

ADAPTATION STRATEGIES OF AIRLINE TRAVEL AGENCIES TO THE DYNAMICS OF AIRLINE INDUSTRY IN NIGERIA

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ABSTRACT

The role of airline travel agencies in a changing operational environment depends on their ability to adapt and survive in the airline travel industry. This paper examines the adaptation strategies airline travel agencies adopt to remain in business. Data for this paper was obtained through multi-stage sampling system that relied on first, the use of purposive sampling technique in the selection of the sampled locations. The second stage was the adoption of systematic sampling technique which involved the selection of the airline travel agencies in the selected locations. Thereafter, the questionnaire was administered to the managers of the selected travel agencies. The method of data analysis relied on both frequency tables and Principal Component Analysis (PCA). The results indicate that majority of the managers are males (66%) with 66.3% of the respondents having their duration of length of service as air travel agents between 6-10 years. Furthermore, the main constraint affecting airline travel agency operations is the problem of e-commerce. The results of the PCA also reveal that management fees has a component loading of 0.897, transaction fees (0.883) and recharge card sales (0.800) are the three most dominant business diversification strategies adopted by the air travel agencies. These are the adaptation techniques employed by the agencies to survive in business. The paper therefore recommends that for business entities to remain afloat, they need to, among other things, diversify their business operations in order to increase their revenue base.

Keywords: Adaptation, strategies, travel agencies, dynamics, constraints.

INTRODUCTION

Travel and tourism represents one of the top three industries around the world (Goeldner, Ritchie and McIntosh, 2000). The publication of World Travel and Tourism Council (2014) showed that in 2013, travel and tourism's total contribution to the global economy rose to US\$7 trillion, about 9.5 percent of global GDP, not only outpacing the wider economy but also growing faster than other significant sectors. Similarly, Owoputi (2015) asserted that the travel industry in Nigeria directly contributed ₦ 505 billion to the economy (GDP) and ₦ 334 billion indirectly through the output by its support and supply chain while the induced effects on the consumer is ₦ 203 billion. Travel agencies are one of the major intermediaries in travel and tourism industry. Traditionally, travel agencies make travel arrangements and bookings for clients as well as provide information about tourism attractions in their places of destination. Among the services provided by the travel agencies range from sales of airline tickets, accommodation booking, tours and attractions and process payments both for

individuals and corporate organizations. The travel agencies sell air tickets on behalf of an airline carrier for a commission.

The use of airline travel agencies by airline carriers in the sales of their tickets pre-dates the information technology (IT) period. According to Woodford (2006) the airlines were unable to maintain individual relationship with their numerous and widespread customers hence the need to adopt a more robust approach that ensures an optimal airline-customer relationship. Travel suppliers (airlines) and their passengers rely on a large number of intermediaries (travel agencies) that serve local geographical areas (Vasudavan and Standing, 1999). Buhalis and Law (2008) further asserted that the use of intermediaries such as travel agents and tour operators was compulsory for airlines in the pre-internet era. Consequently, the airline operating costs consists of the distribution costs which were associated with commissions to travel agencies among others (Harteveldt, 2007) whereas the North American and European airlines questioned the value of travel agencies services in the distribution chain and the commission level for the agents (International Air Transport Association {IATA}, 2010). Moreover, Lewis, Semeijn and Talalayevsky (1998) had argued that the products offered by travel agencies are commodity-like and this can lead to a questionable future for travel agencies with the evolution of information technology.

According to Law, Leung and Wong (2004) it has been assumed for quite some time that a profound disintermediation is taking place, driven by the enabling power of the internet, which enables travelers to substitute themselves for travel agents and make their own arrangements. Beldona (2005) stated that the internet is a reality of today's tourism industry as it has penetrated the decision making process of travel as well as affected how transactions are made, resulting in some major changes within the travel industry. The recent trend in reaching the travelers through direct online ticket sales (e-commerce) has opened a big window for the airlines to reduce ticket distribution costs which otherwise serves as commissions to travel agencies, and also keep detailed records of their customers (Santis, 2012). This realization of the ease of using internet in travel arrangement gradually erased the justification for continued use of the traditional airline travel agencies. However, the findings of Bogdanovych, Esteva, Simoff, Maher and Smith (2007) revealed that people prefer traditional travel agents because of their expertise, the possibility of getting immediate help and guidance from them and the need for social, face-to-face interaction. It is in this regard that Barnett and Standing (2001) while commenting on the vulnerability of airline travel agencies asserted that the internet in combination with commissions cut on behalf of airlines has led to instances where

travel agencies are pronounced dead or at least facing an uncertain future, not only by the general media but among travel and tourism scholars. The study of Cheung and Lam (2009) also revealed that travel agencies are one of the most endangered organizations as their jobs are increasingly being replaced by information and communication technologies. Similarly the study of Bawa (2013) which examined the impact of e-commerce on the viability of the business of airline travel agencies revealed that most travel agent managers identified the effect of removal of agents' commission by airlines to have severely affected the travel agencies in Nigeria.

Heung and Cherry (2005) asserted that the growth in the use of technology such as the internet and e-commerce has made some impact on travel agencies. The advances of these dynamics have shaped the travel agencies business practice fundamentally, causing various strategic responses for survival. According to Lubbe (2005) some of the strategies include consolidation of travel companies through mergers, acquisition, franchising and formation of consortiums. Other strategies include; product diversification, niche markets, value adding services, increased adoption of new technology and restructuring of their traditional business model (Zhou, 2004). In the view of Daneshku (1999) the commission cut which began in the US well ahead of Europe, had a profound effect especially on business travel agents in that many of them have re-invented themselves as travel managers instead of selling tickets and making arrangements, consequently, they charge consultancy fees for reducing the amounts client companies spend on travel. Similarly, Gharavi and Sor (2005) indicate that, the travel agencies responded in the diverse ways such as marketing themselves directly to potential corporate clients, using the internet to attract customers through the re-intermediation strategy and joining the virtual communities and consolidation through franchises. Also Ku, Yang and Huang (2012) in their study on partnership choice and adaption of strategic collaboration between travel agencies, identified customer competence, attachment relationship and targeting different levels of customers through collaboration as the major trend between distribution and travel agency's strategy. However, it is important that locally the airline travel agencies understand these survival strategies in order to remain in business.

The advent of airline travel agencies in Nigeria is as old as airline operation in the country. Among the first generations of travel agencies in Nigeria were West African Shipping Agencies (WASA), Umarco Travels Agency, John Holt Travels, Transcorp, and Mandilas Travels (Diepiriye and Okereke-Onyieke, 1997) which were then restricted to Lagos. However, according to National Association of Nigerian Travel Agencies {NANTA} (2015) there has been an increase in the number of airline travel agencies from less than 5 at inception to about spread across the cities of Nigeria. Just like its counterparts in other parts of the world, air travel agencies in Nigeria have experienced the dynamics of the air travel industry which have ushered in uncertain scenarios that the airline travel agencies in Nigeria are now confronted with. This scenario includes the risk of some agencies going into extinction in spite of their numerous contributions to the development of air transport industry in Nigeria. Furthermore, the severity of the constraints of these dynamics is often not understood. Indeed, some have employed some coping or adaptation strategies in order to survive in business. Moreover, while studies of travel agency sector

elsewhere (Livli, 2008; Ku, Yang and Huang, 2012) have mainly focused on the need for travel agents to adopt strategies and embrace technology that will enable them to cope with the ever changing technological environment, not much has been done in the developing countries like Nigeria with a fast growing air transport industry. It is this gap in research that this paper seeks to fill. This paper therefore examines the adaptation strategies airline travel agencies in Nigeria adopt in a dynamic airline travel industry. This is with a view to examining the severity of the challenges imposed by modern trends of IT and its associated e-commerce as well as the coping strategies adopted by travel agencies.

MATERIALS AND METHODS

The study area is Nigeria. Nigeria lies between latitude $04^{\circ} 01'$ and $13^{\circ} 09'$ and longitude $02^{\circ} 02'E$ to $14^{\circ} 30'E$. Nigeria is bounded in the east by Republic of Cameroon, in the west by the Republic of Benin, in the north by Niger Republic and in the north east by the Republic of Chad and to the south of the country is a vast stretch of the Gulf of Guinea (Figure 1). The country is bounded in the south by about 800km Atlantic Ocean coastline which stretches from the Badagry inlet in the west to the *Rio del Ray* east of the Cross River estuary. It has a land area of about 923,768km². Nigeria's population was put at 140 million as at the 2006 census (Nigeria Population Commission (2009)). This figure comprises of 51.2% males and 48.8% females spread across the 36 states of the federation and Federal Capital Territory (FCT). The population size when projected to 2016 using the exponential method is about 192, 821,537. Nigeria is greatly blessed with three main types of natural resources namely, underground minerals, vegetation and water resources. Nigeria has 21 airports that are categorized as domestic and international airports. Of these airports, four (Murtala Muhammad Airport, Lagos; Nnamdi Azikwe Airport, Abuja; Malam Aminu Kano Airport, Kano and Port Harcourt Airport) are the major international airports. The Murtala Muhammad Airport is the major hub and very busy accounting for about 80% of the total air transportation operation services in Nigeria (Owoputi, 2015).

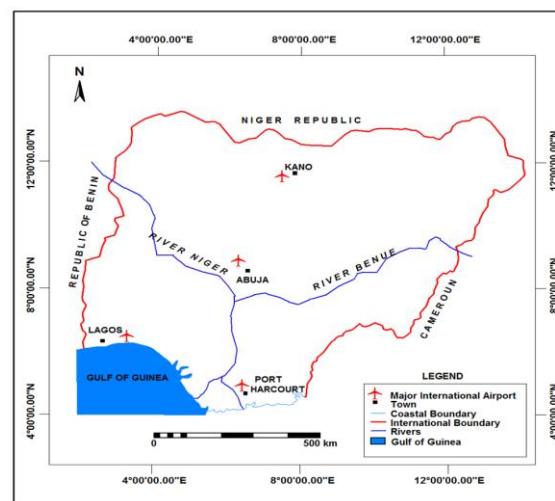


FIG. 1 :LOCATION OF MAJOR INTERNATIONAL AIRPORTS IN NIGERIA
 Source :Adapted and modified from Airport map of Nigeria

Fig 1: Study Area

The data used for this study was obtained through the use of questionnaire survey on IATA registered airline travel agencies in the selected cities as at year 2016. The determination of the sample size follows the table of sample size developed by Krejcie and Morgan (1970), which suggests that a sample size of 215 is required for a population of 526. The study sampled 215 (40.8%) out of the 526 registered airline travel agencies in the selected cities in Nigeria as at 2016. The proportionate distribution of the sample size by sampled cities in Nigeria is shown in Table 1.

Table 1: Sample Size of Travel Agencies and their Representatives

City	Registered Travel Agencies	Number of Sampled Respondents	Percentage of Sampled Respondents
Abuja	70	29	13.5
Kano	77	31	14.4
Port Harcourt	31	13	6.1
Lagos	348	142	66.0
Total	526	215	100

Source: Compiled from IATA, 2016

Multi-stage sampling was used in questionnaire administration. First, purposive sampling technique was used to select the four cities for questionnaire survey. These are Lagos, Abuja, Kano and Port Harcourt. They are the major international airports in Nigeria which approximate the location of over whelming majority of all air travel agencies in the country. The next stage was the systematic sampling technique which involved the alphabetical arrangement of the names of the registered airline travel agencies in the selected cities and the selection of the 2nd airline travel agency until the required sample size for each was obtained. The questionnaire was then administered to the managers of the selected airline travel agencies in during their monthly meetings. The choice of the managers was informed by their responsibility as custodian of records of the respective travel agencies, hence the reliability of the information provided. Both descriptive (frequency tables) and inferential statistics (Principal Component Analysis) were used to analyze the data collected for the study. Data obtained for the study were coded for analysis using Statistical Package for Social Science (SPSS) version 20.

RESULTS AND DISCUSSIONS

As a general rule, air travel agencies locate their offices as close as possible to major airports where the demand for air travel is dominant. They also locate their offices close to airline offices on whose behalf travel agents sells tickets. Indeed, for a travel agency to be licensed to operate in Nigeria by IATA, it must meet certain minimum basic requirements that include registration with corporate affairs commission with a 30 million Naira capital share, a bank guarantee to the tune of 10 million Naira; an office space that is well furnished with computer accessories, telephone and internet connectivity; a working capital and minimum staffing. In practice however, some of agencies employ managers to run the office while some licensed air travel agents operate the agency as owner operator. The managers being the main actors handling the daily operations of the firms provides a vital source of information concerning the operational challenges confronting the agencies and their adaptation strategies.

Socio-Economic Characteristics of the Airline Travel Agency Managers

The socio-economic characteristics if the respondents generally give us an indication of general characteristics of a sampled

population. The socio-economic characteristics considered include; sex, age, marital status, educational qualification and income level as shown in Tables 2. The result reveals that majority of the respondents were males (66.0%) while the remaining 34% were females. This indicates that males are dominant at the managerial level of the operations of airline travel agency firms in Nigeria. This supports the National Bureau of Statistics (NBS) report of 2011 on General Household Survey which states that more males (6.1%) were employed in transportation sector than females (0.1%). However, this result contradicts the findings of Cheng and Cho (2011) which asserted that females were predominant in airline travel agency firms in their study than their male counterpart.

Table 2: Socio-Economic Characteristics of the Respondents

Sex	Frequency	Percentage
Male	142	66.0
Female	73	34.0
Total	215	100.0
Age		
25-29yrs	15	7.0
30-34yrs	70	32.6
35-39yrs	36	16.7
40-44yrs	48	22.3
45-49yrs	4	1.9
50-54yrs	28	13.0
55-59yrs	14	6.5
Total	215	100.0
Marital Status		
Married	192	89.3
Single	13	6.1
Divorced	2	0.9
Separated	6	2.8
Widow/Widower	2	0.9
Total	215	100.0
Educational Level		
NCE	2	1.0
OND	7	3.3
HND/B.Sc.	188	87.4
M.Sc.	18	8.4
Total	215	100.0
Monthly Income		
₦50,000- ₦100,000	90	41.9
₦100,001- ₦150,000	36	16.7
₦150,001- ₦200,000	78	36.3
₦200,001- ₦250,000	3	1.4
₦250,001- ₦300,000	4	1.9
₦300,001- ₦350,000	4	1.9
Total	215	100.0

Source: Field Survey, 2016

The age distribution of the respondents shows that majority (32.6%) of the managers were between the age bracket of 30-34 years, followed by 40-44 years of age bracket with about 22%. This indicates that young people are becoming more involved in the managerial level of airline travel firms. Majority (89.3%) of the managers were married with only 6.1% being singles. The educational status revealed that 87.4% of the respondents possess HND/BSc while only 8.4% have postgraduate qualifications like M.Sc. This result shows that the airline travel agencies' managerial staff does have one form of tertiary education or the other. The implications of this finding are that the managers have the needed academic qualifications required in globalized travel and tourism enterprise that attend to diverse range of customers from different social status, nationality and countries. It also reveals that majority (41.9%) earns between ₦50,001-₦100,000 while 36.3% did earn ₦150,001-₦200,000 as monthly income. This implies that airline travel business pay relatively higher than civil service sector in Nigeria.

Table 3: Managers Length of Service in Travel Agency Business

Duration	Lagos		Kano		Abuja		Port Harcourt		Total	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1-5 years	4	1.9	0	0.0	4	1.9	0	0.0	8	3.7
6-10 years	115	53.5	13	6.0	7	3.3	1	0.5	136	63.3
11-15 years	31	14.4	2	0.9	6	2.8	2	0.9	41	19.1
16-20 years	12	5.6	4	1.9	4	1.9	2	0.9	22	10.2
21-25 years	6	2.8	0	0.0	0	0.0	2	0.9	8	3.7
Total	168	78.1	19	8.8	21	9.8	7	3.3	215	100

Source: Field Survey, 2016

As shown in Table 3, 63.3% of the managers have been in the airline travel agency business for a period of 6-10 years, followed by 19.1% who have been working in the airline travel agency industry for a period 11-15 years. This an indication of high experience level the respondents have in airline travel agency business which invariably might influence their knowledge of the severity of challenges faced, the development and implementation of survival strategies as well as expected results. However, among those that has been in the business for 6-10 years, Lagos (53.5%) and Kano (6.0%) dominated. For those with 21-25 years length of service in the industry, Lagos and Port Harcourt accounted for 2.8% and 0.9% respectively.

Constraints of Airline Travel Agencies in Nigeria

Due to the dynamics of airline travel operations, airline travel firms in Nigeria has had to contend with numerous constraints among which are e-commerce, internet availability, proliferation of global distribution system, commission removal and selling through service charges. Figure 2 shows the severity level of the challenges which airline travel agencies are confronted with. The severity levels were ranked on the basis of very low through moderate severity to very severe challenges.

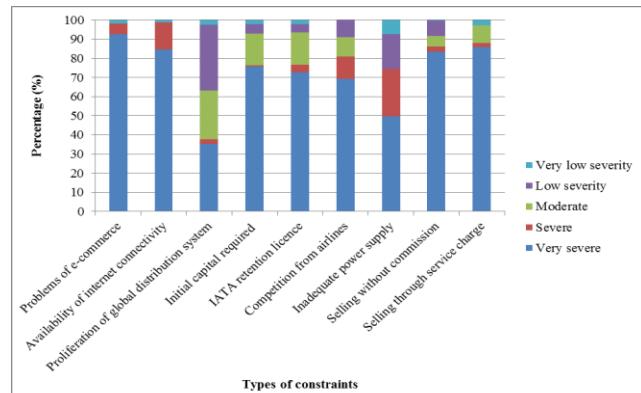


Fig 2: Distribution of the constraints affecting air travel agencies in Nigerian's aviation Industry

Source: Field Survey, 2016

Figure 2 show that e-commerce was the constraint which was ranked very high severity level affecting airline travel agency business in Nigeria. It appears from this result that most airline travel agencies have been contending with the challenges of e-commerce in the travel industry. All these affect their operations in the form of e-booking of tickets and hotel reservations, e-purchase and other e-transactions associated with air travel arrangements. Also the difficulty of selling through service charges, selling without commission especially with the advent of commission removal, as well as availability of internet connectivity were all ranked very severe constraints by the respondents. This is expected given the assertion of Abou-shouk, Lim and Megick (2012) that the travel and tourism industry have become the single largest category of products/services sold over the internet hence, the development of the internet as a marketing channel for tourism products and services which have grossly affected retail travel agencies as Small and Medium size Enterprises. Furthermore, it is pertinent to note that e-commerce cannot be effectively practiced without reliable internet connectivity. Indeed, the reliability of internet connectivity can be measured by the level of access to and costs of the internet service. However, the result indicates that inadequate power supply was ranked very low severity given that airline travel agencies in Nigeria provide alternative sources of electricity like generators and inverters. Nevertheless, on the long run this is expected to increase the cost of the business operations which the operators might recoup through service charges.

Adaptation Strategies of Airline Travel Agencies

The literature is replete with survival strategies often adopted by airline travel agencies globally. They include consolidation, product diversification, niche markets, value adding services, increased adoption of new technology and restructuring of their traditional business model especially through service charge (Cheung and Lam, 2009; Ku, Yang and Huang, 2012). In this paper however, the survival strategies considered are trade promotion and exhibition (X_1), educational tours (X_2), handling seasonal pilgrimages (X_3), sports promotion trips (X_4), continuous staff training and retraining (X_5), strategic advertisement (X_6), web creation and promotion (X_7), partnership operations (X_8), destination visitation for marketing (X_9), consolidation (X_{10}), creating a niche (X_{11}), sales of airtime (X_{12}), charging of management fees (X_{13}) and charging of transaction fees (X_{14}).

The relationship between the survival strategies was determined as a precondition for principal component analysis (PCA) and shown in Table 4. According to Tabachnick and Fidell, (2001) if there are few correlations above 0.30 it is inappropriate using PCA which clearly is not an issue with our correlation coefficient result. Reliability test using KMO and Bartlett's Test of sampling adequacy was carried out to determine the strength of the correlated variables to allow for the PCA. The approximate Chi-square is 2214.55 with 91 degrees of freedom, which is significant at 0.05 Level of significance and KMO statistic of 0.59 approximately .60, hence the appropriateness of PCA for the data.

X ₁	X ₂	X ₃	X ₄	X ₅	X ₆	X ₇	X ₈	X ₉	X ₁₀	X ₁₁	X ₁₂	X ₁₃	X ₁₄	
X ₁	1.000													
X ₂	.417	1.000												
X ₃	-.299	.065	1.000											
X ₄	.115	.251	.373	1.000										
X ₅	.379	.318	-.196	.229	1.000									
X ₆	.281	.054	-.244	-.271	.407	1.000								
X ₇	-.119	.208	.160	.111	.154	.293	1.000							
X ₈	.086	.007	.263	.135	.231	.430	.341	1.000						
X ₉	.169	-.151	-.016	.011	-.141	.127	.257	.600	1.000					
X ₁₀	.528	-.087	-.211	-.370	-.017	.327	-.131	.241	.454	1.000				
X ₁₁	-.112	-.045	-.045	-.058	.016	.173	.247	.025	.033	-.122	1.000			
X ₁₂	.100	.403	-.237	.307	.402	.100	.345	.028	-.119	-.442	.190	1.000		
X ₁₃	.139	.316	.142	.517	.425	.142	.374	.384	.094	-.353	.000	.694	1.000	
X ₁₄	.112	.288	.115	.510	.406	.135	.380	.382	.101	-.354	-.010	.685	.989	1.000

Kaiser-Meyer-Olkin Measure of Sampling Adequacy 0.591

Bartlett's Test of Sphericity Approximate Chi square =

2214.55, df = 91, Sig. = 0.001

Source: Field Survey, 2016

Table 4 shows that the strongest positive correlation exist between the charging of management and transaction fees, $r = 0.989$, $p < 0.001$ as well as sales of airtime and management fees ($r = 0.694$, $p < 0.001$). The positive relationship between charging of transaction fees and management fees as strategies of the airline travel agencies is expected given that the nature of services offered by the airline travel agencies determines its charges for services rendered. Moreover service fees has become one of the ways to compensate for the loss of airline commission as well as generate new revenue sources for travel agencies that guarantee their long-term profitability. Similarly, a strong positive relationship ($r = 0.600$, $p < 0.001$) was found between partnership operations and destination visitation for effective marketing. The variance of the extracted components from the principal component analysis on airline travel agency survival strategy is shown in Table 5.

Table 5: Total Variance Explained by Survival Strategy of Airline Travel Agencies

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.922	28.014	28.014	3.788	27.056	27.056
2	2.505	17.894	45.909	2.284	16.313	43.369
3	1.902	13.587	59.496	2.140	15.288	58.658
4	1.504	10.745	70.241	1.622	11.584	70.241
5	.958	6.842	77.083			
6	.882	6.299	83.382			
7	.737	5.263	88.645			
8	.468	3.345	91.990			
9	.376	2.685	94.675			
10	.290	2.074	96.750			
11	.177	1.263	98.012			
12	.141	1.005	99.017			
13	.129	.922	99.939			
14	.008	.061	100.000			

Extraction Method: Principal Component Analysis.

Source: Author's Computation, 2016

As shown in Table 5, the variances of the extracted components indicates that 70.2% of the total variance accounted for by the PCA shows four components with eigenvalues greater than 1. The results in Table 5 shows that component one has an eigenvalue of 3.9 accounting for 28.0% of the total variance explained with component two having an eigenvalue of 2.5 representing 17.9%, whereas eigenvalues of 1.9 and 1.5 accounted for component three and four respectively. The significance of these component loadings provides a clear explanation of the key survival strategies of airline travel agencies that have been reduced to four major classes with eigenvalues greater than 1. Figure 3 shows a scree plot depicting the component loadings to identify the manner in which the explained variation is distributed.

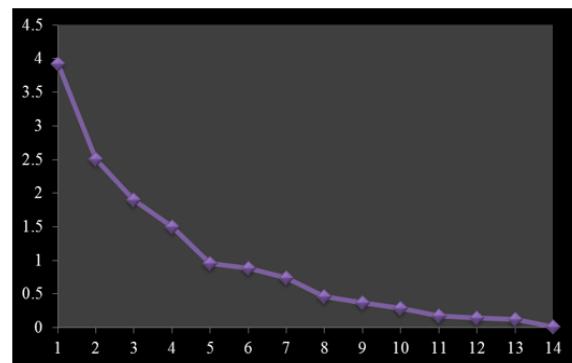


Fig 3: Distribution of Components Loadings

Source: Field Survey, 2016

This plot demonstrates the distribution of the variance among the components graphically. The 'elbow' shape of the curve shows that higher order components contribute a decreasing amount of additional variance with a marked decrease after the fourth component. This implies that the airline travel agencies adaptation strategies can be explained by the first four components. Table 6 shows the dominant loading for each of the components using Varimax with Kaiser Normalization.

Table 6: Rotated Component Matrixa of the Airline Travel Agencies Survival Strategies

Strategy	Component			
	1	2	3	4
Management fees	.897*	.213	-.126	.108
Transaction fees	.883*	.214	-.131	.124
Recharge card sales	.800*	-.192	.173	.300
Sports promotion trips	.624*	.031	-.486	-.240
Staff training and retraining	.609*	.034	.458	-.080
Educational tours	.578*	-.115	.167	-.284
Partnership operations	.232	.868*	-.039	.078
Destination visitation	-.099	.825*	-.007	-.029
Consolidation	-.418	.522*	.485	-.425
Handling seasonal pilgrimages	.063	.245	-.759*	-.038
Strategic advertisement	.125	.425	.657*	.243
Niche	.001	.009	.187	.668*
Trade promotion and exhibition	.275	.185	.569	-.618*
Web creation and promotion	.368	.399	-.012	.532

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Source: Author's Computation, 2016

Table 6 shows the rotated component matrix loading of the adaptation strategies by the airline travel agencies. Component 1 has significant loadings on 6 variables, namely management fees,

transaction fees, recharge card sales, sport promotion trips, staff training/retraining and education tours. This component is termed "business diversification". Management fee represents a fixed amount added on top the invoice based on different criteria. It also implies the agreed amount of money charged by the travel agency for a specific period of time. Transaction fee on the other hand is the agreed amount of money charged by the travel agency for each transaction. This agrees with Rowe and Cooper (2007 cited in Kamau, 2015) as well as Ashton (2009) that the airline travel agencies have also diversified their products such as selling more cruises, tour packages and emphasis on leisure travel due to the commission cuts and caps by airlines hence, a change in their revenue model. Component 2 has significant loadings on 3 variables, namely partnership operations, destination visitation for the purpose of effective marketing and consolidation. Component 2 is called "partnership and merge operations". This Component corroborates the view of Lubbe (2005) on consolidation of travel companies through mergers, acquisition, franchising and formation of consortiums. Similarly, the result agrees with the finding of Buhalis and Costa (2006) that in 2004 a number of mergers and acquisition took place to consolidate on-line players which among them were Expedia, Travelocity, Priceline, Lastminute, Ebookers and Orbitz. Component 3 has significant loadings on 2 variables, namely handling seasonal pilgrimages and strategic advertisement. This component is termed "marketing". Component 4 has significant loadings on niche and trade promotion/exhibitions. This component is termed "Innovation and specialization". This indicates that for airline travel agencies to survive in business, the customers expect more than just a sales person but a travel expert, someone who is able to provide valuable information on airlines flight schedule.

Policy Implications

The development of information technology and the internet is growing very fast and is viewed widely as a key driving force to the increase in the dynamics of airline travel business across the globe and Nigeria in particular. The operators of the airline travel agency business in Nigeria have put up strategies geared towards surviving the constraints associated with the dynamics of the information technology. With this advancement, most operators have taken the chance to modernize their operations and services. This indicates the urgent need for modernization of the airline travel agency business in Nigeria by all operators. The fact that growth in the use of internet and e-commerce has made significant impact on travel agencies, it presents an opportunity for the development of airline travel business. It is believed also that the benefit from taking a value-added perspective, adopting some e-commerce strategies and tools, diversifying across markets, and networking among customers and suppliers will mitigate the negative effects especially on brick-and-mortar airline travel agencies. This will perhaps assist the operators to remain competitive in the changing travel industry.

The sole reliance of the surveyed airline travel agencies to business diversification via the fees for services business model, partnerships and mergers as well as aggressive marketing adaptation strategies are to ensure that they stay afloat and have a step ahead of their competitors. These strategies essentially help the travel agencies to increase their revenue base. It also helps to increase customer loyalty and satisfaction which are preconditions for subsequent patronage of the travel agencies.

Conclusion

The importance of the airline travel agencies within the overall air transport industry cannot be over emphasized in any society. It is obvious that this study has established the severity of the challenges that air travel agencies are confronted with. In order to circumvent these challenges, travel agencies in Nigeria have adopted several adaptation strategies so that they remain in business and have an edge over their competitors. The paper therefore suggests that travel agencies need to intensify diversification of the business operations, carry out merging or partnership arrangements, innovation of the products offered as well as embarking on rigorous marketing to enlarge the customer base of the agencies in Nigeria. These coping strategies if relied upon will enhance the survival rate of air travel agencies in the face of technological advancement and e-commerce which is partly responsible for airline commission cut in the aviation industry.

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