

# Entry Strategies and the Potential of International Travel Market: Perceptions and Practices of Macedonian Travel Agencies

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## Abstract

Having in mind that the tourism industry has been seen as highly complex and competitive, which is driven also by the rapid change in technology, the paper examines the perceptions and practices of Macedonian travel agencies that have intentions to boost their international exposure and find new strategies to perform. Data were collected from 96 employees' responses to identify external macro and competitive environment factors as well as to further investigate of the patterns and perceptions regarding their international strategy practices. Two considerations are taken into the discussion. What travel agencies might do in view of changes in the global environment and in view of its abilities and what entry mode is most suitable. Hence, the findings from the paper support the notion for greater internationalization and for encouraging travel agencies to establish new strategic alliances. Also, it can provide relevant and useful information for the policy makers which can be used for improving the overall tourism country internationalization efforts.

## Keywords

market agencies, entry strategies, tourism sector, internationalization

**JEL classification: L17, L21, L22**

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## Introduction

Nowadays all tourism businesses are trying to follow the changes in the business environment because of the economic globalization and the rapid technologies. When globalization started, it was assumed that tourism businesses were urged to create the capability to act and focus themselves not only on the local market, but also to find new opportunities on the global stage. They needed to regard the world as their wide working environment, trying to develop global strategies to gain a market position (Knowles, Diamantis, & El-Mourhabi, 2001).

As indicated in the 2019 World Tourism Organization's Report, international tourism has been increasing over the years (WTTC, 2020). It was also stated that "*driven by a relatively strong global economy, a growing middle class in emerging economies, technological advances, new business models, affordable travel costs and visa facilitation, international tourist arrivals grew 5% in 2018 to reach the 1.4 billion marks*" (Knowles, Diamantis, & El-Mourhabi, 2001). These results have reached the World Tourism Organization (UNWTO) predictions for the two years ahead. Certainly Covid -19 has slowed down the growth, but revenue is expected to show an annual growth rate of 8.46% by 2026.

Getting an understanding of the target markets is seen as one of the key factors for achieving a good performance. Despite many studies and increasing interest in the international dimension of the tourism industry, little work has been done to give focus to smaller entities, such as travel agencies. To better understand their nature, they are businesses that operate by selling tourism and travel related services on the behalf of different travel suppliers. As Buhalis and Laws (2001, p. 13) state, "*Travel agencies are one of the most important elements of the tourism distribution channel*". But those have almost not been able to survive alone and therefore their percentage is decreasing from year to year. On the contrary, the number of vertical integrated, franchise and network travel agencies is gradually increasing, highlighting the need for a "big brother" within the tourism industry. In addition, network development possibilities are largely becoming no longer sufficient in national markets. Therefore, an international expansion offers a good alternative for networks of travel agencies, as a source for new co-operators, but also as a promising opportunity for a greater competitiveness and increased sales revenues.

The paper focuses on the internationalization perceptions and perspectives of the travel agencies in North Macedonia, which becomes an emerging market destination for more worldwide countries. As indicated in the 2019 annual research of WTTC (WTTC, 2019), the direct contribution of Macedonian tourism and travel industry in 2018 is reflected by 10.4 % into the country's gross domestic product (GDP). The total contribution of the Macedonian tourism and travel sector to the country's GDP amounted to 6.6% of GDP in 2017. In 2028, the sector's direct contribution to Macedonia's GDP is projected at 1.9 per cent, and its total contribution at 7.6 percent of GDP. In addition to the WTCF ranking in terms of total tourism and travel sector GDP contribution, in 2017 North Macedonia was placed 139th out of 185 countries in the world. In 2015, the Travel & Tourism Competitiveness Index has ranked North Macedonia on 82nd out of 141 countries with a score 3.5, then in 2017 with the same score 3.5, but on 89th out of 136 countries and in 2019 on 101st out of 140 countries with score 3.4 (World Economic Forum, 2019).

Macedonian tourism and travel sector directly supported 6.6% of the total employment or 49.700 jobs in 2018 and in 2029 it's expected to be increased by 57.600 jobs, according to WTTC (2019). North Macedonia is situated on the Balkan Peninsula sharing its northeast border with Serbia, on the northwest with Kosovo, east border with Bulgaria, south border with Greece and the west border with Albania. It has 2.073 million inhabitants and has a population density of 80.1 people per km<sup>2</sup>. The country lies on the territory of 25.713 km<sup>2</sup> or 9.928 square mi. The capital city is Skopje, and the official language Macedonian.

## Theoretical basis

### Motives

Discussing the motives for internationalization, according to Johansson (2006) one company wants to enter a foreign market to “*take advantage of market potential by expanding there and to learn from customers and competitors in a leading market*”. In this perspective various steps such as why, where, how, and when enter a new market need to be taken into consideration. Czinkota (2013) introduces the concept of proactive and reactive motivations and throughout these motives he explains the reason for going abroad. He argues that the companies, which are willing to go internationally, are proactive and motivated, because they are launching new strategies within the company in consideration of gaining business opportunities or market advantage. On the contrary, the other companies are expanding internationally, because of this action, which needs to be achieved. Therefore, they can quickly respond to the changes and challenges faced by the world.

One of the main driving forces and inspired the travel firms to enter a foreign market is the profit or making extra sales income. Another opportunity is the technological advantage or offering innovative products can gain competitive advantage for the company, which also would increase more sales and achieve profitability on an international level. Exclusive market information is another important proactive reason, where the company needs to make solid analysis and obtain sufficient knowledge about the customer behaviour and the current market situation of the host country. Companies can get this information from host research agencies, country reports, institutional sources, and results from other companies.

Competitiveness is one of the reactive motives that companies are using frequently when entering a new market. The problem of overproduction and the problems with the declining domestic sales and/or saturated market can count as well. Acting in a small market with limited potential interest or incapable of reaching economies of scale are reactive motivations.

A study done by Zekiri (2016) analyses the motives and factors of 44 foreign companies that have already entered North Macedonia. The results showed that motivational factors were mainly internal, such as: knowledge and experience, competitiveness, business networks, opportunities, and the character of the industry. Beside these factors, the size of the company, as well as the business climate of the host country are also important.

## Entry modes

The entry mode choice of a firm is determined by the potential costs and benefits of many factors, such as international experience, transaction cost and business environment (Sharma & Erramilli, 2004). There are certain factors for choosing the best entry mode to operate in a foreign market. These influencing factors include internal and external factors, characteristics of the desired mode, and transaction specific behavior (Hollensen, 2007). In addition, the decision on entry mode is the most critical aspect of the firm's strategy, impacting the international market's business efficiency (Brouthers & Hennart, 2007). Companies may attain a favorable position on the international markets by selecting correct entry modes and in case of travel agencies the most preferred mode are the strategic alliances (Ekeledo & Sivakumar, 2004). Thus, different possibilities of strategic alliances exist but regarding travel agencies, the most relevant are joint ventures, franchising, and networks. (Johnson, Scholes, & Whittingt, 2008). Additionally, three important factors that affect the decision of strategic alliance are the speed of market change, the management of resources and capabilities, and the particular expectations of the partners. Regarding all these development possibilities, Ernst and Halevy (2020) state that simple and flexible strategic alliances are preferred and advised over acquisitions, mergers and even joint ventures: in dynamic, volatile and uncertain industries; and to develop new businesses, enter new global markets and access new distribution channels.

In a study made by Gunnarsson (2011) which was conducted to gain better understanding of selections of entry modes from a service businesses perspective, it was concluded that when a firm goes into new markets the most common type of entry is through establishing contacts, relations, and partnerships, which is some sort of strategic alliance like joint venture, licensing or contracting. It was also shown that it is important to use agents that have good knowledge about that market, which later can help with knowledge on how to behave and go forward in marketing efforts.

## Factors

There are two main factors that affect the choice of entry mode: internal refers to the micro-environment of the company and external which considers the macro-environment, or external side of the company. In this paper, we use the Industrial Model as our most relevant theoretical concept derived to support the empirical research. The first stage before to enter new market is to explore the external factors coming from the macro and industrial environment and investigate whether it is favorable and has a potential for above-average returns. External factors or so-called environmental factors are going beyond the company's direct control), for instance it has little or no control under the macro-environment factors (Luostarinen, 1970).

One of the most used frameworks for analyzing the macro-environment of a foreign market is PESTLE analysis. It is observing different factors like P for Political, E for Economic, S for Social, T for Technological, L for Legal and E for Environmental factor. Analyzing the macro-environment of a foreign market, helps in guiding the firm in decision making (Pîndiche, 2013). According to

Johanson and Wiedersheim-Paul (1975), also the size of the market is a crucial factor in decisions for internationalization.

Political factors are determinants of the government influence into the country's economy and impact directly on the tourism industry. These factors include government policy which directly or indirectly affects the economy, subsidizing firms, availability of infrastructure and other political decisions (Gillespie, 2007). Whenever the government is changing in the country, it impacts the industry. Therefore, political stability is always good for the tourism industry. Having open borders and/or not requiring a visa to travel is boosting tourism in the country and allows a tourist-friendly atmosphere as well.

The economic situation is an important factor affecting the state of the tourism industry. Economic factors are significant for the companies for understanding of economic developments and how they impinge on the entry strategy (Doole & Lowe, 2008). While the global economy continues to expand and income levels are rising, the customers can afford leisure activities. Share economies as a new economic model is seen as customer-friendly and provide the tourism more accessible for the tourists.

Language, religion, aesthetics, values and attributes, social organization, demography, standard of living, socioeconomic class, are characterizing the country's social and cultural factors (Doole & Lowe, 2008). Culture distance represents the variations in normative belief systems between the home and host countries. It can be an entry barrier that can play a significant role in explaining the choice of entry mode, as well can have an important impact on a company's success (Blees et al., 2003). The different behaviors, habits, and ways of acting that can contribute to barriers. To resolve this, the foreign company must adapt to the local culture to be able to compete, but it can be difficult since domestic companies still have the upper hand (Blees et al, 2003).

Customer behavior is also connected to cultural distance, and it is crucial for developing awareness of consumer behavior in the foreign countries. The knowledge of the service's expectations and understanding its usefulness need to be identified. For example, social media has become a trend for the new generation. While tourism was considered mostly as a type of bonding experience, now it is a way of expressing buying power through social media. However, this factor is boosting the tourism industry and making people aware of other cultures, so that people are willing to visit new places and make new cultural experiences. Any changes in social trends can have a significant impact on a company's product demand (Gillespie, 2007).

The technological factors like the use of the internet, technological systems, mobiles, and technology in all aspects are the driving characteristics for the tourism industry. Because of the modern and enhanced modes of transport systems the sector has undergone a significant improvement in recent times. There are more hotels and airlines trying to serve their customers better service through information technology. Furthermore, technology has facilitated connectivity and knowledge sharing, bridging the distance between different sections, which brings many visitors to invest more time on finding the best offers. Mobile technology has boosted tourism growth by enabling mobile bookings, check-ins, communications, etc.

Legal factors have internal as well as external influence and they are very complex in the tourism industry. Although legal factors may sometimes overlap with the political factors, these factors are more specific, public safety and labor laws are influencing tourism. Companies are not just bound by the laws of its home country but also by those of its host country and by the growing body of international law (Doole & Lowe, 2008).

Environmental factors are very considered also and most recently, because of the world climate and environment changes. These factors are more connected to the ecological aspects, for instance, weather and climate changes, geographical location, and environmental offsets. Since tourism is seasonal, this affects the demand and supply of tourism in various areas. When the number of visitors worldwide rises, authorities are forced to take strict measures to limit the levels of pollution caused by people visiting tourist spots. Greener and cleaner cities attract more tourists.

## Methodology

The primary data was collected from a survey with 96 employees from the travel agencies in North Macedonia and doing the observation closely linked to research questions. The questionnaire was designed mainly with structured questions due to cost and time saving as well as enabling better examination as they are in immediately usable form, and few unstructured questions. It consisted of several parts: from the first part were collected demographic characteristics and company profile of the travel agencies, the second part was focusing on the external factors to measure the macro and competitive environment of the host country and the last part was investigating the practices and perspectives of the Macedonian travel service companies. The survey was bilingual on Macedonian and English language, and it was conducted online from April to May 2020. It was sent either to owners/managers or employees within the companies, by using the list of contact details for travel agencies and tour operators from the official website of the Ministry of Economy. The data was analysed through descriptive statistics and with the Statistical Package for Social Sciences (SPSS) software.

## Results

### Demographic data

From a total of 96 respondents, 61.5 % (N=59) were female, while 38.5% (N=37) were male. Most of the respondents from the survey were 30 – 39 years old 44.8% (N=43) and most of the respondents 37.5% (N=36) were sales agents. On the other hand, the number of employees within the travel agency has shown that the majority of the travel agencies 25% (N=24) have 4 employees and most of them were launched in 2000, 2011 or 2014, 8.3% (N=8). Moreover, 69.8% (N=67) of the participants stated that their agency has A License for working and 69.8% (N=67) of the travel agencies are not members of any travel agency organizations or network.

The first part of the survey is providing information about the perceptions towards the impact of PESTLE factors. Ten statements were measured on the fifth-point Likert type scale from 1 very small impact to 5 very big impact.

On the first statement 33.3% respondents think that “The political processes in the country have a positive impact on the work of travel agencies.” has medium impact, where the mean is 2.89 and standard deviation of 1.255. On the other hand, 27.1% of them think that “When the government is changed there is political instability and customers feel insecure to travel.” have very small impact, where the mean is 2.67 and std. deviation is 1.374. However, 47.9% of them think that “The economic situation in the country is favourable for expanding the service portfolio and creating partnerships with companies from abroad.” has medium impact,  $M=2.83$  and  $SD=1.033$ . Still the difference between the medium (28.1%) and big impact (29.2%) is very small on the statement “The consumer standard allows frequent travel”, where  $M=3.28$  and  $SD=1.185$ . Additionally, the situation is almost the same on the next statement “The customers trend to travel to exotic places and explore other cultures.” where the medium impact is 28.1% and the results for the big impact are 31.3%,  $M=3.24$  and  $SD=1.194$ . Highly 39.6% believe that “The trend for new travel and booking models (such as Airbnb, Uber, Booking, and Online booking) is growing”,  $M=3.84$ , while  $SD=1.276$ . Furthermore, 34.4% answerer expect that “The country's ICT infrastructure (information and telecommunications technology) encourages business development.” has big impact  $M=3.50$  and  $SD=1.196$ . On the other hand, 34.4% believe that “The use of the latest technology allows the company to be one step ahead of the competition.”, has as big as well very big impact, where  $M=3.78$  and  $SD=1.250$ . Nevertheless, 32.3% answerer believe that “The legal regulations limit the travel agencies in their operational work.” has big impact, where  $M=3.23$ , while  $SD=1.235$ . In the last statement “Laws are changing frequently and respected selectively.” 31.3% of the respondents think that they have medium impact, where  $M=3.18$  and  $SD=1.205$ .

**Table 1** The impact of PESTLE factors (Source: Own research)

| PESTLE factors / impact |                                                                                                                                              | Valid Percent |       |        |      |             | Mean<br>(N=96) | Std.<br>deviation |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------|--------|------|-------------|----------------|-------------------|
|                         |                                                                                                                                              | Very<br>small | Small | Medium | Big  | Very<br>big |                |                   |
| Political               | The political processes in the country have a positive impact on the work of travel agencies.                                                | 20.8          | 12.5  | 33.3   | 24.0 | 9.4         | 2.89           | 1.255             |
|                         | When the government is changed there is political instability and customers feel insecure to travel.                                         | 27.1          | 21.9  | 20.8   | 17.7 | 12.5        | 2.67           | 1.374             |
| Economic                | The economic situation in the country is favorable for expanding the service portfolio and creating partnerships with companies from abroad. | 13.5          | 16.7  | 47.9   | 16.7 | 5.2         | 2.83           | 1.033             |
|                         | The consumer standard allows frequent travel.                                                                                                | 8.3           | 17.7  | 28.1   | 29.2 | 16.7        | 3.28           | 1.185             |
| Social                  | The customers tend to travel to exotic places and explore other cultures.                                                                    | 10.4          | 15.6  | 28.1   | 31.3 | 14.6        | 3.24           | 1.194             |
|                         | The trend for new travel and booking models (such as AirBnB, Uber, Booking, and Online booking) is growing.                                  | 10.4          | 3.1   | 17.7   | 29.2 | 39.6        | 3.84           | 1.276             |
| Technological           | The country's ICT infrastructure (information and telecommunications technology) encourages business development.                            | 8.3           | 11.5  | 24.0   | 34.4 | 21.9        | 3.50           | 1.196             |
|                         | The use of the latest technology allows the company to be one step ahead of the competition.                                                 | 9.4           | 6.3   | 15.6   | 34.4 | 34.4        | 3.78           | 1.250             |
| Legal                   | The legal regulations limit the travel agencies in their operational work.                                                                   | 13.5          | 11.5  | 28.1   | 32.3 | 14.6        | 3.23           | 1.235             |
|                         | Laws are changing frequently and respected selectively.                                                                                      | 11.5          | 15.6  | 31.3   | 27.1 | 14.6        | 3.18           | 1.205             |

Second part of the survey questions were related to the competitive environment and practices, behaviour and perspectives of the travel service companies. On the first question, 30.2% of 96 respondents have neither disagree nor agree with the first statement “*The country has seen an increase in foreign corporations in the tourism sector*”. However, the mean was 2.74 and standard deviation of 1.154. Moreover, for the second statement whether “*The cost of entering the Macedonian tourism market and the need for capital are increasing*”, 32.3% respondents agreed, and the mean is 3.20, while  $SD=1.139$ . In addition, 35.4% neither disagree nor agree with the third statement “The main barrier to entry into the Macedonian tourism market is government regulations and policies”, which result with mean of 3.28 and SD of 1.140. While, on the fourth statement “*Substitute threats are constantly increasing, and prices need to be adjusted due to high competition*” the  $M=3.57$  with  $SD=1.176$  and 31.3% answered that they agree with. Nevertheless, from the table below we can see that the next statement is with the highest  $M=4.29$  and SD of 1.095 and has a record of 60.4% respondents who strongly agree that “*The number of travel agencies is growing every year*”.

Additionally, 40.6% confirmed with strong agreement that “*Many travel agencies have offices in other cities in the country*”, which makes the sixth statement to be with  $M=3.91$  and  $SD=1.223$ . Furthermore, 54.2% also strongly agreed with the seventh statement: “*The travel agency where I work adapts to consumer needs and offers unique, different and specific services at premium prices*”, where the mean is 4.19 and  $SD=1.117$ . However, 28.1% of respondents agreed with the eighth statement: “*The travel agency where I work provides offers and services that are easy to imitate and do not have high value*”, where we see  $M=3.19$  and highest  $SD=1.348$ . On the other hand, 46.9% have strongly agreed that “Without proper formulation and execution of the strategy, the company can be easily surpassed by the competition” with  $M=4.10$  and  $SD=1.147$ . The respondents, for instance 36.5% are also strongly agreeing with the tenth statement that “*The travel agency where I work uses a strategy of market positioning based on its traditional product*”, which results in a mean value of 3.85 and SD of 1.142.

**Table 2** Competitive environment and practices and perspectives of the travel agencies (Source: Own research)

| Degree of agreement                                                                                                                | Valid Percent        |          |                                  |       |                   | Mean<br>(N=96) | Std.<br>deviation |
|------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------|----------------------------------|-------|-------------------|----------------|-------------------|
|                                                                                                                                    | Strongly<br>disagree | Disagree | Neither<br>disagree<br>nor agree | Agree | Strongly<br>agree |                |                   |
| 4.1. The country has seen an increase in foreign corporations in the tourism sector.                                               | 19.8                 | 19.8     | 30.2                             | 27.1  | 3.1               | 2.74           | 1.154             |
| 4.2. The cost of entering the Macedonian tourism market and the need for capital are increasing.                                   | 9.4                  | 16.7     | 30.2                             | 32.3  | 11.5              | 3.20           | 1.139             |
| 4.3. The main barrier to entry into the Macedonian tourism market is government regulations and policies.                          | 7.3                  | 15.6     | 35.4                             | 25.0  | 16.7              | 3.28           | 1.140             |
| 4.4. Substitute threats are constantly increasing, and prices need to be adjusted due to high competition.                         | 4.2                  | 17.7     | 20.8                             | 31.3  | 26.0              | 3.57           | 1.176             |
| 4.5. The number of travel agencies is growing every year.                                                                          | 3.1                  | 8.3      | 5.2                              | 22.9  | 60.4              | 4.29           | 1.095             |
| 4.6. Many travel agencies have offices in other cities in the country.                                                             | 5.2                  | 13.5     | 7.3                              | 33.3  | 40.6              | 3.91           | 1.223             |
| 4.7. The travel agency where I work adapt to consumer needs and offers unique, different, and specific services at premium prices. | 3.1                  | 9.4      | 7.3                              | 26.0  | 54.2              | 4.19           | 1.117             |
| 4.8. The travel agency where I work provides offers and services that are easy to imitate and do not have high value.              | 16.7                 | 13.5     | 22.9                             | 28.1  | 18.8              | 3.19           |                   |
| 4.9. Without proper formulation and execution of the strategy, the company can be easily surpassed by the competition.             | 6.3                  | 5.2      | 7.3                              | 34.4  | 46.9              | 4.10           |                   |
| 4.10. The travel agency where I work uses a strategy of market positioning based on its traditional product.                       | 5.2                  | 6.3      | 22.9                             | 29.2  | 36.5              | 3.85           |                   |

In the third part of the questionnaire focused on the business operations and used technologies. There were 6 multiple choice questions and 1 general type question. Here the respondents had the chance to choose more than one answer. The first and second question are giving us an overview of what kind of technical systems the travel agencies are preferring to have for internal and external use. Therefore, on the question: “How do you book your trips?” There were three sub-questions: 1. Via IBE (Internet booking engine), where 66 are using IBE made by tour operators or that are 68.8%, then on 2. Via GDS (Global distribution system) – 68 or 70.8% are using Amadeus and only 20 or 20.8% are using Galileo, on the 3. Other ways, most of them are using email or 94 (97.9%) and 50 (52.1%) by phone.

**Figure 1** Via Internet Booking Engine (Source: Own research)

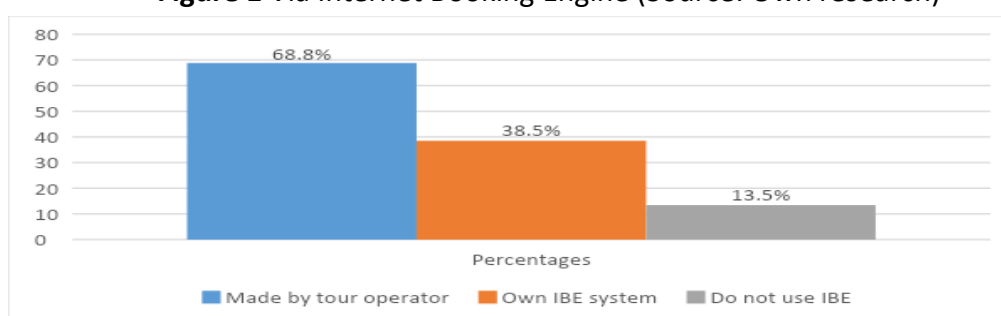


**Figure 2** Via Global Distribution System (Source: Own research)

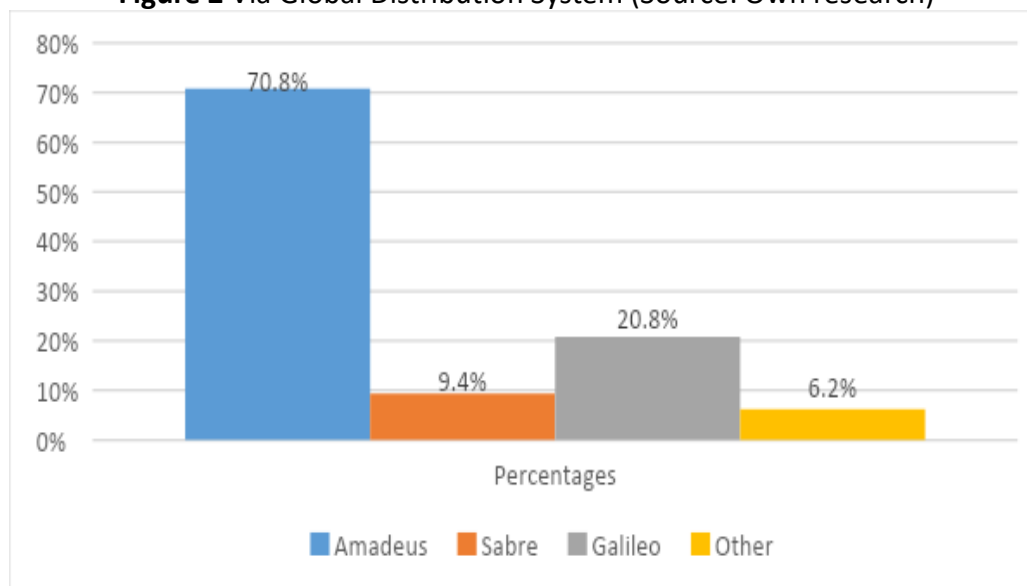
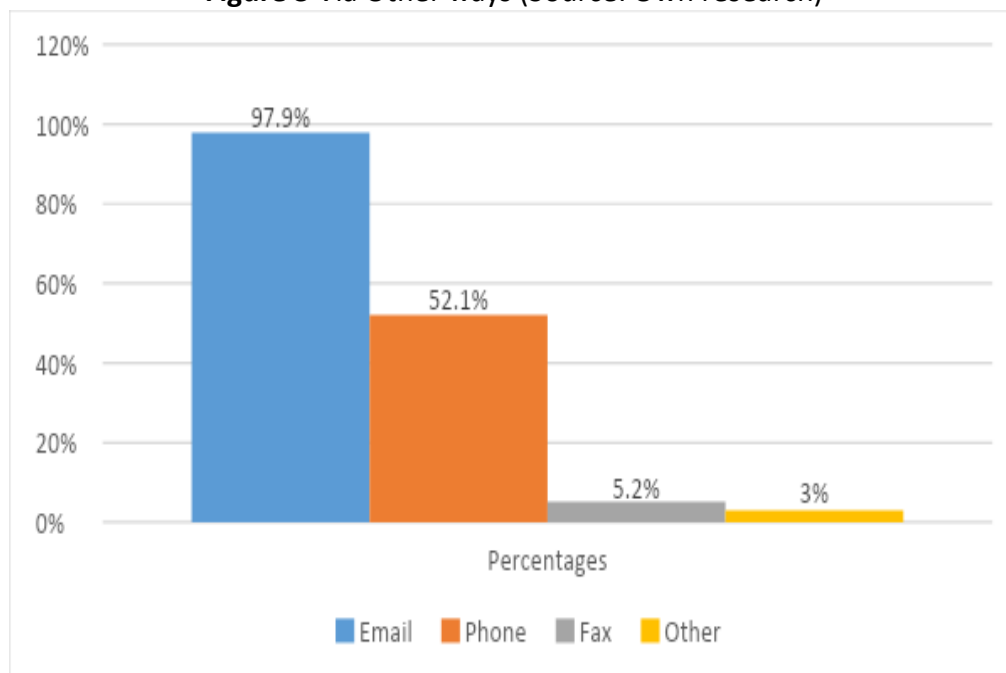
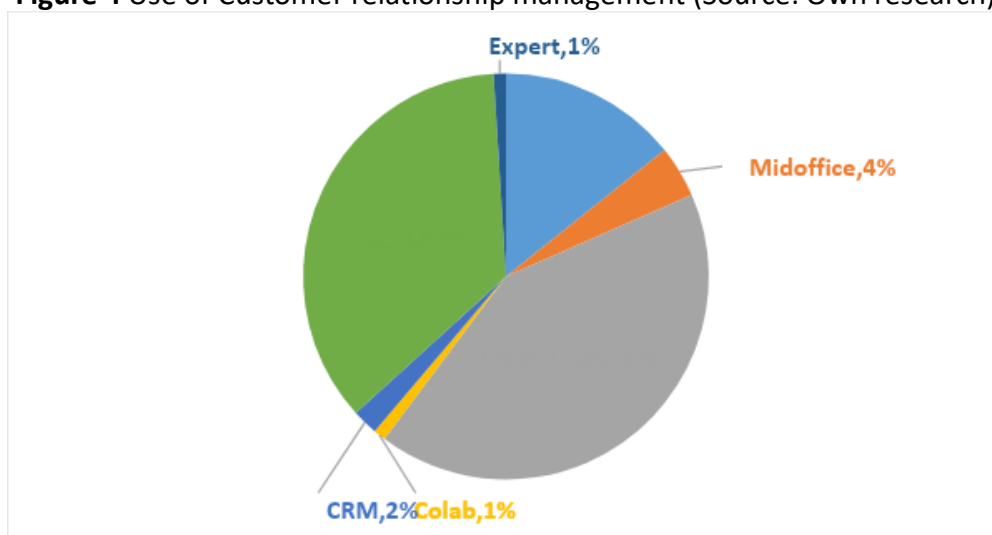


**Figure 3** Via Other ways (Source: Own research)

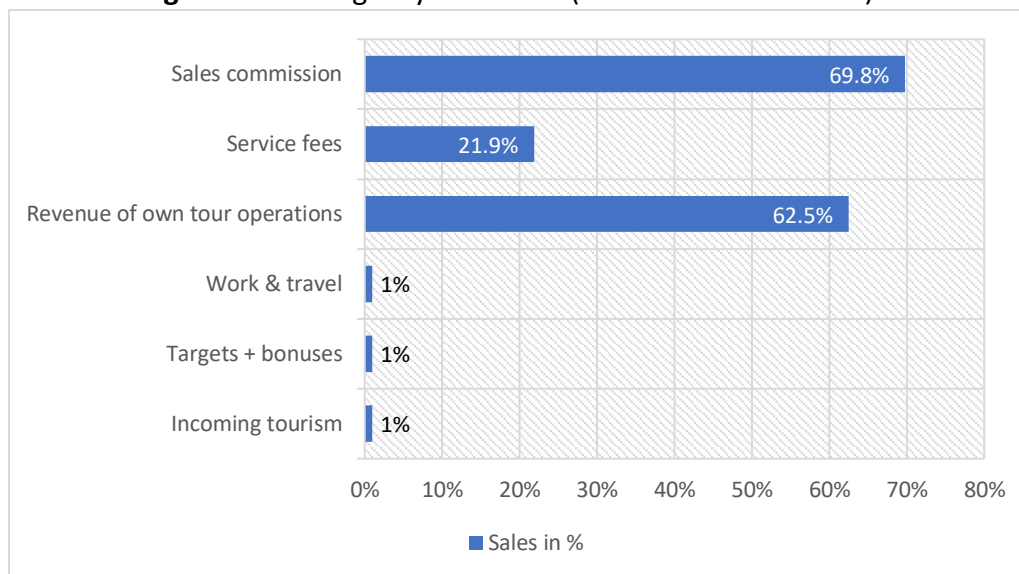


The second question was whether “*Do you use a technological system (e.g., CRM)?*” Where 41 (42.7%) are not using CRM, but 35 (36.5%) are using Excel as a system for data collecting.

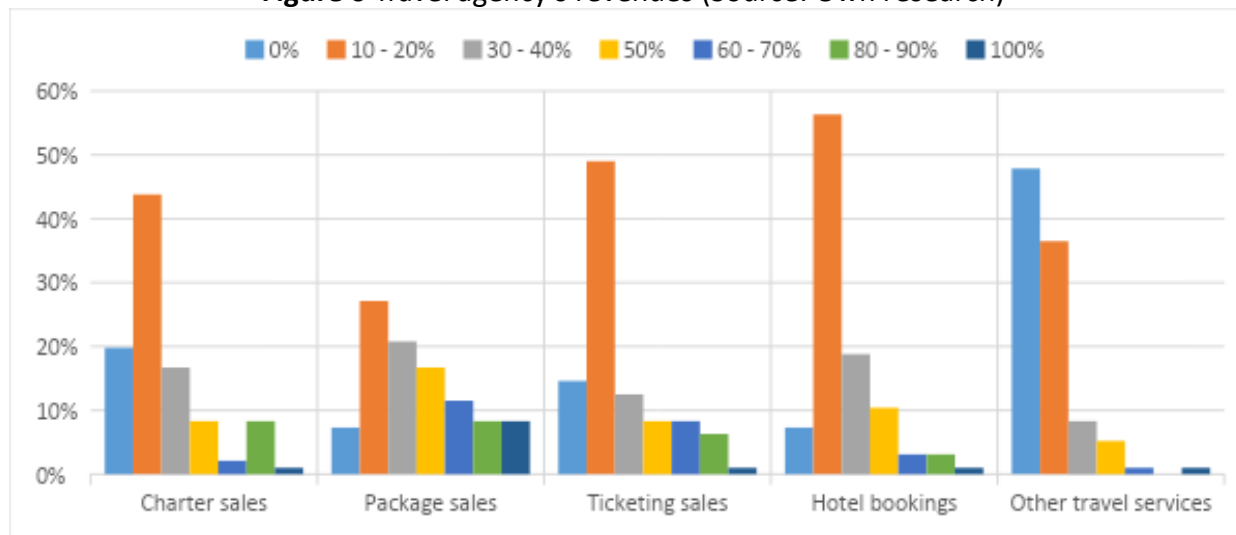
**Figure 4** Use of Customer relationship management (Source: Own research)



The next questions related to the revenues, for instance, “*Which are your main sources for income?*” where 67 (69.8%) are from commission sales and 60 (62.5%) of own tour operations.

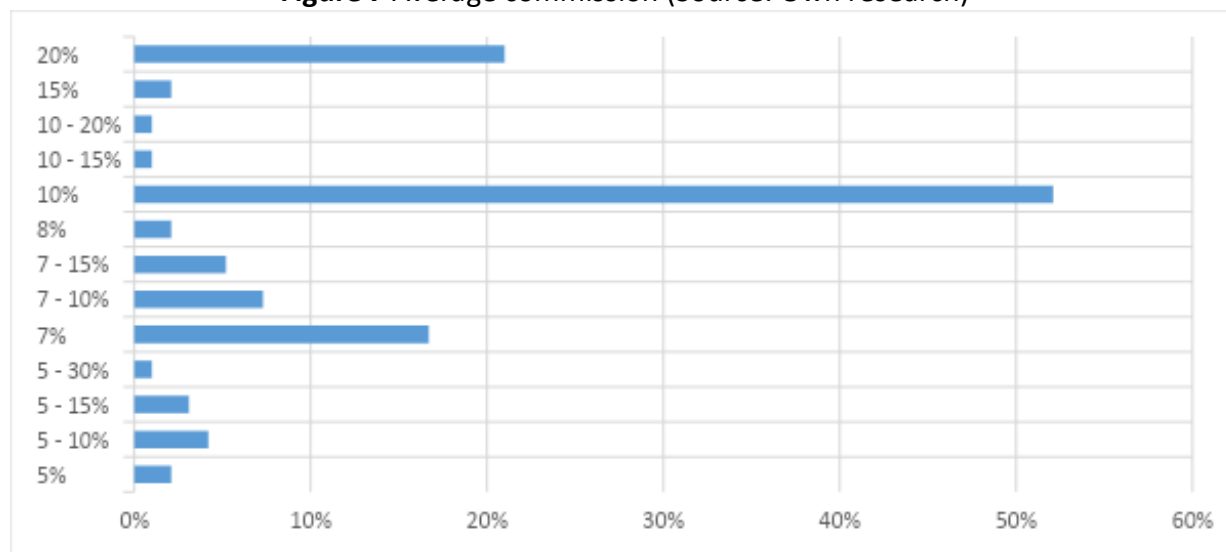
**Figure 5** Travel agency's incomes (Source: Own research)

Whereas, on the questions “*On what is your travel agency’s revenue (=100%) predominantly based?*” most of the respondents have answered that from 10 to 20% of the revenues are coming from: charter sales 42 (43.8%), package sales 26 (27.1%), ticketing sales 47 (49%), hotel bookings 54 (56.3%) and other travel services 35 (36.5%). However, 46 (47.9%) do not use other travel services.

**Figure 6** Travel agency's revenues (Source: Own research)

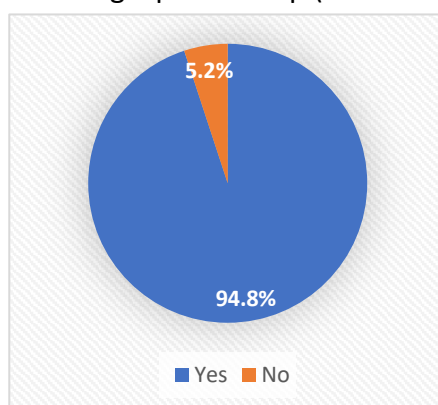
On the fifth question “*How much average commission on sales do you obtain?*” 50 respondents or 52.1% have answered that they are receiving 10% commission.

**Figure 7** Average commission (Source: Own research)

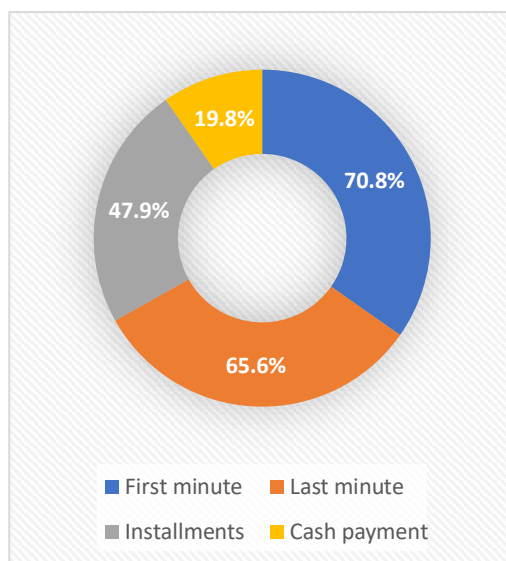


Moreover, on the next question whether the travel agency “*Would building a partnership with a foreign company boost competitiveness and be a new source of revenue for you?*” highly 91 or 94.8% given positive answer.

**Figure 8** Building a partnership (Source: Own research)



And, on the last question: “*Which option do customers use the most when booking an offer?*”, most of the respondents were that customers are booking first minute or last-minute offers, where 68 (70.8%) respond for first minute and 63 (65.6%) for last minute offers.

**Figure 9** Booking options (Source: Own research)

## Discussion and conclusion

The current study reiterates the importance of internationalization in stimulating the proactive intentions of travel agencies. Namely, the perceptions and practices of the Macedonian travel agencies are linked with the overall external macro and competitive environment factors conducive for the international entry strategy intentions. As the links have been complex, the purpose of this paper was also to gain an understanding of the Macedonian travel market and to discover, if the potential/development opportunities exist. The data was collected from 96 employees in Macedonian travel agencies.

The results showed that fewer respondents agreed with “*The cost of entering the Macedonian tourism market and the need for capital are increasing*”, which is not appropriate to have joint ventures or franchising. On the other hand, there were more respondents who strongly agreed that “The number of travel agencies is growing every year” and confirmed with strong agreement that “Many travel agencies have offices in other cities in the country”. This is a relevant proof that the more travel agencies are opening the more networking and cooperation agreements. Based on the research results and findings from literature review, it can be considered that the most appropriate market entry mode is the network's strategic alliance. In that way the travel agencies are gaining mutual advantage by working in collaboration without relying on cross-ownership arrangements and formal contracts (Johnson, Scholes, & Whittingt, 2008).

Regarding the external factors, even though the country is politically unstable, because the “country is multi-ethnic, there are some interethnic and interreligious attacks that are still remain strained”, still this is not reflecting on the customers’ option to “feel insecure to travel when the government is changed”.

The economic performance of the Macedonian economy is expressed through stable GDP growth, low inflation rate of < 2% on average in the past 10 years, fiscal discipline confirmed by the international financial institutions and a well-functioning coordination between fiscal and monetary policy. The results confirm the same statement, where 47.9% of travel workers think that “*The*

*economic situation in the country is favourable for expanding the service portfolio and creating partnerships with companies from abroad.*" has medium impact.

However, the statement from (Invest North Macedonia, 2020) that "*North Macedonia has excellent infrastructure, for instance, wireless national backbone infrastructure, digital telecommunications system, extensive highway network, two international airports with regular connections to main European transportation centres*" (p. 47) was confirmed by participants, where they think that "*the country's ICT infrastructure (information and telecommunications technology) encourages business development*" has a big impact. Additionally, Bogoevska (2014) has also confirmed in her study that "*the tourism sector in Republic of North Macedonia is fairly well-developed and upgraded, following the latest trends in operations, cares to discover and satisfy the desires of its customers and who has yet to experience its significant expansion*". Moreover, the results demonstrate that the companies are ready for changes, to take risks, to implement new ways of working and cooperation. This result can be also seen from the primary survey where 34.4% participants believe that "*The use of the latest technology allows the company to be one step ahead of the competition.*" Bogoevska (2014), has a big as well as a very big impact.

The Internet is not a threat but an opportunity for travel agencies to reposition themselves as travel professionals providing high-quality customer service. By using appropriate ITs travel agencies can satisfy the needs of consumers, who demand for individual and specific holiday experiences as post-tourists, with these tailor-made products. This can be also proved from the literature review where the Internet has been seen as providing a range of benefits to all tourism actors (Buhalis, 1998; Pitt, Berthon, & Jean-Paul, 1999). Nevertheless, the growth of the internet has developed a debate about the future of travel agencies. Direct online channelling is enabled through the Internet and allows a closer partnership between principals or tour operators and customers (Cheyne, Downes, & Legg, 2006). This also proved the research made by Klehm (2011) that customers often turn to internet sources to find information when going out or visiting places and that the internet has become an important platform to spread criticism and negative experiences customers make. On the other hand, if they are not adapting to the latest technology innovation, the internet can be mainly a threat and fear their end. This fact is confirmed by 39.6% of the travel employees that "*The trend for new travel and booking models (such as AirBnB, Uber, Booking, and Online booking) is growing.*" has a very big impact. Additionally, lower usage of ITs results in increasing time of the core reservation process.

Overall, Macedonian travel agencies can benefit from internationalization, so that they can optimize their processes, work more efficiently, improve customer service, and thus gain competitive advantage by applying appropriate ITs. Another opportunity which we are seeing and can create competitive advantage is that 54.2% of participants strongly agree that "*The travel agency where I work adapts to consumer needs and offers unique, different and specific services at premium prices*". That means that most of the travel agencies are focused on individual customized offers or have

customers in the field of leisure travels. This is a big plus for the international partners whose target group is the leisure travel market and giving services at premium prices.

Since the research was focused only on the Macedonian travel market, that results in limiting this study to a smaller portion of the other market potential that could be of interest. Then, focusing more particularly on one entry mode has theoretically delimited the authors from evaluating the potential of other entry types. This study highlights the general lack of publications on travel agency networks. Moreover, the travel agency network provides an excellent opportunity for travel agencies to thrive in an increasingly competitive travel market, because independence is important for many travel agencies. Therefore, this topic should be further investigated.

Finally, since the situation with COVID-19 was unpleasant worldwide, therefore, the travel agencies should be patient and take little bit of time for the fruits of expansion.

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