

Key drivers of business transformations in the environment of travel intermediaries

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Abstract-Through an overview of business innovations, socio-environmental and economic possibilities that enlightened the relations of subjects in the travel market this paper examines the impact of changes in the macro-environment on the transformation of travel intermediaries. For purposes of this study new trends are analyzed through changes of technology, socio - environmental and economic variables. Theoretical aspect of the changes in macro environment that influences the further business development of travel intermediaries was studied in the first part of paper. Business transformation of intermediaries is focused on quality towards innovations in communication between tourists and service providers, respecting social and environmental elements when creating products. In online environment the behavior of the tourist is changing, leaving space for the development of advantages. ICT adhered to the time and spatial convergence. Developed online applications and interactive websites allowed tourists to map out their travel decisions when creating their travel itineraries. The paper also emphasizes the empirical research carried out among the managers of travel intermediaries in Croatia. The significance of changes on a macro environment level has been studied. Research findings point out socio-environmental changes in tourism that affect the business transformation of travel agencies. Socio-environmental responsibility is very significant or significant for further business activities of travel agencies towards innovations. Economic growth as a stimulus to business activities of travel agencies creates new opportunities for intermediaries through more favorable transactions. By testing of market position and competitiveness at the same time, the role of travel intermediaries is reinigorated.

Keywords- environment, innovations, transformation, travel agencies

I. INTRODUCTION

Specific travel preferences are emerged from dynamic market conditions. Price transparency, availability of information in purpose of efficient communication between partners argued the rapid penetration of using of new technologies. Product placement is more efficient using innovative tools, facilitating promotion, distribution and booking opportunities and product lines such as travel packages are expanded". Subjects' business transformation is the result of changes in macro environment. Travel agencies act as integrators of interests of two opposite market poles - extremely sensitive to changes. Concentration of travel agencies is leading toward the transformation of business activities. The new integrations are strengthening the market position through new forms of connectivities. Customization toward high market criteria that include cost reductions, price competitiveness, social engagements and total connectivities should be satisfied.

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An organizational behavior based on an insight of organizational culture has an imperative in allocating of potentials for innovative business tools. That resulted in gained experiences, knowledges and skills as key drivers for further business transformations.

II. LITERATURE REVIEW

Structural changes in the tourism market are the result of large-scale changes and bear witness to the sensibility that no other activities or branches record. The fact is that a quantitative increase in the market of tourist demand results in further powerful structural changes in the same market. How to assess the current and expected referential situations affected by the change, what kind of competitive and complementary goals of development to choose, and by which principles implement them, given the meaning of systemic-behavioral hypotheses that are based on the relationships of the political community, economy, society, technology and national culture [1] In such a context, the question of strategy constantly comes to the fore. Being in the middle of third-industrial revolution that is characterized by familiar perception of society with Internet of communication, technological conditions that ensure a zero cost based society could cause an enormous disruption on traditional perception of the market. Digitization as a characteristic of new competitive market conditions has defined priorities in terms of the age of access instead of the time frame of possession [2]. The concept of value is changed and moved from an industrial economy with a focus on product ownership, to an experience economy, to a knowledge economy focusing on self-actualization towards a transformational economy with focus on a higher purpose and searching for meaningful living [3]. The process of value creation finds place "inside" the consumer who creates his own value chain. From the business perspective, the paradigms shift from mass production to branding, towards knowledge platforms and value networks. These processes emphasize an intensification and the additional engagement toward social and educational innovation and well-being transport systems. The macro-analysis is focused on social-cultural and psychological factors that transfer the individual choices of a tourist to a group level.

The behavior of a tourist is determined by a multitude of psychological, social and cultural variables that have been categorized in three classes: personal factors (needs, motivation, perception, attitude, the tourist's personality and the self-image that he projects), social factors (life style, family life cycle, family and social class) and conjunctures or situational factors (opinions leaders, physical ambiance, social ambiance, time and mood). New communication technologies enable a total connectivity and enable P2P networks, based on co.created values. With sociocultural and technological change, travel agencies need to find new ways of extracting

value from the marketplace. The sustainability growth that similarities with economic growth [4] was complemented by environmental protection (EP)[5].(EP) achieved the expression of human acceptable framework as social living condition for locals in tourist destinations. Economic development (ED), as opposed to the economic growth/welfare syndrome is appropriate as those rejecting limitless economic growth mainly advocate a strong interpretation of sustainable development [3] [6]. 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 based on idea of appropriation but high social attitudes, empathy in relation to the local environment and tourists. Rethinking alternative tourism analyzed emphasized its intervening on the local livelihood including commodities local heritage [7] [8] [9]. 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 important 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 autochthonous. Low sensitive on ethical business practices and absence of Corporate Responsibility based on sustainability, accountability and transparency lead tourist organizations into ruin [10] [11].

Organizations are under increasing pressure to reduce their environmental impact [12]. Main effects arising from the impact of global change on tourism through the impact on competitiveness which is emphasized by the emergence of new trends and concentration among subjects in the tourism market whose main goal is to increase profits, based on increased revenue and reduced costs impact [13]. An important point about the concept of sustainability is that it is defined, interpreted and implemented differently by individuals, stakeholders and social groups; it is often referred to as a "balance" or "wise" use of resources. Four basic principles for the concept of sustainability have been considered: (1) the idea of holistic planning and strategy-making; (2) the importance of preserving essential environmental processes; (3) the need to protect both human heritage and biodiversity (4); development based on the idea that productivity can be sustained over the long term for future generations (WCED, 1987) [14]. The growing demand for "eco-tourism" includes services selected according to the criteria that support the development and co-existence of space and man and opens possibilities of increasing supply of sophisticated products. Social and environmental changes impact tourism. It is pointed out by transformation of issues of concept of sustainability from idealism to realism considered by environmental effects - initiated by uncontrolled dynamics, scope and form of 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 [15]. The last decades have seen strong changes, which are reflected in changes of climate, environment and growth of consumers' orientation towards "environmental" and natural values. Transformations in the natural environment require the necessity of monitoring the development of space by

analyzing correlations with environmental awareness variables and monitoring indicators: natural resources used per unit of GDP with emphasis on the use of substitutable resources, renewable or in combination with innovative ways of transforming energy. The changes are not the same in all areas – a tendency of decreased air pollution, deforestation and use of natural resources per unit of GDP is observed in the more developed countries, while the reverse process occurs in the less developed countries [16]. Taking into account the concept of sustainability and its implementation through the offer of products and services accordingly conceived by the intermediaries in tourism would create a supposition and prerequisite for their development. At the same time, environmental and social responsibility is strongly promoted by the media, funded by non-profit organizations and governments [17]. At the same time, by opening new opportunities and defining new needs, changes are happening in the natural environment. Climate changes thus suggest new possibilities as well as new needs. One can assume that residents of north-western Europe will continue the tradition of traveling to foreign destinations in greater proportion than the southern Europeans.

The mass concentration of tourists in their movements, combined with seasonality as a synonym for time determination makes the developing continuity of space questionable. Sustainable Travel International (STI) has mission to promote sustainable development and responsible travel by providing programs that enable consumers, business and travel related organizations to contribute to the environmental, socio – cultural economic values to the places they visit. Its priorities include provision of educational resources to develop adopt and market sustainable tourism standards and practices through their STEPS (Strategic Eco – Certification Program), by having protection and positively impact the culture [18].

That tourism will impact transformation of business area of travel agencies considering their socio-environmental responsibilities and possibilities to be competitive on tourism market. Macro environment include dimensions such as demography, economy, natural forces, technology, politics, and culture. For easier mastering of uncertainties as the business environment challenges, companies are using innovations in the product creation as well as business tool in communication. Interwoven relevancies of activities and branches within the tourism system are empowered by new trends. They influence on business subjects making them more flexible. The space of their activities subject to changes that infiltrate directly through business subjects of tourist offer: 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. The modern concept sees strategy as the company prepared for the future [19]. New experiences and activities of specific group of tourists participating in creation of innovative products [20] influence on specialization of travel agencies in particular types of tourism [21]. Travel agencies should consider possibilities of focusing activities on specific specialized services, such as travel consultants or specific segments of the market. The use of travel agencies is indeed associated with specific services related to arrangement holidays, transport services, beach or city holidays [22]. According the structural changes of tourism demand, further, travel intermediaries

should adapt to those changes on a way of doing business, creating the innovative and specific products diversified by the elements of price and contents, at the same time using innovative tools in placement of travel arrangements (new distribution channels, on line booking and web promotion). The main drivers of market changes are customers, new technologies and an experiential competition integrating in business concept value system based on socio - environmental sustainability. Innovation is the key basis of the transformation [23]. They make pressure toward quality, optimal prices and efficient time use with regard to tourist offers [24] [25]. It is argued that ST needs to be conceptualized in a more comprehensive way so as to appraise meaningfully and critically its interconnectedness with the natural, social and economic elements at multiple scales and time periods [26] Global trends in the macro-environment test the endurance of companies. The macro-environment **shows the following trends** that test the ability of subjects' businesses to adapt in tourism.

A. Economic growth, qualitative changes in terms of high business competition

Changes in economy also comprise structural evolution that could be seen as modification from the traditional hierarchical structure into a networked economy Dematerialization that encloses a high level of risk and requires a comprehensive overview of the information, finds an expression in digitalization, eco-efficiency and intangible aspects of consumption such as services. Features as the interactive possibilities that include, dialogue, access, and transparency are crucial values that build confidence in services that will be experienced by service providers in the destination. Through new communication technologies, new age of democratization of communication has just taken a place and the tourism market breaks open. According that tourism, as phenomena, shows an exceptional sensibility to changes. Interweaving relevance of other activities and sectors within the tourism system intensifies the impact of economic trends on subjects in tourism. [27]. These changes have an additional impact on the subjects of operating in the tourism by limiting their maneuvering space, at the same time emphasizing the need for more flexible operations, subjected to changes that infiltrate directly through mediation and the manner of their operations and facilities they offer. Tourism and hospitality organizations commonly engage in strategic planning as a means of gaining competitive advantage in the face of an increasingly uncertain, dynamic and complex world [28]. Trade liberalization should bring long-term benefits to countries participating in globalization processes by specializing in those activities in which the country has comparative advantages. The process of globalization can have a positive impact on macroeconomic developments and the well-being of the population through the increase in tourist spending and qualitative restructuring of demand [29]. The recession that follows the world economy for the sixth year in a row, is taking a toll on the industrial sector, labor market, trade and almost all activities including export-oriented industries. Considering the crisis -related reforms, Bauer and Becker pointed out an overview of changes of Commission's role in economic governance: a) financial stability support, b)

economic policy surveillance, c) coordination of national policies, d) financial supervision [30]. The economic crisis has slowed economic growth and had a negative impact on travel and the trends of tourist movements. Little points out that tourism is one of the first needs that people waive in the years of crisis [31]. This is also seen through the character of tourist need; classifying it as a secondary need that show a high level of vertical substitution possibilities. Although Maswera clearly points to the importance of tourism and the strength of its impact on the global level as an industry and as a system, which generated about 11% of global gross world product, employed around 250 million people, while giving services for about 700 million tourists worldwide, with the expectation that by 2020 that number will double, socio-economic fluctuations caused by instabilities in the environment, are taking a toll on destinations that have long recorded a quantitative increase in business [32]. Cyclical fluctuations and economic trends through the intensity of the crisis test their strengths on destinations - products that, often due to a lack of key elements of attractiveness, contained in the economic or content aspect (with an emphasis on the specificity of attractive resources), lose competitiveness.

Global tourism trends have showed a high rate of growth, especially in Europe. However, European regions are recording a decreasing tendency in the overall structure of arrivals - according to statistics from 1990, on a global level of international travel, Europe accounted share of 60% and it decreased to 52% in 2012, 50% in 2014, and 49% in 2016 [33] [34]. The EU has the most developed economic system in the field of travel and tourism, but shows a tendency to decrease in the overall structure at the global level, in favor of alternative destinations that are becoming active on a global level [35]. Statistical data show that the global economic crisis has led to a decrease in international tourist arrivals in Europe (4%), and the decline of tourism revenues (6%) in 2009 [36]. The economic crisis has affected the number of tourist arrivals. In 2008 there was a dramatic decrease in the number of tourists involved in tourist movements [37]. Although tourism faltered under pressure from the global economic crisis of 2009 and 2010, in 2011 increase was felt, achieving a growth in overnight stays and income. The sector of travel and tourism has significant indirect and induced impacts on further economic activities in most countries around the world. Indirect contribution are the contribution to GDP and jobs of factors such as capital investment and supply-chain effects – purchases of domestic goods and services directly by different industries within travel and tourism as inputs to their final tourism output. In 2015 the visitor exports generated 8% of total exports that predicted rise by 4.2%, from 2015-2025 to 5.6% of total [38]. In 2016 the total contribution of travel and tourism to GDP was US \$ 2.3 trillion and 109 million jobs worldwide. Taking into account direct and indirect impacts, the sector contributed US\$7,6 trillion to global economy and supported 292 million jobs in 2016, that is equal 10,2 % of words GDP. Compared to 2015 direct contribution of travel and tourism to GDP grew in 2016 for 3,1%. As 2 million net additional jobs generated directly by sector and its direct additional contribution to employment also comprises the share of 1,8% [39]. The impact of change on tourism is significant also at the level of macroeconomic changes in countries' economies, where foreign tourists can actually reduce the level of domestic prices, increase trade with foreign

countries and increase the supply of the domestic market thus stimulating further development of production [40]. Taking clearer positions at a national level, clearer policies with regards to taking macroeconomic measures, ratio of investments and savings, incentives to SMEs, business loans opportunities and defining timeframes of return, employment and more clearly defined strategy of training and education of employees in tourism and changes of business policy and concept of operations which rejects averaged standardized program aimed at the mass market, are activities that need to be handled with special attention. With the improvement of profitability indicators, there is an increase in investment in tourism, as evidenced by the growth of foreign investments and activities aimed at innovation. From the downturn, the spatial dislocation of the producers has posited a positive effect of innovation processes. The efficiency of communication of an entrepreneur in tourism was tested by establishing new distribution channels. To vrijeme je poticalo stvaranje innovative product placement tools, or business co-operation based on B2B or B2C co-operation. Strategic competitiveness has been improved by entering into appropriate partnerships, otherwise enterprise as an independent entity could have a weak competitive position [41]. Companies enter into various forms of alliances and partnerships designed for strengthening and building resources and organizational capabilities. In fact, thus bridges the so-called "the resource gap" of the enterprise. If both companies need specific resources, partnership formation is more likely. One of the most important factors of a successful partnership is finding partners with compatible goals.

The term B2B - an abbreviation of the term business-to-business (business between companies) .This indicates the kind of electronic business that is geared towards the exchange of goods, services and services between organizations. The model comprises the complete electronic partnerships between companies with the aim of creating of new values and profits. This category is based on business transactions conducted through electronic markets between business entities and their partners [42]. The focus is on integrating and providing services and direct communication. The B2B model can be used by companies, regardless of their size and activities. Thanks to the Internet and its available network, travel intermediaries apply it well in their business. The business costs are much lower than they were before. Research shows that B2B trade reached \$ 4.3 billion in 2005 and that more than 500,000 companies were involved in e-commerce [43]. The B2B model can be found in industries, from the automotive industry, the oil industry to the chemical industry and the pharmaceutical industry. Companies use B2B trade networks, auction sites, internet catalogs of products, the product exchange page and other Internet resources to effectively reach new customers, serving existing customers in a more efficient way, and to make more efficient purchases and achieve a better price [44].

An optimal B2B e-commerce strategic alliance model matches the essential development needs of B2B e-commerce and overcomes the environmental uncertainties. External uncertainty refers the macro environment, with an emphasis on economic, political and physical environment. The external uncertainties influence on behavior of entities in the micro environment within which the companies closely cooperate. Factors related to internal organizational motivation are: expansion of distribution channels, increased volume of

business volume, easier access to resources, development of customer relationships and gaining of their loyalty. Partner selection criteria should be based on the opportunities of partners for mutual cooperation, technology, market access, cost and corporate culture. The positive effects of partnerships could be measured by factors: consumer confidence, common close cooperation and the achievement of expected goals [45].

Toughness of tourism is proved by the data in favor of the positive trend of growth, however, tourism is experiencing a transformation in terms of structural changes of demand Travel intermediaries must adapt their business to such conditions while measures of macroeconomic policy define frameworks and possibilities of their operations. Economic growth and economic changes creates business opportunities for travel agencies. It multiplies the positive effects on the performance level of all the activities related to services and production that are directly or indirectly dependent on the tourist consumption. The above shows the intense development of tourist needs and contemporary trends prevailing in the tourism market and competitive conditions require a daily review of the abilities of participants in the tourism supply in terms of creation of tourism products of the required quality and content. Aware of the imposed global cultural identity, the specific interests of tourists intensely affect the need for new profiling of specific products. Such innovated products, exclusively in collusion with the environment and ambient coordinated, respecting the spatial identity, can be competitive and can guarantee the continuity of sustainable development.

B. Responsible business in terms of social and ecological acceptability

Through effective and innovative business, placement and creation of products business entities are required to create specific and positive touristic experience. Changes in system of life values and lifestyle together with awareness of importance of healthy life and environment preservation have influenced on the change in character and structure of tourist demand. All this contributes to enforcement of responsibility of an individual and entities who adjust their business to sustainable development [46]. New experiences influence on reasons people travel, for example healthy lifestyle promotes environmental awareness together with being one with nature which is very important when it comes to tourism. It is obvious that there is a growing demand for individual approach to travel organization; however, travel agencies together with anybody in alliance with them have to assure quality of the itinerary. Global warming leads to significant spread of glaciations and series of fires which lead to smaller number of forests in Europe [47]. Changes in nature also change trends and habits of tourists who search an 'authentic experience' in destinations.

Although demand for Mediterranean countries in summer will still be there, it is obvious that more and more tourists seek to visit them during winter [48], and this is where Croatia should see its opportunity for growing. One of the basic assumptions of further development on the Mediterranean is sustainable development because tourism in today's form lead to irrational exploitation of natural resources on some places and devastation caused by people who polluted the environment, made noise and illegally constructed their houses [49]. A relatively new sociological phenomenon is the need to preserve natural beauties because of dramatic climate

changes [50]. As a result of changes in conditions determined by dimensions of macro-environment it is evident that specific needs will lead to further market subdivision [51]. Tourist products are adapted and changed according to this. If travel agencies wish to be successful they will have to change the way they are doing business because tourists seek for environmental awareness together with relaxed vacation and numerous activities.

Changes in the environment are one of the biggest problems which are countries that depend on their natural beauties face with. Some destinations base their tourism on sustainable development and although there will be increase in cost of investment to be able to preserve those natural resources, they will use them more rationally and organize many sport events. Besides creating their identity through natural and other specific attributes, touristic product should also be tied to recognizable services thus using its own resources to meet demands of the market. Growing need for "eco-tourism" include services that are selected according to co-life between a man and a nature thus opening a totally new market [52]. This means that travel agencies will be rivals among each other and compete to give better quality services, less expensive which include arrangements.

Products of travel intermediaries that comprise the authenticity of services and specifics of attractions are presumptions for innovations of business of travel agencies towards requests of market niches. It is evident that tourists no longer wish standardized products but specific ones which represent an impulse for individualization of mass market, enforced by new technologies that influence on further flexibility, individual approach to offer, a personalized approach, simplicity and low cost of the arrangement. This is possible to achieve only if mass production is directed to diversification which would lead to satisfying individual demands. When these characteristics are met it is evident that business entities are far away from former traditional tourists who were satisfied with standardized product-arrangement and by were showing the buying behavior based on usage traditional business channel and on its simple transaction as broker. In accordance with new market trends efforts of travel agencies should be focused on social innovation: personalized attention and guest experiences, uniqueness of the offer integrated with local destination products, based on community building between tourists and locals The concept of business based on principles of sustainability should be considered by all tourist companies that perceive an additional role of consumers- tourists that are co-creators of values. [53].

C. Innovations and its products

The approach to defining innovation is based on the attitudes towards which innovation promotes the process of creating new value for consumers, stakeholders or internal customers [54]. Innovation can be defined from an aspect of the idea, process, or product. It is important to delimit areas of intensity of innovation impact. As a process it is viewed in the context [55]: a) total reengineering or modification, production processes eg providing quality service standards to tourism service providers eg HAACAP, b) information management - technological innovations - development of innovative communication management tools for increasing customer loyalty, satisfaction measurement, and employment education, faster and low cost communication with end-users.

Innovations are prerequisites for efficient communication. Innovations are key drivers of transformation [56] that make pressure on total quality, optimal prices and efficient time use with respect to tourist offers [57]. Key driver of market changes towards innovations are internal customers, developing more efficient systems for establishing value based infrastructure that emphasize loyalty based internal marketing, education oriented towards development of skills that are important in overlapping time, for more transparent activities that are presence in in key time. There is an evident trend of declining interest in using services of traditional travel agencies when organizing trips [58]. Information and Communication Technology (ICT) strengthened the business of direct service providers. To survive on the travel market was the main goal for travel intermediaries. ICT as the driving force has attracted significant research interest in the past twenty years, enabling the emergence of new innovative tools, business models based on collaboration between companies and intermediaries. They have used new forms of partnerships to encourage the development and creation of new business opportunities through a strengthened competitive position thus surviving in dynamic conditions. The development of (ICT) supports interaction between consumers and intermediaries and as a result of that interaction the following processes are evident: business process reengineering (BPR) in travel agencies, , implementation of developmental strategies based on new forms of communications [59]. Companies have the option of choosing business models. By forming a network of providers, no insight into the actual provider was offered. This applies in particular to the tourist offer where there is cooperation among different companies in the form of the offer. E-tourism encourages a more interactive relationship between tourism organizations and travelers which lead to completely new ways of developing and marketing tourism products. Throughout an an insight the online travel market- from side of the package holidays, the forecasted revenue trends shows the growth in terms of the revenue year over year. The following data argues the continuity of demand growth dynamics on the on-line market of organized travel. Stronger influence on the line agency has emphasized this process. The package holiday segment in Europe amounts to US \$ 30, 369 million in 2017. Recent trends indicate that the revenue is expected to show an annual growth rate (CAGR 2018 -2022) of 6.8%, which will result in a market volume of US \$ 39.906mil in 2022. Revenue in a Package Holiday segment in Croatia amounts to \$ 30US \$ mil in 2017. The average revenue per user (ARPU) currently amounts to US \$ 553, [60]. The expected revenue in Croatia shows a 24% annual growth rate (CAGR 2018-2022), resulting in a market volume of US \$ 73mil. in 2022. User penetration is 1.3% in 2017 and is expected to hit 2.9%. in 2022 while an average in Europe is 2.7% in 2017 and is expected to hit 3.1% in 2022.

The focus of a strategic corporate rethinking company in tourism is visible in business models based on organizational reengineering, anticipating future development processes. Through the operationalization of marketing activities, organizational efficiency is tested. Such a model is based on an innovative business concept and a vision based on the selection, adoption and transformation of business resources, their optimal management and allocation in areas that will guarantee a compelling advantage and a global reach. IT infrastructure as a concept support requires more technological performance costs that are contained in multiple applicabilities

from optimal use of information, design and placement of products and services. It involves low costs and the possibility of multi-channel and multi-media, interactive communication in relation to internal customers and external incentives in relation to competitors, customers and suppliers.

The development of travel agencies in the future, primarily depends on the organizational structure, organizational culture and resources in the enterprise. Concerning the allocation of resources and experiences, smart actions have an emphasis on sustainable process of product customization. One of the most important reasons why tour operators can keep their market position is based on the ability to adapt to many changes in the travel market, implementing innovations, the personalized approach and flexibility in the business. In dynamic environmental conditions the competitive advantage of the company is questionable. Conditions are subjected to changes due to the emergence of innovations, resulting from additional activities and investment in resources and potentials. Some authors have attitudes related to the main reason of forming of partnerships, such as obtaining other organizational knowledges, skills or resources (innovative tools as result of new technologies). Transferring resources and organizational skills from partners enable creation of business strengths. Traditional partnerships were motivated by the idea of cost reduction. Modern partnerships -intensive with knowledges have goals focused in more pronounced learning from partners. For this reason, as one of the most cost-effective solution that uses Internet within distribution channel, B2B model has expanded on tourism. In the year 2000, six airline companies, American, Continental, Delta, United, British Airways and Air France formed a B2B internet market with the aim of supplying fuel, and the aircraft maintenance. As it had been estimated, such form of cooperation between airlines amounted to 32 billion per year [61]. Service providers such as aircraft companies or hotels distribute their products to other entrepreneurs mostly to tour operators. This model is exclusively based on the collaboration of various companies (such as travel agencies, carriers, hotels, tour operators) and enables the creation of dynamic packages for customers. Systems help to reduce the physical distance between the service provider and the customer [62].

Alternative distribution channels: travel agency or Internet? It should not be a doubt with regard about capabilities of integration of previous two separate channels in one [63]. The transformation of distribution channels, the creation of innovative products, as well as flexibility in the way of product placement are logical consequences of the organizational Darwinism: according to which the survival of businesses is linked to the ability of continuous monitoring of changes, and the development of enterprises is associated with the degree of flexibility of its organizational structure. Therefore, travel agencies must to find ways to successfully continue business operations, using advantages of ICT, excluding the possibility of substitution of its mediating role, but accepting the complementarities of ICT. This is confirmed through the simplified procedure in booking and the acquiring of products and services, and lower costs of product placement in travel agencies [64]. One of the ways to survive in the tourist market, keeping a competitive position refers to the activities of specialization and differentiation [65]. Travel agencies need to be specialized. According to market segments; travel agencies should customize contents of activities of travel packages. Personalization of services is one

of the main challenges faced by travel agencies. So, through the differentiation and innovative tools, tour operators are increasingly targeted on the level of personalized services and an increasing flexibility. Using dynamic packages (DP) travelers choose services independently, integrating them into their own packages. Using innovative tools, most visible changes are in the way of placement of products, also the mode of communication, and performance of services that travelers (through the technique of purchase) perceive as higher quality [66]. The authors define DP as: new integrated system that has adopted the performance of www. by implementing a capitalization value of Internet. Stakeholders and consumers are free in selection of services that are provided (eg flight and other service providers) and they are involved in combinations considering creation of their own personalized tailor-made travel [67], an offer that is consisted from two or more components of travel that could be combined [68], industry of electronic word that enables to tourists to create tailor-made itineraries, merging the multiplicative optional components in realization of transactions in real time [69].

Dynamic packages (DP) enable comprehensive insurance package pricing, "bundle" of services (with hidden individual prices of components) and the transaction within a time frame 5 to 15 seconds, whereby the customer can access the database from multiple separate control systems [70]. The prominent innovative tool represents new technology for distribution of trips. Operators must have technological support with capabilities that can provide and enable DP to customers. In the future it is expected a large increase of the use of DP. Important elements of definition of DP are: the combination of two or more services, wide range of services for customers, instant creation of offer in time unit, dynamic pricing per unit in time, online connectivity. DP are characterized by: the specifics of: the model of buying of components; suppliers of various components are commercially related; simultaneity of the purchase; wide possibility of creating and connecting; online travel agencies enable buying of services from different sources in that way of composing their own package. At the same time it is possible to offer highly specialized tourist products that can be characterized as highly specific packages. In terms of content, services are acceptable to tourists who belong to geographically dispersed market segments that are tailored to their requirements with regard to possible combinations. Those are competitive among other innovative solutions and applications that can be offered. Travel agencies must take into account the new market trends, to stimulate innovations in product placement, booking, and also in contents of products.

In *online environment*, the changing consumer behavior leaves the space for the development of a series of features [71]. It has brought consumers a series of benefits that can be quantified through: saved time, quick access to information, commodity in acquiring products and the possibility to compare the market's promotional offers [72]. When studying the consumers' behavior a micro-analysis has the purpose to identify the determinants and the demand model [73]. In accordance with basic indicators as the number of visits to a country, visited tourist attractions, the rate of booking at hotels, the number of nights spent in a certain hotel the purpose is to identify the determinants and the demand model. Tourism websites must offer consumers exactly what they want. In such a sector, it is most important to customize and

adapt the websites to the demands of the external environment [74]. The customizing implies the creation of a quality interface that offers tourists the possibility to easily access all the information they need. The trust that users have regarding the digital environment is very important, but the lack of the trust could be caused by the potential risk perceived regarding data safety, lack of direct contact between two parties. Consumers are becoming sceptical about the online actions that are conducted by companies. Trust of tourists in the online environment is influenced by a series of factors such as: data security, transaction costs or the ease in using data [75]. It is noticed that the more a tourist is content with the information he receives and with the services that are provided to him, the more he will want subsequently to acquire products or services online [76].

With regard to institutional innovations based on new organizational structures and legislative frameworks, the objective is to facilitate the development of tourism business. Nowadays independent business market performances of companies are increasingly replaced with models that associate efforts in creating alliances and networks. E-travel agencies, as an effective tool in order for wider sustainable gains, are examples of organizational structure, connectivity and business co-operation. They adopt B2B strategic alliances in order to strengthen their competitive advantages in the e-commerce travel market.

Online travel agency (OTA) as innovation - first occurred in the 1990s after the emergence of the Internet. Pioneering companies in this field are firms such as Expedia Inc. and Orbitz, who established a strong market position in the online tourism sector. Similar to traditional high street travel agencies, they also act as an intermediary between travel-related products as well as information and customers [77]. However, OTAs only operate online and do not engage in any offline channels to reach their target customers. They provide the online purchaser with the possibility to put together their own customized holiday by selecting a flight, hotel or potential car rental individually. The main advantage in addition to the great flexibility is the saving of costs in terms of travel agent fees [78]. However, based on the immense range of choices, people can get fairly overwhelmed and lose the overall perspective. Thus, OTAs need to identify customers' expectations and desires in detail in order to ensure a high service quality and to reduce the degree of uncertainty which is often associated with online transactions [79]. The most cited reason against e-commerce is the issue of security problems in terms of fears for information leakage or theft of account information. [80]. Credit card safety is a major concern for travelers and often limits their online purchasing behavior of tourism products. Nevertheless, online travel agencies managed to become an important player in the tourism industry and thus challenge the traditional travel agencies and tour operators to adapt to the emerging changes in ICTs and the ever more demanding customers. Online booking for the package holiday comprise travel deals booked via online travel agencies (e.g. Expedia) or directly from Tour operator (TUI, Thomas CoOK). It contains travel and accommodation, further provisions, can be included such as catering and tourist services. The prerequisite is online checkout process.

New e-intermediaries include a wide range of organizations, including service providers (airlines, hotels, etc.) [81]. They offer a wide range of value-added services

such as destination guides, weather forecasts, insurance, etc. The emergence of new forms of travel intermediaries in the electronic environment is the result of the need for specific additional services. The top five e-brokers that dominate the modern tourist market and record a series of acquisitions include [82]: 1. Expedia - Expedia.com, Hotels.com, Venere.com, TripAdvisor, Trips 2. Amadeus IT - Vacation.com, Opado.com, TravelTainment 3. Orbitz - HotelClub, Orbitz, Ebookers, CheapTickets 4. Priceline - Priceline.com, ActiveHotels.com, Booking.com 5. Sabre - Travelocity.com, Lastminute.com, Moneydirect. Due to the weakening of the significance of location factors, it is assumed that OTA tourist agencies will dominate in the retailing area [83]: [84]. The most important advantage of such electronic distribution systems is low prices and low risk of use. For this reason, they are a very attractive choice for distribution, especially for smaller travel intermediaries with limited resources for promotional and sales activities. An additional advantage of such systems is that they do not base their business on the principle charging of lump sums. Companies pay a commission only if the intermediary of the channel creates a certain income [85]. In addition, they make it easy to use, without the need for higher level of IT knowledges. Online reservation systems of this type charge certain fees, which generally range from 0-30% of the price of the product (commission on booking.com is 15%). The commission is already provided to ensure a better visibility of the accommodation facility on the website, and thus greater representation.

The research conducted by PhoCusWright showed that almost a 33% of travelers make reservations online through third parties (web sites). [86]. When it comes to booking flights, online travel agencies have an even greater share - up to 37%. Nowadays Booking.com is the world's leading online agency. It is based on the reservation of accommodation. Apart from hotels, it is also possible to reserve other types of accommodation. It was founded in 1996 and since 2005 has been a part of the Priceline group. The site is translated into 40 languages and have offices around the world. It includes 1,179,134 active accommodation facilities in 227 countries [87]. There are about 400,000 reservations per day. Probably the main advantage of Booking.com is that they are the largest advertisers in the category of tourism and travel on Google's platform. Online reservation systems of this type, apart from distribution also have a promotional function. It is possible to find all information needed about the reservation. It offers the opportunity to exchange experiences, opinions and advice among visitors. With intention to help buyers and suppliers in understanding particular market, it is developed a new business model in the tourism industry - infomediary [88].

The infomediary model is based on information intermediation. Basically infomediaries help buyers and sellers to understand a given market. Generated data about consumers and their consumption habits are valuable, especially when that information is analyzed carefully and used for target marketing campaigns. This means the sharing of information and experiences about past vacations with other interested tourists on platform such as Tripadvisor or Trivago. Offering virtual communities where people can initiate discussions and exchange experiences in travel sector, at the same time these websites provide customers with valuable insights in specific destinations in terms of hotel rankings and reviews as well as tips concerning great restaurant or must-dos in certain cities.

Their financial structure is based on revenue per advertising and sales. New trend in the tourism industry are platforms that provide a social network. Platforms as airbnb or couchsurfing are innovations. Apartment owners can offer there accommodations to travelers online. These platforms work similar to other social media systems, in terms of creating your own profile representing useful information about yourself to give the owner the chance to evaluate a potential fit.

Online retail and travel in Western Europe reached €129 billion in 2009. As projected, in 2014 it grew to €203 billion [89]. Low price is seen as one of the most important characteristics of online travel agents. Hotels can and should manage OTAs to optimize revenues versus costs [90]. Additional arguments for using online agent could be convenience, control, easier access to information about the destination, comparable prices, availability of online communities, rich destination information and multimedia presentation [91] [92] [93] [94].

III. DATA AND METHODOLOGY OF RESEARCH

Transformation of business of travel agencies as a result of global trends in the environment, constitutes an important level to increase the competitiveness of individual businesses. It is important to test the intensity of influence of changes on the level of dimensions of macro environment which could have impacts on transformation of travel agencies aimed at tourist products diversification and innovation, seen through new trend of tourist preferences. The ever more frequent use of platforms and new forms of business integration today fully speaks of the complementarity of the innovative tools used by agencies to deliver value, provide the services and products sought and are competitive with alternative forms of direct distribution. Customers search top quality product tailor made products, more personalized and specialized. Based on the results of the secondary research on the frequency of use of online travel agencies' intermediary services and the results related to the level of use of innovative tools for information on tourism products that are crucial when choosing a destination, findings speaks in favor of high level of use of new technologies and its important role in communication process with consumers within decision making process and when deciding on purchasing.

In order to quantify the impact of importance of socio-environmental and economic changes, in addition the primary research using the survey method was conducted, on a sample of managers doing business in leadership positions in travel agencies in Croatia. Preliminary research has been conducted in Croatia in order to study the level of customization of activities of travel agencies in Croatia and to define the guidelines for their development. activities of travel agencies in Croatia and to define the guidelines for their development.

In order to test hypothesis H in accordance that *Dynamic changes in macro environment require business transformation of travel agencies in area of innovations, through strategic adaption of activities*, empirical research was conducted using questionnaire. The hypothesis H is tested through following subhypothesis:

Ha). Socio-environmental responsibility is an important variable referring on defining further business activities of travel agencies in area of innovations: product and placement

Hb). Economic dimension as a force (growth/changes)

and internal responsibility are important variables referring on defining of further business activities of travel agencies in area of innovations: placement.

The questionnaire was composed of questions in relation to: the data on the manager profile also covered by their features and skills, the intensity of the impact of macro variables on business of travel agencies defined through the socio-economic responsibility and the macro economic influence. However, questions were complex enough to enable unambiguous results, but simplified in order to be clear to participants.

Respondents' workplace was primarily determined by the size of a travel agency. They are asked to evaluate the development of prospects of travel agencies. Elementary unit of survey to be selected in the sample is defined as a business unit engaged in providing services related to intermediation and an organization of tourist stay. For the purposes of this questionnaire 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 following: region; dominant business functions; business type; business activity; organizational structure; area of business. 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>. Random sample is drawn from defined selection framework. By means of random number generator 200 travel agencies were selected. With regard to different features of intermediaries participating in the survey, entities were contacted to verify their primary activity. Results from the survey sample can be considered adequate for making relevant conclusions, in accordance to the share of 41% of questionnaires that completely filled out properly. The paper uses the method of testing hypotheses on assumed value of proportion of population - p on the basis of large sample (n > 30) and the normal distribution as the distribution of assessors. Approximation of the sampling distribution of proportion normal, it satisfies, if the null hypothesis is true and the sample sufficiently sized.

Testing of hypotheses on assumed value of proportions of population p to the upper limit along with a assumed value of 50% has been used in the paper.

Population size is as follows:

$$p = \frac{M}{N} \quad q = \frac{N - M}{N} \quad q = 1 - p \quad (1)$$

$$\hat{p} = \frac{m}{n} \quad \hat{q} = \frac{n - m}{n} \quad \hat{q} = 1 - \hat{p} \quad (2)$$

Two-way test hypothesis are as follows:

$$\begin{aligned} H_0 \dots p &= p_0; \\ H_1 \dots p &\neq p_0, \end{aligned} \quad (3)$$

tested value is as follows:

$$z = \frac{\hat{p} - p_0}{\sigma_{\hat{p}}}, \quad (4)$$

where standard deviation is:

$$\sigma_{\hat{p}} = \sqrt{\frac{p_0 q_0}{n}} \quad (5)$$

The rule for making a decision about the result of two-way test is as follows:

$$|z| < z_{\alpha/2} \rightarrow H_0; \quad |z| > z_{\alpha/2} \rightarrow H_1 \quad (6)$$

Hypothesis of one-way test at higher is as follows:

$$\begin{aligned} H_0 \dots p &\leq p_0 \\ H_1 \dots p &> p_0 \end{aligned} \quad (7)$$

The rule for making a decision about the result of one-way test at higher limit is as follows:

$$\begin{aligned} z < z_{\alpha} &\rightarrow H_0 \\ z > z_{\alpha} &\rightarrow H_1 \end{aligned} \quad (8)$$

One-way hypothesis on lower limit is as follows:

$$\begin{aligned} H_0 \dots p &\geq p_0 \\ H_1 \dots p &< p_0 \end{aligned} \quad (9)$$

The rule for making a decision about the result of one-way test at lower limit is as follows:

$$\begin{aligned} z > -z_{\alpha} &\rightarrow H_0 \\ z < -z_{\alpha} &\rightarrow H_1 \end{aligned} \quad (10)$$

Notation is used [95].

H_0 - null hypothesis; H_1 - alternative hypothesis, the sample size; p - proportion of the population, p_0 - the assumed value of the proportions of the population; n - sample size; $= \sigma p \hat{p}$ the standard estimation error; α - level of significance; z ($=$ theoretical value for z normal distribution depends on the level of significance; z - test size i.e. empirically z ratio; N - number of elements of the population; M - the number of elements of the population with a certain modality of variable; p - the proportion of elements with a specific modality in the population; q - the proportion of elements that have no the selected modality in the population; $p \hat{p}$ - appraiser proportion of the population by number; m - number of elements with the selected modality of variables in the sample.

Testing of hypotheses on assumed value of proportions of population p to the upper limit along with a assumed value of 50% has been used in the paper.

IV. RESULTS AND DISCUSSION

Results of the questionnaire based on number and characteristics of the participants according qualifications, show that sixty-three percent of participants are university graduates, twenty-four percent of them are college graduates and twelve of them hold a high school diploma.

Considering years of employment thirty-eight percent of participants have 21-30 years of work experience, twenty-three of them have been working for less than 11 years or have from 11 to 20 years of experience. The lowest number of

participants, just sixteen percent has been working for over 30 years. A wish for further and permanent development, analytical approach to task managements, careful performing of even routine tasks should all be characteristics of travel agency manager. In accordance with the characteristic of the participants based on the age of managers results show that thirty-nine percent of respondents are up to 40 and more than 49 years old. The lowest number of them is between 41 and 49 years old.

Results from the sample show what kind of function the participants have in travel agencies. It is evident that fifty percent of them are also owners. Regarding to the function they perform the most of them are managers who are also the owners (50%), followed by those who are managers but not owners (18%).

According to various variables it is concluded that the number of participants are representative. Respondents were asked to estimate the extent to which socio-environmental responsibility and economic variables affect the business innovations. In doing so they estimated the significance of socio - environmental responsibility on further business activities of travel agencies in area of innovations: products. Concerning the share of respondents who assessed the role of social and environmental responsibility as important or very important for business innovations of travel agencies, that contained the possibility of adapting of business to new trends, results showed that all agencies more than an average indicate business innovations of travel agencies as important or very important. Taking into account objects of business activities especially wholesalers emphasize the importance of this factor (100%), but also retail (87%) and wholesale-retail travel agencies (77%). Considering the characteristics of business, the initiative-receptive travel agencies (83%), but also the initiative (70%) and receptive travel agencies (74%) emphasize the importance of this factor. Considering organizational structure results showed that especially agencies with office network (85%) emphasize the importance of this factor. Results show that dependent travel agencies (100%), and those with organizational function as predominant business function (81%), but also all other categories of travel agencies (more than 70%) state that socio - environmental responsibility is important or very important for business innovations of travel intermediaries. The exceptions are travel agencies from Istria and Primorje with a share of (64%).

The paper uses z - test as the method of testing hypotheses on assumed value of proportion of population - p , where the null hypothesis H_0 - according to which the proportion of managers of travel agencies that have attitudes that: Socio-environmental responsibility is very significant or significant for business innovations in area of products is less than or equal to 50%, and the alternative hypothesis H_1 , according to which share of travel agencies with prominent features is in excess of 50%. At the significance level of 1%, the null hypothesis H_0 is rejected and the alternative hypothesis H_1 is accepted ($z = 5.071$, p -value = 0.000).

Featured results are presented in Table 1.

TABLE I.
Z-TEST ON THE SIGNIFICANCE OF PROPORTION - VARIABLE:
SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF TRAVEL
AGENCIES

the variable: Social and environmental responsibility of travel agencies	
Basic settings:	
assumed proportion	0,5
α level of significance	0,01
M- the number of elements the population with a certain modality of variable in a sample	64
n-sample size	82
Supporting results:	
Proportion of sample	0,780
σ the standard estimation error	0,055
z – test size	5,071
Test on the upper limit	
theoretical value for z normal distributions	2,326
p-value	0,000
Decision: Reject H0	

Source: PHStat, author's data processing

The test on the assumed value of proportion of the population that supporting an thesis of firm connection of innovation of travel agencies, was conducted. Further, respondents were asked to estimate the significance of of economic variables on further business activities of travel agencies in area of *travel agencies in area of the placement innovations*. According to the assessment the importance of this factor point out managers of travel agencies with predominant organizational function in business, wholesale travel agencies and those operating in the international market. Considering business activities results shows that wholesale travel agencies (100%) state that economic variable is equally important in business innovations with an emphasize on products (the emphasize is on organizers whose nature of business intertwine with capital intensive business). This is logical bearing in mind the fact that such profile of travel agency implies of the capital intensity area related to business activities marked by the ownership of the assets, required for operations such as transport and infrastructure capacities, related to accommodation and the stay of tourists in the destination. Bearing in mind the high costs in its acquisition and investment maintenance, their importance should be taken into account as assumptions for continuous business process of such economic organisms - under favorable economic conditions pronounced through policy measures, possibilities and conditions of financing, credit indebtedness. The smallest share of travel agencies (27%) refers to retail travel agencies and to those with the intermediary function as predominant business function (21%), whose nature of business intertwine with labor -intensive activities). The paper uses z - test as the

method of testing hypotheses on assumed value of proportion of population, where the null hypothesis H0 - the share of travel agencies that support attitude that economic variables are very important for their business innovations in areas of placement, is less than or equal to 50%, and the alternative hypothesis H1, according to which share of travel agencies with prominent features is in excess of 50%. (Table 2). At the significance level of 1%, the null hypothesis H0 is not rejected ($z=-3,803$, $p\text{-value}=1,000$). The results are presented in Table 2.

TABLE II.
Z-TEST ON THE SIGNIFICANCE OF PROPORTION - VARIABLE:
ECONOMIC DIMENSION - POLICIES

the variable: Economic variables	
Basic settings:	
assumed proportion	0,5
α level of significance	0,01
M- the number of elements the population with a certain modality of variable in a sample	24
n-sample size	82
Supporting results:	
Proportion of sample	0,290
σ the standard estimation error	0,055
z – test size	-3,803
Test on the upper limit	
theoretical value for z normal distributions	2,326
p-value	1,000
Decision: No Reject H0	

Source: PHStat, author's data processing

Series of tests were conducted on the assumed value of population proportion that supports a thesis of firm connection of innovation of travel agencies. The results show that respondents from travel agencies who are increasingly aware of the necessity of transformation of way of doing business in order to adapt according the global trends that lead towards further changes in macro-environment. The results of this research confirmed that participants are aware of significance of innovations for their business. For purposes of this paper, changes and global trends on macro environment level are as follows: 1) "socio" changes through increased social and environmental responsibility and 2) economic changes through increased internal responsibly, acceptance of incentive measures, politics on level of ethical behavior –in accordance with dynamic tourist expansion and growth. Increased socio-environmental responsibility represents important aspect that influences innovation of travel agencies. On one hand new products which promote these values appear and on the other hand they emphasize the importance of ethical and environmental attitude towards the influence of tourism on environment. It is shown that respondents from travel agencies are aware that socio - environmental

responsibility is very important or important in order to innovate their business. On statistical significance of 1% it is confirmed that the proportion of agencies in which sociological and environmental responsibility are very important or important in order to innovate their business is higher than 50 % ($Z=5,071$, $p\text{-value}=0,000$). By assessing aforementioned results of this paper and based on z - test on assumed value of proportion of population to the upper limit of 50 % it can be concluded that socio-environmental responsibility is important or very important variable for innovation of business. The share of travel agencies with these prominent features is in excess of 50%. Economic changes also have the influence on activities seen through existing measures which have an impact on all business entities including travel agencies. In order to be more dominant in the marketplace travel agencies are forced to innovate their business areas. However, respondents from travel agencies rarely consider economic variables have important or very important impact on innovation of business of travel agencies. The hypothesis which says that the share of agencies that have aforementioned opinion is less or equal to 50% is not rejected ($z=-3803$, $p\text{-value}=1,000$). But in general, this variable is an impulse to intermediaries which opens: new possibilities, healthy work environment and new ways of financing and empowering activities towards innovations in area of product distribution promotion and wider- environment communication. Under those conditions it is easier to allocate business activities in areas that have high yields.

V. CONCLUSION

An insight was gained on the level and intensity of impact of studied variables on business changes of travel agencies. For the purposes of this paper, changes are implied by: 2) sociological changes shown in increased environmental and social responsibility, 4) economic changes. Research shows that socio-environmental responsibility points out as a significant variable for the business innovation of intermediaries. Research shows that travel agencies understand how important it is to specialise activities in their own field while global trends on macro - level seek those changes. It is known that the innovation process in tourism initiates the emergence of new trends but also the layering of the market, and is the impetus for the emergence of new structural market changes of tourism demand. Although the findings show that economic forces/growth have no impact on activities i.e. on area of innovations (using innovative tools in promotion and distribution of packages) of travel agencies, this variable represents a stimulus to business through more favorable conditions that open new opportunities to intermediaries (financing, strengthening the market position toward competitiveness), to specialize their business under these conditions. As quantitative stimulus from external environment, it assures a prerequisite for tourist movements, creating assumptions for availability and utilization of the distribution channel such as the travel intermediaries. It further stimulates and causes some dynamic changes and a bit unpredictable behavior of entities. These market conditions produce the necessities for specialization .

By development of the Internet in system of tourism, travel services are recognized as one of the most successful implementation of e-commerce. New technologies enable the development of travel agencies and at the same time improve

communication with clients and other subjects. This affects better competitiveness. Internet and online business become the best option to improve relationships with tourists and partners. The ever more frequent use of platforms and new forms of business integration today fully speaks of the complementarity of the innovative tools used by agencies to deliver value, provide the services and products sought and are competitive with alternative forms of direct distribution. Customers search top quality product tailor made products, more personalized and specialized. Based on the results of the secondary research on the frequency of use of online travel agencies' intermediary services and the results related to the level of use of innovative tools for information on tourism products that are crucial when choosing a destination, findings speaks in favor of high level of use of new technologies and its important role in communication process with consumers when deciding on purchasing, and within decision making process. Innovative agencies are those agencies that are capable of keeping up with changing trends. They are able to keep track of market trends and continuously educate their employees. These agencies emphasize the importance of rapid response to tourist demands either through information or product offerings. With the advantage of efficient time use, the application of new technologies is primarily based on cost reduction. Opportunities for using social networks as an efficient marketing and communication tools make communication process between partners and clients easier. New technologies have a positive impact on the efficiency of product placement of travel agencies. Development of innovative tool does not diminish the agency's intermediary role. However, turning travel agencies into online business leads to the reorganization of many agencies that operate in the traditional way. Travel agencies driven by increasing competition, need to undertake a fundamental reorganization of the entire business, using the advantages of new technologies to compete in the market. Thus we can conclude that travel agencies are able to use modern technologies in the business are competitive. Survival and future development of the agency depends on the ability to accept new technology solutions, to increase added value to users, and this is a key ongoing employee training to enable conditions for new technology. On the other hand, agencies that constantly ignore and do not apply new technology in business lag behind for competition and after a while and completely disappear from the market. Based on the above it could be concluded that the success of travel agencies is in fact based on the ability to adapt to accelerated changes.

The findings show that travel agencies recognized the importance of innovation in accordance to incentives of changing global trends at the level of dimension of macro environment. On one hand there are numerous new products which emphasize the importance of increased social and environmental responsibility that now have a great impact on tourism. On the other hand there are numerous requests for ethical and environmental attitude towards the impact of tourism on the environment. Contemporary employees are more and more aware that social and environmental responsibility, internal responsibility and ethnic behavior are important/very important in the innovation areas of their business. It can be concluded that dynamic changes in macro environment require business transformation of travel agencies in area of innovations, through strategic adaption of activities, aimed at creation of products - but also promotion,

distribution, and booking (placement).

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