

Obstacles to Implementation of Online Booking in Saudi Travel Agencies

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Abstract

This paper examines current experience of online booking technology within travel agencies. A qualitative exploratory approach to research is adopted with a focus examining Saudi travel agent utilization and experience of booking systems and their attitudes and propensity to adopt online booking processes. Also it focuses on the travel agent perspective and identifies barriers to implementation of online booking technology. Fourteen semi-structured interviews were conducted with managers and staff at selected travel agencies in Saudi Arabia. A technology acceptance model (TAM) was applied and developed to address the online booking and purchase in travel services and to explain the factors influencing user acceptance of online booking and purchase in travel services. Findings showed that customer culture, lack of customer trust and security, e-payment process, lack of government support, internet services connections, Understanding of services and its benefits have efficiency considerable influences on the perceived usefulness and perceived ease of use of online booking/purchasing acceptance.

Keywords: online booking technology; travel agencies in Saudi Arabia; attitudes; customer trust; security; customer culture

1.0 Introduction

Advanced internet media are revolutionising marketing and greatly influencing consumer behaviour (Bailey, 2011; Boone, & Kurtz, 2015). In essence, online technology has greatly changed the way consumers behave (Darley, Blankson, & Luethge, 2010), through enabling consumers to view products and services beforehand but also generating different forms of relationship between marketers and consumers, thereby converting them into advanced, well-informed confident buyers (Dennis, et al 2009). Where this is very evident is in the travel sector, where past research has highlighted these changes in customer behavior such as Noe, Uysal, and Magnini, (2010) who studied tourist customer service satisfaction and how the internet can influence attitudes to online purchase and Moutinho (2011) who investigated how online technology is actually changing the lifestyle. Where less in-depth research been undertaken is in technology adoption in travel markets in developing countries, notably Saudi Arabia. Prior studies have taken broader look at online technology in Saudi Arabia in sectors other than travel (see al-Maghrabi, 2013), who studied factors driving online shopping; al-Shohaib and Frederick (2010), who identified factors influencing internet adoption and the work of al-Somali, Gholami and Clegg (2009) and Al-Ghaith, Sanzogni and Sandhu (2012) on factors influencing the adoption and usage of online services in Saudi Arabia. The paper focuses on examining Saudi travel agent utilization and experience of booking systems and their attitudes and propensity to adopt online booking processes. Also it focuses on the travel agent perspective and identifies barriers to implementation of online booking technology. First, conceptual aspects on technology adoption are briefly reviewed, and the research methodology is set out. The final part of the paper reports on findings and indicates the future direction of the study.

2.0 Theoretical Background

The Technology Adoption Model, which incorporates the reasoned action theory, has been developed by Davis (1989). The theory of reasoned action supposes that behaviour intention leads to actual customer behaviour, as intention behavior can have a role in customer attitude towards personal norms and behavior (Ajzen, 1991). TAM is interested in the degree of technology acceptance of individuals, as there are factors that may affect decisions to accept the new technology when used, for instance, perceived usefulness and perceived ease of use are prime determinants of consumers' attitudes towards a new system. Karahanna and Limayem (2000), who stated that, perceived usefulness and perceived ease of use can be dissimilar amongst such technologies. Adams, Nelson and Todd. (1992) found that TAM maintained its stability and validity, in terms of clarifying the information system recognition behavior of users. Similarity, Hubona and Cheney (1994), noted that TAM was simple to employ and an influential model in clarifying users' technology acceptance, Amoako and Salam (2004) think that TAM can serve as a foundation for dealing with past research into the information system with behavioural intentions. TAM can be expanded through the incorporation of factors from associated models and by including extra or substitute belief aspects (Wixom and Todd, 2015). However, diffusion is the process in which an innovation is communicated through certain channels, over time, amongst the members of a social system' (Rogers, 2003: p.5). There are conditions attached to the theory; for example, the personal limitations of potential users and outside barriers may cause problems in implementing the theory (Rogers, 2003; Rogers,

1995). Wixom and Todd (2015) asserted that the diffusion of innovation theory is best utilised a describing tool (less strong in its meaning), they see it as less useful in predicting the rate of adoption. MacVaugh and Schiavone (2010) argue that the majority of the effort is based on the theories drawn from new product development and the theory of marketing, which are dominated by maximizing the benefits associated with such technology.

Each model can offer useful contribution to our understanding with respect to the topic being investigated. The TAM model is applied in this paper to discover factors that might have considerable impact on the implementation of online booking technology and travel agencies' attitudes, since it is regarded as a valid and strong analytical model that might be applied in a diversity of backgrounds "in this case Saudi travel market "as noted by King and He (2006) who carried out a statistical meta-analysis with respect to TAM model through 88 published researches. Besides, it has the capacity to accommodate external variables that might be added to it in order to improve the model's analytical influence (al-Somali, Gholami and Clegg, 2009; Wixom and Todd, 2015; Davis, 1996; Davis et al., 1989). As well applying and extending TAM model in the context of developing countries such Saudi Arabia, it might provide larger applicability (AlSukkar , 2005). The appropriate model that the objectives of this study can be achieved through is TAM model, taking into account the nature of the study objectives.

3.0 Research Methodology

Silverman (2010) argued that the qualitative approach provides an understanding of the problem through a comprehensive and holistic perspective of the subject and Cresswell and Plano Clark (2015) note how exploratory research helps the researcher to decide the research design and the data collection process to be taken further. Both of these points are relevant in this study due to the limited prior research on the Saudi travel agency sector and the need to get an in-depth perspective on both the current adoption of online technology and the barriers that inhibit that adoption- understanding, as Stake, (2014), mentions, whether there is problem or not. The research objective identified required a method that gives in-depth data, explanations, justifications, opinions and personal feelings, therefore semi-structured interviews were adopted. The interview is sometimes regarded as the most truthful means of identifying the experience of respondents, as the researcher can identify the feelings and emotions of the interviewee (Hannes & Lockwood, 2011). The flexibility it allows the researcher and respondent to follow new themes is balanced with the semi-structured design that ensures consistent focus across respondents (Flick, 2013). Allowing for more in-depth elaboration, ambiguity and unfinished ideas can be followed up within the conversation (Lapan, Quartaroli & Riemer, 2011). Fourteen interviews were conducted with travel agency managers and staff across Saudi Arabia travel market. Non-probability sampling using a purposive approach was adopted- where the size, scope, regional location of travel firms and stage of development were taken into account when selecting respondents. The key themes addressed in the interviews were firm experience and background, experience of change in business, technology adoption, customer change and use of online search and firms plans for growth and future vision.

4.0 Research Findings and Discussion

Findings are reported for Saudi travel market interviews. The Saudi travel market is the largest in size and the most developed when compared to other regions. In addition, Saudi market has the strongest competition and investment opportunities. Two key themes from the findings are reported here; a) Experience of change in travel in Saudi Arabia business including the implementation of TAM and the barriers to the adoption of online booking systems in the Saudi travel market B) Firms Life Cycle & Technology adoption lifecycle.

4.1 Experience of change in travel in Saudi Arabia business & Implementation of TAM

The experience of changes in the Saudi tourism market is concentrated in the internal environment of travel firms such as e-ticketing and accounting system and so on. In terms of applying online booking and purchasing there are no remarkable changes since only a few travel agencies have such a service. A travel agency manager asked to provide an explanation for this situation; 'R11' stated:

"At the outset, we were concerned with the market needs and the atmosphere of the market itself which did not fully encourage the application of technology. However, overall the majority of our customers do not prefer it this way. This may be a good reason for not being entirely dependent on technology" (R11, travel agent)

However, the majority of travel firms believed that the use of technology might not add to their work performance, regardless of the firms' sizes or position. The travel firms recognise the necessity to offer online services including booking and purchasing, but rely on offline service formats at the present time. Some barriers (external variables) exist that influence the perceived ease of use (PEU) and perceived usefulness (PU), apparent in some negative attitudes. Some travel firms interviewed seem less likely to have a real behavioural intention to use online service.

Table 1: Barriers towards implementation of online booking technology in travel agencies

key Dimensions	Past studies where these Dimensions are Considered
Customer culture	(Chao & Spillan, 2012), (Budeva ,2014), (Al-Somali, Gholami & Clegg ,2009)
Customer trust and Security	(Maswera , Edwards, and Dawson, 2014), (Kim, Chung and Lee, 2011) ,(Al-Somali, Gholami & Clegg, 2009)
E-payment payment system	(Kim, et. al, 2010) ,(Sumanjeet, 2009), (Briggs and Brooks ,2011)
Lack of government support	(Godart et al., 2009),(Salkowitz (2010), (Saudi e-Government program,2015).
Internet quality connections	(Al-Shohaib & Frederick, 2010), (AlSobhi, Kamal and Weerakkody ,2009), (Aleid, Rogerson and Fairweather ,2015)
Understanding of services and its benefits	(Al-Somali, Gholami & Clegg ,2009) , (Alhussa & Drew ,2015), (Al-Ghaith, Sanzogni, Sandhu , 2012)

In terms of the barriers towards implementation of online booking technology, findings showed that customer culture, lack of customer trust and security, e-payment process, lack of government support, internet services connections, Understanding of services and its benefits have considerable influences on the perceived usefulness and perceived ease of use of online booking/purchasing acceptance. R1 and R16 respectively stated as follows; “Credibility should be provided by travel agencies. The culture, thoughts and ideology of customers should also be taken into consideration in order to develop and provide them with the ability to accept such technology. Finally, the government should take greater responsibility to support and encourage the adoption of technology within the tourism market.” (R1, travel agent)

“Customer trust and payment methods are another factor, since some customers do not wish to use credit cards under any circumstances, even with secure payment facilities” (R16, travel agent).

4.1.1 Perceived ease of use

Perceived ease of use is considered to be the most important aspect affecting user acceptance and usage or rejection a new technology as noted by Chen and Chiou (2010). In this study was found that, Perceived ease of use can be seen as the factor that has a strong influence on the use of travel E-services as the most of firms in Saudi Tourism market stated that the use of a particular system would not be easy and would not require less effort. R9 and R12 provide justifications for this situation as follows;

“It is not an easy job to have this kind of service because it is too expensive. For example, the program will cost us many thousands. It is also very time consuming, R9”

“Because most of our customers do not trust websites for financial matters, For example, we offered a very cheap package on our website but customers would not buy it through the website and using e-payment; instead, they came to the agency to try and purchase it, R12”

This matches with Wahab, Al-Momani and Noor (2012) who pointed out that as long as the use of a particular system is not easy, the impact of Perceived ease of use as a factor will be limited. This view is corresponded and supported by Mauricio et.al (2015) who stated that Perceived ease of use is highly influenced the online services, especially with high risk and lack of privacy and its effects.

4.1.2 Perceived usefulness

Perceived usefulness is regarded as be a factor that influences the adoption of online booking/purchasing system in Saudi tourism market. ‘R7 and R11’ provide explanations for this situation as follows;

“Overall the majority of our customers do not prefer it this way. This may be a good reason for not being entirely dependent on technology, R7”

“I do not expect to reap any immediate benefits. Internet usage in Saudi Arabia is 40%, R11”

This result is match with Al-Somali, Gholami & Clegg (2009) who stressed the absence of awareness of the benefits of e-services over the internet and suggested that this might be reasonable reasons for a consumer reluctance to use online e-services provided by the public or the private sector. However, the travel firms’ reason for not being able to benefit of online services is that the market tourism’s environment and the culture itself do not increase awareness and not help understanding of such services and its benefits. This view is also echoed with Al Ghaith, Sanzogni, Sandhu (2014) who found lack of understanding of advantages was noted to be an associated factor that might negatively affect e-service adoption in Saudi Arabia.

4.2 Firms Life Cycle & Technology adoption lifecycle

Findings showed that eight travel firms out of fourteen are at a maturity stage with respect to firms’ lifecycle. While, findings in terms of technology adoption were mixed- a few agents were at the late majority stage, most were laggards in terms of online systems adoption and this was acknowledged by R2: “Our website is not effective. Unfortunately at the present time customers are unable to book or purchase something on the website.

At the moment the website is a kind of advertising site” (R2)

However, the future intentions expressed by most firms showed lack of clarity. It is clear that Saudi travel agents should be aiming to adopt more technological aspects for their businesses, whether as a complimentary component or as a main strategy designed to address the competition from e-service firms in the future. Yet, in reality many have few plans. This lack of progress was evident in forms that were at the mature stage of the lifecycle, such as R4, who noted “I think our company is in the maturity stage and we work to develop our company “

Craig, Justin and Eric (2011) noted that firms need to understand their development processes when considering plans that qualify it to move to the next stage and Manne and Wright (2014) assert that each stage has different requirements from those in the previous phase. Overall, limited development plans were noted by respondents. This view is supported by Miller (2008) who believes that those companies which have failed to develop internally may end up permanently leaving the market. However, some agencies can leverage the potential of online marketing in Saudi Arabia, this was recognized by R8: “We are a modern company and since our inception we have had our site up and running, and we use whatever new technology is available” (R8, travel agent)

Thus, it appears that there is no clear relationship between firms lifecycle position “interdiction, growth, maturity and decline” and which stage of technology adoption a travel firm is at through TALC, since the majority of travel firms in Saudi Arabia are at the late majority and laggards, regardless of whether the life cycle of a travel firm at introduction or maturity. This link could be investigated further.

5.0 Future Direction of research

The travel agency business in Saudi Arabia is largely driven by traditional practices and norms, the adoption of technology is not consistent across firms and it is interesting to follow up with firms on their future development. This would lead to gain a greater understanding of what influences the adoption of online technology used at firm level and the technology adoption lifecycle process in travel firms as well as going into the factors influencing the market, whether organizational tools or government bodies who are responsible for it. Therefore, it is recommended for the future research to focus on Saudi consumer attitudes to online technology, to investigate online search behaviour and their propensity to use online systems for purchase of travel services. This would help to draw on technology adoption’ barriers and factors that mediate such adoption, when linking at how firms attitudes match with Saudi consumer attitudes.

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