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## Barriers and Facilitators of Degree of Digital Use and Brand Engagement in B2B Travel Services

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### Abstract

The purpose of the study was to identify determinant factors as barriers or facilitators of the Degree of Digital Use and Brand Engagement and to explore the moderating effects of Firm Size in retail travel agency-online travel supplier relationships. The study employed qualitative grounded theory (Glaser and Strauss 1967) to develop theoretical constructs inductively. The paper used a multi-theoretical perspective to develop the conceptual model and research hypotheses. The study contributed to the understanding of B2B Digital Usages, particularly for supplier- intermediary relationships. The study enhances the knowledge of Customer-Brand Engagement (CBE) in the Digital and B2B context.

**Keywords:** B2B Travel Services, Degree of Digital Use, Customer-Brand Engagement, Qualitative Grounded Theory, Multi-theoretical perspective

### 1. Introduction

Customer-Brand Engagement (CBE) is fundamental to the customer-brand relationship in the digital context (Brodie et al. 2011, 2013). Past studies have established that higher levels of Digital Use and Brand Engagement result in conducive situations for the attainment of superior firm performance in terms of sales growth, efficiency, brand relationship, and brand loyalty. Yet research on determinant factors of Digital Use and Brand Engagement in a digital B2B context is missing.

Competition in Travel Services Distribution in India has intensified due to the advent of Digital. Online Travel Agencies are building partnerships with offline retail travel agencies for driving digital usages and engagements. Makemytrip.com has created a Travel Agent network across 450+ cities. Yatra.com has partnered with 120 Reliance World outlets. (Source: Red Seer Consulting, 2010, redseerconsulting.com). IRCTC has over two lacs offline agents' networks across the country. (IRCTC at IMAI Conference, 2014). Retail travel agencies, on the other hand, are seeking re-intermediation through digital adoption and usages. Yet as of 2014, less than 7% of Total Digital Travel Sales are accounted for by Retail Travel Agencies.

The study identified two research gaps and objectives.

*Research Gap 1:* Very few studies about the categorization of Barriers and Facilitators of Digital Usages in the B2B travel services context. (Thao & Swierczek, 2008; Shouk et al. 2012).

*Research Objective 1:* Identify the determinant factors that are Barriers and Facilitators of the Degree of Digital Use & Brand Engagement in Retail Travel Agency – Online Travel Supplier relationship.

*Research Gap 2:* There is a minimal exploration of the influence of Firm size on the Degree of Digital Use & Brand Engagement development process in B2B travel services (Bigne et al., 2008; Brown & Kaewkitipong, 2009).

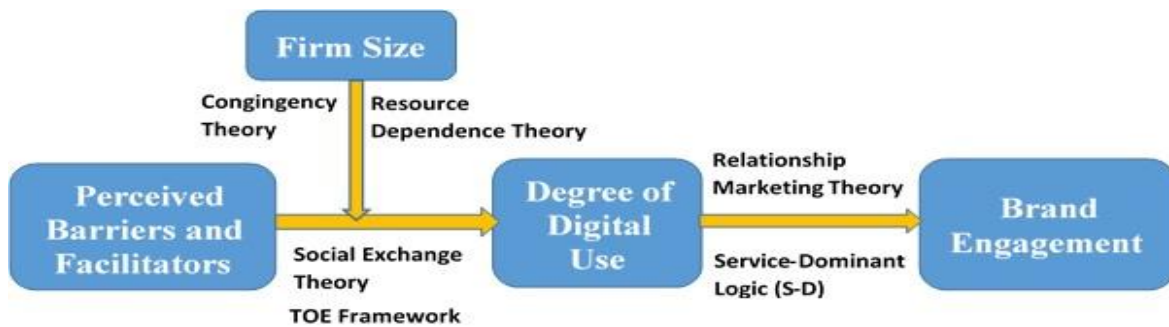
*Research Objective 2:* Understand the role of Firm Size in the influence of Barriers & Facilitators on Degree of Digital Use & Brand Engagement in Retail Travel Agency – Online Travel Supplier relationship.

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## 2. Literature Review & Hypotheses

### 2.1. Proposed Theoretical Framework



The study integrated diverse literature and multiple theories to develop a B2B Digital Usages Framework.

Social Exchange Theory (George Homans, 1958; Blau, 1964 and Emerson, 1976) proposes that the relationships one choose to develop and maintain are the ones that maximizes our benefits (Facilitators) and minimises our costs (Barriers). TOE Framework (Tornatzky and Fleischer, 1990) states that technological, organizational, and environmental factors impacts IT adoption & usages in organizations. The contingency theory (Blanton, Watson, & Moody, 1992) states that organizations tends to design their organizational characteristics in a way that it can handle uncertainties due to contingencies. Contingency variables moderates the impact of organisational attributes on outcomes. Resource Dependence theory (Pfeffer and Salancik 2003) suggests that organizations drives to control the resources critical to them through management of environmental factors. Customer-Brand Relationship Marketing Theory (Fournier, 1998, 2009, 2012) suggests that brand relationships are considered functional as they concentrate mostly on extracting greater exchange value for the brand. Service-Dominant logic (Vargo and Lusch, 2004) views service, rather than goods, as the focus of economic and social exchange, and value is always uniquely and phenomenologically determined by the customer.

### 2.2. Degree of Digital Use and Brand Engagement

There is a limited study linking Brand Usage and Brand Engagement. (De Vries and Carlson, 2014; Dijkmans et al., 2015; Dwivedi 2015). Consumer-Brand Engagement is a consumer's positively valenced cognitive, emotional, and behavioral brand-related activity during, or related to, specific consumer/brand interactions (Hollebeek, 2014).

**H1** : Degree of Digital Use has a positive and significant impact on Brand Engagement of the retail travel agency.

### 2.3. Barriers and Facilitators of B2B Degree of Digital Use

The studies of determinant factors of digital usages in a B2B context is limited, particularly in the supplier-intermediary relationship, and for services such as travel services (Bigne et al., 2008; Andreu et al., 2010; Thao & Swierczek, 2008; Shouk et al., 2012).

**H2 (a-f)** : Perceived Facilitators (a) Perceived Relative Advantage (b) Perceived Compatibility (c) Perceived Cost (d) Supplier Pressure (e) Customer Pressure (f) Industry Pressure, has a positive influence on the Degree of Digital Use of the retail travel agency.

**H3 (a-e)** : Perceived Barriers (a) IT Infrastructure Problem (b) Perceived Security Risk (c) Lack of Critical Mass (d) Lack of Service Support (e) Lack of Offer Flexibility, has a negative influence on the Degree of Digital Use of the retail travel agency.

### 2.4. Mediator: Degree of Digital Use

The study conceptualizes Digital Usages as the Degree of Digital Use. Degree of Digital Use measures the breadth of digital use for different value chain activities and the depth of digital use for each activity (Modified from Hart and Saunders 1998, Fichman 2000). Studies on Antecedent & Consequent Factors of Digital Usages in the same B2B context are few. (Bigne et al., 2008; Wu et al., 2007; Wu et al., 2003; Andreu et al., 2010; Thao & Swierczek, 2008; Zhu and Kraemer 2005).

**H4 (a-f)** : Degree of Digital Use mediates the positive effect of Perceived Facilitators on Brand Engagement of the Retail Travel Agency.

**H5 (a-e)** : Degree of Digital Use mediates the negative effect of Perceived Barriers on Brand Engagement of the Retail Travel Agency.

### **2.5. Moderator: Buyer Firm Size**

Past studies established the direct effects of Buyer Firm Size, this study explains that the impact of Barriers and Facilitators of digital usages on the Degree of Digital Use and Brand Engagement is better evaluated as interactive effects of contingency variable Buyer Firm Size. The study suggests that larger organizations are likely to have surplus resources, skills, experience to manage uncertainty and risk. Relatively smaller organizations usually have limited resources and cannot deploy additional resources to manage uncertainty and risk.

**H6 (a)** : When Firm size is large, the positive effect of the perceived facilitators on Degree of Digital Use of the Retail Travel Agency strengthens.

**H6 (b)** : When Firm size is large, the negative effect of the perceived barriers on Degree of Digital Use of the Retail Travel Agency weakens.

**H6 (c)** : When Firm Size is small, the positive effect of the perceived facilitators on Degree of Digital Use of the Retail Travel Agency weakens.

**H6 (d)** : When Firm Size is small, the negative effect of the perceived barriers on Degree of Digital Use of the Retail Travel Agency strengthens.

## **3. Research Methodology**

### **3.1. Method**

The paper employed the concept of the inductive method of theory development. As per the grounded theory approach (Glaser and Strauss 1967), the qualitative research data analysis develops theoretical constructs that help in building theory inductively.

### **3.2. Study participants and procedure**

To understand the problem of the low digital usage of retail travel agencies, we conducted field research in Tier I cities in India. Thirty MSME Retail Travel Agency Owners/ CEO (Key Informant) were subjected to in-person depth interviews using a semi-structured questionnaire. (Table 1) The sample members consist of Retail Travel Agencies offering multiple travel services with experience of both offline and online services for a period of a minimum of two years. The qualitative statement's language refined, coded, clustered, and themes developed using the Vivo 12 software tool.

The research is limited to Tier 1 cities, and MSME Travel Agencies segment only as 90% Travel Agencies in India are MSMEs, No of employees  $\leq 250$  is 95% and more than 56% Travel Agencies are in tier-I cities only. (Source: Fundoodata.com, March 2019).

Subsequently, a literature review of empirical research papers helped identify determinant factors of the Degree of Digital Use and Brand Engagement in B2B Travel Services, develop factor definitions, and its operationalization.

**Table 1: Retail travel agency profile**

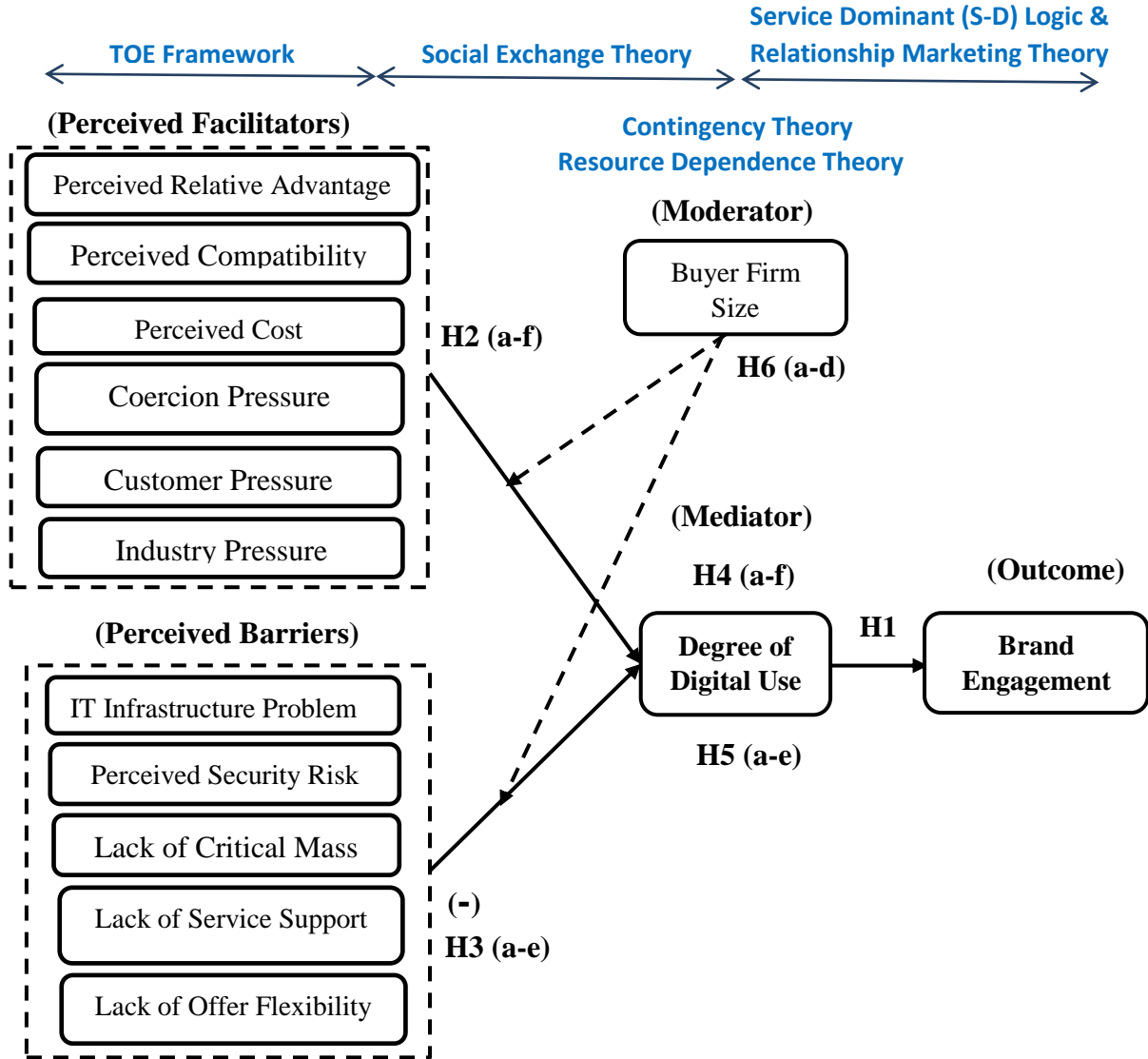
Category	Investment in Equipment as per MSME Definition in India (2006)	No. of Travel Agency
Micro-Enterprise	Less than 10 Lacs	6
Small-Enterprise	10 Lacs to less than 2 Crores	12
Medium-Enterprise	2 Crores to less than 5 Crores	12
	<b>TOTAL</b>	<b>30</b>

## 4. Conclusion

### 4.1. Conceptual Model

The study uses a multi-theoretical perspective to develop a conceptual model (Figure 1).

Figure 1: Conceptual Model, Hypotheses and Theoretical Support



### 4.2. The stud Findings & Discussions

The study identified five barriers and six facilitators as Technological, Environmental, and Inter-organizational factors that influence the Degree of Digital Use and Brand Engagement. The study identified two Inter-organizational factors Lack of Offer Flexibility and Lack of Service Support as barriers in Indian context not stated in B2B Travel Services literature. Few studies have identified Inter-organizational factors - Perceived Trust (Sila, 2013) and Relationship Intensity (Bigne et al., 2008) as a facilitator. The Retail Travel Agency identified Perceive Cost, as initial investment and operating costs as lower for digital usages, as a facilitator. This finding is in contrast to the literature on travel services, which defines Cost as Technology Cost considers it as a barrier (Shouk et al. 2012).

Retail travel agencies did not identify Internal factors such as (a) Individual factors - Owner-Manager Experience (Raymond, 2001); Owner-Manager Knowledge (Raymond, 2001), Owner-Manager Support (Shouk et al., 2012); and (b) Organisational factors –Organisational Culture (Huang, 2006), Organisational IT weaknesses (Thao and Swierczek, 2008) as a determinant factors either as a Barrier or Facilitator for digital usage. The possible reason is, retail travel agencies in India are largely MSMEs, who expects support

from external sources such as travel suppliers and IT vendors and do not consider it as an internal factor. Further, external factors have more significant influences on digital usages and internal factors for digital adoption. (Wu and Lee, 2005).

The study established that digital usages in online travel supplier- retail travel intermediary relationships are limited mainly to lower-level Supplier Digital communications (e.g., email, e-information), with minimal usage of higher-level Supplier Digital Transactions (e.g., e-booking, e-payments).

#### **4.3. Contributions**

The study contributed to the understanding of the domain of B2B digital usages, particularly in supplier-intermediary relationships and for segment MSMEs in developing countries. The study enhances the knowledge of Customer-Brand Engagement (CBE) in the Digital and B2B context. Practitioners and policymakers will be able to identify key barriers and facilitators of B2B digital usages in the Indian context, which is distinct from digital adoption. The study guides the offline Retail Travel Agencies for re-intermediation by building a direct partnership with Online Travel Suppliers. The study will also help managers in developing Online Brand Engagement strategies.

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