

# The Impact of Socio-Economic Changes in Tourism on the Business Specialization of Travel Agencies

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*Abstract:* In response to new trends in the behavior of tourists when choosing tourism products (packages) that are in fact determined by social and economic factors in the environment, travel agencies need to adapt their operations and business functions to new terms. Specialization seems possible response to new trends in consumer behavior. In order to study the significance of the hypothesis according to which socio-economic changes in tourism result in the need for the frequent and extremely narrow specialization of operations of travel agencies, for the purpose of this paper primary research was conducted in Croatia. Empirical research was conducted using a sample survey of 200 travel agencies in Croatia and the method of inferential statistics with multiple logistic regression models. Results of the survey on a sample of travel agencies show that managers recognize the importance of specialization for their operations, and socio-economic changes represent "an incentive to the business specialization. Managers of travel agencies undergoing the specialization process take into account specific tourist motives (adventures, new experiences, culture), as well as economic changes reflected in purchasing power. The study shows that socio-economic changes in tourism result in a need for frequent and very narrow business specialization of travel agencies.

*Key-Words:* - Economics, travel agencies, market, management, specialization, business

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## 1 Introduction

Augmented free time and financial assets are the prerequisites for tourism activities, *implicite*, a person without sufficient resources specified cannot satisfy their tourist needs. With the increasing trend of available free time, the freedom to choose favorable product features has been given to an individual. This is an additional incentive to the development of tourism, with the evident continuous process of adaptation of specific tourism forms to the changes in requirements made by tourists. Consequently, it was not until the new millennia that specialization begun to be an assumption for niche tourism, with global awareness promoted through the innovative tools especially the focus on the body and mind as a means to achieve specific tourism forms through a tourism experience [1]. Tourism studies has also become more focused on wellbeing in the last few decades, both -from theoretical and methodological perspective experience [2]. In countries with higher standard, stimulating tourism development, the tourist needs are almost put in the context of the primary needs because people would rather renounce expenditures related to sports, technical equipment, cars, etc., but

not traveling [3][4]. Learning new skills tourism means the demonstration of the experience economy and there is a sense that people value more than physical possessions.

Tourism is a vitally industry to many regions of the world and forms an and growing part of the world's economy[5]. Specific activities though the tourism products and sub-products can be seen as a pull factor in tourism. Following that, pull factors of destinations attract people towards themselves with respect to their motivation [6]. The dynamics of tourism and its growing importance has increased tourism demand studies [8]. Economic characteristics of home countries can cause considerable variations in the tourism demand [8]. An aging population brings with it many social issue concerns over welfare provision, employment, health, transportation, and personal mobility [9]. Tourism can be observed in terms of a number of criteria: the length of stay, the venue of tourism activities, the age structure of tourists, the season and the intensity of capacity utilization [10]. As a result of socio-economic changes, traveling motives are modified according to the principle of character specifics, which resulted in fragmentation of the

tourism market, thus contributing to the need for diversification of tourism product at all levels of its forms. Therefore, in literature in terms of terminology there is an obvious initial distinction between mass and alternative tourism. The term "mass tourism" arises from the fact that tourism has become a "mass phenomenon" in the second half of the 20th century. In modern business, the term "mass" is often used in relation to standardized services provided, intended for a large number of customers. So in that context the "alternative tourism" can be considered as being more customized to the needs of smaller market segment. In common language "mass tourism" has negative connotations and it is often associated with lower quality of service and strong impact on environment, i.e. it is contrary to an authentic experience. On the other hand, economies of scale could be achieved with tourism comprising a number of visitors, therefore it is justified. The alternative tourism appears as a "counterweight to mass tourism", which justifies the changes in the global tourism industry, primarily through the new facilities and behaviors in tourist offer aimed at qualitative changes [11]. Rapid development of tourism in the second part of XX century created mass tourism. Following the Second World War, tourism became a global phenomenon that characterizes aspects of post industrial society. While international tourism market has grown rapidly, the competition has also increased among countries who want to raise their part. Each area attracting the attention of travellers with its differences, natural beauties and cultural values, has also kindled the interest of tourism investors in a short period of time. In the beginning due to the number of tourists being low, tourism had not created a negative impact on historical, archaeological and natural areas, and due to the economic return, it was significantly encouraged [12].

There is a „wide spread acceptance that following both the broad changes within the post-industrial economic regime and the pluralistic ideology of post-modern societies, tourism has gradually advanced from the highly organized forms of mass tourism characterizing the post war period towards alternative – fragmented and flexible- forms of tourism reflecting new modernity, individualization and diversity [13]. The rising share cultural tourism holds within the new tourism trends is encouraging. [14]. In recent years more and more people are particularly interested in culture and the other forms of consumption that differ from contrived forms of tourist experiences that are being

marketed by tour operators and travel agents. Consequently an increasing number of tourists is moving away from conventional mass tourism and are now demanding more individualized forms of travel, and unique tourist products and services [15]. Specialization in tourism primarily depends on supply and demand and it led to an increase in various activities offered to tourists [16][17].

As once some of theoreticians emphasized the negative consequences for the Earth, when thinking about mass tourism and the huge consequences it could have today, in present circumstances, it is extremely to analyze the impact of socio-environmental and economic factors on the strategic oriented activities on companies in tourism. Making clear framed business goals are perceived through long-haul positive activities and minimum changes in the space of an authentic region ambience. Specialization in tourism offer encourages the loyalty of tourists and their coming back , and provides high quality services, market leadership and the destination competitiveness, leading to the extension of tourist season [18]. Nowadays tourism can only be described as the system of experiences. Tourists are willing to pay travel agencies a service that will meet their expectations [19]. Tourists want to get an emotional satisfaction and experiences using services, offered in personalized activities in travel packages. The search for entertainment can lead the special interest tourists to the performing of extraordinary adventurous activities. This adventurous tourist motivation is about gaining of new experiences [20]. It is imposed the impact of the visited special tourism attractions on individuals ‘experiences [21], emerging the gap as result of disproportion between expected and received. Here is space for the focus on alternative forms of tourism, based on highly individualized services and the satisfaction of unique experiences [22], which to some extent derive from the principles of sustainable tourism, characterized by an environmentally friendly way of travelling, the authenticity of experiences. Pursuit to the insight, this paper further emphasizes the terminological distinction of specialization and the levels of its implementation, given the emerging forms of tourism products along with the socio-psychological and socio-economic needs of individuals that stimulate the motivation which are the prerequisite for specialization of tourist facilities. The paper defines the assumption of specific forms of tourism and its sub-modalities. This paper researches the impact of social changes, primarily included in the motives for travelling in tourism, related to the

selection of tourism services and to the impact of economic changes through the influence of purchasing power on the direction of travel agencies development.

Tourism is a social and economic phenomenon that has evolved over the last two decades into one of the widest and most social trends in modern society. Due to its influence and reflection in many branches and activities in the modern economic world, receives the primacy of a very complex economic category, with extremely dynamic growth and development characterized by profound quantitative and qualitative changes. The contribution of this paper is to study the manner in which socio-economic changes impact business specialization of travel agencies. The operating mode of travel agencies in Croatia was tested, which moves in the direction of specialization of business, pursuant to profiling of specific interests of tourists. The results of conducted research speak in favor of the necessity for specialization, which is a developmental precondition for of the work of travel agencies in future.

In last decade the statistics showed that tourism stimulated the world economy, according to large number of researches that indicate that tourism constitutes 30% of the world's export of services and 6% of the total export of goods and services, which, as an export category, is situated just behind the oil, chemical and the food industry. In that period tourism as a branch of the economy has accounted for 10% of the world's GDP, while the largest consumers are the Chinese tourists, followed by US tourists, and Russian tourists. Tourism, as the driving force behind rapid development, has been managed very rapidly through measures, heavily increasing number of participants, moving boundaries, enabling to innovators to share the market places of service providers and intermediaries with innovative entities, accelerating total economic development of the country. Some types of goods that can't be the subject to an traditional exchange in international trade, such as natural, cultural or social values must be experienced by tourists in time of their stay in the destination. Managing potentials on an optimal way, creating innovative tourist products, policies are aimed on placement tourist products supported by providers, packaged to competitive international market. Some products, however, are "exported" by selling them to foreign tourists who stay in destinations (bottles of wine, souvenirs achieving higher prices, competitive prices a traditional way). Exports by sale to foreign tourists result in higher profits, characterized by lower costs (including costs

of transport, insurance costs). USA was the world's leading exporter of services with a dominant share of 14% in the global market. The United Kingdom, Germany and France followed with shares of 5-6%. The share of global services exports has increased from 7% to 10% over the last 15 years, with an expected increase in the number of internet users. The Internet has shown its key role in changing market conditions. In the overall structure, share of 60% of the world's internet user population will be increased to about 90% by 2030, and this trend could be continued[23].[24].

Labour intensive sector as tourism and transport have to take into account dependence on other industry sectors. Coexisting with other sectors is a necessity. In future, service providers should learn from experiences and good practices. Partnerships and alliances must be considered as the smart option. They have clear economic measures with focus on complementary industry partnerships. To resume operations just in time, to last efficiently managing full capacities with human potentials, integrations are prerequisites that guarantee survival in dynamic market conditions. Finally, key role of special interest tourism in conditions of mass consumption point out attitudes and future travel behaviours that could redirect: a) dynamics of development of travel agencies, b)the structure of features and preferences of tourists, c) modalities of shaping of products (partial or full packages).

If social, economic and environmental changes impact tourism, it is pointed out transformation of issues of concept of sustainability from idealism to realism considered by dynamics of environmental effects resulting from tourism. Transformation of issues of sustainability is pointed out by concept of sustainable development as an adaptive paradigm capturing the industry, the product, human factor, locals, tourists [25].

## 2 Literature review

Tourism has become a social phenomenon that marks the last four decades with its dynamism and massiveness In the past, tourists were motivated by simple needs, which were primarily reflected in the need for leisure. Changes in the structure of interests as well as tourist needs were caused by the fact that the characteristics of modern society are pluralism of values of and the diversity of lifestyles. The assumptions are that trips and vacations in future could be encouraged by the intrinsic needs, such as self-actualization and the need for extraordinary adventures [26].

### 2.1 Evolution of motives as a result of the

### **socio - economic development**

The method of decision making about travelling is becoming increasingly complex. With the growing requests of tourists, satisfying their needs is becoming an increasing challenge to travel agencies. Tourists are no longer passive in accepting the standardized facilities of tourism products. Through the active approach they emphasize their individuality. Nevertheless, the motive of leisure remains the dominant travelling motive. However, in addition to "standard" motives of swimming, enjoying the nature and culture, there are additional motives such as the desire for new visual experiences, as well as spiritual implying the improvement of health and adventures. Also, the behaviour of tourists is not explicitly conditioned by the same group of motives, but a series of inconsistent and dynamic motives that in a given time indicate their fickle character [27]. The basic motives for traveling depend on the needs and preferences of tourists. An role is played by the socio-psychological and socio-economic needs of individuals. Travel experience should be opposite to daily life, fulfilling an escape from everyday life. This realizes the need for changes [28]. Tourism is a system within which tourists are looking for "something different from their everyday lives." They want a relationship fulfilled by respect, that the service providers offer them [29]. In the pursuit of freedom, a tourist on holiday wants to experience something completely different, making him free from the daily obligations. And in this context there is a range of elements that determine the experience and therefore the holiday, emphasizing its active or the passive character. Since the needs depend on the characteristics of numerous individuals, this has represented the landmark for the creation of diverse offers . Specific incentives to tourist activities are evident elements such as fashion, social prestige, love, religion, health and others. Towards Ostermann and Chon [30]. who have identified, throughout their research, different motives for traveling, there are several reasons for the trip: climate changes, research, adventures, health, pilgrimages. Crompton [31]. states the nine basic motives for travelling: an escape from everyday life, the research, a rest, a reputation, a social interaction, an education, an innovation, a return to the previous state, an improvement of family relationships. Krippendorf [32]. has defined eight travelling motives: the recuperation, the regeneration, a social integration, an escape from everyday life, the communication, the meeting of new cultures, the freedom, the self-fulfilment and the happiness). Kim

and Prideaux stated the most frequently mentioned basic types of travel motives in the literature: an escape from everyday life, an innovation, the heritage, the social interaction, a reputation [33]. Nevertheless, every tourist is a person for himself. His motives for travel are unique. It is to adapt holidays to individual preferences of tourists, regardless the proven reasons and motives due to which individuals choose travelling. The contemporary business model at the dynamic tourism market is based on the specialization of tourism products composed of the various elements of tourism offer, recognizable for specific segment of tourist demand. The specialization of tourism offer is an incentive to the loyalty and to tourists re-arrival in the same destination, also ensuring the superior service, market leadership and the destination competitiveness that leads to a prolongation of the tourist season.

The specialization at the level of tourist destination with regards to the specific consumer segments is possible through the adjustment of specific contents of individual service providers and other numerous contents based on natural diversification of the area to the market requirements. Rethinking alternative tourism analyzed emphasized its intervening on the local livelihood including commodities local heritage [34] [35] [36]. On this basis, in terms of globalization of tourism demand and offer, the new market strategy should achieve the acceptable company market position. Specialization shapes identity, reducing barriers and encourages economies of scale and thematic linkage. Specialization, in the narrow sense, emerges as "an agreement within the community, groups of organizations whose members are most suitable for specific activities or tasks" (based on their characteristics that define them as natural abilities, skills or other qualifications). It means that the specialization can be regarded in the context of better performing specific tasks within a company in order to achieve competitive advantages. The specialization has a wider sense. It indicates the decision of companies to focus on one or more products / services that can satisfy the specific customer needs driven by the diversity. In cities, tourism specialisation often addresses a lack of resources (attractions, land, labour) and competition with other cities [37]. Regions specialising in tourism may be characterised by opportunities for regional development based on natural and cultural resources, which sometimes might not be sustainably managed. Low levels of productivity in regions where tourism services are more labour-

intensive, smart strategic approach should take into account convergence, finding solutions for destination cost management supported by composed higher value added products. Smart strategic approach should take into account also (sometimes) imposed mass consumption, excessive use of natural resources in convergence with responsibility of organisation behaviour measured by socio-economic impacts

The emergence of new needs and motives is focused on the authenticity of the destination. The point of analysis of specific forms of tourism is based on the evaluation of tourism resources in the destination. The concept based on the developmental continuity of the space is powerful incentive for tourists to get interested in activities. Depending on the character of attractive resources that dominate and characterize the space of tourist destinations, there also occurred two obvious sets of resources underlying the meaning of new forms of tourism. These new forms are based on the dominance of natural or social resources. The first form - mainly based on the natural resources, includes: health tourism, sports tourism, nautical tourism, eco-tourism, rural tourism, hunting and fishing, and others. The second one is based on social resources and includes: conference tourism, cultural tourism, gastronomy and the oenologist tourism, events, pilgrim tourism[38]

Accordingly, historically analyzed, in a logical sequence and in relation to environment, proportionately to the level of reach of socio-economic development, the attractive resources constitute criteria for the development of new modalities of tourism products, incorporating the benefits of experiences that tourists require. The evolution of tourism products was focused on the shift from simplified services to the more complex ones that have slowed down and contributed to more difficult achievement of satisfaction. In the early 90's of the last century the term "specific forms of tourism" was launched. This occurred when developmental assumptions were created on the side of tourist offer, but regarding its contents and physical abilities to fulfil the needs of specific market segments.

The values of attractive resources are associated with the possibilities included in specific activities that tourists use so as to complete their specific needs and experiences. This is for the specialization of tourist offer. According to some theorists of tourism, the specialization is the alternative to mass tourism, focused on new types of tourism, including rural, adventure tourism, cultural tourism and experiences tourism. [39]. Therefore, specifics of

tourism and opportunities for specialization are already contained in the experience of tourists when travelling. According to the active elements in the contents, based on the uniqueness and specific resources, some specific forms of tourism record an increasing trend such as health tourism, adventure tourism and tourism of events. The environmental context is very important. [40][41].

Health tourism and other forms of active types of tourism are increasingly developing and are becoming one of the forms of the active holidays [42]. It is necessary to continue investment in the accommodation, infrastructure in order to contribute to the development of health tourism. Events that are offered to tourists are classified into basic categories: educational programs, sports and recreational events. In addition to the above mentioned active mode of spending holidays, the adventure tourism is highlighted and it is aimed at people who enjoy the adrenaline and risky situations. Tourist offer based on holidays in wilderness with animals is becoming increasingly popular [43]. Fillion, Foley and Jaquemot [44] define tourists who dedicated their attention to nature: as people visiting the destination to experience the nature and to observe wildlife. Holidays in the wilderness belong to the area which overlaps with several types of tourism: natural beauty-ecotourism, rural tourism, tourism involving wild animals [45] Tourists who spend time in nature, devoted to environment and animals, much more than the others empathize with the way of exploiting the nature and the preserving of both the plant and the animal life. The above mentioned also supports the fact that the uniqueness of the domain of one form of tourism cannot be strictly separated and divided. It is demonstrated in interweaving of different activities at the same time in the space through the original ambience and convenience according the market units that provide it to the different market segments. This process increases the probability of creation of new specific markets, which further supports the continuity of fragmentation process of the tourism market, where the process of adaptation and transformation of products seems necessary. In such conditions there is an opportunity for new entrants – the tourism entities that in these conditions recognize economic benefits and the active involvement in business relations, setting new priorities at the same time. They are direct participants who contribute to development of new types of tourism. In accordance with Bolfa the tourism development involves the environmental improvement [46].

Tourism of events is one of the special types of tourism increasingly gaining in significance, which needs to be studied in terms of the specifics of facilities and demand requirements [47] [48]. Events offered to tourists are classified into several basic categories: cultural events / celebrations, political events, arts and entertainment and business events. In terms of tourism demand, it is to analyze the market segment with respect to demographic criteria included in tourist travel, and the reasons of attending events during the trip. In terms of tourist attractions, the resource conservation and development policy aimed at the optimal combination of the resources - according to the principle of sustainable development, as the assumption of destination development, influence the growing number of tourists, creating a positive image of the destination, and also contribute to the better positioning of the destination on the tourist market. The synergy of activities contained in tourism offer and tourism demand will significantly contribute to the satisfaction of tourists and to economic development of tourist destination. Events represent attractions, catalysts, animators, and promoters of tourism within specific destination or the region.

Cultural tourism as a specific type of tourism stimulates involvement of tourists in tourist migration oriented towards destinations dominated by the attractive anthropogenic tourism resources with activities based on specific interest for cultural events. Cultural events are predominant in culture-oriented trips. Culture has ceased to be the objective of tourism since the beginning of the 20th century when the concepts of tourism occurred and its usage was widespread [49]. The emphasis is on the intensified activities and events related to resources within specific areas, rich in cultural and historical attractions including rich heritage. But, in the confines of such narrow market segment, showing an interest in this tourism type, further fragmentation of the market subgroups is possible, hence implying the possibility for further specialization. In recent years the so called creative and hobby tourism have evolved. Characteristics of these tourism types are incorporated in creative dimension of contents, specialized for narrow interest groups. Contents based on new types of tourism, such as the hobby tourism, can be implemented regardless of season all year round. These amenities lead to profit optimization, while satisfying specific needs of tourists and achieving individual approach to every visitor [50]. Concentration of tourism demand, its specific occurrence and innovative forms of communications

on the tourist market put pressure on changes in tourism offer [51]

Nowadays the classical mass production is replaced by "the mass production customized to individual customer", so producers have to design the specific products in accordance to their interests. This claim raises an additional test to those travel agencies that base the core of business philosophy on economies of scale. On the other hand, the specific interests encourage the emergence of additional market niche<sup>1</sup>, and at the same time, differences between similar products become more pronounced. In which direction to develop business with maximum use of opportunities. This is a key issue related to the survival of travel agencies in competitive market conditions. The intensity of the use of tourist services encourages the emergence of new needs and requirements in creating innovated and the improved services. It is the case that occurs during the specialization because of the creating of new values that include outdoor activities, the awareness of ecological problems, self improvement and the progress of society [52]. Morgan [53] suggests that the specialization in the tourism industry contributes to creating the differences between mass tourism and the tourism system which completely meets the specific needs of tourists. Opaschowski [54] also points out that the trip does not only provide for tourists an escape from everyday life, but also the personal fulfilment and pleasure. Wearing [55] considers that the 21<sup>st</sup> century tourists want to travel using the services based on the excitement, new experiences, without accepting „the uniform" “. Due to positive feelings and impressions, tourists are ready to propose the same services and destinations to friends and / or families. The study and explanation of the term tourism specialization is based on two aspects: the psycho-social aspect that relates to tourists and the economic aspects relating to service providers, as pointed out by Collier, Dreyer and Pigeassou. [56][57]. The specialization in tourism is seen as a part of an interdisciplinary system consisting of the environment, tourism demand and the tourism offer [58] Tourist offer is susceptible on specialization implemented by subjects in tourism such as travel agencies, service

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<sup>1</sup> The narrower concept of a market segment that refers to the new sub-segment, that in more specific way and specific behaviours show further similar interest and preference for certain products, and which in intensive distinguishing of each subgroups show more similarity in subgroup with respect to the criteria that characterize them: demographic, geographic, psychographic, socio-economic, and buying behaviour.

providers of accommodation, food, transport. A tourist destination as a spatial unit must exploit the opportunities in the environment, sublimating effects of specialization programs conducted by entities. Tourist demand that determines the specialization activities starts from: the financial situation of individuals, cognitive factors, personal characteristics and personal needs.

Specialization is a challenge to tourism based on natural resources, concentrated on the part of the season, and refers to the type "vacation in well-known destinations," which in most cases causes the connotations associated with mass tourism. Butler emphasizes that declining the number of tourists in destinations that occurs due to decrease of destination competitiveness in relation to new / alternative destinations in their environment, and this leads to the loss of market share [59]. Just to avoid the decrease in number of tourists interested in the well-known holiday destinations, it is necessary to restructure the offer, customizing it to the requirements of tourists [60]. To encourage positive changes, the steps that could be taken include: the restructuring of tourist attractions, preserving of environment and the natural attractiveness or repositioning of destinations on the tourist market. Bagguley, Pinchand and Urry highlight elements that could help in the restructuring: the reorganization of tourism products and the labor forces, the new spatial organization and transformation of tourism products [61],[62] [63]. This will affect the economic recovery of tourist destinations and its better positioning on the market. Despite this, many countries that actually have comparative advantages do not know how to take advantages for tourism purposes [64].

It is necessary to implement the developmental orientation based on the assumptions the developmental that indeed have, contained in the comparative advantages of attractive resources in tourist destination. With the development of reasonable material and the infrastructural basis in accordance with the organizational and spatial requirements areas, for companies it is to focus their specialization on the activities in order to use revenues from tourism ensuring a better economic future. Nowadays, the mismatch of economic growth, measures and policies, with the dynamics and structure of the new dimensions and the modalities of tourism could witness of breaking the myth of the ever-controlled growth and benefits of alternative forms of tourism (not previously based on idea of appropriation) but on high social attitudes empathy in relation to the local environment in harmonious with tourists.

## 2.2 The specialization of travel agencies as a presupposition of their development

Hall and Weiler define the specialization in travel intermediation. They emphasize that the motivation and the decisions of tourists are defined by specific interests that are focused on the specific activity or multiple activities [65]. Swarbrook and Horner [66] have extended the above definition as highlighted two aspects of specialization. They emphasize that the specialization is motivated by the need for including tourists in the new experiences or to develop the new activities in the destination. The specialization in tourism represents the key driver of tourism development [67]. The offer of "special interests" can be found on the most websites of intermediaries. In most cases travel agencies are specialized for particular types of tourism in order to satisfy the specific group of tourists [68]. Specialization of one or several common products contributes to the shaping of a coherent image of destination, assisted by environment expertise. [69]. Constant changes taking place in tourism offer and demand have a major impact on the development, growth and organization of new activities and of tourist experiences that affect specialization in tourism [70]. The study of tourism markets has led to the opinion according that tourists when choosing travel should focus on three basic issues [71]:

Where to travel?- which defines the basic interest of travel (General Interest Tourism - GIT);

Where to travel and what kind of activities to choose? which define the actions that can be implemented in the selected destination (Mixed Interest Tourism - MIT);

Which activities to choose and where to find them? - thereby define the specific interests of travel ( Specific Interest Tourism - SIT).

Within these three aspects of GIT, MIT or SIT, the types of tourism could substantially overlap, especially between MIT and SIT, such as cultural, health and adventure tourism[61]. Brotherton and Himmetoglu [72] have defined four types of tourists with regard to the specialization in tourism. An *Expert* is a person who has a lot of experiences in specific activities and the implementation of these activities when travelling. *Novices* are people looking for a change, and the activities that will carry out on the holidays, depend on their willingness to try new things, often associated with a willingness of to take risks. A *Collector* is a person who has experiences in various types of tourism, such as cultural, sports tourism, adventure tourism, and in this way "collect" new experiences. *Specialist* is a person who has a lot of

experiences in activities that are the object of interest but he has not been spent yet on the tourist trips. When creating a tourist product, travel agencies should take into account that each of tourists groups requests a different approach, depending on the level of their experiences, with activities that are the part of specialized tourist offer and the level of their previous carrying out of these activities.

When creating a tourist product, travel agencies should take into account that each of tourist groups requests a different approach, depending on the their level of experiences with activities that are part of a specialized tourist offer and on the level of their previous implementation of these activities. Wearing [75] considers that the 21<sup>st</sup> century tourists want to travel using the services based on the excitement, new experiences, without accepting „the uniform" Due to positive feelings and impressions, tourists are ready to propose the same services and destinations to friends and / or families. Morgan [76] suggests that the specialization in the tourism industry contributes to creating the differences between mass tourism and the tourism system which completely meets the specific needs of tourists. As previously expressed, the sense of specialization is based on the specific interests of tourists striving to satisfy their specific needs, searching for spaces that characterize the optimal combination of resources which guarantee the quality of tourist products. The organized involvement of new profiles of tourists with sophisticated interests are specifically directed to destinations, characterized by specificities of spatial components that on the basis of original benefits can complete the individual experiences. While creating tourism product, travel agencies must be aware that each of these tourist groups request a different approach, depending on their level of experiences with activities that are the part of specialized tourist offer and also depending on the level of their previous implementation of these activities when travelling. Travel dynamization is confirmed by the facts of more frequent tourist movements over the year, a shorter duration of specific types of travel packages and the active way of their implementation, assuming a combination of these services that with their understated complementarily contribute to the quality of products. Today, tourists are experienced, adding that the level of achieved experiences while travelling is evident through the number of visited destinations, the time spent travelling and the total number of people travelling. [77]. Regardless of the number of service providers who are actively participating in the creation of the sense -

"experiences and amenities" - travel packages as a consequence of the process of transformation of needs and possibilities has not completed its evolutionary process. Travel agencies must follow trends adapting their products, taking into account that [78]: a) the assumption that specialization should give answers to the questions in relation to the requirements and interests of both poles of the tourism market; b) the assumption of technological efficiency in terms of the acceptability of tourist products of travel agencies in terms of performance and satisfaction of tourists, transparent through the levels of efficiency of searching information, communication process up to the ways of travel organization.

The active elements of holidays that are becoming increasingly common in the interests of consumers as well as the competition, which aims to win over potential tourist consumers, have resulted in the diversification of production programs of travel agencies, through new package holidays that record shift away from standardized packages.

Accordingly, the strategic advantage of travel agencies is based on experiences, monitoring of specific market requirements and adapting the products to special interest groups. Specialization of programs should be based upon on the diversification and an innovative way of placements of products and services aimed at the target market segment. Bearing in mind the rapid structural changes of tourist demand, among the participants, in the competitive tourism market, an place will belong to those companies that are skilled, professional and intuitive, that would be able use the knowledge taking the advantages of trends as the specific chances of the environment and to adapt them in accordance with their possibilities to successful placement of products.

One of the accepted possibilities seems the implementation of the strategy of specialization and diversification in business of travel agencies. Specialization shapes identity, reducing barriers and encourages economies of scale and thematic linkages Specialization is primarily concerned with human labour, although it may include other factors of production process. It is based on "acquiring of knowledge in some specific field, focusing on education to the production of certain products or performing certain services or executing certain operations within a complex working process" [79] The assumption is that limiting to narrower fields of activities increases the speed, skills and consequently the labour productivity, especially as regards the activities which consist a high concentration of human labour as a factor of



production, such as in the service activities. Hence, the specialization in tourism is related to activities based on the narrow assortment of goods and services that achieves a better control of the market. The diversification as a development strategy is applied in situation when are in an existing the business and on existing market rates of growth are limited or do not meet the interests of capital. Ensuring the growing, companies are more encouraged related to diversification of tourist products in accordance with special interests. The division of the market according the demographic and social criteria on consumer segments today seems too rigidly segmentation tool [80]. Strategic approaches of the company take into account dynamic changes in the environment, changing activities that bear on communication, promotion and production. Adopted, created and innovated, diverse range of tourism products is oriented to diverse needs of market niches. Today, the greatest potential for growth actually indicates all types of specialized theme of tourism offer [81]. The diversification can also be performed according to elements that do not relate to product or the market, but arising from their specific relationship. At the same time it is possible to implement diversifying price according further elements: the tourist season, dates of employment, dates of booking, the number of users per booking, the degree of concretisation and the target group. The diversification of tourist products and services is primarily directed toward the development of new tourism products and development of services on new markets, or on the existing ones. In the latter case, emphasis is on the horizontal diversification of products. In this way the company is directed toward the improvement of competitiveness and the attractiveness in the space of a tourist destination[82][83]. Tourism develops linkages with other sectors using diversification strategies which increase added value but also consider the sustainability of its resources [84] [85] Possible objectives of diversification are: the improvement of quality of services, increasing number of new products and services, increasing revenues of service providers, increasing the share of tourist from medium to the higher socioeconomic profiles Travel agencies have recognized this trend. The development of products is continued. It is evident through the shift in understanding of evolution of characteristics of travel arrangements, uniformed – packages, the standardized packages from the other half of the 20th century, dominated by passive type of holidays and based on the complementarities of resources "sea, sand, sun".

Today's technological capabilities have made possible framework for the development of new, specific forms of tourism and specific travel arrangements relating to the motives of tourists, in which an additional interest of the individual finds its place, and the affinity becomes more expressed. In such conditions the bearers of tourist offer identify their additional interests through using existing spatial specifics by creating high quality products. Based on common interest and mutual changes that are visible at both poles of the tourism market, the mission of travel agencies is to unite the interests of interested parties, to forestall the trends, for achieving the better competitive position. Since the "mass market is individualized" in implementing the strategy of diversification that is based on previous assumptions, the travel agencies and other parties of tourist offer will need to be more specific and more acceptable for those groups that will show similar preferences and tendencies of homogeneous behaviour, requiring the certain level of quality of service. Responsibility based on accountability and transparency [86], allow tourist organizations being into run. Studies on tourism and smart specialisation have only emerged recently in the context of tourism sustainable development [87], [88][89]. Smart specialisation refers to smart or specialised diversification around identified related activities/themes that are often defined as priority areas of regional specialisation that is not only the most dominant regionally embedded, but also likely to stimulate high growth and further relatedness between sectors leading to further diversification aiming to identify new opportunities [90] Specialization in tourism is common in conditions of economic growth, destinations' confused image and/or lack of resources as existing markets are focused on and gathering intelligence on tourism markets for future diversification [91]. The three industries that rely almost entirely on tourism and referred as the "selected tourism industries" employ 3.3 million people in the EU. The numbers speak in favour of directly employed in tourism, while keeping in mind interviewing tourism industry with other sectors . This confirms the outcomes of creating jobs indirectly created in accordance with new business opportunities, the estimated number of indirectly jobs being of 3 to 1 from basic activity [92].

Accommodation, travel agencies or tour operators, air transport represent 15% of the turnover in tourism industries, compared with a 7% share in value added at factor cost and a 3% share in employment and in number of enterprises. Almost half a million of these people work in travel

agencies and tour operators. [93]. According to Eurostat [94]. under the title Tourism Industries – Employment, in 2010, there were 77,000 travel agency and tour operator enterprises in Europe that between them generated EUR 300 billion in turnover, and in 2015 there were 104,919 travel agencies (NACE class N7911), and tour operators (NACE class N7912) [95]. Package holidays accounted for about half of this amount. This equals over 40% of the total international tourism receipts recorded in 2017 worldwide. Europeans depend on the services of travel intermediaries, despite the trend of service providers to bypass travel and tourism intermediaries by selling their services directly to consumers. Due to the fast data transfer over the Internet, communication between operators and tourists is greatly reduced. Previous research has shown that tourists who found travel through the Internet spend more in the destination compared to those using some other way [96]. The reason is that it allows tourists to interact with travel agents and gives them the ability to adapt purchased services to their own needs. It speaks in favour of specialization. The satisfaction of tourists and their behaviour is greatly influenced by the reaction of travel agents on their on-line query [97]. Responsible behaviour has a key factor for the success of small and medium-sized tourism enterprises [98]. Internet is an efficient innovative tool. A successful purchase of travel packages through the Internet towards research is very possible if people use the Internet very often backwards for four years and more, resulting in confidence among tourists and travel agents [99]. In accordance with secondary research results show that traditional services such as transport and accommodation, dominate within interest for online partial products (share of 95.6% and 97%), while at the same time (48.9%) of tourists use the online advisory services of travel agency (regardless of the way travel organizations). Intermediary role will be transformed but it will not disappear. Every fifth answer based on online sales for additional content is related to special content in the destination and the diversification of the offer in the destination (online buying tickets to attend to special exhibitions, cultural events, special events, festivals) Žmuk and Mihajlović [100] also argue that digital skills have greater relative impact on use Internet for travel and accommodations services than the development variables like GDP per capita or share of highly educated individuals. That finding suggest that individuals should be more taught about how to use Internet and to develop their Internet and digital skills. The Internet booking of travel and

holiday accommodation improves accessibility to different tourism contents in a country. In that way, it has positive impacts on further development of tourism and the improvement of residents' living standards [101]. In that way the specialization of travel agencies could be supported. Future intermediation of the tourism distribution channel will therefore be quite different from the current situation. Several trends are pointed out [102]. [103], traditional intermediaries reengineer their processes in order to up-date their offering, traditional intermediaries improve customer satisfaction and remain competitive; while tourism destinations boost and develop regional systems to enhance their representation of new intermediaries emerge to take advantage of the ITs' revolution through the online booking of purchasing and information; ICT infrastructure that has built interactive lines in the system of communication, built the system of beliefs that is found within the same behavioural segment of tourists in virtual communities. For easier mastering of uncertainties as the business environment challenges, companies are using innovations in product creation as well as business tool in communication. Interwoven relevancies of activities and branches within the tourism system are empowered by special interests. They influence on flexibility of activities of intermediaries, capabilities to infiltrate changes directly through their businesses: on the way they operate and contents they offer. While interwoven impacts and dramatic changes have influenced tourism, in meantime innovations could be considered as assumptions of communication efficiency. Experiences and activities co-created innovative products and influenced the specialization of travel intermediaries in particular types of tourism. Respecting structural changes of tourism demand, further, travel intermediaries should adapt a way of doing business, creating the innovative and specific products diversified considering elements of price, package contents, using innovative tools in placement of travel arrangements (on line booking and web promotion). Main drivers of market changes are customers, new technologies and an experiential competition. Thus value system accepted and integrated in business concept is based on social sustainability. Innovation is the key basis of the transformation that makes pressure toward quality, optimal prices and efficient time use with regard to tourist offers. It is argued that sustainability needs to be conceptualized on more comprehensive way for being meaningfully and critically appraised its interconnectedness with the natural, social and economic elements [104], at

multiple scales and time periods also. Recognized environmental changes influence on its greater opportunities, if supported by leadership skills to capitalize on it say [105] Contemporary business shows the personalization of travel by adding additional amenities that will complement the overall experience that tourists realize through online booking and quality information. In addition, the importance of specializing agencies with contemporary trends in the tourism market is based on adapting special activities and contents through personalizing travel by offering innovative modalities of tourist products.

### 3 Data and methodology of research

In order to test the significance of the hypothesis H), according to which *socio-economic changes in tourism have resulted in the need for more frequent and very narrow business specialization of travel agencies*, a survey on the impact of new trends on the transformation of travel agencies in the Republic of Croatia was conducted.

The questionnaire is designed from three groups of questions: a) basic information about travel agency, business area, organization and specifics of business (10 questions); b) managers' profile (2 questions); c) intensity of influence of specific characteristics of tourist segments defined through demographic, economic, cultural characteristics (3 questions)

The questions were raised in three possible ways:

- a) : open-type of questions
- b) closed-type of questions, with an option of choice of one or more predefined categorical answers with predefined statement
- c) closed-type of questions in accordance with predefined statement

Pilot testing of the questionnaire was conducted. The optimal number of questions was determined with the aim of reaching the highest possible concentration of respondents while collecting the appropriate data number in the shortest possible time. The questions were simplified to make the survey clearer to the respondents, but with the necessary level of complexity that allows an unambiguous understanding of the question. The survey was completed using the statistical package SPSS ver. 18, using descriptive and inferential statistics methods. Based on the data collected through the survey, the hypothesis of this paper was tested, using multiple logistic regressions.

Multiple logistic regression as a statistical method is suited and usually used for testing

hypothesis about relationships between 1) a categorical dependent variable<sup>2</sup> Y or an outcome variable and 2) more categorical or continuous predictor or k independent variables<sup>3</sup>  $X_1, X_2, X_k$ , za  $k \geq 2$  that can be quantitative (with fewer or more values), or qualitative (with two or more categories). The dependent variable Y in logistic regression is binary or dichotomous.. The maximum likelihood method, which yields values for the unknown parameters, is used for estimating the least squares function. Logistic regression solves such problems applying the logit transformation.

Logistic regression predicts the logit of Y to X. The relationship between the dependent and independent variables is not of a linear type. In regression type models, the probability of achieving one of the possible outcomes of a binomial dependent variable is estimated, provided that the independent variables have certain values:

$$P(Y=1|X)=?, X=[1, X_1, X_2, \dots, X_n]$$

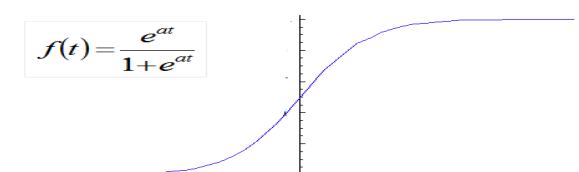
In accordance  $P(Y=1|X)$  number with values from interval  $[0,1]$ , and it is is valid

$$P(Y=1|X)=f(a_0+a_1 \times X_1+a_2 \times X_2+\dots+a_n \times X_n)$$

where  $a_0, a_1, \dots, a_n$ , represent the estimated parameters with independent variables. To ensure the required interval as a set of values, the function f of the above expression must be:

$$f: R \# [0,1]$$

Figure 1 Logistic connection function as function of a common S-shaped curve



If the dependent variable Y is qualitative in the logistic regression model, it can take only two categories, i.e., binary values, (for example: Someone "has" = 1 or "none" = 0, "uses" = 1, or

<sup>2</sup> The dependent variable is also related to the regresand or endogenous variable

<sup>3</sup>.

Independent variables are also called regressor variables or predictor variables.

"does not use" = 0, someone "belongs" to something = 1 or "does not belong" = 0, etc).

The relationship between the binary dependent and the independent variable is not of a linear type but is described by an "S" curve; where the S curves shown have asymptotes 0 and 1. In this case, the conditional probability of the outcome "Y = 1" given the value of the independent variable is the number from the interval [0, 1]. Šošić point out:

$$E[Y|X] = \frac{1}{1 + \exp(\alpha + \beta X)^{-1}},$$

Respecting:

$$E[Y|X] = \frac{\exp(\alpha + \beta X)}{1 + \exp(\alpha + \beta X)},$$

Where  $\alpha$  and  $\beta$  are parameters and exp is the base of the natural logarithm. Here  $\alpha$  is a constant and  $\beta$  is a parameter with an independent variable. For k independent variables, the parameters with individual independent variables are denoted as:  $\beta_1, \dots, \beta_k$ , respectively:  $\beta_j$ , for  $j = 1, 2, \dots, k$ .

Most often, unknown parameters from the logistic regression model are estimated by the method of highest reliability. The regression equation for the S probability outcome curve "1" with one independent variable ( $k = 1$ ) is as follows

$$p = \frac{e^{(\alpha + \beta x)}}{1 + e^{(\alpha + \beta x)}},$$

while for  $k \geq 2$ , the following applies:

$$p = \frac{e^{\alpha + \beta_1 x_1 + \dots + \beta_k x_k}}{1 + e^{\alpha + \beta_1 x_1 + \dots + \beta_k x_k}}.$$

For the purposes of this paper, the selected multiple logistic regression method was derived from the nature of the binary-type dependent variables and the nature of the numerical-independent variables ( $k > 2$ ). Different values of the dependent variable are not estimated, as in the usual multiple linear regression, but rather the probability (p) is estimated that the dependent variable will receive a value of 1 rather than 0 (ie it will fall into one category instead of the other). The multiple logistic regression model with estimated parameters for  $k \geq 2$  independent variables is:

$$\hat{p} = \frac{e^{\hat{\alpha} + \hat{\beta}_1 x_1 + \dots + \hat{\beta}_k x_k}}{1 + e^{\hat{\alpha} + \hat{\beta}_1 x_1 + \dots + \hat{\beta}_k x_k}},$$

wherein the parameter estimation - obtained by the maximum likelihood method. Logistic regression involves adjusting the equation

$$\log it(p) = \hat{\alpha} + \hat{\beta}_1 X_1 + \dots + \hat{\beta}_k X_k.$$

The quality of the estimated model is most often estimated using the Nagelkerke R Square indicator which gives an indication of the proportion of variation of the dependent variable explained by the multiple logistic regression models. This indicator takes values from minimum - 0 to maximum - 1. As such, it resembles the coefficient of determination of R2 from the commonly used multiple regression model. This indicator is preferably being as higher, ie. the closer to 1 that state- better Logistic regression models. The influence of individual independent variables on the binary dependent variable Y (Y = 1; Y = 0) is tested by a *Wald test*, based on test size of the following form:

Wald test size = (parameter estimation / standard error of parameter estimation)<sup>2</sup>.

This is based on the following hypothesis:

H0: *independent variable Xj is not statistically significant for explaining variations of the dependent variable, ie it does not affect the dependent variable*

H1: *independent variable Xj is statistically significant for explaining variations of the dependent variable, i.e. it affects the dependent variable*

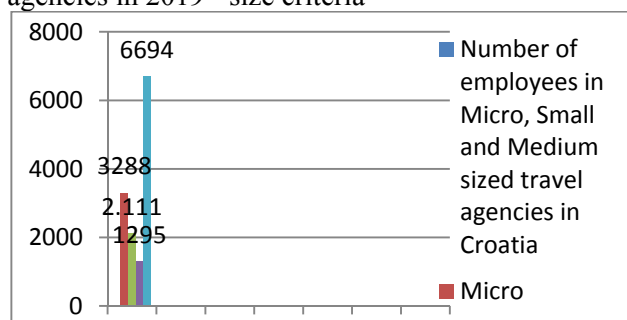
### Data on a sample

**The preliminary research** has been conducted in the Republic of Croatia. For this purpose, empirical research was conducted using a sample survey of 200 travel agencies in Croatia, while an approach of inferential methods, using multiple logistic regressions was applied in data processing. These results are for competitiveness and development of travel agencies. The questions were formulated in a way to meet the criteria of greater concentration of good responses within a set time frame, and were organized as follows: close-ended questions with response categories, and close-ended questions with a set of statements you agree or disagree with. Characteristics of the analysed sample are the following.

*Elementary unit* of survey to be selected in the sample is defined as a business unit engaged in providing services related to intermediation and organization of tourist stay and it is a foundation upon which business rests. In this survey, travel agencies are classified according to the criteria that are not exclusive and determine a number of specific business features. The survey encompasses travel agencies according to the region, dominant business, function, business type, business activity,

organizational structure, the manner of occurrence in the tourist market, *Reporting units of survey* were travel agencies' board of directors. *Respondents* were people acquainted with all aspects of intermediaries' business activities. The workplace of respondent was primarily determined by the size of a travel agency; therefore respondents were travel agency managers. *The target population* for the given study was defined as a group of travel agencies registered in the Republic of Croatia with operating results. *Selection framework* contains a list of target population members, and it is usually in the form of lists and databases. Sampled travel agencies were selected from the Croatia company directory of the Croatian Chamber of Economy, available on the website <http://www1.biznet.hr/HgkWeb/do/extlogon>. In June 2019 we found 1250 business entities whose primary activity is intermediation in tourism (NACE 79 Travel agency, tour operator and other reservation services and related activities). Table 1 shows number of employees in travel agencies in 2019 - size criteria

Table 1 Number of employees in Croatian travel agencies in 2019 - size criteria



Source: <http://www1.biznet.hr/HgkWeb/do/extlogon>

*Random sample* is drawn from defined selection framework. By means of random number generator 200 travel agencies were selected, companies were contacted by phone so as to verify their primary activity<sup>4</sup>, and willingness to participate in the survey. The questionnaire was sent by e-mail after phone conversation. 82 questionnaires were collected in this way and the response rate was 41%, which is acceptable for this type of survey. With regard to different features of travel agencies participating in the survey it can be concluded that their selection was representative. Results from the survey sample can be considered adequate for

<sup>4</sup> Before conducting the survey it was verified whether tourism intermediation is primary activity, as quite often companies perform other activities rather than those for which they are registered with the Commercial Court.

making relevant conclusions. The overall structure of respondents who participated in the survey was dominated by those with a university degree (63%), while (24 %) are those with college degree, and (12%) of respondents has high school degree. The largest share of respondents (38%) refers to those who have been employed for over 20 years, followed by those who have been employed from 11-20 years (23%), and those that have been employed up to 11 years (23%). The characteristics of managerial skills as a combination of qualifications (proportion of 63% of respondents with a university degree) and knowledge and skills gained through experience (share of 38% of respondents with 21 to 30 years of experience) speak in favour of their key role in assessing the importance individual elements for the purposes of this research. Given the function they perform, there are most directors or directors who are also owners, followed by branch managers. In below is given the structure of travel agencies considering its relevant characteristics from the sample.

Table 2 Characteristics of travel agencies that participates in the research

		N	%
TOTAL		82	100%
REGION	Continental Croatia	32	39%
	Istria and Primorje	11	13%
	Dalmatia	39	48%
PREDOMINANT FUNCTION	Organizational	48	59%
	Intermediary	34	41%
CHARACTERISTICS OF BUSINESS	Outgoing/Initiative	10	12%
	Receptive	31	38%
	Initiative receptive	41	50%
OBJECT OF THE BUSINESS	Wholesale	2	2%
	Retail	33	40%
	Wholesale retail	47	57%
ORGANIZATIONAL STRUCTURE	Without office network	62	76%
	With office network	20	24%
THE WAYS OF PRESENTING ON THE MARKETS	Independent	79	96%
	Dependent	3	4%
AREA OF BUSINESS	National	48	59%
	International	34	41%

Source: Opinion poll conducted on the sample of the travel agencies in the Republic of Croatia field analyses by the author

Most of travel agencies from the sample operate in

the Dalmatia region (48%), while two-fifths of agencies (39%) from Continental Croatia and in the overall structure of travel agencies- the minimum number belongs to those from Istria and Primorje (13%). In the business operations of the travel agencies, the travel agencies with the emphasis on the organizational function in business activities participating with the share of (59%), which is the result of spreading of competencies and of new options on the market that stimulate the creativity among managers, and moreover affecting specific business areas. Thus it indirectly but continuously influences the organizational domain functions of travel agencies. In total structure in certain travel agencies predominant function is to lesser extent an intermediary function (41%). Considering the characteristics of business, half of the total number of travel agencies (50%) are those of initiative-receptive character, (38%) of travel agencies often considered as "genuine intermediaries" are the receptive characteristics of intermediaries, (12%) agencies belong to outgoing/ initiative characteristics, basing operations on an organized initiation and facilitating of travelling and staying to tourists. The greatest number of agencies, considering the object of the business, belongs to wholesale - retail travel agencies (57%), and (40%) are retail travel agencies, while just a small share of (2%) are exclusively wholesalers, i.e. tour operators. Considering the organizational structure, (76%) of travel agencies is without office network and (24%) of agencies is with office network. Given the ways of presenting themselves on the markets most travel agencies are independent (96%), acting independently as an economic entity, while (4%) are dependent, operating within the major commercial units. The area of business for most agencies (59%) is predominantly national, while slightly less is international (41%).

#### 4 Analysis and discussion

In accordance with the marketing concept, the customer opinion is extremely important. Customers' affinities determine the future business direction.

Travel motivations are subject to changes, resulting in conditions that define the requirements on the tourism market indicated by high level of sensibility. Motives are continually changed, and besides the standard ones, leisure and entertainment there are new ones such as religion, health, adventure, new experiences, etc. Although there were the earlier mentioned travel motives, and expressed there was no strong enough interest on the tourism market as the assumptions on which they

would get a form of tourism products. Level of changes in the specific interests of consumers that assess

The intensity of the changes occurring to choice of new, specific products and services is tested by assessed. aspects of given micro-variables/attitudes and motives.

It requires the active consideration in the direction of specialization of activities in business of travel intermediaries

*In order to test the hypothesis of this paper, which assumes that socio-economic changes in tourism impact on the need for very narrow specialization of travel agencies, the impact of variables that are taken into account was analyzed through the intensity that have specific bootstrapping factors contained in the opinions of tourists in relation to the preferred services that are presumption of specialization of travel intermediaries.*

#### 4.1. The impact of selected socio - economic variables on the specialization of business of travel agencies based on ratings of managers in Croatia

Analysis is based on characteristics of travel agencies within which managers assess impacts of tourists' attitudes on level of specialization of business activities.

Leadership skills that are capable to capitalize opportunities in the environment speak in favour of managers' experiences and competences.(more than 1/3 of respondents have been employed from 21 to 30 years, 63% has university degree) For the purposes of this research they have a key role in assessing the importance of individual elements and factors. Respondents were asked to estimate the extent to which the opinion of tourists influences their specialization in business activities. Using a Likert scale of 1 to 5 for the evaluation, of the intensity of importance of certain factors for specialization business of travel agencies, the results indicate that the share of 66% of respondents believe that the opinion of tourists is very significant, while 34% of respondents state that the opinion of tourists is or slightly significant.

Results are shown in Table 3

Table 3 Characteristics of travel agencies with regard to the assessment of the impact of tourists' opinions on the specialization of business

	The impact of tourists' reviews on the specialization of business	total
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		very significant	Significant	slightly significant	N	%
Total		66%	28%	6%	82	100%
Region	Continental Croatia	69%	22%	9%	32	39%
	Istria and Primorje	64%	27%	9%	11	13%
	Dalmatia	64%	33%	3%	39	48%
Predominant function	Organizational	73%	21%	6%	48	59%
	Intermediary	56%	38%	6%	34	41%
Characteristics of business	Outgoing / Initiative	40%	50%	10%	10	12%
	Receptive	65%	35%		31	38%
	Initiative - Receptive	73%	17%	10%	41	50%
Object of the business	Wholesale	100%			2	2%
	Retail	67%	30%	3%	33	40%
	Wholesale - Retail	64%	28%	9%	47	57%
Organizational structure	Without Office Network	66%	29%	5%	62	76%
	With Office Network	65%	25%	10%	20	24%
The ways of presenting on the markets	Independent	66%	29%	5%	79	96%
	Dependent	67%		33%	3	4%

Source: Opinion poll conducted on the sample of the travel agencies in the Republic of Croatia, field analyses by the author

According to the share of travel agencies that point out that the attitudes of tourists are assessed as very significant for the specialization of the business, the most prominent agencies are those in which is predominated organizational function and wholesale agencies. Predominantly in each category of travel agencies it is approximately equal share of managers (66%) with an estimate that the opinion of tourists is very significant for specialization of business. According to the business, the biggest shares of managers within wholesalers (100%) have point out that the opinion of tourists is very significant for specialization of the business. According to the organizational structure, the shares

of managers within agencies with office network (65%) consider that the opinion of tourists is very significant for specialization of the business.

As it was expected, from the aspect of the respective object of the business, the results speak in favor of high participation the wholesalers, business entities that base their business on organizing and creating travel and stay. In order to be able to freely perform the continuity of its business processes, with emphasize on the placement of products, it is necessary to recognize, understand the interests of segments on tourism market, to monitor changing trends and to adapt contents according specific production program, regarding market requirements

In order to evaluate the intensity of influences of specific initiating factors contained in attitudes of tourists in relation to the preferred services that are the precondition of specialization of travel agencies, respondents were asked to assess the extent to which for the business specialization are the following specific reasons for traveling, contained in motives of tourists like: religious reasons, adventurism, health reasons, new experiences, and cultural reasons..

Table 4 shows the characteristics travel agencies with concerning the share of respondents, toward whose opinions (based on knowledge and experiences), certain factors have significant or very significant impact on business specialization of travel agencies..

Table 4 Characteristics of travel agencies concerning the share of respondents according to which some reasons contained in travel motives related to specific products and/or services have significant or very significant influence on the specialization of travel agencies

		Religious reasons (%)	Adventurism (%)	Health reasons (%)	New experiences (%)	Cultural reasons (%)
Total		18,3	50,0	50,0	78,0	57,3
Region	Continental Croatia	25,0	43,8	46,9	71,9	53,1
	Istria and Pprimorje	9,1	54,5	72,7	90,9	54,5
	Dalmatia	15,4	53,8	46,2	79,5	61,5
Predominant function	Organizational	25,0	45,8	45,8	79,2	58,3
	Intermediary	8,8	55,9	55,9	76,5	55,9
Characteristics of	Outgoing/ Initiative	10,0	30,0	30,0	60,0	50,0

business	Receptive	16,1	48,4	48,4	87,1	67,7
	Initiative Receptive	22,0	56,1	56,1	75,6	51,2
Object of the business	Wholesale	100,0	100,0	100,0	100,0	100,0
	Retail	18,2	57,6	57,6	78,8	57,6
	Wholesale - Retail	14,9	42,6	42,6	76,6	55,3
Organizational structure	Without office Network	21,0	54,8	58,1	72,6	56,5
	With office network	10,0	35,0	25,0	95,0	60,0
The ways of presenting on the markets	Independent	17,7	49,4	50,6	79,7	59,5
	Dependent	33,3	66,7	33,3	33,3	0,0
Area of business	National	12,5	54,2	58,3	79,2	58,3
	International	26,5	44,1	38,2	76,5	55,9

Source: Opinion poll conducted on the sample of the travel agencies in the Republic of Croatia, field analyses by the author

It turned out that predominant position in share have new experiences (78%), then cultural reasons (57%), health reasons (50%) and somewhat less significant are the religious reasons (18%). According to the share of respondents who assessed the religious reasons as significant for business specialization of travel agency pointed out travel agencies from Continental Croatia (25%), wholesalers (100%), also dependent travel agencies (33%) and travel agencies operating in the international market (26%). Assumptions such as the existence of sources that underpin this form of tourism, the access to them, as well as infrastructural preconditions for developmental support, represent a combination of conditions that could be the key factor in developing this kind of tourism. It is a direction for the diversification of its own production program. According to the respondents to whom the adventurism is significant - ie (50%), applies to managers of travel agencies from Istria and Primorje - an above average (54%), to wholesalers, dependent travel agencies (54%), also to those operating on the national market (67%). Inclusion of activities based on specific tourists requirements in services of travel packages requiring the existence of attractive natural preconditions in an destination such as specifics of resources, an ambience, attractiveness and richness

of natural curative resources, need being concentrated in the additional efforts aimed at material assumptions, infrastructural - material basis, evident in relation to capacities of accommodation, concerning such profiles of tourists in a tourist destination. According to the proportion of those who estimate new experiences and adventures as significant (78%) in specialization, stand out travel agencies from Istria and Primorje, travel agencies without office network, and those operating on the national market. In accordance with the specific interests of market segments, the inclusion of such activities in the content of packages, also based on specific assumptions of the tourist offer, more accurately the specifics of natural resources such as the area of diversification, biodiversity and the environmental attractiveness. Simultaneously introducing the components of active holidays of tourists, as well as a dynamic component in the content of tourist packages, tourists often include trips in their stay in the destination. Cultural reasons above average (57%) are for the specialization of travel agencies: in region - Dalmatia, considering the characteristics of business – receptive travel agencies, and considering the ways of presenting on the markets, operating independently. It is about "classic intermediaries" who participate in the organization of acceptance and the stay of tourists in the receptive tourist area such as region of Dalmatia.

#### 4.2 Critical analysis of the impact of socio-economic changes in tourism on the need for specialization of travel agencies

For proving of second hypothesis H of this paper which claims that *socio-economic changes in tourism have resulted in the need for more frequent and very narrow business specialization of travel agencies*, the method of multiple logistic regression was used.

##### The specialization of the program of travel agency

The dependent variable is defined as a binary variable that takes on two possible values. Respondents were asked to assess if specialization is recognized as the strength of the program of travel agency ("specialization is recognized as the strength of the program of travel agency" = 1; "specialization was not recognized as the strength of the program of travel agency" = 0). From total of 82 respondents, 63 (76.8%) stated the specialization of program is the strength of travel agency business in company they are employed. The remaining 19 respondents (23.2%) did not express the specialization of the program as the power of travel agency business.



The independent variables: socio-economic changes

For the purposes of this research respondents were asked to rate from 1 to 5 (1-does not affect, 2 - slightly affects, 3 -partly affects, 4 - significant affects, 5 – very significant affects) the impact of changes in travel motivations of tourists on specialization of the program (religious reasons, adventurism, health reasons, new experiences, cultural reasons).

Table 5 shows the characteristics of independent variables within logistic regression model.

These variables measure the socio-economic changes that are measured by six independent variables. Indicators of descriptive statistics of independent variables are shown in previous part of the paper.

Table 5 Characteristics of independent variables of model of multiple logistic regression

Character of changes	Independent variables of logistic regression model	Variables
Social changes	Religious reasons	✓
	Adventurism	✓
	Health reasons	✓
	New experiences	✓
	Cultural reasons	✓

Source: Author's data analysis

Results of multiple logistic regression

Table 5 shows the results of multiple logistic regression.

The model explains total 22.5% of variations (indicator Nagelkerke R Square = 0.225) of the dependent variable "the specialization of the program of travel agency" under the influence of socio-economic changes, described in the selected independent variables of social changes: religious reasons, adventures, health reasons, new experiences, cultural reasons.

As already mentioned, the impact of certain independent variables (socio-economic changes) on a binary dependent variable Y - Specialization of the program of travel agency -was tested using the Wald test.

Concretely, the conducted Wald tests for each independent variable have given the following results:

Table 6 Basic results of the multiple logistic regression (dependent variable: the specialization of travel agency "exists" or "no"; independent variables: socio-economic changes)

Character of changes	Socio – economic changes	B (The coefficient of logistic regression)	Wald test	df	p-value of Wald test
Social changes	Religious reasons	0,127	0,163	1	0,686
	Adventurism	0,690	3,438	1	0,064*
	Health reasons	0,095	0,065	1	0,799
	New experiences	1,553	6,908	1	0,009**
	Cultural reasons	0,871	3,720	1	0,054*
	Constant	1,036	0,105	1	0,746
	Nagelkerke R Square	0,225			

\* statistical significant at level at 10%; \*\* statistical significant at level of 5% ; \*\*\* statistical significant 1% Source. Author's data analysis

The variables

(1) **Adventurism - an independent variable** statistically significantly affects on a binary dependent variable Y -Specialization of the program of travel agency -at the 10% level of significance (Wald test size = 3.438, p-value = 0.064) with a positive correlation (estimated logistic regression coefficient is positive and it is 0,690)

(2) **New experiences - an independent variable** statistically significantly affects on a binary dependent variable Y -Specialization of the program of travel agency at 1% level of significance (Wald test size =6,908; p-value=0,009) with a positive correlation between variables (estimated logistic regression coefficient is 1,553)

(3) **Cultural reasons - an independent variable** statistically significantly affects on a binary dependent variable Y -Specialization of the program of travel agency at at the 10% level of significance (Wald test size=3,720; p- value=0,054) with a positive correlation (estimated logistic regression coefficient is 0,871)

(4) **Health reasons and religious reasons – independent variables** statistically significantly do not affect on a binary dependent variable Y - Specialization of the program of travel agency. Size of p-values of Wald test of significance for the both variables is higher than any reasonable level of significance. For religious reasons p-value=0,686 (Wald test size=0,163). For health reasons p-value=0,799 (Wald test size=0,065).

Based on the presented results of multiple logistic regression analysis (Nagelkerke R Square = 0.225, statistically significance of independent variables:

adventure (p-value = 0.064), new experiences (p-value = 0.009), cultural reasons (p-value = 0.054) and purchasing power (p-value = 0.090) with a positive value of all estimated regression parameters) it is concluded that *the model of multiple logistic regression confirms the hypothesis of this paper that socio-economic changes described above by independent variables result in a need for the more frequent and very narrow business specialization of travel intermediaries.*

## 5 Conclusion

Specialization of travel agencies is an way of increasing the competitiveness of business companies, and also the whole system of tourism in Croatia. Changes in society and economy have a powerful impact on the specialization in tourism.

The direction of specialization of activities in business of travel intermediaries is defined by the level of specific changeable interests of consumers. In order to quantify the impact of these changes, the research was carried out and its results have been presented on a sample of travel agencies in Croatia. The contribution of this paper is to study the ways in which socio-economic changes in tourism have impact on the business specialization of travel agencies, while the operating mode of travel agencies in Croatia has been tested, and in accordance with the profiling of specific tourist interests of consumers it changes towards business specialization. In order to create preconditions for specialization of travel agencies in terms of socio-economic changes, it is necessary that travel agencies employees become aware of the importance of specialization of business activities, thus contributing to improved market position. Managers of travel agencies in decision making regarding the direction of specialization must take into account social and economic aspects of changes in the environment. It is shown that respondents - managers of travel agencies in their operations become more aware of the importance of specialization. Thereby for the purposes of this paper the socio-economic changes have been considered as strong needs of tourists for realizing specific motives for travelling (evident through religious reasons, adventurism, health reasons, new experiences, cultural reasons, reflecting to preferences considering the selection of acceptable services and / or products). aspects of specialization of travel agencies are the motives of tourist trips, pursuant to which is possible to adapt tourist products, according to preferences and needs of

tourists. Religious reasons, adventures, health reasons, new experiences, and cultural reasons have a strong influence on the formation of new tourism products. However, these aspects do not have the same impact on the specialization of the business. According to the estimates of respondents, the impact is lower when it comes to religious and health reasons. The respondents to a lesser extent consider that religious reasons have a significant or very significant impact on specialization of travel agencies and the same applies to the health reasons. New experiences, adventures and cultural reasons have been more often considered significant or very significant drivers of specialization of travel agencies. In order to test the significance of the hypothesis according to which the *socio-economic changes in tourism have resulted in the need for more frequent and very narrow business specialization of travel agencies* the method of multiple logistic regression was used, and it is proved that: **“Adventurism”** statistically significantly affects on a binary dependent variable Y -Specialization of the program of travel agency - at the 10% level of significance (*p-value* = 0,064); **“New experiences”** statistically significantly affects on a binary dependent variable Y -Specialization of the program of travel agency - at 1% level of significance (*p-value* = 0.009); **Cultural reasons** significantly affects on a binary dependent variable Y -Specialization of the program of travel agency at the 10% level of significance (*p-value* = 0,054), while; **Health reasons** and **religious reasons** significantly do not affect on a binary dependent variable Y -Specialization of the program of travel agency. The results showed that travel agency managers recognize the importance of business specialization. In socio-economic changes, they "recognize" an incentive to specialization of businesses. In doing so, in the specialization of business activities of travel agencies, the specific motives should be taken into account adventure, new experiences and cultural reasons. Consequently, it can be concluded that findings showed that socio-economic changes in tourism resulted in the need for more frequent and very narrow business specialization of travel agencies, according to that the hypothesis of this paper is accepted.

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