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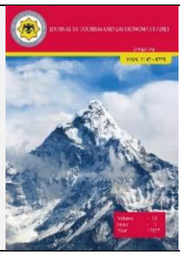

The Factors Affecting Revenue Management towards Travel Agencies

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Abstract

The international tourism industry is one of the indispensable activities for the macro economies of the countries. Ensuring this contribution depends on the effective work of revenue management (RM) which is a vital part of finance management. Regarding RM, western researchers focused on the airlines and accommodation sectors and relatively ignored travel agencies. In our country except one, we did not find any article on RM in terms of travel agencies. For this reason, there is a big and important gap in the literature. To fill this gap, this study aims to develop conceptual arguments by examining and listing the factors such as implementing strategies and necessary performance metrics affecting RM in travel agencies. From the sectoral perspective, it also makes recommendations to tourism literature by conceptually clarifying the critical issues regarding general RM applications.

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INTRODUCTION

Travel agencies are one of the most important stakeholders in the tourism industry. Hence, they play crucial roles in organizing other stakeholders' activities, creating new tourism products, and delivering services to consumers (Ivica, 2013). Perhaps, travel agencies may be unique stakeholders that have connections with all tourism stakeholders. For this reason, it may be said that travel agencies are the most available businesses to practice revenue management (RM) applications (Dana, 2008). However, the tourism scholars and the tourism literature highly ignore the RM applications in travel agencies. Such that, the literature review conducted in the scope of the study shows that there are very few references in tourism studies dealing with RM applications in travel agencies (Sigala, 2015).

On the other hand, there are a few important attempts to clarify some issues regarding RM in travel agencies though the quality, reliability, and validity of those are questionable due to various reasons. First of all, it can clearly be understood from the outputs of studies that stakeholders lack information. Therefore, the studies are very weak and in most cases do not even make any sense in the context of clarifying the meaning and importance of RM for travel agencies. Secondly, most of the studies dealing with the RM in travel agencies rarely focus on the important issues, if not all. Thirdly, the sample size is insufficient and the structure of the samples is not comprehensive. For this reason, empirical findings may not reflect the current position of RM in travel agencies (Weatherford & Bodily, 1992). It is comprehensible to a degree since it is a very difficult task to make research with travel agencies and there are no satisfactory conceptual studies to generate knowledge (Seraphin & Ivanov, 2020). In brief, the main source of the weakness of the RM studies can be considered as a lack of information.

As highlighted above, there are important gaps in the literature regarding RM applications in travel agencies. For this reason, the study aims to make some conceptual contributions to the literature. In this sense, the study primarily summarizes the importance of RM for travel agencies. To achieve this, a comprehensive literature review was conducted to create a theoretical framework by criticizing the extant literature. Secondly, as scholars and travel agencies necessitate theoretical and practical guidelines to generate knowledge and improve RM applications, the study emphasizes the important point and instruments of RM in travel agencies. Although the study examines the overview of RM applications in travel agencies in the basis of Turkey, it is not ignoring the important issues in other countries. Hence, the study is one of the primary attempts to draw a useful guideline regarding RM in travel agencies, the results of the study can be generalized.

RM in Travel Agencies

As in every commercial business, the primary goal of travel agencies is to create strategies that will optimize forecast demand to maximize profits and make a better plan for future terms. According to the Republic of Türkiye Ministry of Culture and Tourism (2020), there are around 12.000 certified travel agencies. As it is known, most of this number consists of small and medium-sized agencies working on a commission basis, while a minor percentage is taking risks bringing tourists to the country, and partially sending groups abroad are composed of large agencies and tour operators. On the other hand, numerous global online travel agencies undertake the traditional role of small and medium-sized travel agencies (Kozak, 2009). By taking into consideration the fierce competition among travel agencies, it can be declared that the importance of RM will rapidly increase in a short term in Turkey like in many other countries (Boyd & Bilegan, 2003).

The main income sources of travel agencies are generally hotel rooms, air ticket sales, package tours, meetings, organizations (MICE), car rentals, insurance services, aircraft rental (chartering), etc. Travel agencies obtain their revenues offline or online through distribution channels such as B2B or B2C (Mengu, 2018). The advancements in information and communication technologies (ICT) have created a very fast revolution in all industries and the tourism industry as well. Therefore, travel agencies must change their management styles like other businesses for better performance (Song, 2012). In light of these changes, the importance and necessity of RM concepts are understood by many businesses. In this context, as shown in this study, it is possible for travel agencies to compete in the market and to carry out their business successfully, by adapting RM applications to their businesses.

As a result of the developments in ICT, especially airlines and hotels instead of working with travel agencies, benefiting from their web, online, or global distribution systems and they are generally reaching final consumers directly. For this reason, agencies should try to create value in their products by using RM applications though it is seen that tourism stakeholders including hotel managers, travel agency representatives, and restaurants have some challenges in the context of distinguishing “revenue” and “yield” managements. In brief, RM is more comprehensive than yield management and it has a more sophisticated basis (Kimes, 2008). For example, RM does not only mean increasing the pricing or attracting more consumers, but it also considers adding value to the tourism products and has the intention of product differentiation. On the other hand, yield management applications in many tourism enterprises are very limited. For instance, the yield management in the accommodation (hospitality) sector is only based on room sales. In addition, to yield management, benefits from restaurants, bars, health clubs, spas, pool sales, room service, and meeting room use can be listed as RM examples (Upchurch, Ellis & Seo, 2002).

In travel agency businesses, yield management generally means selling more room and airline tickets when RM tools are not used professionally. However, other tourism products can be managed by RM such as activities from tours, transfers, exclusive services, tailor-made solutions provided to the customer, etc. In brief, although the terms RM and yield management are parental concepts, RM is evolved from yield management as a comprehensive pattern (Kimes & Schruben, 2002).

Travel agencies should offer the right product to the right customer by applying the right pricing strategies through RM approaches (Smith, Leimkuhler & Darrow 1992). The essence of this concept is to understand customers' perceptions of product value and determine the prices of products properly to present to different customer segments (Horner & Swarbrooke, 2016). Travel agencies generally must work on credit instead of a cash basis as a requirement of the tourism business. Perhaps, this payment system also complicates the implementation of RM in travel agencies. For this reason, it is necessary to implement a healthy payment system that concerns RM. They must establish a credit system based on well-known finance methods or trust, both in the international and domestic markets. Any cash flow must be able to process accurately and on time (Rosyidi, 2019).

Literature Review

The examination of extant literature showed us that scholars mainly focus on RM in airline and accommodation companies and relatively ignore the issue in the scope of travel agencies. In this regard, we reached some internationally published articles, and only one dealing with RM in Turkish travel agencies.

Regarding international articles, the first article was named “Implementing RM for Travel Agencies” which is successfully conducted by Chan & Guillet (2015). This study mainly points outs that most tourism businesses such as airlines, accommodation, and travel agencies employ traditional RM techniques. Different from others, the study illustrates the potential of travel agencies as a key driver of the tourism economy. It emphasized that the travel agencies have various opportunities, skills, knowledge, and key position which are the basic and essential requirements to apply for RM. On the other hand, the study also mentions that travel agencies are limiting themselves by not paying adequate attention to RM applications.

Another article dealing with RM in travel agencies is “Connecting Search Marketing to Hotel Revenue Management: Conjoint Analysis as a Methodology to Evaluate the Optimal Online Travel Agency Commission Fee” (Van der Rest et al, 2016). In this study, the authors indicate that there is a growing amount of travel is booked through third-party internet booking sites where the booking commission the hotels are charged is subject to negotiation and demonstrate how to quantify the value of the placement on the third-party search results page, and thus point out how to assess the appropriate placement associated fee taking the benefit of this position into account. In this context, in our study because of the development in ICT due to the equality of the opportunities among the stakeholders in the tourism industry, it emerges that travel agencies especially those facing difficulties in this area need to add value to their products and services offers and how to use distribution channels effectively.

The third international study we encountered about RM was “Potentiality of Implementation of Revenue Management Techniques in the Travel Agency Operations” (Wijesekara & Ranasinghe, 2019). The key objectives of the study can be summarized as;

- examining the perceptions’ of RM applications in travel agencies,
- the nature of RM applications of travel agencies,
- identifying the limits of RM applications in travel agencies.

Drawing on qualitative data collected through 13 structured interviews with travel agencies in the Colombo district of Sri Lanka, the findings of the study point out two related issues. Firstly, the authors mention that travel agencies are not familiar with RM. Thus, they are not reluctant to practice RM and sustain to work with traditional patterns. Secondly, the travel agencies have limited knowledge about RM. Based on the findings; the authors bring some recommendations to travel agencies such as improving their knowledge, building a stronger partnership with other tourism stakeholders, etc. In this regard, it should especially be emphasized that although the study was conducted on a Sri Lanka basis, its conclusions can easily be generalized. Hence, the findings of the study reveal the common problems of travel agencies in the context of adapting RM applications to their businesses.

In the scope of a comprehensive literature review, we have only found one study namely “Travel Agency and Tour Operators, Principles and Management” (Demir, 2017). The author shortly indicated the concept and development, conditions, and strategies of RM. Additionally, he briefly handled “Income Increasing Strategies, Cost Reducing Strategies, Positive and Negative Aspects of Revenue Management”.

Although all studies we have summarized made substantial contributions to the literature, it can be seen that there is a big gap in the literature and the main issues are still ambiguous regarding the RM applications in travel agencies. Hence, the number and scope of the studies dealing with RM are very limited. Indeed, one can also clearly say that the main issues regarding the RM in different tourism businesses are still neglected. For example, the extant literature doesn’t respond to the questions below;

- what are the key points of RM,
- how the cooperation among stakeholders should be designed,
- why the tourism stakeholders don’t improve their knowledge about RM,
- how RM applications should be specified for different stakeholders,
- what are the challenges of applying RM in tourism businesses,
- is it worth applying RM in every tourism business,
- how the benefits of RM should be shared among tourism stakeholders.

For this reason, the study aims to clarify some important issues regarding the RM applications in travel agencies though it can clearly be said that the conceptual arguments in the study can also be generalized to other tourism businesses. However, the study mainly focuses on the factors affecting the RM in travel agencies. Hence, it is impossible to discuss every relevant issue regarding RM in the absence of existing empirical findings and conceptual arguments.

Factors Affecting RM

There are numerous issues affecting the performance of RM in every business. However, creating a framework that includes all factors is a very difficult task and seems meaningless. For this reason, the study aims to list and discuss the main factors which can make meaningful contributions to the literature and design a guideline for sector representatives. In this regard, as can be seen from Figure 1., there seem five main factors affecting the RM in travel agencies.

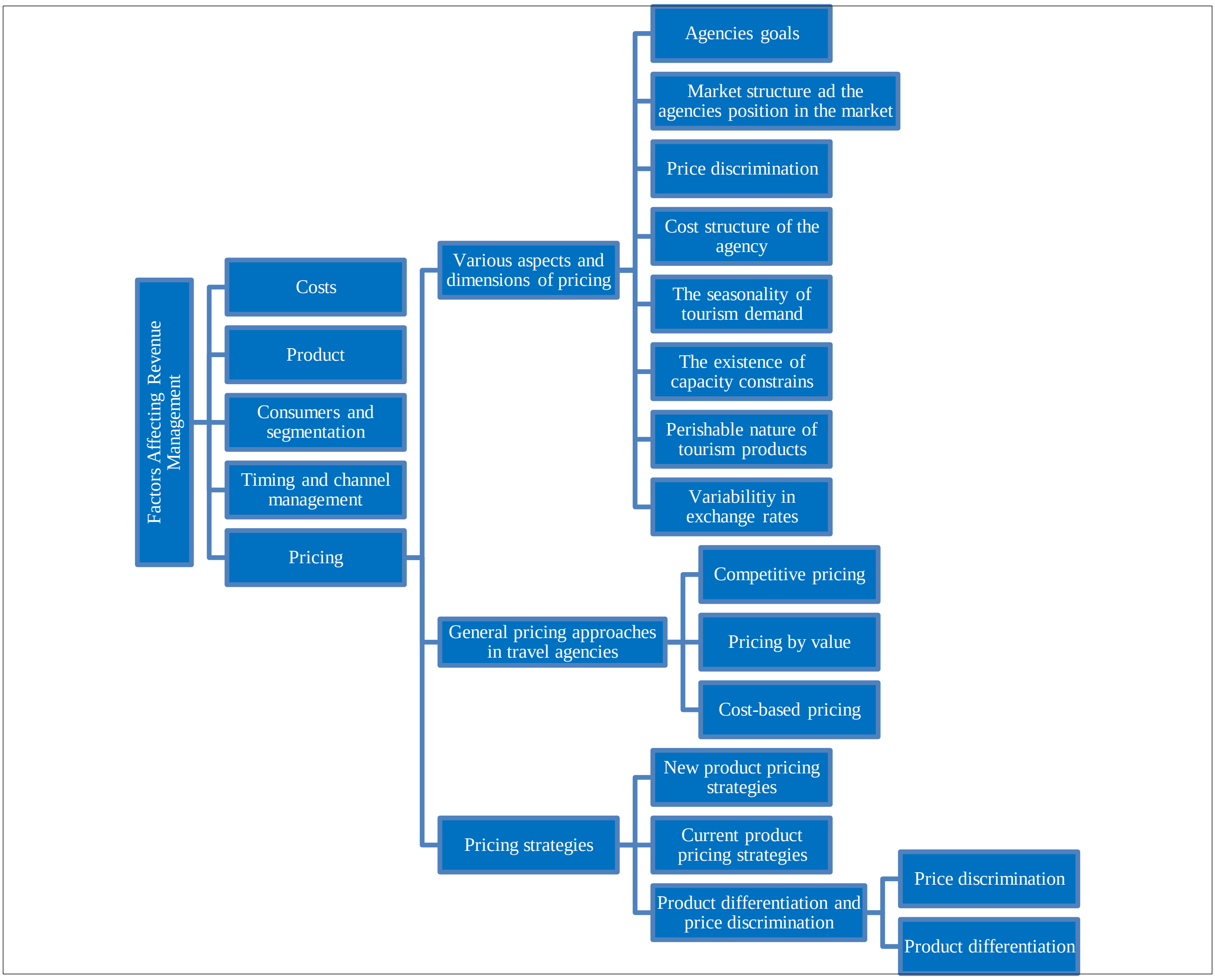

Figure 1. The factors affecting RM applications in travel agencies

Costs

In all commercial enterprises, costs are the starting point of any product. General approaches and pricing strategies of touristic products, which is an important element of RM, primarily depend on knowing the total cost of the production. There are different classifications regarding product costs in the industries. In this context, it is generally classified as fixed and variable costs related to production volume, direct and indirect costs according to the loading of products, controllable or uncontrollable costs according to responsibilities, raw material expenses and worker wages according to their types, purchasing and production costs according to their functions (Akay, 2016; Mengu, 2021).

The importance of fixed and variable costs emerges in the calculation of product costs in travel agencies' operations. For example, in the planning of package tours or city tours, the increase or decrease in the number of participants should be determined by fixed and variable costs depending on the tour length. (Icoz, 2001; Nicolau, 2005).

Product

Although in the modern sense the principles of marketing seem to be the same to be same, however, the characteristics of tourism products are partly different since tourism products are generally intangible, heterogeneous, perishable, inseparable, and lack ownership (Robinson, 2009). In other words, the main features of tourism products can be listed as invisible, untouchable, and cannot be stored. Every product has a life cycle in the market and consists of four phases. These stages are mainly entering or introducing to the market, growth, maturity, and decline (Uygur, 2007; Kotler, Bowen & Baloglu, 2017).

To maximize the profit from tourism products, travel agencies should make professional touches to the product such as successful advertising campaigns, when it is necessary reducing the price, adding value to the product, making a new addition to the tour packages, branding, and using the latest ICTs (Mengu, 2018). Otherwise, the RM application cannot be sustained in a beneficial form.

Consumers and Segmentation

Consumer behavior in travel agencies also forms the basis of all marketing activities carried out to promote, develop and sell tourism products. These behaviors can be expressed as the sum of the actions, such as attitudes and decisions of choosing, purchasing, and consuming touristic products and services and the reactions of post-consumption consumers (Beech & Chadwick, 2006). Considering the effectiveness and efficiency of marketing activities in tourism, it is necessary to know well what affects consumers' decisions to purchase tourism products. The problem with the academic discipline in consumer behavior is that although many consumer behavior models have been developed, little empirical research has been done to test these models against actual behavioral patterns (Horner & Swarbrooke, 2016). Travel agencies should be well-equipped based on countries or regions in which periods potential tourists can travel, their estimated payment power, destination selection, length of stay, attraction centers, and all other issues related to the destination.

Travel agencies should work on customer segmentation by dividing each tourism market into segments. In this context, among the factors that should be considered especially in package tours prepared by the agencies, product differentiation should be made for instance according to the age, gender, education, occupation, and income levels of the customers within the scope of demographic segmentations (Mengu, 2018).

Timing and Channel Management

The right time and the efficiency and expansion of commercial distribution channels in the tourism and travel industry is an imperative step towards growth. With the use of new communication technologies, strong partnerships and effective business relationships are emerging among international enterprises. No matter how well-crafted, planned, and perfect the product is, in most cases, distribution decisions underlying marketing success or failure (Page & Connell, 2009). No matter how advanced the production methods are; if the distribution channels do not work effectively, the agency is greatly affected by the correct functioning of the channels, and it becomes difficult to hold on to the market (Mengu, 2020).

In the tourism industry, hospitality and airline companies offer their products to travel agencies as B2B in return for a commission or special agreement and they also try to reach consumers directly on a B2C basis by using their hosting websites or global distribution systems. Travel agencies themselves try to create demand to reach customers either online as B2B or B2C or offline by adding worth to the main products they obtain from distributors. Of course, the agencies try to highlight the hotels with which they have special agreements and work for a long time more in their sales. Thus, agencies meet long-term demands through distribution channels, try to prevent revenue leaks, and provide the right reconciliation. Developments in new technologies offer equal opportunities to all stakeholders in the tourism industry (Middleton & Clarke, 2002). For this reason, travel agencies must use new intermediary formats such as cyber intermediaries, e-agents, and virtual travel agencies, as well as their ability to create value in their products.

Market penetration guides the expansion and contraction of a company in time. For this, some methods such as product pricing increasing marketing communication or tracking customer loyalty, and making discounts in the market can be applied (Ujma, 2001; Page & Connell, 2009).

Pricing

Pricing is the most important factor affecting RM. Price is the pre-designed value for purchasing the product or service offered to consumers. It triggers perceptions of attraction or withdrawal by revealing the quality of the tourism product and its position in the market segment of potential customers. The price must match the value of the product offered; otherwise, the consumer will make his choice on the products of the competitor. Pricing is not only a decision variable in the tourism industry, but it is also the most significant, effective, critical, and reliable one. Pricing is the most adjustable of all decision variables of any business.

Various Aspects and Dimensions of Pricing

Considering the importance of the pricing factor, which is among the components of RM in travel agencies, the subject should be examined in terms of various aspects and dimensions as seen below (Mengu, 2021).

a) Agency's Goals: Travel agencies must apply different pricing strategies in product and service prices according to their short, medium, and long-term goals. Tourism pricing has a very complex structure, and it is of great importance at what level the pricing will be determined. For this reason, to reach the rational pricing target, issues such as the level of demand in the market, the seasonal variability of the product, consumer preferences, the degree of competition, and reactions of the competitors to the price to be applied and the correct cost calculations should be considered (Dwyer, Forsyth & Dwyer, 2010). The agency's products must have a distinctive feature. A standard product without distinctive features cannot achieve the desired success in terms of pricing.

b) Market Structure and the Agency's Position in the Market: The market structure changes according to the agency's competitive power. In general, three different types of markets; the first of these is a perfect competition or free competition market and the others are monopoly and oligopoly markets (Icoz, 2001). Generally, small, and medium-sized agencies operate in a competitive market.

Monopoly market practice in tourism is quite common among tour operators both in national and international markets. For example, if an agency is dominant in a certain touristic product or destination, it can get very special (Exclusive) prices from both the airlines and hotels. In this regard, most of the agencies generally try to send their customers through the monopolistic tour operator in the destination (Echtner & Prasad, 2003). In the oligopoly tourism market, a small number of travel agencies with equal power dominate the market. It is very difficult for a new agency to enter the oligopoly market. Agencies operating in the oligopoly market must closely follow each other's tour sales amounts, promotion activities, and price policies. Besides in the oligopoly market, depending on their power, these agencies may implement strategies such as product differentiation or segmentation in the market.

As the competitive pressure on leading agencies in oligopoly markets increases, small and medium-sized agencies become more dependent on their pricing strategies (Lancaster & Massingham, 2010; Palmer, 2012).

c) Price Discrimination: Different consumers react differently to different prices. For this reason, agencies use price elasticity methods. To maximize profit, the agency offers the same product to different consumer groups in a single market by applying different prices. For example, on tours more affordable prices can be offered for students, large meeting groups, or retirees.

d) Cost Structure of the Agency: Travel agencies must first calculate the cost of any touristic product they offer to the market. Being strong in the market and using the supply chain effectively means that an agency can reduce product and service costs. In this case, the fixed and variable costs of the agency should be well examined and shaped in a way that maximizes profit by using breakeven point analysis.

e) The Seasonality of Tourism Demand: Tourism products are generally seasonal. Travel agency activities are intensive, especially at certain times of the year. Since mass tourism increases during these periods, it becomes difficult to find rooms in hotels and seats on airplanes. For this reason, strong agencies take risks and make exclusive deals with hotels and airlines before the season and buy block rooms or seats.

f) Existence of Capacity Constraints: Problems arising from capacity constraints are frequently experienced in tourism. Agencies must make the most accurate estimates of supply capacity. The issue is not only the use of the available capacity but also the correct pricing. Travel agencies, especially in high seasons such as Christmas, National holidays, and half-year terms for students, according to the number of package tour participation, the room reservations they get from the hotels, and the blocked seats they supply from the planes are insufficient.

g) Perishable Nature of Tourism Products: Many tourism products are not durable against time and cannot be stored. Travel agencies under this pressure must reduce prices to encourage sales before the day or hour of use. For example, last-minute price changes or staying 3 nights, and paying for 2 nights in individual sales are methods to be applied.

h) Variability in Exchange Rates: Variability in exchange rates cause fluctuations in consumer behavior and decisions of the firm managers as well as product pricing. This situation can be considered from two perspectives. For example, the depreciation of the Turkish Lira against the Euro or USD may increase the touristic demand for Turkey. On the other hand, Turkish tourists who wish to go abroad will be affected.

General Pricing Approaches in Travel Agencies

A travel agency should consider external factors as well as internal factors when determining product prices. First, the possible reactions of competitors' pricing practices to an agency's pricing movements are one of the other important external factors affecting the price decision. Apart from that, economic factors such as inflation, sudden revivals in the market, or economic recession, and the interest rate decisions taken by the government closely affect the pricing. The macroeconomic effects listed above on an agency create serious pricing pressure.

A travel agency's product pricing occurs somewhere between levels that are too low to generate a profit and too high to generate enough demand. The cost of the product constitutes the base of the price to be determined. The agency must consider competitors' prices and other external and internal factors to find the best price between these two extremes. Agencies evaluate these factors and determine the general pricing approaches shown below (Kotler et al, 2017).

a) Cost-based pricing: Cost-based pricing method is the simplest and most popular form of pricing. Since the cost is determined within the agency itself, it is easier to calculate. Cost-oriented pricing is based only on production costs (Karahan, 2014). The sales price is determined by adding an appropriate profit rate (Mark-up) to the product cost. The rate of profit must be reasonable and competitive (Beech & Chadwick, 2006). Any pricing method that ignores current demand and competition cannot achieve success. The application of a very high-profit rate on the cost of a touristic product is not realistic. In our opinion, the rate of profit added to the cost should be varied between 5% and 25% depending on the market conditions and competitive power of the agency. Generally, large-scale agencies use break-even analysis to determine desired profit, as discussed in this study.

b) Pricing by value: It is based on customers' perception of value towards the product, not on the agency's product cost. Before the marketing program is determined, price is evaluated along with other marketing mix variables. The agency considers the non-price variables in the marketing mix to create the perceived value in the mind of buyers. For example, when a MICE program is examined, factors such as the type of accommodation, quality, proximity, distance to the city, open buffet or fixed menu meal preferences, beverages, and the meeting room are taken into account. As a result, the agency can provide price the product according to the value and financial power of the customer (Mengu, 2018).

c) Competitive pricing: Competitive pricing strategy does not consider product cost or customer demand. Agencies try to re-establish product prices by largely following the prices applied by their competitors. A travel agency may charge the same, more or less than its competitors' price, depending on the market situation. Some agencies generally try to keep their prices fixed because it is very difficult to be price elastic against competitors (Palmer, 2012).

In the international competitive environment, since the agencies operate under the conditions of monopolistic competition and oligopoly to a large extent, they should apply product differentiation based on the cost structures of the market and pricing strategies. For example, agencies working in the Middle East market apply different prices between Gulf countries and North African countries (Mengu, 2021).

Pricing strategies

There are different pricing strategies in the travel agency business. It is useful to consider them in terms of new and existing products.

New product pricing strategies:

New product pricing strategies are penetration pricing. It is a pricing method applied by agencies who want to enter a certain tourism market for the first time (Kotler et al, 2017). Market skimming pricing. It is a pricing strategy that tries to capture preferences of consumers who are ready to overpay (Hollensen, 2004). High pricing may not attract competing agencies at first, but later, a few may want to bring the same product to the market (Lancaster & Massingham, 2010) prestige pricing. The cases where the new products or services offered by the agency to the market are of luxury quality leading to high prices (Kotler et al, 2017).

Current product pricing strategies:

Existing pricing strategies are cost leadership, retrospective, privileged and dynamic pricing (Evans, et al., 2003; Mengu, Ertugral & Gedik, 2018; Icoz, 2001).

Product differentiation and price discrimination

For travel agencies to develop and earn optimum revenue, they should try to differentiate their products and product pricing compared to their competitors.

a) Product differentiation: Travel agencies need to acquire new customers other than their existing customers. This is a common strategy of both decision-makers at the destination and travel agency managers that can be achieved through better product performance and a higher perception of the customer (Fyall & Garrod, 2005). Product differentiation can create market power and in time can be very successful in creating customer loyalty, especially when combined with branding and acceptable pricing. The agency can focus on the same geographical region, on a certain customer segment, or the same type of product for a long time, and profit from it (Voskresenskaya, Shandova & Sofilenko, 2020). In this context, it is possible to develop and differentiate by preserving the basic features of existing products through the innovation process (Mengu, 2021).

The authors developed eight combination strategies according to consumers' perception of the price and the value of the products. These combinations are (Dwyer et al, 2010):

- Low Price / Low Value (No frills): It is based on cost leadership in the market. For instance, an agency carries passengers on low-cost (LCC) airlines.
- Low Prices: Profit margins are low. Agencies need to apply small tactics to attract customers. For example, three days stay, and two days' pay.
- Mixed (Hybrid) or Low Price / High Value: The production cost is low but has high value for the customers. So, the consumers may find the holiday package attractive.
- Differentiation: It is based on standard price with high value. For example, in practice agency provides higher-level rooms (upgrades) in hotels.
- Focused Differentiation: It is based on high price / high value. The agency can host customers in ultra-luxury hotels.
- Increased price / Standard value: This combination can allow a higher sales margin. But, if the customer finds that the amount, he paid for the touristic product is high, then the agency may face losing customers.
- Increasing price / Low value: This combination is applied if the agency is in a monopoly position in the market. The price is high, the product value is low. It is very difficult for the other agencies to sell such products.
- Standard price / Low value: The product may seem attractive to the customer at first, and complaints may arise after the touristic product is tried. This type of combination should be fully and accurately explained to the customer in advance.

The eight different strategies mentioned above are evaluated and implemented in tourism and by travel agencies in the markets. However, in our opinion, the last three combination strategies are risky for travel agencies.

b) Price discrimination: In the application of the tourism industry, charging different prices for the same or similar products is based on customer requirements and payment. Different price flexibility emerges in the demand for the product in each customer segment. In this way, travel agencies will be able to generate more consumer surplus and, as a result, additional sales profit by selling more, and RM will be provided. This type of pricing discrimination is quite common in the travel agency business. To be successful, agencies have to fulfill three conditions. The first is in general the agency should have the power to set prices. However, it must determine where it will be positioned in free competition, monopoly, or oligopoly markets. The second is the agency must analyze different buyer groups well and have different price flexibility. Different prices should be applied to the demand for the product in each market segment. This practice allows the agency to charge higher prices for relatively inflexible customer demands and lower prices for relatively changing customer demands. Thus, the agency will be able to generate more consumer surplus in time, and as a result, it will provide additional sales revenue and profit. The third is the agency's application of different prices to different markets. Buyers in one market are not like buyers in another. The agency needs to price discriminate for different markets. In all three conditions, if there is a consumer surplus in the market, it is necessary to evaluate it optimally (Dwyer et al, 2010). Travel agencies can apply one or all three conditions to capture some or entire consumer surplus. For example, students or over 65 (Retired) groups can be offered a discounted price on tours. Off-season discounts or weekday/weekend rates can be applied to hotel reservations. An example of price discrimination occurs when price changes do not reflect cost differences (Mengu, 2021).

Conclusion

The study has tried to make conceptual contributions to the tourism literature and offer some strategies and performance metrics that can be used by travel agencies. For this reason, the conclusion of the study can be divided into two parts such as academic and sectoral recommendations. Academically, the study fills a gap in tourism literature by examining the critical issues regarding RM in the travel agency business. As it was repeatedly emphasized, the number of studies dealing with RM in travel agencies is very limited and the scope of those is narrow.

Secondly, as a sectoral recommendation, it can be said that the first scientific contribution of the study is the well-listed factors such as cost, product, consumers and segmentation, timing and channel management, pricing, etc. These are the basic targets for maximizing revenue and profits.

In this sense, the study also proposes ways of adding value to tourism products. Furthermore, some important details which can increase and strengthen the performance and competitive advantages of travel agencies were examined. For example, the online and offline ways of building B2B and B2C strategies are widely discussed.

On the other hand, it should emphasize that travel agencies are one of the most important value creators in the tourism industry. Hence, almost all the tourism stakeholders are dependent to travel agencies such as hotels, restaurants, airline companies, etc. Thus, the results of this study can be generalized. However, the other studies and our study have some limits. First, although the conceptual contribution of the study is comprehensive, the results and recommendations of the study should be supported by empirical findings. For this reason, it is recommended to researchers focus on empirical studies regarding RM.

Secondly, the conceptual findings of the study also reflect the factors affecting RM in different tourism businesses.

It is recommended to make more research that directly focuses on the issues regarding RM in other tourism businesses as well. Thus, better, and more valid findings can be concluded.

Moreover, some comparative studies can be made. For example, the challenges of different tourism stakeholders can comparatively be discussed. On the other hand, more comprehensive studies can be beneficial to bring more realistic recommendations to tourism businesses. In this sense, researchers may investigate which RM instruments are more beneficial for which stakeholder since the needs of different businesses varies. More importantly, perhaps, further studies can compare the challenges, benefits, and strategies of tourism and travel agencies in developed and developing countries. In any case, this study may contribute to the tourism literature and provide a roadmap for tourism and travel agencies.

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