientially credible to both the broader audience and the subjects under investigation (S. Bolster Arthur, 1983). Specific data will be gathered through qualitative interviews with representatives from travel agencies, including branch managers, tour representatives, sales coordinators, and tour executives. This approach will facilitate the identification of additional pertinent interviewees, leveraging the researcher's professional acumen and judgment. Such a strategy is instrumental in obtaining intricate insights into the topic while remaining aligned with the research objectives.

The reliability and validity of qualitative research are crucial factors for researchers to consider when designing, analyzing, and judging the quality of their findings. Reliability refers to the consistency of tools, precisions, accuracy, stability, homogeneity, and equivalence, while validity includes quality, rigor, or trustworthiness generated by the researchers themselves. Triangulation is an appropriate strategy to test the validity and reliability of research findings, using

methods such as methodological, investigator, theoretical, analysis, and data triangulation. In this research, data triangulation was used as data resources triangulation, representing the use of multiple data sources in the same study for validation purposes. The robustness of data can vary based on time, space, and setting.

Research ethics involve ensuring participants are aware of the research background and objectives before conducting interviews. Dilmi Aluwihare-Samaranayake (2012) emphasizes the importance of informed consent and confidentiality. Interviewees are not named and presented with a corresponding number, such as R1, R2, or R3. Confidentiality is a crucial ethical issue, and each interview data is transcribed and sent back for confirmation to ensure it does not differ from its meaning. Confidentiality is a crucial ethical issue in research.

Upon completion of data collection, the researcher will advance to the subsequent phase, which involves employing framework analysis to scrutinize the data, thereby addressing the research questions. The findings will be meticulously analyzed and documented in the final report.

The semi-structured interviews were recorded and will be examined using framework techniques. To yield analyses with the potential for actionable outcomes, the framework was conceived within an applied research context as a systematic methodology for managing qualitative data, as articulated by Ritchie and Spencer (1994). The framework technique encompasses a methodical process comprising five stages of data analysis.

1) Familiarisation

Initially, the process of familiarization will commence the data analysis. Following the transcription of the recorded interviews and their subsequent storage in electronic files, the researcher will enumerate salient ideas and recurring themes. According to Lacey and Anne (2001) and Luff (2001), prior to the formal initiation of the analysis, the researcher should attentively listen to the recordings, meticulously read and re-read the data, and compile comprehensive summaries.

2) Identifying a thematic framework

During the familiarization phase, a thematic framework was meticulously constructed from the transcriptions and textual data. Ritchie and Spencer (1994) referred to this as the preliminary iteration of the indexing process, wherein all themes emerge from both pre-existing and newly identified issues articulated by the respondents. This process necessitates a synthesis of intuitive and analytical reasoning, alongside the exercise of discernment regarding the significance, relevance, and implications of various issues, as well as the latent connections among ideas (Ritchie & Spencer, 1994). This stage is crucial to ensure

comprehensive engagement with the research questions posed (Ritchie & Spencer, 1994).

3) Indexing

At the indexing stage, the application of the thematic framework to the data process involves the identification of specific data elements that correspond to various themes, a practice commonly referred to as coding in other qualitative analytical methodologies (Lacey, Anne; Luff, 2001). Although this approach can be employed on any textual material, it has predominantly been utilized for transcriptions of individual interviews (Ritchie J. & Spencer, 1994).

4) Charting

The analyst must construct a comprehensive understanding of the data by implementing a thematic framework to individual transcripts and meticulously examining the spectrum of attitudes and experiences pertinent to each issue or thematic perspective (Ritchie J. & Spencer, 1994). Each theme, as articulated by all respondents, is thematically represented through charts, or conversely, each respondent's insights are categorized across all themes by case (Lacey, Anne; Luff, 2001). In this study, the thematic approach will be embraced. When adopting a thematic methodology, for each critical subject area, charts are meticulously compiled, with entries documented for multiple respondents on each chart (Ritchie J. & Spencer, 1994).

5) Mapping and Interpretation

The analyst commences the process of synthesizing the fundamental characteristics of the data, undertaking a comprehensive mapping and interpretation of the dataset as an integrated whole, once all the data have been categorized according to core themes (Ritchie, J. & Spencer, 1994). During this phase, Ritchie and Spencer (1994) posited that the qualitative analyst should endeavor to (1) delineate concepts, (2) chart the spectrum and nature of phenomena, (3) formulate typologies, (4) identify associations within the data, and (5) offer explanations or devise strategies.

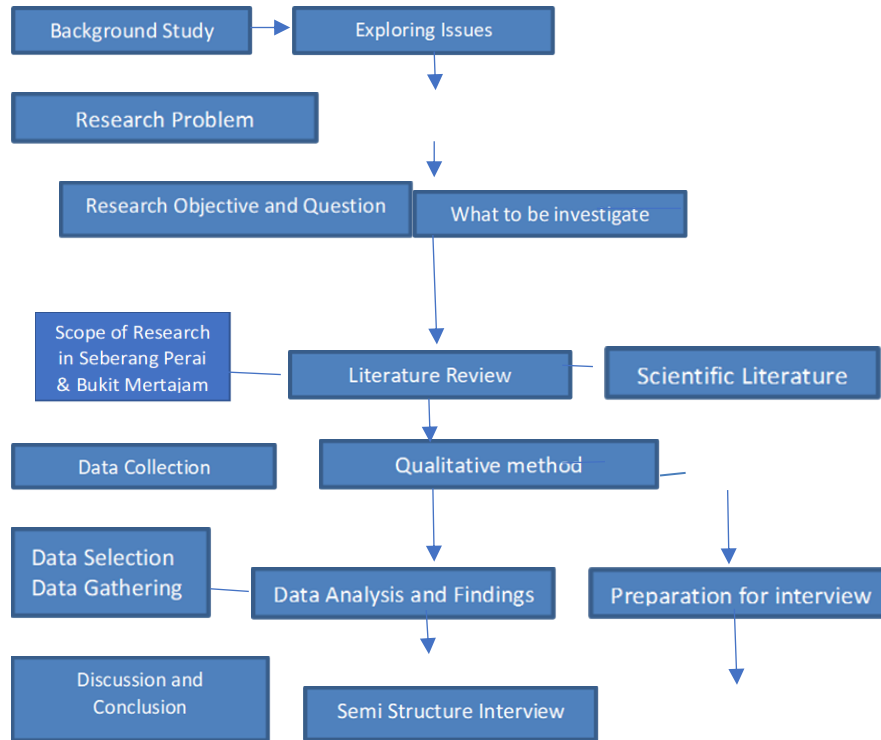


Figure 1: Research Process

RESULTS AND ANALYSIS OF FINDINGS

After the pertinent data have been meticulously compiled and analyzed, this chapter elucidates the discussion of the findings, encompassing the functions and contributions of electronic distribution channels (Table 1), the supportive strategies inherent in tourism policies, and the pivotal roles of government in the formulation of tourism policy-making (Table 2). Additionally, it examines the advantages (Table 3), challenges and adverse impacts (Table 4), as well as the perceptions regarding travel agents (Table 5).

Table 1: Roles and Parts of Electronic Distribution Channels

<i>Roles and components of electronic distribution channels.</i>	<i>Respondent Interview Transcript</i>
(a) Facilitate the development of distribution strategies and models, leveraging the advantages of internet technology to enhance the careers of travel agencies.	R4: "We are adept at facilitating the promotion within the target market or clientele and marketing tourism products and services through advertising on the company website and communications via email, as well as through

<i>Roles and components of electronic distribution channels.</i>	<i>Respondent Interview Transcript</i>
	<i>the travel agency's personnel Facebook accounts."</i> <i>R14: "Technology enhances the design process and provides effective distribution planning for the travel agency, thereby attracting customers to procure travel products and services through an informative website."</i>
<i>(b) Mixing distribution channels as a pivotal component yields a favorable impact on traditional travel agencies, enabling them to thrive in a competitive landscape.</i>	<i>R12: "Internet technology exerts a beneficial influence on traditional travel agencies by serving as an instrumental tool for the marketing and promotion of tourism products and services. Furthermore, it offers a diverse array of holiday packages, thereby enabling these agencies to gain a competitive edge over their rivals."</i> <i>R10: "The internet distribution channel within the traditional travel agency framework facilitates the establishment of robust relationships between customers and travel agents, ensuring the continuity and sustainability of the tourism business."</i>
<i>(c) Partnerships serve as a pivotal mechanism through which tourism products are disseminated via cutting-edge internet technologies.</i>	<i>R13: "Internet technology has main function of distribution as extending the sales and business, which services are performed and products are delivery as involving in the tourism promotion as a supporting tool for the traditional travel agency."</i> <i>R3: "Technology create design process and provide good distribution planning for the travel agency to attract the customers to purchase the travel products and services through the informative website."</i>
<i>Summary</i>	<i>The results showed that electronic distribution channels play important roles which include widening the distribution system for promotion tourism products, improving the management and development of the travel agency, providing business opportunities for the sustainable of the travel agency company.</i>

Table 2: *Strategies of Supportiveness of Tourism Policy and Roles of Government in Tourism Policymaking*

<i>Strategies of supportiveness of tourism policy guidance of government.</i>	<i>Respondent Interview Transcript</i>
(a) Comprehensive policy to solve tourism issues	R3: "Tourism policy concerns about tourism related sectors such as economy, trade the travel products and services to the travellers and consumers and for tourism growth." R8: "Governments' tourism policymaking is helping to generate new issue of the new opening of the travel destination as becoming a part of the schedules and itinerary of the travelling packages and advertising through the website."
(b) Effectiveness of governments' role in tourism policy-making toward travel agency.	R3: "Tourism policies include tourism regulation and facilitating tourism such as information technologies and innovation promotion and programme campaign for the travel agency organization." R13: "Governments are ensuring the availability date of the price and ticketing as for visiting the local attraction and updated in the website or apps so the customers will know the tickets' prices in advance."
(c) Government's role in tourism policy-making towards sustainable of travel agency	R7: "Tourism policies are endeavoring to export tourism products both domestically and internationally, thereby augmenting opportunities for travel agencies to market their diverse offerings, including inbound, outbound, and domestic holiday packages." R5: "Governments are facilitating traditional travel agencies in the development and establishment of innovative promotional strategies and campaigns for travel destinations aimed at enticing travelers."
(d) Tourism Policy as a Constructive Instrument	R1: "The governments' formulation of tourism policies has facilitated the integration of database marketing as a promotional instrument to effectively market and promote both domestic and international travel packages." R6: "Governments have increasingly assumed the responsibility of overseeing the marketing and promotion of tourism products and

<i>Strategies of supportiveness of tourism policy guidance of government.</i>	<i>Respondent Interview Transcript</i>
	<i>services, aimed at enticing consumers to purchase trips or select destination packages.”</i>
<i>(e) Tourism policy-making undertaken by governments is integral to the management and strategic planning of the tourism sector.</i>	<i>R15: “Tourism policy serves to direct the execution of marketing and promotional strategies for products, taking into account market trends, community concerns, and environmental considerations on the travel agency's website.”</i> <i>R12: “Governments are facilitating travel agencies in discerning tourist behaviors and preferences, enabling them to effectively target customers. Consequently, travel agents will possess insights into what should be marketed, the variety of trip packages available, and specialized holiday options that will be offered to clients.”</i>
<i>Summary</i>	<i>Governments have been collaborating with pertinent stakeholders, including Penang Tourism and Penang Global Tourism, to implement tourism policies that encompass supportive strategies. These initiatives involve the development of tools for travel agencies to enhance management and planning capabilities, as well as efforts to promote the tourism products and services of the destination, all aimed at fostering a sustainable tourism industry.</i>

Table 3: Benefits of the Electronic Distribution Channels

<i>Benefits of the Electronic Distribution Channels</i>	<i>Respondent Interview Transcript</i>
<i>(a) An innovative electronic distribution system enhances the advantages afforded to traditional travel agencies.</i>	<i>R4: “Leveraging internet services in conjunction with advanced computer technology will enhance the networking capabilities of traditional travel agencies, fostering partnerships with outbound travel agencies in other countries to effectively manage holiday trips post-purchase by customers.”</i> <i>R10: “The internet provides invaluable information regarding weather conditions, currency exchange rates, and city maps, thereby assisting travel</i>

<i>Benefits of the Electronic Distribution Channels</i>	<i>Respondent Interview Transcript</i>
	<i>agencies that may lack the time to conduct thorough research, ultimately enhancing customer satisfaction.”</i>
<i>(b) Introduction of the electronic distribution system towards the sustainability of traditional travel agencies.</i>	<i>R13: “By integrating the traditional travel agency model with cost-effective strategies and leveraging innovative internet technologies, we can enhance and expand the distribution system.” R7: “Electronic commerce has the potential to optimize the profitability of traditional travel agencies by uniting the expertise of specialized travel consultants with cutting-edge technological advancements.”</i>
<i>(c) Effectiveness of the Implementation of Electronic Distribution Systems</i>	<i>R13: “The internet system facilitates travel agencies in maintaining comprehensive profiles and personal data of customers, enabling agents to effectively target clients based on their interests and behaviors.” R8: “Customers can effortlessly access information regarding holiday packages through the websites of travel agencies, with the browsing process often occurring during public holidays or weekends.”</i>
<i>Summary</i>	<i>The efficacy of electronic distribution channels is broadening the scope of distribution networks and enhancing connectivity with outbound travel agencies. Moreover, it accelerates operational systems and streamlines documentation processes, facilitating communication with customers via email. This advancement yields substantial benefits, including increased profitability and an enhanced competitive positioning of travel agencies within the tourism industry.</i>

Table 4: Bad Effects and Challenges of the Electronic Distribution Channel

<i>Bad effects and Challenges of the electronic distribution channel.</i>	<i>Respondent Interview Transcript</i>
(a) Negative Impacts of electronic distribution system.	R14: "Indeed. The introduction of internet technology is revolutionizing the operational procedures of hotels and airlines, as customers are increasingly encouraged to procure rooms or tickets directly through their websites, thereby reducing operating costs and commissions traditionally associated with travel agencies." R3: "The internet serves as a formidable tool, enabling direct marketing, distribution, and communication with customers, circumventing the conventional methods employed by travel agencies."
(b) Constraints on Traditional Travel Agents in Tourism Development	R7: "Indeed. The conventional model of travel agencies is poised to wane, as third-party intermediaries will significantly diminish the fees imposed on clients, including operational and transactional charges typically associated with traditional travel agencies." R13: "Certainly. Customers can effortlessly access and obtain information regarding travel package options via online platforms, eliminating the need for in-person visits or telephonic conversations with travel agents."
(c) The conventional distribution systems prevalent in today's market.	R2: "The utilization of traditional travel agencies as intermediaries has diminished, as internet technology offers comparable information at a significantly reduced cost in contrast to conventional methods." R3: "In contemporary times, consumers are increasingly eschewing traditional travel agencies, discovering that online platforms present analogous products and services to those offered by conventional agencies."

<i>Bad effects and Challenges of the electronic distribution channel.</i>	<i>Respondent Interview Transcript</i>
(d) Challenges of Internet technology in traditional travel agency.	R6: "Many consumers believe they can orchestrate their travel arrangements independently, eschewing the assistance of travel agencies, as they are able to procure comparable products and services at more competitive prices." R14: "A significant portion of the populace is inclined to embrace internet technology, which is capable of delivering services and products of equivalent quality while minimizing communication, operational, and transactional costs."
Summary	There will be a constrained capacity for traditional travel agencies to seize business opportunities as internet technology has supplanted the status and roles of travel agents. Their services, characterized by hospitality and the expertise of specialized travel consultants, now face formidable competition from online platforms offering an array of tourism products.

Table 5: Perceptions of Travel Agency towards Electronic Distribution Channels

<i>Perceptions of travel agency towards electronic distribution channels.</i>	<i>Respondent Interview Transcript</i>
(a) Views of the travel agents regarding the traditional distribution system in the internet era moving forward.	R11: "Some travelers experience challenges when orchestrating trips that encompass multiple destinations, as they still rely on travel agencies due to the extensive networks that these agents possess in outbound countries." R12: "Certain customers prefer to navigate their destinations independently, expressing a reluctance for travel agents to meticulously plan and arrange every aspect of their journey."
(b) Maintaining traditional practice in travel agency.	R9: "Traditional travel agencies offer expert tour consultation, specializing in personalized services and possessing extensive networks with outbound tour companies, thereby facilitating the

<i>Perceptions of travel agency towards electronic distribution channels.</i>	<i>Respondent Interview Transcript</i>
	<i>meticulous planning and arrangement of trips for their clientele.”</i> <i>R8: “Continue to concentrate on the functionality and operational mechanisms of traditional travel agencies to thrive in the digital age.”</i>
<i>(c) Improvement of travel agency.</i>	<i>R3: “Utilizing the internet as a sophisticated computerized system serves as a pivotal tool for professional agencies, enabling them to enhance and elevate the quality of their services, thereby securing a competitive advantage in the marketplace.”</i> <i>R13: “The advancement of traditional travel agencies has been significantly propelled by the groundbreaking innovation of computerized reservation systems.”</i>
<i>Summary</i>	<i>No matter the circumstances, traditional travel agencies must integrate internet technology to enhance their management, development, and operational systems. Additionally, it is essential to preserve the conventional practices that enable them to thrive and endure in the competitive landscape of the tourism industry.</i>

DISCUSSION

The electronic distribution channels play pivotal roles, encompassing the expansion of the distribution framework for the promotion of tourism products, the enhancement of management and development within travel agencies, and the provision of business opportunities for the sustainability of travel agency enterprises, as noted by Lavery S. (2018). “Travel agencies are leveraging internet technology as a distribution channel, functioning as a conduit for tourism information, amalgamated with travel arrangement services and a suite of tourism products, while establishing effective mechanisms,” (Respondent 13). “The electronic service information section of the website encompasses travel agencies in promoting and marketing products and services, utilizing online platforms, mailing systems, and personal information storage,” (Respondent 14). Respondent 3 elucidated that “E-commerce technology integrates with traditional travel agencies in accordance with customer needs and demands, aiming to achieve customer satisfaction.” Respondent 4 articulated that the application of

the internet, which is increasingly utilized by a broader audience to seek travel information, enhances market value and fortifies a robust market position, thereby ensuring the sustainability of travel agencies.

Overall, governments have been collaborating with relevant stakeholders, including Penang Tourism and Penang Global Tourism, to implement tourism policies as supportive strategies. These strategies involve developing tools for travel agency management and planning, as well as promoting tourism products and services pertinent to travel destinations, thus fostering a sustainable tourism industry. Respondent 3 remarked that “Tourism policies encompass regulatory frameworks and facilitate tourism through information technologies, innovation promotion, and campaign programs for travel agency organizations.” Respondent 6 elaborated that “Effective policies for tourism growth entail the implementation of arrangements to enhance updated information and facilitate awareness-sharing among travel agencies.” Respondent 12 indicated that “Tourism policies contribute to the enhancement of knowledge and skills among staff regarding the utilization of new internet technologies, such as computerized reservations, networking management, telecommunications, and the creation of company websites as distribution strategies for travel agencies.” Conversely, Respondent 8 noted that “Travel and Tourism governing bodies are poised to export economic activities such as travel, shopping, events, and accommodation, thereby supporting traditional travel agencies in conducting trade for buyers and customers.” Governments strive to diversify travel products and services to align with traveler demands and interests, while also implementing the development and promotion of travel products that focus on customer satisfaction (Pejabat Perdana Menteri Malaysia, 2012).

In acknowledging the advantages of electronic distribution channel strategies for traditional travel agencies, this paradigm has significantly facilitated the engagement of travel agents in tourism-related activities. Respondent 8 elucidated, “Travel agencies are harnessing the innovations of internet technology to streamline management processes, assist in organizing travel itineraries, offer expert advice, and provide specialized information about various destinations.” For instance, “With the aid of technology, traditional travel agents are equipped to deliver enhanced services and a broader selection of products at reduced operational costs tailored to the customers’ profiles,” (Respondent 5). “The internet serves as a device and communication tool within travel agency operations, offering a diverse array of options that enable them to secure and sustain competitive advantages,” (Respondent 7). Respondent 1 articulated, “Internet websites collaborate with traditional travel agencies, ensuring customers can safely purchase holiday packages online while simultaneously receiving guidance from travel agents, thus preserving the commissions for traditional travel agencies.” The findings indicate that to deliver superior value-added services and to redefine the value propositions of travel

agencies, it is imperative to adopt new marketing strategies and integrate internet technologies, as noted by Dilts and Prough (2002).

However, the electronic distribution channel has constrained the capacity of traditional travel agencies to exploit business opportunities, as internet technology has supplanted the status and roles of travel agents with services such as specialized hospitality and the expertise of knowledgeable travel consultants who offer tourism products. "As the internet provides rich, detailed, and comprehensive information, reliance on professional specialized travel agents is diminishing," (Respondent 5). "The advent of internet technology facilitates 24-hour operations, allowing customers to independently plan their trips or holidays, which adversely affects sales turnover for traditional travel agencies," (Respondent 8). Respondent 4 stated, "The majority of individuals are now capable of independently planning and organizing their trips, preferring to book tickets and accommodations directly through websites, thereby avoiding additional commissions to travel agents." Respondent 15 remarked, "Within the tourism sector, traditional travel agencies have come under considerable pressure from internet technology, as a substantial population opts for online systems to arrange their travel through applications such as Expedia, Hotelcombine, and Skyscanner." The proliferation of online technologies has exerted substantial pressure toward disintermediation within the tourism industry, as discussed by Law et al. (2004) and Lawton and Weaver (2009).

Some travelers find that sourcing travel information can be quite challenging when it comes to planning their trips, and they often prefer the expertise of specialized travel agents to orchestrate the entirety of their journey. Respondent 5 articulated, "Some customers perceive online booking as cumbersome, and they still require travel agencies since the agents possess extensive experience and knowledge; booking, planning, and arranging trips for customers is their profession." Respondent 9 noted, "Certain customers believe that online booking systems are inconvenient, as they must handle ticket processing, accommodation bookings, and insurance independently, thereby favoring the services of a travel agency." The findings indicate that travel agencies have developed a distribution channel mix that effectively constitutes a comprehensive portfolio by determining marketing activity patterns, enhancing tangibility, identifying target markets, and fostering trust among travelers. Traditional travel agencies must maintain their cadre of specialized consultants; their experience and knowledge remain indispensable in the tourism industry, enabling them to compete effectively in an environment where they cannot be easily supplanted by internet technology in the future. Respondent 14 elucidated, "Many individuals still prefer consulting travel agents, as they trust the agents' expertise to resolve any issues customers may encounter, and they appreciate receiving guidance before making decisions regarding travel package purchases." Respondent 1 stated, "Some of the populace continues to rely on traditional

methods, as travel agents will prepare everything that meets the customers' requirements, and they are more likely to receive personalized service." According to Hatton (2004), regardless of the changes and developments in the business operating environment, traditional travel agencies remain the most efficient distribution system. Conversely, some individuals prefer to plan their trips independently, often comparing prices between websites and travel agencies. Respondent 10 remarked, "Some travelers feel uncomfortable or distrustful, believing that many travel agents tend to mislead them into more expensive deals."

The information available on internet websites complements the expertise and knowledge possessed by travel agents, thereby enabling them to provide superior services to customers, as both avenues mutually reinforce one another. "The extensive implementation of internet technology will enhance the viability of traditional travel agencies, elevate their corporate reputation, and enable them to thrive in a competitive landscape," stated Respondent 14. Respondent 13 mentioned, "By integrating the cost-effectiveness of traditional travel agencies with innovative and efficient internet technologies, we can enhance and broaden the distribution system." Traditional travel agencies and online technologies serve to complement one another, effectively catering to customer satisfaction, as articulated by Law et al. (2004).

CONCLUSION

From the vantage point of travel agencies, we recognize the strategic initiatives formulated to enhance the management and development of tourism products and services, including electronic distribution channels and strategic models. A pivotal instrument for the management and advancement of travel agencies is the distribution channel mix, encompassing websites, email, and telecommunications within the agency's operational framework, which will enable traditional travel agencies to thrive in the future. Concurrently, travel agents, as specialized consultants, must deliver superior personal service to clientele to ensure their return to the agency.

Undoubtedly, travel agencies must continue to cultivate a cadre of professional travel agents and specialized tour consultants endowed with managerial and entrepreneurial acumen to elevate the productivity of their tourism offerings. The government should take into consideration the perspectives of travel agencies when formulating enhanced tourism policies, as well as investing in essential physical infrastructure and facilities. Furthermore, establishing regulations to conserve and manage environmental resources is fundamental in assisting travel agencies in creating superior tourism products.

To mitigate adverse impacts, traditional and digital technologies should complement one another, forging partnerships as a mechanism for the distribution channels of travel products and services proffered by travel agencies. Indeed,

traditional travel agencies necessitate a workforce that is not only professional but also adept in computer literacy, equipped with the managerial and entrepreneurial skills required to amplify productivity in tourism product development.

Digitalization has significantly impacted the travel agency industry, driven by customer demand, the sharing economy, social media, and virtual reality. Organization readiness and control effect readiness are crucial for successful digitalization strategies. Organizations must be prepared to implement changes and manage risks associated with digitalization. Training plans for employees with new digital skills are essential for success. Businesses must re-think and possibly reinvent their business models to remain competitive in the digital age.

The study emphasizes the significance of direct interaction and quality customer service in the travel agency sector to retain customers and compete with online travel agencies. It suggests that travel agency managers need to adapt their business models and incorporate e-commerce processes for competitiveness. The study also calls for ongoing research to identify solutions and adapt to new tourism trends and future consumers.

RESEARCH CONTRIBUTION

In the context of research, this study aspires to contribute to the implementation of innovative internet technology approaches in tourism planning and management concerning travel products and services, particularly for traditional travel agencies and travelers. This study serves as a pivotal instrument in enhancing our comprehension of the capabilities and reliability of internet technology as a distribution channel when integrated into the tourism sector. When travel agencies recognize the significance of internet technology as an effective distribution strategy, they will engage with and incorporate it into their management practices, thereby enhancing business opportunities and performance. To expand the existing corpus of knowledge within tourism studies, this research also aims to assist related stakeholders in managing tour and travel companies by elucidating the perceptions and opinions of local traditional travel agencies regarding current distribution strategies. These contributions are elaborated upon in the following paragraph:

CONTRIBUTION TO THE BODY OF KNOWLEDGE

This research provides a foundational framework for future scholars examining the survival of travel agencies in the digital age. This study has delineated an effective distribution strategy for tourism products employed by travel agencies, aimed at assisting stakeholders in the administration and management of tour and travel enterprises concerning tourism products and services. Furthermore, it

elucidates the supportive role of Tourism Policy in fostering the survival strategies of travel agencies as endorsed by governmental bodies.

CONTRIBUTION TO THE TRAVEL AGENCY AND TRAVELERS

The investigation into efficacious distribution strategies for tourism products employed by travel agencies underscores the paramount significance of these strategies for sustainable tourism development. It elucidates the potential perils of disintermediation precipitated by advancements in internet technology and advocates for a synergistic integration of traditional methods with digital innovations to enhance the operational framework of travel companies. The research aspires to equip travel agents with a comprehensive understanding of the critical roles that internet technology plays within their strategic paradigms, as it possesses the capacity to profoundly influence their future trajectories. Furthermore, the study accentuates the advantages of juxtaposing travel packages via the agency's website.

CONTRIBUTION TO THE COUNTRY ECONOMIC

Tourism development can serve as a long-term source of revenue for a country, enhancing its image and reputation through tourism products that attract a continuous influx of visitors. This fosters trust and reliability among consumers. Consequently, it will elevate the number of travelers visiting various tourist destinations. Innovative distribution strategies have expanded the avenues for promoting and marketing travel products and services, enabling travelers from diverse countries to easily search for and explore websites that compellingly showcase well-prepared tourist destinations.

CONTRIBUTION TO THE TOURISM INDUSTRY

Online reservations, mobile applications, and virtual reality have made travel planning more accessible and personalized. Customers are more flexible in searching for information, expect personalized, emotional, and engaging travel experiences, and have increased demand for tourism and competition in the tourism market. The integration of electronic distribution channels and information technology has transformed travel agencies from face-to-face to digital platforms, increasing operational efficiency, global reach, and empowering travelers, changing consumer behaviour, thereby contributing to the growth, accessibility, and innovation of the tourism industry.

RESEARCH IMPLICATION

Technology has fundamentally transformed travel planning, rendering it more accessible and tailored to individual preferences. The amalgamation of sales, marketing, distribution, and logistics processes enhances adaptability while harmonizing product demand with inventory levels. Nevertheless, this evolution

has also diminished the prominence of travel agents and wholesalers, empowering consumers to book directly with airlines or service providers. Travel agencies, however, can still deliver bespoke services and optimize costs by leveraging advanced information technology. The incorporation of electronic distribution channels and information technology has transformed conventional travel agency models while simultaneously creating fresh opportunities for innovation, expansion and efficiency. Ultimately, the shift presents not just challenge and survive, well-positioned to thrive in a rapidly changing industry, but a strategic opportunity for growth, dynamic and competitive advantage in the digital era.

STUDY LIMITATIONS

The limitations encountered by this study include temporal constraints that hindered comprehensive research into areas such as Penang Island. Future investigations could delve deeper into these findings by incorporating diverse insights from a broader spectrum of travel and tour agencies, thereby extending the scope of the inquiry to gather more substantial information regarding the resilience of travel agencies in the digital era across the entirety of Penang state.

CONCLUDING REMARKS

This research conducted in Bukit Mertajam and Seberang Perai has elucidated the effective distribution strategies for tourism products aimed at engaging travel agencies. From the perspective of the travel agency, we gain insights into the initiatives formulated to facilitate management and development related to tourism products and services, including electronic distribution channels and strategic models.

A pivotal instrument for the management and evolution of travel agencies is the mix of distribution channels, which encompasses websites, email communications, and telecommunication systems within the agency's operational framework. This integration is crucial for ensuring the survival of traditional travel agencies in the future. Travel agencies must adeptly harness internet technology to sustain their relevance and prevent marginalization in the global marketplace. Concurrently, travel agents, as specialized consultants, must provide exemplary personal service to customers, thereby encouraging repeat business. Furthermore, they require robust support from tourism policies that bolster the distribution strategies implemented by the government.

Undoubtedly, travel agencies must continue to cultivate a cadre of professional travel agents, as well as specialists in travel and tourism, who possess managerial and entrepreneurial acumen to enhance the productivity of their offerings. Findings also revealed that all respondents concurred that governments have been collaborating with relevant entities, such as Penang Tourism and Penang Global Tourism, to operationalize tourism policies as

supportive measures. These initiatives include equipping travel agencies with essential tools for management and planning, alongside promoting tourism-related products and services at destinations, thereby advancing a sustainable tourism sector.

Conversely, as highlighted in the research findings, despite the availability of distribution channel strategies, travel agencies continue to confront prospective risks and adverse impacts. The roles of travel agents have been undermined, leading to disintermediation and a transformation of selling and marketing functions directly to consumers. This shift results in diminished distribution costs, such as the elimination of commission payments to suppliers. For instance, the airline industry has become increasingly profitable by incentivizing customers to book tickets directly through their websites, thereby bypassing travel agencies and resulting in zero commissions for them.

To mitigate these adverse effects, traditional and internet technologies should complement one another and forge partnerships as a mechanism for distribution channels of travel products and services. Moreover, nurturing partnerships can safeguard traditional travel agencies from obsolescence in contemporary markets. Consequently, efforts to integrate and collaborate between traditional and internet technologies will be vital for sustaining travel agencies and fostering competitiveness within the tourism industry. It is imperative that traditional travel agencies recruit more professionals with advanced computer skills, equipped with managerial and entrepreneurial expertise, to enhance productivity in tourism product development.

ACKNOWLEDGEMENT

The authors extend their heartfelt gratitude to the travel agencies of Seberang Perai and Bukit Mertajam for their steadfast support and invaluable insights, as well as their profound expertise, which significantly contributed to this exploratory case study.

REFERENCES

- Amit, R., & Zott, C. (2001). Value creation in e-business. *Strategic Management Journal*, 22(6–7), 493–520. <https://doi.org/10.1002/smj.187>
- Andrew Sayer. (2003). Method in Social Science A realist approach Second Edition. In *Taylor & Francis e-Library*. <https://doi.org/10.1037/e648332011-002>
- Andriansyah, A., Taufiqurokhman, T., Wekke, I.S. (2019), Impact of environmental policy factors on tourism industry: A study from Indonesia over last three decades. *International Journal of Energy Economics and Policy*, 9(3), 360-365.
- Bloch, M., & Segev, A. (1997). The impact of electronic commerce on the travel industry an analysis methodology and case study. *Proceedings of the Thirtieth Hawaii International Conference on System Sciences*, 4, 48–58 vol.4. <https://doi.org/10.1109/HICSS.1997.663362>

- Buhalis, D., & Law, R. (2008). Progress in Information Technology and Tourism Management: 20 Years on and 10 Years After the Internet—The State of eTourism Research. *Tourism Management*, 29, 609–623. <https://doi.org/10.1016/j.tourman.2008.01.005>
- Clarke, S., & Doherty, N. (2004). The importance of a strong business-IT relationship for the realisation of benefits in e-business projects: The experiences of Egg. *Qualitative Market Research: An International Journal*, 7, 58–66. <https://doi.org/10.1108/13522750410512886>
- Dhanabagiyam, S. (2020). Impact of digitalization on travel decisions in Coimbatore City. *Asian Journal of Management*, 11(3), 304. <https://doi.org/10.5958/2321-5763.2020.00047.5>
- Dilts, J., & Prough, G. (2002). Travel agencies: A service industry in transition in the networked economy. *The Marketing Management Journal*, 13(2), 96–106.
- Dilmi Aluwihare-Samaranayake. (2012). Ethics in Qualitative Research: A View of the Participants' and Researchers' World from a Critical Standpoint. *International Journal of Qualitative Method*, 11(2), 64–81. file:///C:/Users/User/Downloads/Ethics_in_Qualitative_Research_A_View_of_the_Participant.pdf
- Hatton, M. (2004). Redefining the relationships and the future of travel agencies and the global agency contract in a changing distribution system. *Journal of Vacation Marketing*, 10(2), 101–108.
- Haxton, P. (2015). A Review of Effective Policies for Tourism Growth. In *OECD Tourism Papers* (Vol. 1). <https://doi.org/10.1787/5js4vmp5n5r8-en>
- Isabel, A. (2012). Relational Analysis of Tourism Systems. An Alternative Framework of Tourism Planning Processes. *Tourism & Management Studies*, 8, 55–64.
- Kalodikis, G. G., & Yannakopoulos, P. H. (2003). *ICT Contribution in Establishing a Competitive Advantage for the Greek Tourism Industry* (pp. 1–7). pp. 1–7.
- Lacey, Anne; Luff, D. (2001). Trent Focus for Research and Development in Primary Health Care. In *An Introduction to Qualitative Research*. <https://doi.org/10.1136/ebnurs.2011.100352>
- Lavery, S. (2018). Impact of Technology on the Travel Agency Business. Retrived from <http://smallbusiness.chron.com/impact-technology-travel-agency-business-57750.html>
- Law, R., Leung, K., & Wong, J. (2004). The impact of the internet on travel agencies. *International Journal of Contemporary Hospitality Management*, 16(2), 100–107.
- Lawton, L.J. and Weaver, D.B. (2009), “Travel agency threats and opportunities: the perspective of successful owners”, *International Journal of Hospitality & Tourism Administration*, Vol. 10 No. 1, pp. 68–92
- Longhurst, R. (2003). Semi-structured Interviewing and Focus groups. In N. J. Clifford, S. French, & G. Valentine (Eds.), *Key methods in geography* (2nd ed). London: SAGE.
- Maxwell, J. (2012). Qualitative Research Design : An Interactive Approach / J.A. Maxwell. *Harvard Educational Review*, 214–251.
- Mayhew, L. (2018). The impact of travel time on the accessibility of hospitals in cities. *Urban Hospital Location*, 53–85. <https://doi.org/10.4324/9781351036061-3>
- Mohapatra, D., Mohapatra, D. P., & Dubey, R. S. (2022). Price dispersion across online

- platforms: Evidence from hotel room prices in London (UK). *SSRN Electronic Journal*.
<https://doi.org/10.2139/ssrn.4209362>
- Pejabat Perdana Menteri Malaysia. (2012). Rancangan Malaysia. Retrieved July 4, 2012,
from <http://www.pmo.gov.my/?menu=page&page=2005>
- Rigas Doganis. (2006). The airline business in the 21st century. In *Journal of Air Transport Management* (Vol. 8). [https://doi.org/10.1016/s0969-6997\(01\)00017-5](https://doi.org/10.1016/s0969-6997(01)00017-5)
- Ritchie, J. and Spencer, L. (1994). Qualitative Data Analysis for Applied Policy Research. In *The Qualitative Researcher's Companion*.
<https://doi.org/https://dx.doi.org/10.4135/9781412986274.n12>
- Rosário, A., & Raimundo, R. (2021). Consumer marketing strategy and e-commerce in the last decade: A literature review. *Journal of Theoretical and Applied Electronic Commerce Research*, 16(7), 3003–3024. <https://doi.org/10.3390/jtaer16070164>
- S. Bolster Arthur, J. (1983). Toward a More Effective Model of Research on Teaching. *Harvard Educational Review*, 53(3), 294–308.
<https://doi.org/10.17763/haer.53.3.0105420v41776340>
- Tsaur, S.-H., Liang, Y.-W., & Hsiao, H.-Y. (2006). Business Environment, Operations Strategy, and Performance in Travel Agencies: Evidence from Taiwan. *Tourism Analysis*, 11, 105–113. <https://doi.org/10.3727/108354206778001558>

Received: 28th January 2025. Accepted: 24th October 2025