Tourism Critiques: Practice and Theory

# Gatekeepers of demand: lessons from Pre-COVID Hotel-Tour operator contracting in the post-pandemic digital age

Received 12 January 2026
Revised 21 June 2026
Accepted 28 July 2026

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**Abstract**

This paper aims to examine how major tour operators function as gatekeepers of demand in hotel-tour operator contracting. Its aim is to critique how control over market access, demand information and contractual conditions creates power asymmetries for small and medium-sized accommodation providers. Drawing on qualitative evidence from the Mediterranean tourism context, the study identifies the main sources of negotiation conflict, the strategies hotels use to rebalance weaker bargaining positions and the theoretical implications for tourism distribution. The paper also develops a negotiation base and negotiation model to clarify how more balanced contracting relationships may be achieved.

**Keywords** Conflict, Negotiation, Demand gatekeeping, Intermediary power, Tourism distribution channels, Power imbalance, Mass tourism operators, Contracting, Pre-COVID tourism, Digital intermediation

**Paper type** Research paper

## 1. Introduction

Mass tourism and its evolution within the Mediterranean region have a long-standing historiography (e.g. Naylon, 1967; Parsons, 1973; Segreto *et al.*, 2009) and a key part of its development trajectory has been the control and development of the direction of the tourism offer by externally controlled large scale Mass Tour Operators (MTOs) (Agius and Chaperon, 2023).



**JEL classification** – D74, L13, L83, M31

Tourism Critiques: Practice and Theory
Emerald Publishing Limited
e-ISSN: 2633-1233
p-ISSN: 2633-1225
DOI 10.1108/TRC-01-2026-0002

That control has been achieved through vertical and horizontal integration. These observed patterns of economic dominance in the supply of tourism services have been theoretically analysed in seminal studies such as Britton (1980a, 1980b, 1982, 1991), where post-colonial nations saw a neo-colonial pattern of tourism develop, controlled by outside interests like large tour operators and global capital. Subsequent studies have identified these patterns of control and dependency relationships created by MTOs in other contexts, including the debates associated with the global growth of halal tourism and its transition to a mass tourism product (Rhama, 2022).

The Mediterranean and post-colonial nations have a number of characteristics in common, as the tourism sector has seen control of this development trajectory determined by external sources of capital and large integrated tour operators who have exercised considerable control over the supply chains. This has had major consequences for local entrepreneurship and the indigenous businesses associated with the destination development process (e.g. businesses in the accommodation, local transport, attraction and ancillary service sectors). In many cases, these issues remain "hidden from sight" for the tourist as a consumer with the growth in the eternal promotion of corporate social responsibility measures by MTOs as a global shift towards economic, social and governance (ESG issues – see Madanaguli *et al.*, 2022), even though these relational issues persist in the tourism supply chain (Wang, 2025) with the foreign tour operator focus on profit (Álvarez-Albelo and Martinez-Gonzalez, 2024). As Ji *et al.* (2023) observe, the bargaining power of the tour operators is embedded in tourism supply relationships in many contexts, not just in mass tourism contexts as well as their long-term nature (Moliner-Velázquez *et al.*, 2023). These relationships are based on value and issues such as trust (Jeong and Oh, 2017), satisfaction and commitment remain critical to maintaining those supplier relationships, with attempts to explain these relationships using Social Exchange Theory (Andriotis and Paraskevaidis, 2021) and the influence of individual factors (Berenguer-Contrí *et al.*, 2020). Given that the indigenous businesses in the Mediterranean (in common with other parts of the world) typically operate as small to medium tourism enterprises (SMTEs), these businesses have been forced to operate within a market structure that combines elements of oligopoly and oligopsony (Taylor, 1996; Papatheodorou, 2006).

These MTOs fulfil a dual role in the way tourism is produced and consumed. The MTOs act as dominant sellers of tourism products and also as major buyers of goods and services related to tourism, which can have an impact on market dynamics (Encinas, 2013). This is illustrated by examples such as TUI Group and DER Touristik based in Germany and other MTOs located in other European countries with a global reach. The scale and volume of the market penetration these MTOs have achieved means that they have substantial leverage with SMTEs, destination organisations and even regional governments and airports in view of their market control of demand. The strategic integration and expansion of market share in accommodation and air services by MTOs have increased their bargaining power when dealing with SMTEs in regions, particularly in those areas where air travel was costly (Buhalis and Law, 2008; Papatheodorou, 2003). In the pre-internet era, intermediaries had a near monopoly over tourism distribution channels, as there were limited options for affordable bookings and transportation to remote destinations like Mediterranean islands (Buhalis, 2000). Even in the digital age, the large marketing budgets of MTOs (Picazo and Moreno-Gil, 2018) illustrate their power and dominance. However, the emergence of low-cost carriers (LCCs) such as easyJet and alternative accommodation services like Airbnb has acted as a digital disrupters introducing more competition initially, offering more choice for consumers and providing businesses with alternative distribution channels for their products and services. Nevertheless, LCCs have also developed the same characteristics as MTOs, with many now creating tour operator divisions to benefit from their large purchasing power in oligopolistic situations where they can control prices and output.

In this paper, we treat these intermediaries as gatekeepers of demand: by controlling market access and demand information, they can shape contractual terms and reallocate value within the hotel–tour operator relationship.

SMTEs in Europe face challenges accessing and effectively using demand information from global markets due to a lack of expertise in management, marketing and information technology. This hinders their ability to operate globally (Buhalis and Sinatra, 2019; Buhalis and Leung, 2018; Viglia *et al.*, 2016; Buhalis and Crotts, 2013). As a result, destinations face economic challenges (Douglas and Tan, 2006), becoming overly dependent on MTOs for international sales, remaining unaware of consumer preferences and demands (known as information asymmetry) and relying upon intermediaries in the tourism sector (Mwesiumo and Halpern, 2016; Mwesiumo and Halpern, 2018). This information asymmetry allows MTOs to exert pressure on accommodation providers by manipulating perceptions of demand. MTOs adopt this approach to push for lower room rates by using their economic muscle, which means businesses face the threat of unsold inventory, which ultimately reduces profit margins and negatively impacts producers' finances (Lee and Bai, 2014). Other studies have also highlighted how large tour operators may use revenue management models online to make resellers compete for customers in the expansion of online distribution models (Anderson and Marcus, 2015). This reinforces the points made by Berne *et al*. (2012) on how control of information communication technologies (ICTs) has shifted the power base for SMTEs (Berne et al., 2012).

Despite its significance and enduring concern in tourism research, the conflict between MTOs and hotels (e.g. see Klemm and Parkinson, 2000) has not been extensively studied in scholarly research in terms of interorganisational relations, a feature illustrated by Mwesiumo and Halpern's (2019) seminal review. This review highlighted the importance of inter-firm relationships, outlining the interdisciplinary literature that had evolved, with supply networks being the main unit of analysis. The review also highlighted the need for further research on "the role of contractual and relational governance in tourism supply networks" (Mwesiumo and Halpern, 2019: 446). These comments reiterate the limited progress made in this research area since Klemm and Parkinson's (2000) similar call for further research on this theme. This is in spite of the underlying tensions that have characterised the evolution of mass tourism in the Mediterranean in the post-war period, with the development of the package holiday by MTOs (Bray and Raitz, 2002; Laws, 1996) as a price-competitive tourism product with a highly seasonal nature (Parsons, 1973; Sutcliffe and Sinclair, 1980). This relative neglect of the impact of interorganisational relations in tourism research is not surprising for several reasons. Firstly, these organisations are the gatekeepers of tourism (Ioannides, 1998) and access to these organisations by researchers has been notoriously difficult due to the price-competitive nature of these organisations, who closely guard operational data from their competitors and "outsiders". We extend Ioannides' notion of "gatekeepers of tourism" to contracting by using "gatekeepers of demand" to capture tour operators' control of booking access and demand information, which translates into leverage over hotel contract terms. Secondly, much of the academic analysis has been quantitative in nature and based on available secondary data on tourism, failing to offer deep insights into tourism businesses. These issues have plagued supply-side research (Smith, 1988) until a greater emphasis on tourism supply chains emerged (e.g. Zhang *et al.*, 2009), which subsequently expanded through the emphasis on environmental social responsibility and supply chain sustainability issues (Uecker-Mercado and Walker, 2012). Supply-led research also expanded significantly as the digital age yielded a much greater focus on secondary data on supply issues, but this has not generated in-depth business insights on human-to-human relationships and negotiation issues. In addition, in-depth insights to investigate the way in which the supply chains are managed to achieve profitability among the MTOs remain weakly developed. The issue is embodied in a MTO chief executive comment that characterised the market (Frenzel, 2000, cited in Klemm and Parkinson, 2000: 12): "this is mass market business and you need size to generate economies of scale," reiterating the observations of other studies on the price-competitive nature of package holidays in the European context (e.g. Curtin and Busby, 1999; Evans and Stabler, 1995; Fitch, 1987; Ryan, 1986, 1991). Finally, many SMTEs are often wary of talking to tourism researchers due to concerns about comments getting back to MTOs they negotiate with in case it jeopardises future business activity.

This study addresses this long-standing gap in knowledge of how inter-firm conflict is perceived by tourism producers and how negotiation unfolds between SMTEs and MTOs. It makes three contributions. Firstly, it conceptualises MTOs as gatekeepers of demand in hotel contracting by showing how control over booking access and demand information is converted into leverage over contract terms. Secondly, it provides rare qualitative evidence from experienced hotel negotiators and contract documents in a Mediterranean setting where direct access to such material is unusually difficult. Thirdly, it develops the negotiation base and negotiation model, not as a replacement for established negotiation theory, but as an applied extension of Best Alternative to a Negotiated Agreement (BATNA)-based and principled negotiation reasoning to tourism markets shaped by intermediary power, weak outside options and information asymmetry.

It is important to note from the outset that the empirical data underpinning this study was collected in 2018, prior to the COVID-19 pandemic that fundamentally disrupted global tourism markets. This temporal context is crucial: the tourism landscape of 2018 represented a mature phase of traditional Mass Tour Operator (MTO) dominance, characterised by established contractual relationships, charter flight dependencies and information asymmetries that favoured large intermediaries. Since then, several transformative developments have reshaped hotel–intermediary relationships: the dramatic expansion of Online Travel Agencies (OTAs) like Booking.com and Expedia, the proliferation of direct booking technologies, the collapse and consolidation of major tour operators (most notably Thomas Cook in 2019), the pandemic-induced restructuring of tourism supply chains and the emergence of new digital platforms and distribution models.

The empirical evidence is therefore best read as a critical baseline for understanding demand gatekeeping before the post-2019 disruptions. This framing serves two purposes: it documents the power structures and negotiation dynamics that characterised the pre-pandemic Mediterranean tourism market and it allows the paper to ask whether the mechanism of demand gatekeeping has persisted, evolved or shifted to new actors such as OTAs and digital platforms. Throughout the paper, we distinguish carefully between the 2018 evidence and the broader theoretical mechanism that may continue to shape contemporary hotel-intermediary relationships.

The paper is structured as follows. The next section reviews the literature on tourism distribution power, inter-firm conflict and negotiation theory, including BATNA and principled negotiation. The research problem and methodology are then presented, followed by the findings from contract analysis and interviews. The results section is deliberately structured to show how each empirical theme leads to the proposed negotiation base and negotiation model. The paper closes by reflecting on the continued relevance of the findings in the post-pandemic digital age and by identifying implications for tourism firms, trade bodies and future research.

## 2. Literature review

Conflict within and between businesses has a long history of academic study (Pondy, 1967), which identified bargaining conflict, where conflict relationships are characterised by a series of episodes and it is related to the individual, the organisational behaviour and is a dynamic process. The conflict arises through the negotiation process around business contracts in tourism (Succurro, 2006; Gurcaylilar-Yenidogan *et al.*, 2011; Ng, 2007; Guo and He, 2012; Technitis, 2015; Mwesiumo *et al.*, 2019; Makhambetkarimovna and Chinghizbaevna, 2022) and there is well-established literature around negotiation (e.g. Ganesan, 1993; Kelly and Chicksand, 2024) with behaviours that range from problem-solving to compromise and passive-aggressive and aggressive stances. There is also an emergent literature on political trust and its impact on ongoing business relationships (see Nunkoo *et al.*, 2012; Williams and Baláž, 2020). But this remains weakly developed in the tourism business arena even though it may help reduce conflict and tension in the negotiation process if shared ambitions are recognised. Conflicts in the Mediterranean tourism business sector primarily revolve around four main sources of tension between MTOs and hotels. Firstly, there is an underlying concern among SMEs in relation to room pricing and profit margins. Secondly, the vertically integrated MTOs exhibit oligopolistic tendencies that contribute to the conflict. Thirdly, operational deficiencies within SMTEs negatively impact their ability to deliver on promised service quality. Finally, there is a noticeable difference in the financial asset requirements for MTOs compared to hotels (Coggan *et al.*, 2016).

The nature of the tourism product being relatively uniform necessitates a cost advantage strategy for market operation. At the same time, due to the diverse demands of tourists, it is crucial for timely and accurate information to be provided to meet their needs effectively (Balabanis, 2005; Peng *et al.*, 2000; Pearce, 2008), given the volatility that may impact demand. The vertical and horizontal integration of MTOs not only enable them to benefit from economies of scale but also empower them to lower room rates as part of their strategy for increased profitability and dominance through bulk sales. Conversely, SMTEs face limitations in terms of scale which prevent them from enjoying the same economies of scale as MTOs, resulting in higher average costs, making it difficult for them to adopt a low-cost approach (Papatheodorou, 2006). The interplay of these factors and interactions between hotels and intermediaries in determining room rates and maintaining profitability levels is hugely challenging, given the operating profit margins of 14% globally reported by MTOs in 2022 (Statista, 2024), representing a drop on pre-pandemic margins of 24%.

Both hotels and intermediaries have the goal of maximising profits within tourism distribution channels. Unlike suppliers who prioritise yield and return on investment, intermediaries seek to expand their customer base rather than focusing solely on profit margins. Unfortunately, SMTEs often find themselves agreeing to contract room rates that are below their average costs, resulting in financial losses instead of gains. This price conflict indicates that the economic challenges faced by SMTEs may not only be due to pricing wars that MTOs sometimes engage in to build market share but also their limited ability to use alternative distribution channels. One possible solution to this dilemma could be negotiation theory. However, intermediaries' control over these channels creates a market distortion due to their oligopsonistic power, affecting demand elasticity and allowing them to lower purchase prices for higher profit margins (Encinas, 2013). Gaski (1984: 11) concluded that "conflict is virtually inevitable in marketing channels. Most agree that this condition is due primarily to the functional interdependence between channel members" based upon the exchange process (purchase and sale) which is characterised by conflict and power. Therefore, negotiation has a key role to play in overcoming conflict in these business transactions.

Negotiation theory (for example, see Goldman and Rojot, 2002) is premised upon finding a cooperative solution to a problem which, in marketing terms, may involve seeking a new form of value in the relationship between a buyer and seller. The pivotal principles in negotiation theory are examining the interests of each party and considering trade-offs to find a solution; considering a middle ground to obviate bias and dominant interests and finally, the desired outcome – to reach agreement. Within that process of negotiation, trust is a key component in reaching agreement (Ross and LaCroix, 1996), as highlighted earlier. Negotiation theory suggests that rational parties involved in a dispute will not settle for an agreement that is worse than their BATNA (Fisher and Ury, 1981; Neale and Bazerman, 1991; Raiffa, 1982). However, it is important to note that not all negotiators always act rationally. Some may require guidance to ensure they do not settle for less than their BATNA. According to the literature (see, for instance, Bastakis et al., 2004), many SMTEs do accept offers that are below their BATNA, while intermediaries comfortably increase their market share. Negotiation is recognised as one of the four methods used to reconcile divergent preferences. The other three methods are mediation, conflict resolution and arbitration (Carnevale and Pruitt, 1992). Over time, negotiation theory has evolved from normative models that suggest an ideal negotiating approach to descriptive models that consider the constraints and biases inherent in human decision-making. The Harvard “Principled Negotiation” framework provides the most comprehensive and contemporary perspective, since it emphasises creating mutual gain and using objective criteria as guidance during negotiations (Fisher and Ury, 1981).

### *2.1 The evolving landscape of tourism distribution: a note on temporality*

Before proceeding to our research problem and methodology, it is important to acknowledge that the tourism distribution landscape has evolved considerably since much of the foundational literature cited above was published and has continued to transform since our own data collection in 2018. The academic literature on hotel-tour operator relationships (e.g. Buhalis, 2000; Bastakis *et al.*, 2004; Klemm and Parkinson, 2000) predominantly reflects an era of traditional MTO dominance. Our study similarly captured this period. More recent work on ICTs, smart hospitality, pandemics and online intermediaries points to a changing distribution landscape in which OTAs, platform visibility, digital reputation and direct-booking technologies increasingly mediate demand access (Berne *et al.*, 2012; Buhalis and Leung, 2018; Gössling *et al.*, 2021; Sigala, 2020; Stangl *et al.*, 2016).

This temporal dimension has important implications for how our findings should be interpreted. The critique of demand gatekeeping developed in this paper may remain theoretically valid even as its empirical manifestations shift from charter-flight dependencies and contractual allotments to platform visibility, algorithmic ranking, rate parity, commission structures and data analytics. This temporally aware framing aligns with the orientation of tourism critiques towards questioning established narratives and examining how tourism phenomena evolve over time.

## 3. The research problem

This paper aims to address the current lacuna of knowledge on the tourism contract negotiation issues by critiquing how intermediary control of demand translates into contractual power in the hotel–MTO relationship. The study is informed by conflict and negotiation theories to address the knowledge gap on how to conceptualise and implement change in the uneven MTO-SMTE relationship. The study also addresses the lack of data on the SMTE hotels and MTOs in the Mediterranean. The main objective of this research is to analyse how disputing parties interact with each other, seeking to understand how to restore the balance of power in negotiations, as well as examining the negotiation strategies and tactics used by companies in the tourism sector. By identifying the weaknesses in these negotiations, we aim to create a solid foundation for future negotiations for each stakeholder involved to avoid unnecessary conflict. The paper therefore, examines not only negotiation behaviour but also the demand-gatekeeping mechanisms (information asymmetry, threat of unsold inventory and contract design) through which intermediaries sustain bargaining advantage.

## 4. Methodology

In view of the criticisms of largely quantitative approaches used in tourism supply research, the underlying premise in the research was to promote a more open-ended conversation with businesses and to capture their voices on sensitive contracting issues. A qualitative approach was deemed the most suitable method because the topic concerns human behaviour, conflict interpretation, bargaining practice and the subjective meaning attached to hotel-MTO relationships. A constructivist approach was selected because it recognises that participants interpret negotiation through their own lived experience, perceived constraints and assessments of market power (Gephart, 1999). The choice of method was also shaped by Buelens *et al.* (2008), who reviewed 941 negotiation articles and encouraged greater use of qualitative and longitudinal research in negotiation studies. The study was exploratory because direct evidence on hotel-MTO negotiation and contractual conflict remains limited. The design therefore proceeded in two stages: first, contract documents were reviewed to identify negotiable areas and hidden economic costs; second, those contractual issues informed the semi-structured interview schedule used to elicit participants' perceptions of conflict areas, negotiable areas, non-negotiable areas and power asymmetries.

The qualitative data were analysed through thematic analysis (Boyatzis, 1998), which was appropriate because the aim was to identify patterns of meaning without imposing an overly restrictive prior coding structure. The analysis moved from familiarisation with the transcripts to initial coding, theme development and refinement of the thematic structure. This approach was preferred to a closed questionnaire because hotel-MTO negotiation is an interactional process involving trust, dependence, perceived risk and tacit knowledge that are difficult to capture through predefined survey categories. The use of experienced negotiators as key informants strengthened the study because the respondents were directly involved in the contractual discussions under examination. The research process is summarised in Figure 1.

### *4.1 Survey design and data collection*

*4.1.1 Temporal context and methodological considerations.* Before detailing our data collection procedures, it is essential to acknowledge the temporal context of this research. Fieldwork was conducted between April and September 2018, a period that, in retrospect, represents the final phase of relative stability in traditional hotel-tour operator relationships

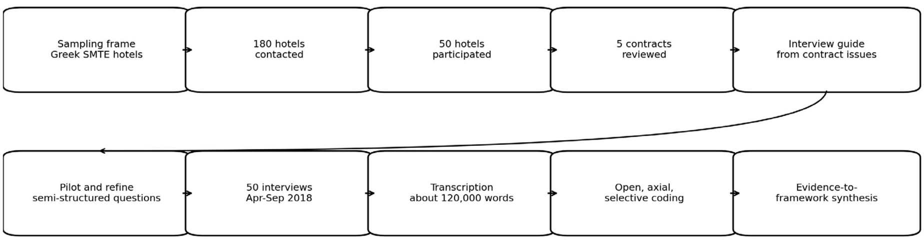


**Figure 1.** Research design and analytical progression

before a series of disruptions: the collapse of Thomas Cook in September 2019, the COVID-19 pandemic beginning in early 2020 and the accelerated digital transformation of tourism distribution. This timing positions the study as a pre-disruption baseline of demand gatekeeping and negotiation power. Figure 1 also clarifies the full methodological sequence, from sampling to evidence-to-framework synthesis.

*4.1.2 Data collection.* To facilitate data collection, we compiled a database of SMTEs operating in a geographically defined region of Greece, selected as representative of a major Mediterranean mass tourism destination. At the time of the study, Greece had a large accommodation base, with approximately 10,000 hotel enterprises recorded by the Hellenic Chamber of Hotels (2020). We contacted 180 hotels in early 2018 and received positive responses from 50 establishments. All 50 participating establishments were asked whether they would share contract documents, given the sensitivity of the material and the need to assure confidentiality. Five establishments supplied contracts from previous years relating to major intermediaries, including traditional MTOs and online travel agents. The contract review identified several terms with potential hidden economic costs for hotels and was used to develop the semi-structured interview guide. The full semi-structured interview schedule is provided in Appendix. The guide was piloted, refined and then used in in-depth interviews conducted between April and September 2018. Interviews took place in respondents' offices where possible, allowing the researchers to conduct the discussion in the respondents' professional setting. Written or orally recorded consent was obtained prior to each interview and confidentiality was emphasised throughout.

The final sample comprised 50 experienced contract and sales managers who played a lead role in hotel-intermediary negotiations. The response rate was 27.8% of the 180 hotels contacted. The five contract-providing establishments represented 10.0% of participating firms and 2.8% of the initial contact list. Each interview lasted between 40 and 60 min. The interviews were recorded with informed consent, transcribed and generated approximately 120,000 words of transcript material. Respondents were Greek nationals aged between 35 and 60 years; 45 were male and 5 were female. The sample covered a diverse range of accommodation establishments, including resort hotels with three-star to five-star ratings, hotels in urban or central island locations and self-catering apartments. The resorts were mainly located in coastal areas, while hotels and self-catering apartments were located in urban, island and peripheral areas (see Table 1 and Figure 2).

### *4.2 Data analysis: Thematic analysis*

Thematic analysis was selected as the mode of qualitative data analysis and we followed the established process set out by Flick (2018) that includes several steps:

- data familiarisation;
- generation of initial codes;
- searching for and reviewing themes; and
- defining the themes.

Firstly, the analysis started with an in-depth reading of each transcript, which was accompanied by the grouping of significant issues for each question. Each transcript was then subject to the process of open coding set out by Strauss and Corbin (2004). From this open coding, a series of themes emerged. Next, the application of axial coding was used to further refine the different groupings of issues. Using the narratives in the transcripts, the types of relationships that were emerging between the various categories were then

**Table 1.** Location of accommodation units by type and location

| | | Type of accommodation | | | |
|---|---|---|---|---|---|
| | | Hotels | | | |
| Location | Resorts | 5* | 4* | 3* | Rental rooms |
| Athens | 1 | | | | |
| Rhodes | 1 | 6 | 9 | 7 | |
| Crete | 7 | | | | |
| Mykonos | 1 | | | | |
| Corfu | 3 | | | | |
| Kos | 2 | | | | |
| Peloponisos | 6 | | | | |
| Larisa | | 1 | | | |
| Chalkidiki | 1 | | | | 3 |
| Alexandroupoli | | 1 | | | |
| Santorini | | | | | 1 |
| Number of Units | *22* | *8* | *9* | *7* | *4* |
| Total number of units | *50* | | | | |

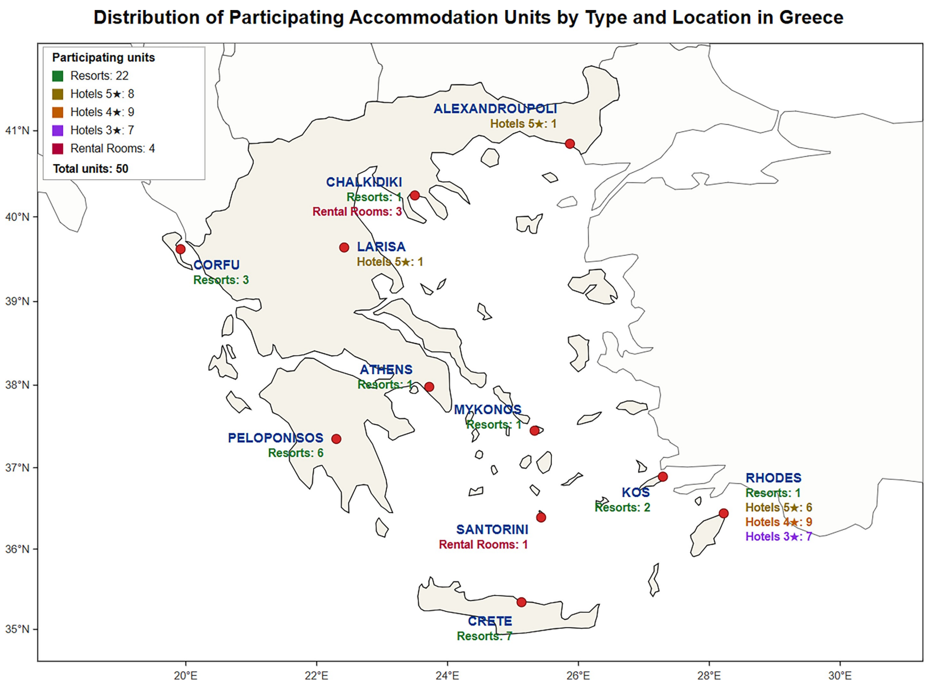


**Figure 2.** Spatial distribution and number of accommodation units

confirmed to identify the principal issues. Following the open coding process set out by Strauss and Corbin (2004), selective coding was applied as means by which to identify potential relationships or patterns within the data. These selective codes were created from a further in-depth reading of the individual transcripts rather than just using key words to then arrive at the themes. However, before analysing the themes, attention focuses on the contract issues as a framework for the subsequent analysis by identifying potential areas of dispute.

### *4.3 Contractual issues: Analysing hidden economic implications*

The accommodation agreements imposed by tourism intermediaries, such as tour operators and OTAs, have strict requirements that bind tourism providers to specific terms and conditions. These requirements not only involve operational and economic performance but also include provisions for modifying or terminating contracts. These provisions often pose a risk of hidden economic losses that go beyond low room rates. We identified contractual terms that deserve attention due to their hidden economic implications for hotels. These terms, with obscured consequences, were extracted and highlighted to formulate subsequent interview questions and assess whether tourism providers are aware of these elements. These clauses matter because they are enabled by demand gatekeeping: when intermediaries control booking visibility and demand information, hotels face weaker outside options and accept more restrictive terms. The "economic traps" associated with these terms are outlined in Table 2.

What Table 2 draws attention to, in terms of the economic traps, is the need to structure the interviews so as to capture data on two critical relationships these terms potentially raise: first, how do tourism producers perceive their own relationships with intermediaries? Secondly, how do tourism producers believe intermediaries perceive the relationship in return? This dual perspective helps clarify tourism producers' self-assessment in the marketplace and their interpretation of MTOs' strategies, providing insight into their comparative self-evaluation alongside MTOs. Negotiation Theory highlights the necessity of understanding all stakeholders' positions, not just one's own, to negotiate effectively (Xu *et al.*, 2017; Fisher and Ury, 1981). Ultimately, the interviews sought to scope out whether tourism providers acknowledge the potential areas of disagreement set out in Table 2 or if the "room price" was the only aspect that stands out as a point of contention (Buhalis, 2000).

## 5. Results and discussion

The results are presented in five linked steps. Firstly, we examine how tourism producers perceive their relationship with MTOs. Secondly, we identify how producers believe MTOs perceive their own market role. Thirdly, we analyse the contract-based sources of conflict and the wider conditions affecting disputes. Fourthly, we examine the strategies and tactics used by SMTEs. Fifth, we translate these findings into the Negotiation base and Negotiation Model. This structure is intended to make explicit which empirical findings motivate each component of the proposed framework.

### *5.1 Tourism producers' perspective on mass tour operator relations*

Among the resorts surveyed, 13 characterised their relationship with intermediaries as a compromise, marked more by necessity than by loyalty or success, hinting at an undercurrent of conflict rather than cooperation. Their sentiment was as one respondent noted:

> We rely on them to sell our rooms, and they depend on us to accommodate their clients. While we are not content with this arrangement, we don't regard them as adversaries.

Many resorts expressed dissatisfaction due to reduced profits and concerns over long-term viability. Hotels similarly described the relationship as a forced compromise (noted by 14 respondents) whereas self-catering rentals viewed it as a mere transaction and a challenging necessity (mentioned by 3 respondents), but essential for staying operational in the market.

**Table 2.** "Economic traps" hidden in accommodation contracts

| Potential conflict Areas driven from accommodation contracts | Accommodation contract terms | Economic implications |
|---|---|---|
| Stop sales right | "NO STOP SALES can be accepted. In case of clear misuse of stop sales tour operators have the right to invoice a commercial damage being the amount equal to the last contracted value" | If the demand is high, principals cannot make direct sales and lose extra profits |
| Principals' liability for all claims | "claims caused by servants or third parties retained by them' without declaring how these claims are being justified and leaving contingencies for principals' provision of economic compensation to the agents" | The risk of being liable for any claim and the risk for upholding the economic compensation burden is high |
| "Justified doubts" of principals' bad performance, without clarifying the justified evidence of those doubts | "*tour operators are not liable for damage of any kind caused by actions and/or missions of his servants*" | Agents may declare "bad principals' performance" without certain and specific evidence, asserting economic compensation for that or terminating the contract |
| Room selling in conjunction with management, marketing and other facilities | "*to sell rooms in conjunction* with facilities and other goods and services" | Agents' customers and direct principals' customers may be treated differently, creating customer complaints and discrimination issues that may lead to customer losses and economic losses. Agents' marketing control may create a false picture distant from reality creating customer and economic losses as well |
| Cancelling charges | "*shall cover the agent's administration costs in dealing with the cancellation of the booking*" | A cancellation 24 h prior to arrival will be compensated by principals only a night regardless of the reservation period creating an economic loss: (a) the money not received for the reservation period and (b) the profit the principal may lose if the room is not directly sold after the cancellation and (c) the coverage of the agents' administration costs for the cancellation |
| Principals' duty to undertake investments when agents consider necessary | Principals should "*carry out and pay any repairs or alterations to the property at their own expenses that agents consider necessary to ensure health and safety to customers*" | Principals should uphold the cost of undertaking the investment without any written agents' promise for a long-term cooperation. The Return on Investment (ROI) may be low |

(*continued*)

**Table 2.** Continued

| Potential conflict Areas driven from accommodation contracts | Accommodation contract terms | Economic implications |
|---|---|---|
| Short “release period” | normally 6 days or less in some cases prior to arrival | Principals do not have the appropriate time to arrange direct bookings and the risk of not doing so is high, increasing the economic costs |
| The law that governs the contract terms | *under the laws of the countries that agents are registered* in | Principals may not have the knowledge and the money to employ a lawyer specialized in foreign laws. A false step may indicate unpredicted high economic costs in other countries’ laws |
| Denial to display list of bookings | Agents “*may at any time refuse to display list for bookings regarding number, type and frequency of rooms booked except to the maximum extent permitted by [English] law*” | Principals have no idea of the tourism demand and cannot charge the right room price |
| Agents’ 30–60 day payment delay after the invoices’ receipt | 30–60 days upon the receipt of the invoices | Principals’ economic liabilities with deadlines may not be fulfilled impinging upon their credibility and reputation |

**Note(s):** Principals denotes tourism producers (hotels); Agents refer to tour operators

Only 2 hotels and 4 resorts, considered intermediaries as allies and partners. These entities, with a strong market presence and brand recognition, saw themselves as influential market leaders capable of influencing local pricing. Their position is consistent with the broader argument that market leadership and perceived dependence shape negotiation dynamics. They acknowledged their distinction, as one respondent noted:

> While we lack the same leverage as mass tour operators, our self-awareness of our market strength, high-quality offerings, financial reliability, positive reputation, and reviews make us valuable partners for tour operators. We seek tour operators that are trustworthy; if they are not, we have the option to switch partners. We view this as a partnership.

Tourism producers highlighted the issue of information asymmetry, feeling less informed than tour operators, who had access to comprehensive data through local agents. This suggests the presence of asymmetric information and increased transaction costs. As one of the respondents observed: "Tour operators possess deeper insights about the hotels and their locales via local agents than we have access to." In terms of the role and importance of intermediaries, 48 interviewees acknowledged that tourism intermediaries are crucial and central to the sector. Interestingly, respondents described intermediaries as facilitators rather than disruptors of market flow, essential for the functioning of the tourism sector. As one respondent suggested: "Tour operators are indispensable. The tourism market cannot function without them", which assumed even greater significance in more peripheral and island destination areas due to the lack of direct flight services. This was reinforced by one respondent who argued that: "In areas without direct airlift, tour operators are vital as they bring customers via charter flights. Traditional airlines, offering connecting flights through Athens, are costly and time-consuming."

Implication for the framework: these accounts show that the negotiation base must begin with a realistic assessment of dependence, information asymmetry and perceived outside options rather than with a formal list of contract terms alone.

### *5.2 Mass tour operators as perceived by tourism producers*

Tourism producers, when prompted to consider how MTOs viewed their market role, largely concurred with the view that MTOs see themselves as indispensable, largely due to SMTEs limitations in directly attracting overseas and domestic tourists. Producers suggested that the inability of Greek tourism entities to attract visitors independently allows MTOs to assert a dominant position in the market. As one respondent commented:

> Mass tour operators are aware of their pivotal role, such as they command airlines, own branded hotels, and know that thousands of hotels are unable to sell all their rooms directly and are struggling to stay afloat in the market.

Respondents also acknowledged MTOs' market dominance arises from their extensive vertical integration and cognisance of tourism producers' weak bargaining position. Conversely, tourism producers feel vulnerable, cognisant of the MTOs' plethora of options if negotiations fail to materialise. One respondent poignantly summarised this power imbalance and dependency relationship:

> Tour operators have international acclaim, backed by a vast network of companies, airlines, hotels, and agencies. In contrast, we are relatively unknown, with just our accommodation to offer and limited alternatives if they decide not to partner with us.

Implication for the framework: the model must recognise that MTOs enter the negotiation with a stronger BATNA and a greater ability to define what counts as market access for smaller accommodation providers.

*5.3 Adjusting the power dynamics*

Given the perceived unequal power relationship between hotels and MTOs, we sought to examine how a better balance of power might be achieved. Respondents did not always appear to have a clear understanding of their strategic positioning in relation to MTOs. This strategic positioning spans business strategy (low cost or differentiation), corporate strategy (growth, stability or cost-saving) and market strategy (entry, exit, share expansion or consolidation). Because firms must establish a sustainable competitive edge through either cost leadership or differentiation in product or service quality (Porter, 1985), many SMTEs are disadvantaged when they attempt to negotiate without a clear sense of how their strategic position affects bargaining leverage. Larger MTOs can pursue cost leadership because they benefit from scale, whereas smaller accommodation providers usually need to strengthen differentiation, reputation and product quality (Pearce and Robinson, 2009; Paltseva, 2015). The relevant issue is therefore not only whether hotels want higher prices but whether they can improve the strategic resources that shape their BATNA and reduce dependence on intermediary-controlled demand.

Negotiation theory suggests that a weaker party can improve its bargaining position by strengthening alternatives, clarifying interests and expanding the range of mutually beneficial options (Fisher and Ury, 1981). In the present context, this means that SMTEs may improve their position by enhancing the perceived value of the tourism product, using technology for marketing and reputation building, improving access to demand information, reducing dependence on MTOs and building alliances with other stakeholders (Buhalis and Leung, 2018; Buhalis and Crotts, 2013; Stangl *et al.*, 2016; Viglia *et al.*, 2016). These strategies do not remove structural inequality, but they can alter the information and resource base from which negotiations begin. The elements that frame the factors pivotal for recalibrating the current power imbalances are presented in Figure 3.

Implication for the framework: power rebalancing is treated as a preparatory process rather than a bargaining event. Hotels must strengthen the resources that shape their outside options before entering the negotiation.

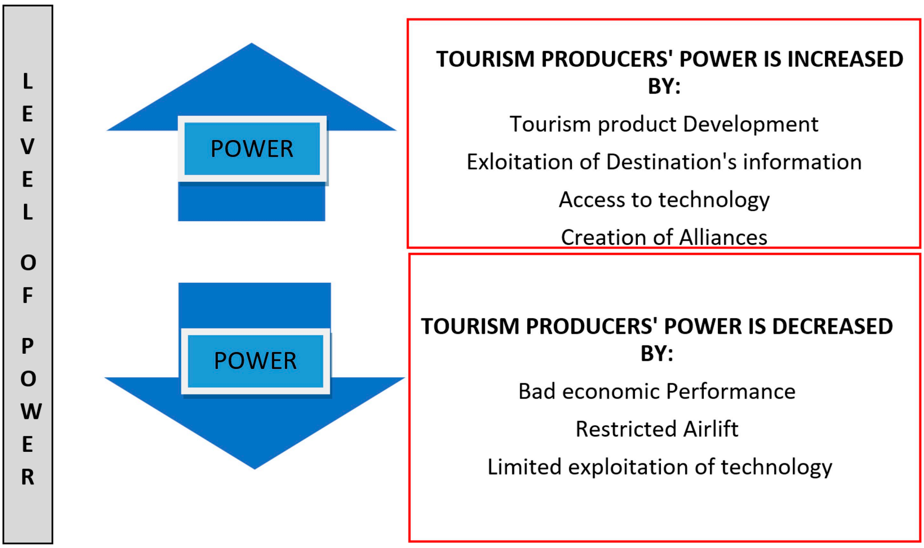


**Figure 3.** Factors influencing tourism producers' power and dependence on mass tour operators

*5.4 Identification of conflict areas and influential dynamics in disputes*

From the contractual terms, respondents were asked about areas of conflict with MTOs and the responses are summarised in Table 3.

As Table 3 suggests, there was a unanimous concern among the respondents about the pricing of rooms, which takes precedence over profitability concerns. This was illustrated by one respondent whose comment was typical of several responses: "Tour operators push for lower room rates to maximise their profits. If we concede to these reduced rates, our profit margins shrink, adversely affecting our entire operation." It is noteworthy that the concept of "profitability" seems to be conflated exclusively with "room price", disregarding hidden costs in other contractual elements, illustrated in Table 1. This perpetuates the fallacy of homogenous profit goals, as illustrated by one respondent's view that: "MTOs are fixated on profit through volume sales. All their actions are aimed at boosting their gains at our expense." Information asymmetry, while acknowledged as a weakness, is surprisingly not seen as a conflict trigger, indicating a disproportionate focus on room pricing to the exclusion of other critical conflict-inducing factors like exclusivity, marketing strategies, contractual terms and advanced payments. This over-emphasis on room price suggests a lack of awareness of other themes that were identified in earlier studies (e.g. Buhalis, 2000).

Implication for the framework: the model must broaden negotiation away from room price alone and towards the full contract architecture, including release periods, payment delays, exclusivity, information flows and hidden economic costs.

Theoretical studies of the conflict process indicate that no single theory or model encapsulates the wide range of triggers that might lead to contractual conflict. Therefore, a wider range of themes were examined over and above price in the interviews and interviewees were asked to assess their impact on conflict. The results are presented in Table 4.

As Table 4 suggests, economic and political conditions are unanimously viewed by participants as influences on market stability, tourism demand and consequently, on the pricing power of tourism offers. As one respondent commented: "The economic and political climate indubitably impacts enterprise performance, hence the paramountcy of their stability." Reputation is widely acknowledged as a determinant in conflict and negotiation dynamics and this was illustrated by one respondent thus:

> A solid reputation is a powerful lever in negotiations. If you're known for customer satisfaction, timely payments, and quality offerings, then you become a preferred partner, with a wider range of alternatives.

**Table 3.** Perceived areas of conflicts from the tourism producers' point of view

| Conflict areas | Resorts | Hotels | Rental Rooms |
|---|---|---|---|
| Price | 22 | 24 | 4 |
| Profitability | 22 | 8 for 5*, 9 for 4*, 7 for 3* | |
| Release dates | 12 | 6 for 5*, 5 for 4*, 1 for 3* | |
| Marketing | 2 | | |
| Payment delays | 18 | 6 for 5*, 5 for 4* | 2 |
| Exclusivity | 1 | 6 for 5*, 4 for 4* 1 for 3* | |
| Early booking discounts | 16 | 8 for 5*, 9 for 4* 5 for 3* | |
| Prepayments | 1 | 8 for 5*, 9 for 4* 3 for 3* | |
| Allotment Volume | 5 | 7 for 5* | |
| Information Flows | 2 | | |
| Contract terms | 2 | | |

**Table 4.** Interviewees' perceptions over factors affecting conflict process

| Factors | Resorts | Hotels | Rental rooms |
|---|---|---|---|
| Culture | 2 | – | – |
| Economic conditions | 22 | 24 | 4 |
| Political conditions | 22 | 24 | 4 |
| Legal conditions | 4 | | |
| Temporal conditions | – | – | – |
| Technology | 2 | – | – |
| Personality | 4 | 5 5* | – |
| Identity | – | – | – |
| Reputation | 18 | 5 5*, 5 4* | – |
| Disruptive Relations | – | – | – |

However, there seems to be a gap in recognising how technology, particularly social media, can influence reputation and identity, thereby shaping the conflict landscape (Buhalis and Leung, 2018). The ability of technology to enhance or damage a reputation through customer feedback (Xu *et al.*, 2017; Viglia *et al.*, 2016) was overlooked in the interviews. Factors such as human relations, personal traits and the role of cultural differences in communication were also largely absent in the discussions on conflict-inducing factors. In fact, one respondent claimed that "culture is irrelevant to conflict and negotiation dynamics", thereby neglecting the interpersonal aspects of MTO relations and the role played by individual representatives on both sides.

Implication for the framework: external conditions and relational perceptions must be treated as dynamic factors that alter the negotiation base over time, rather than as background variables detached from the bargaining process.

### *5.5 Negotiation strategies and tactics: Assessing approaches and recognising flaws*

When discussing the negotiation strategies and tactics used by respondents to attain their objectives, their responses highlighted some somewhat surprising results as indicated in Table 5.

As Table 5 illustrates, many respondents equate a successful negotiator with one who adopts an aggressive and rigid approach. This was epitomised by one respondent who claimed:

> Our negotiation stance is uncompromising. We reject initial offers outright to set a stern tone from the outset. We draw firm lines that we refuse to cross, signaling to mass tour operators that we are

**Table 5.** Perceived negotiation strategies used by SMTEs

| Strategies (using the terminology of respondents) | Resorts | 5*Hotels | 4*Hotels | 3*Hotels |
|---|---|---|---|---|
| Inflexible positioning, rejecting any proposed alternative | 17 | 5 | 6 | 5 |
| Never accepting disputants' initial requests | 16 | 6 | 7 | 4 |
| Creating deliberate delays in the negotiation process to tire out disputants | 5 | 1 | – | – |
| Setting inflexible bottom lines | 19 | 5 | 5 | 4 |
| Studying and analysing previous years' accommodation contracts | 18 | 5 | – | – |

resolute. The crux lies in withstanding pressure and holding fast to our position. This inflexibility sends a clear message about our limits and purportedly improves our chances of success.

However, this perspective is at odds with the principled negotiation model (Fisher and Ury, 1981), which suggests that such intransigence is not effective in negotiations. What is evident is that respondents insist on strict "bottom lines" to shield themselves from unprofitable room rates proposed by MTOs. Yet, as the negotiation literature suggests (see Fisher and Ury, 1981), a bottom line can actually hinder the ability to exploit favourable developments within a negotiation, as it represents an immovable stance.

The concept of BATNA plays a crucial role in negotiation dynamics. A party with limited alternatives if negotiations fail (a low BATNA) is inherently at a disadvantage. Conversely, having multiple options (a high BATNA) confers strength in negotiations. MTOs typically possess a high BATNA and are cognisant of the tourism producers' lower BATNA (Buhalis, 2000). Employing delaying tactics or deceit, particularly when one's BATNA is weak, can backfire, especially against MTOs who enjoy a stronger negotiating position. Instead, Fisher and Ury (1981) advocate enhancing the negotiation by expanding the other party's perceived BATNA, creating a win-win scenario.

Interestingly, when discussing tactics for achieving goals, the majority of respondents emphasised leveraging positive guest reviews, underscoring the significant impact of technology (Buhalis and Leung, 2018; Viglia *et al.*, 2016) on negotiation strength and power rebalancing, a stance that seemingly contradicts the earlier assessment of technology by respondents as inconsequential to conflict dynamics. The results are presented in Table 6.

As one respondent acknowledged: "To bolster our negotiation power, we utilise guests' reviews to attest to our service quality and to negotiate better room rates. Positive feedback also fortifies our enterprise's reputation and strengthens our brand identity." This response highlights an awareness of reputation management, yet it also suggests a lack of full appreciation for the relationship between technology and reputation. Moreover, the reliance on a "brand name" by many tourism producers is curious, considering their acknowledgement that many SMTEs lack a brand presence, especially in comparison to MTOs. This might reflect a misconception of their market presence or a conflation of local recognition with a robust national or international brand reputation. Additionally, the importance of effective communication appears underemphasised, despite the integral role of communication in negotiation success (Fisher and Ury, 1981).

**Table 6.** Tactics used by SMTEs in negotiations to attain objectives

| Tactics used by tourism producers to achieve their goals | Resorts | 5* Hotels | 4* Hotels | 3* Hotels |
|---|---|---|---|---|
| Guests' positive reviews | 18 | 5 | 8 | 6 |
| High occupancy rate | 15 | 3 | – | – |
| Low complaint rate | | 5 | | |
| Development of the tourism product (quality and differentiation) | 9 | 5 | 2 | – |
| Renovation of the existing tourism infrastructure | 7 | 3 | 3 | 3 |
| Development of personal relations with tourism intermediaries based on trust | 5 | 3 | 2 | – |
| Enhancement of the reputation regarding credibility | 8 | 2 | 2 | 2 |
| Good economic results of previous years | 8 | 4 | – | – |
| Experience obtained in the tourism market | 4 | 1 | – | – |
| Ability of decoding disputants' behaviour | 2 | – | – | – |
| Fruitful communication | 2 | – | 5 | – |
| Brand-name | 14 | 4 | 6 | |

Implication for the framework: the use of reviews, reputation, product quality, trust and brand identity shows that some SMTEs already deploy resources capable of strengthening BATNA, but they do so unevenly and often without integrating these resources into a coherent negotiation strategy.

### *5.6 From empirical findings to the conceptual framework*

Table 7 makes explicit how the empirical findings lead to the proposed negotiation base and negotiation model. This addition directly clarifies the logical movement from results to theory: the framework is not introduced as an abstract model after the findings but as a synthesis of the observed contractual traps, perceived dependence, information asymmetries, weak BATNA and countervailing strategies reported by participants.

This mapping is important because it clarifies the originality of the framework: the model is grounded in established negotiation theory, but it adapts that theory to a tourism setting where demand gatekeeping, information control, contractual design and weak outside options jointly structure the negotiation space.

### *5.7 Establishing theoretical frameworks for enhanced negotiation outcomes*

Building on the mapping in Table 7, the proposed Negotiation base and Negotiation Model are not presented as replacements for established negotiation theory. Rather, they extend

**Table 7.** From empirical findings to the negotiation base and negotiation model

| Empirical finding | Evidence in results | Theoretical issue | Framework implication |
|---|---|---|---|
| Hotels perceive MTO dependence as necessary rather than fully voluntary | Many respondents describe compromise and reliance on MTO demand access | Low BATNA and power dependence | Negotiation base begins with explicit assessment of outside options and perceived dependence |
| MTOs are viewed as indispensable market access providers | Respondents report that MTOs control access to overseas demand and destination information | Demand gatekeeping and asymmetric information | Model treats information and demand access as central power resources |
| Contractual traps extend beyond room price | Contracts include stop-sale restrictions, release periods, payment delays, liability clauses and information restrictions | Hidden transaction costs and contractual governance | Framework broadens negotiation from price to the full contract architecture |
| Price and profitability dominate perceived conflict areas | Table 3 shows price and profitability as central concerns | Distributive bargaining and stated positions | Model moves actors from positional bargaining toward underlying interests and objective criteria |
| Rigid tactics are used despite weak bargaining power | Table 5 reports inflexible positioning, rejection of initial requests and bottom lines | Misalignment between tactics and BATNA | Model emphasizes communication, option generation and relationship-preserving bargaining |
| Reputation, reviews, technology, differentiation and alliances can improve leverage | Table 6 reports positive reviews, product quality, trust and reputation as negotiation resources | Power rebalancing through strategic resources | Negotiation base includes resources that can strengthen BATNA over time |
| External conditions shape conflict dynamics | Table 4 identifies economic and political conditions as major influences | Context-dependent and time-sensitive bargaining | Model includes temporal adjustment and changing external conditions |

BATNA-based reasoning and principled negotiation to the specific context of hotel-intermediary contracting, where demand access, information control, contractual visibility and temporal pressure shape bargaining power. The original contribution lies in combining three elements that are usually treated separately: first, the structural gatekeeping of demand by intermediaries; second, the strategic resources available to SMTEs to rebalance weak outside options; and third, the temporal dimension of negotiation, whereby interests may be traded, sequenced or fulfilled across different time horizons rather than conceded immediately. This structured approach begins with the negotiation base, an essential preparatory phase preceding actual negotiations, as depicted in Figure 4.

Negotiation dynamics pivot on the individual preferences for interests, which are shaped by a complex interplay of factors: the nature of the interests, their perceived importance and the timeframe anticipated for their realisation. Players define their interests through a strategic tri-level approach comprising business strategy (cost leadership or differentiation), corporate strategy (growth, stability or retrenchment) and market strategy (market entry, exit, consolidation or expansion). This stratification illustrates each enterprise's market positioning and actual interests across multiple dimensions. The outcomes of these strategic factors are further refined by assessing the relative importance each player places on their

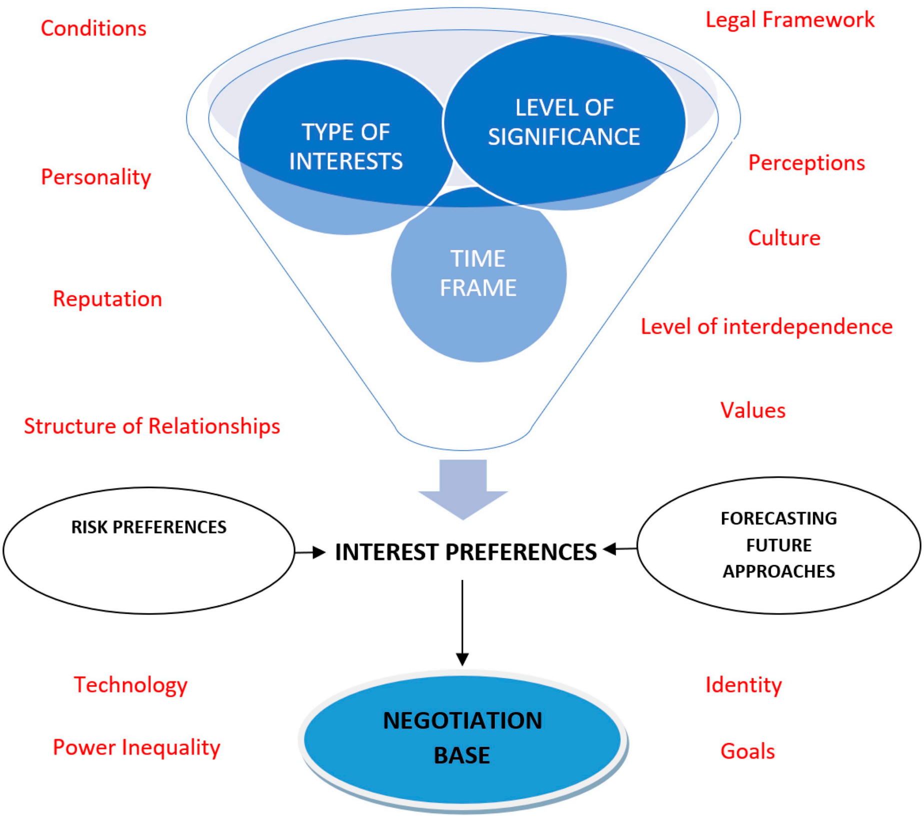


**Figure 4.** The Negotiation base

interests and by placing these within a temporal context, ranging from immediate to very long-term goals. This multi-dimensional scaling enables a nuanced and realistic projection of preferences. Combining these interest preferences with risk orientation and anticipatory planning, a negotiation base for each player is formed.

The negotiation base is a dynamic entity, influenced by each party's risk tolerance and predictive outlook, ranging from conservative to bold and pessimistic to optimistic. Within a comprehensive framework that includes the fluctuating factors affecting the conflict process, the negotiation base provides a precise foundation from which to engage in negotiation. Given the non-static nature of these factors, a negotiation base is subject to change over time, especially as negotiations are protracted, potentially altering the dynamics of the negotiation process itself. This negotiation base is pivotal in the negotiation process, serving as a tool to identify mutually advantageous grounds where interests may be harmonised or traded. The negotiation process, depicted in the negotiation model in Figure 5, emphasises the centrality of the negotiation base.

At the heart of any negotiation is a fundamental conflict of interests, i.e. "raised issues" among disputants (Fisher and Ury, 1981). Once issues are identified and negotiation commences, the negotiation base comes into play, guiding parties to articulate their interests within the context of time and influencing factors. The negotiation then unfolds through effective communication to discover commonalities in interests, transitioning to strategic decisions about leveraging power resources.

Embracing the tenets of principled negotiation (Fisher and Ury, 1981), parties are encouraged to remain firm on the issues while nurturing their interpersonal relationships. This approach counsels against inflexible bottom lines, advocates for creative, mutually beneficial solutions and calls for negotiations to be anchored in objective standards, preserving relationships while ensuring fair outcomes. Communication is key, necessitating active listening, a focus on underlying interests over stated positions and a collaborative rather than confrontational stance, especially when one's negotiation position (BATNA) is weaker.

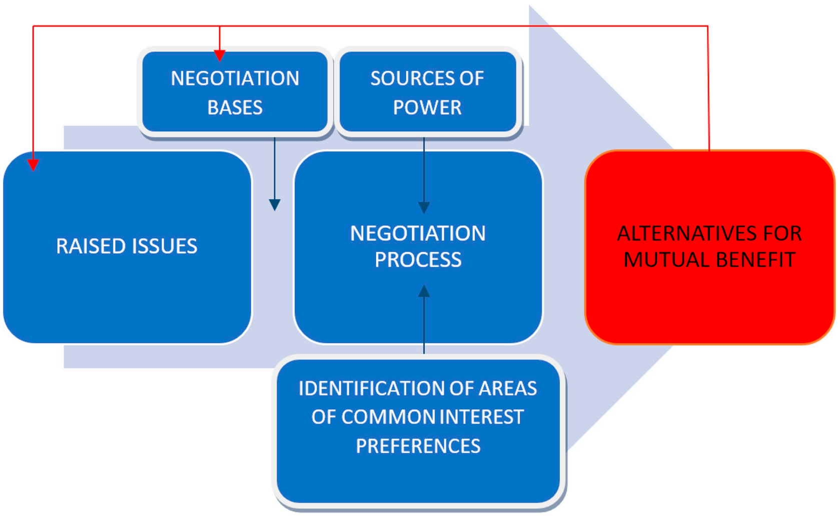


**Figure 5.** Model of negotiation process

The novelty of the proposed model is its allowance for temporal trade-offs, expanding the traditional negotiation parameters to include the timing of when interests are realised. This flexibility can reconcile conflicting interests by adjusting expectations around their fulfilment timeline, facilitating the attainment of goals in varying timeframes without necessitating the sacrifice of core preferences. This sophisticated approach to the negotiation base and the accompanying negotiation model is universally applicable, offering strategic value to tourism producers, MTOs and any market participants operating within oligopsony-oligopoly intermediary structures.

### *5.8 Critical reflection: Do these conditions still apply?*

Having documented the power dynamics and negotiation challenges characterising hotel-tour operator relationships in 2018, we now consider the contemporary relevance of the findings. The purpose of this reflection is not to claim that the 2018 structure remains unchanged but to ask whether the underlying mechanism of demand gatekeeping has shifted form.

*5.8.1 From traditional mass tour operators to platform-based gatekeeping.* The collapse of Thomas Cook in 2019, consolidation among remaining tour operators and the accelerated shift to online booking all suggest that the traditional MTO-centric gatekeeping structure documented here has changed. The core issue, however, has not necessarily disappeared. OTAs and digital platforms may now perform similar gatekeeping functions through search visibility, ranking rules, commission structures, rate parity expectations, consumer-review systems and access to demand data (Berne *et al.*, 2012; Buhalis and Leung, 2018; Gössling *et al.*, 2021; Sigala, 2020; Stangl *et al.*, 2016).

*5.8.2 COVID-19 and the restructuring of bargaining conditions.* The COVID-19 pandemic disrupted hotel-intermediary relationships by interrupting international travel, destabilising long-term contracts and forcing many SMTEs to reconsider their dependence on single channels of demand. Some firms developed direct-booking capabilities and more flexible distribution strategies, yet post-pandemic recovery does not automatically imply a permanent reduction in intermediary power. The question for future research is whether these adaptations have strengthened hotels' BATNA or whether new platform dependencies have recreated similar constraints in a different institutional form (UNWTO, 2023).

*5.8.3 The persistence of information asymmetry.* The most durable element of the analysis is information asymmetry. Traditional MTOs controlled demand information through allotments, booking systems and market access. Contemporary platforms may possess even more detailed data about consumer behaviour, pricing, reviews and demand forecasting. In that sense, the identity of the gatekeeper may have changed, but the underlying problem remains: smaller accommodation providers often negotiate without full access to the information that determines the value of their own inventory.

*5.8.4 Implications for the negotiation model.* The negotiation base and negotiation model therefore, retain value as conceptual tools, provided they are interpreted dynamically. Their purpose is not to prescribe identical tactics for MTOs and OTAs but to help SMTEs identify the resources, information, relationships and time horizons that shape their bargaining position. In contemporary platform-mediated markets, this may require greater emphasis on digital reputation, direct customer data, platform dependency and channel diversification.

The specific tactics may need updating, but the underlying theoretical framework remains relevant. The central challenge for SMTEs is still to reduce avoidable dependence by strengthening differentiation, technology use, reputation, data access, alliances and strategic positioning. Future research should empirically test whether the model requires adaptation for post-pandemic and OTA-dominated tourism markets.

## 6. Implications

The development of the negotiation base introduces a methodology for pinpointing disputants' interests while accounting for corporate, business and market objectives. It integrates significance and temporality in business-to-business negotiations and considers the impact of risk orientation and forward-looking perspectives. It also accounts for economic, political, environmental, legal, reputational, technological, relational and power-based conditions that influence the negotiating context. By implementing this framework, businesses can enter negotiations with a clearer understanding of interests, outside options and strategic resources, rather than treating the hotel-MTO nexus as an unavoidable conflict over marginal profitability alone.

Our contribution to the development and application of negotiation theory in tourism is in demonstrating the value in moving away from traditional interest-based negotiation to incorporating the dimension of time, thereby allowing for a more nuanced approach. By considering time as a variable, disputants can avoid concessions on interests, so-called "interest discounts" and instead find fulfilment of all interests by negotiating on the temporal axis, shifting between short-term and long-term perspectives where required. Therefore, our contribution to knowledge from the primary research is a re-evaluation of the way the SMTE-MTO nexus might be enhanced through the creation of a new negotiation model developed from the research findings. By integrating the negotiation base with the power sources inherent to each player, it is possible to offer a continuum of potential negotiation outcomes. This model is not a panacea for achieving an "ideal" negotiation result, nor is it a universal solution; rather, it is a strategic framework for crafting effective negotiation pathways.

In the Mediterranean, where SMTEs are a dominant element of the tourism sector, it offers opportunities for these businesses who may lack negotiation leverage or brand recognition. These entities can enhance their negotiating strength through strategies like product differentiation, leveraging technology, forging alliances with stakeholders and authorities and by monopolising information about their destination. Such tactics are designed to counteract power imbalances with MTOs, thereby allowing tourism producers to more effectively define their interest preferences, which is a key factor influenced by power dynamics within the negotiation base framework. The result should be that SMTEs can engage more successfully in negotiations using the new model to achieve optimal outcomes. The model and research findings also have salience with other markets, providing a strategic avenue to address power imbalances and to foster a more efficacious negotiation process. The research also provides a new avenue for specific industry interest groups within the accommodation sector, as one example, to collectively understand how long-standing grievances and concerns about business-to-business contractual negotiations can be redesigned to strengthen the sector's long-term sustainability. For such trade bodies, there is a clear impact from this research process. That is the dissemination, adoption and use of the model and findings to enable a wide range of SMTEs to enhance the negotiating process they engage in with MTOs.

For academic researchers, the study illustrates that highly sensitive and confidential business issues in management research need not remain a terra incognita. By building researcher-participant relationships, establishing dialogue with businesses and listening to respondent concerns through a multi-stage research process, scholars can access evidence on contract negotiation that is often hidden from view. The combination of contract material and interview narratives provided a guided account of operational and strategic negotiation issues faced by hotels. A limitation is that the study focuses on one destination context; further research should therefore examine the validity and transferability of the model in other Mediterranean destinations and in post-pandemic platform-mediated markets.

## 7. Conclusion

This research documents the transformative strategies that tourism entities with limited BATNA and negotiation leverage used to address power imbalances in the pre-pandemic Mediterranean tourism market. Our findings, derived from fieldwork conducted in 2018, capture a specific historical moment when traditional MTOs still dominated tourism distribution channels, before subsequent disruptions, including major operator collapses, the COVID-19 pandemic and accelerated digitalisation, fundamentally reshaped the industry landscape. In particular, demand gatekeeping explains why power imbalances persist in hotel–tour operator contracting: intermediaries' control of booking visibility, demand information and enforcement asymmetries weaken hotels' outside options and help reproduce restrictive contract outcomes beyond room-price bargaining. By integrating conflict and negotiation theory, the study illustrates that tourism producers with constrained power and BATNA can redress power asymmetries through several key actions: investing in the enhancement and differentiation of their tourism products, leveraging technological advancements, forging strategic partnerships with market stakeholders and local authorities and asserting control over local destination information.

The theoretical contribution of this research is twofold. Firstly, it proposes a "Negotiation base," a tool designed to facilitate enterprises' market positioning and to delineate the diversity of interests among negotiating parties. Secondly, the study expands negotiation theory by emphasising negotiations over time, thereby shifting the focus from immediate interests to the temporal aspects of those interests. The emergent negotiation model stands as a new framework that incorporates the negotiation base and the power dynamics of the negotiating parties to foster more efficacious negotiation outcomes. In terms of the interdisciplinary literature on negotiation theory, the tourism application of this model makes a significant contribution to theory development by identifying how to recalibrate power dynamics, enabling entities with lower negotiation capacity and BATNA to engage constructively with dominant players, with wider application outside of tourism. Future research may well develop the role of technology in shaping negotiation processes and their indirect impact on marketing, reputation and identity, all of which are factors that collectively enhance negotiation results in the tourism domain.

Taking a much wider theoretical perspective of how this study contributes to critical debate in tourism, it is evident that numerous critiques since the 1960s have questioned the development trajectory of mass Mediterranean tourism and the external drivers of change such as the MTOs and their requirements for including destination tourism products. In some extreme cases, this concern about control of the development process within destinations and the pressure exerted by MTOs on SMTEs has seen a growing concern in some destinations by residents about how this control has contributed towards overtourism and low-value, high-volume tourism that yields little value for the local businesses. Some critiques have even questioned whether such models of tourism development are financially sustainable or now desirable. What this study demonstrates also is that SMTEs, as stakeholders in destinations, may see the negotiation model as one route to realign their business interests and strategy with MTO requirements, particularly if destination leadership by destination management organisations or trade bodies encourage SMTEs to pursue a new development path (e.g. a refocusing on a sustainability paradigm). With many MTOs also embracing and planning for greater sustainability in their supply chains, this potentially offers SMTEs a pathway to offer diversified product ranges with MTOs to create win-win relationships. The status quo in tourism production has demonstrably not remained unchanged since our data collection. The increasing focus on climate change, tourist interest in sustainability, and, most dramatically, the COVID-19 pandemic have fundamentally transformed tourism markets. Contemporary evidence from Booking.com (2023) indicates that 74% of travellers want tour operators to offer more sustainable travel choices and 65% prefer accommodation with certification or ecolabels, suggesting that new negotiation dimensions have emerged alongside those we identified.

The study also highlights an underlying paradox in the debates over sustainability and the growing interest in ESG among large tourism companies. As a global development, ESG has developed from the desire for more responsible and transparent management in corporations. Whilst it is a voluntary process, it is becoming more widespread in tourism businesses (Shin *et al.*, 2026) as a means of communicating with a more discerning consumer. The paradox this paper highlights, in relation to the ESG movement, is that MTO profits and the business models used raise ethical issues over the power these models exercise over SMEs and the supply chain. These do not feature in the ESG reports and disclosures, where community engagement and sustainability are emphasised. The power relationships between large MTOs and destination supply chains make a significant contribution to the MTO business model, which raises ethical and moral issues if sustainability is central to the organisation's ethos. The issues raised in this paper do begin to uncover the need for a much more critical and searching debate over the need for greater application of responsible business practices, as highlighted by Koščak and O'Rourke (2023). In the Mediterranean, these power relationships are likely to have to change to more cooperative, collaborative and sustainable models of business development given the transformation that Mediterranean destinations will experience in the medium to long term due to climate change. In simple terms, climate change will transform the nature of peak season tourism and traditional models of mass tourism from how they are currently constructed. Whilst some MTOs have already begun to develop new capacity in more temperate locations in Europe, the fixed infrastructure of the mass Mediterranean tourism model is unlikely to be replicated at scale in temperate areas. This means that the current capacity will still have significant supply-led opportunities to rethink their model of operation. Countries will not wish to replicate the mistakes of mass tourism development of the 1960s-1990s to create a new swathe of mass tourism infrastructure, given the greater focus on environmental impacts and protests that now exist on overtourism. In addition, planning restrictions and growing competition for development land in coastal areas in temperate regions is likely to see a greater longevity for many Mediterranean destinations, but in a different format to the current seasonal model of arrivals they are used to. Therefore, MTOs are likely to remain wedded to the destination-based model they operate, albeit working on adaptive practices and approaches to tourism, as holidaymaking becomes more contingent upon key climate change variables such as water availability, heat and the tourism comfort indices (Deyá-Tortella *et al.*, 2026). These changes offer not only an opportunity for a more collaborative contractual relationship to be developed between MTOs and suppliers, but also new business opportunities for the products and services for climate-proofed holidays as the Mediterranean adapts to a new normal for tourism induced through climate change.

A primary limitation of this study is its temporal scope. The empirical data capture a pre-pandemic moment and should not be read as a complete description of current hotel-intermediary contracting. Nevertheless, this temporal limitation is also analytically useful because it provides a baseline against which post-2019 changes can be assessed. Future research should examine whether the information asymmetries and contractual power imbalances identified here have persisted, evolved or been superseded by new forms of intermediary control in the digital age.

We therefore propose that the findings be understood as a critical baseline for understanding how tourism distribution power evolves. The gatekeeper may shift from the traditional MTO to the OTA or digital platform, but the central mechanism remains theoretically important: actors that control demand visibility, market access and demand information are able to shape contract terms and redistribute value. Understanding the historical conditions that enabled traditional MTO dominance can therefore inform critical analysis of contemporary platform capitalism in tourism (Pompurová *et al.*, 2022).


## Acknowledgements

The authors would like to thank the Editor, Chris Ryan, and the anonymous reviewers for their constructive comments and valuable suggestions, which helped improve the quality and clarity of the manuscript. The usual disclaimer applies, and any remaining errors or omissions are solely the responsibility of the authors.

## Funding

No external funding was received for this study.


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## Appendix

Interview Semi-Structured Questions.

### General features of the enterprise

(1) Enterprise's short description (stars, rooms, employees, departments, location, ownership status).

(2) How would you generally characterise the economic status of your enterprise?

(3) What is the country of origin of your customers?

(4) Do you aim at any special tourism country markets (national or abroad)?

(5) Is there a special strategy implemented that will attract tourists from those markets?

**Relationship/cooperation with travel intermediaries**

(6) Do you cooperate with travel intermediaries? To what extent?

(7) Do travel intermediaries play a role in the economic status of your enterprise? In what sense?

(8) How do you evaluate/characterise and describe your relationship with travel intermediaries?

(9) Do you have enough information about them (business philosophy, intentions, actions in the market) or do they have more information about you?

(10) Do you spend time looking for information about a travel intermediary before you cooperate?

(11) What are your selection criteria for cooperation with a travel intermediary?

**Evaluation of travel intermediaries' role in the market**

(12) Do you think their presence in the market is useful? Does their existence contribute to the market's natural flow or to the distortion of it? Justify your answer.

**Conflict areas**

(13) Do you think there is a conflict of interests between you and the travel intermediaries? What are the perceived conflict areas? Name them.

(14) Do you think these are mutual problems that could be resolved collaboratively?

(15) What is the perceived size of the conflict?

(16) How significant is that conflict for you?

(17) Are there internal issues "conflict areas" in your enterprise?

(18) Do you think these issues affect somehow your conflict with travel intermediaries?

**Negotiation with travel intermediaries**

(19) Negotiation is a conflict resolution method. Do you negotiate to resolve the raised issues?

(20) Who is doing the negotiation for your enterprise?

(21) Who is your disputant? (i.e. who is the representative of the travel intermediary you are talking to)?

(22) What are the points you usually negotiate?

(23) What are the means/power you use to negotiate?

(24) Is there a predetermined strategy of negotiation?

(25) Are there other negotiable areas that you do not negotiate on for some reason?

(26) What are the concessions for you?

(27) What is your bottom line? (i.e. the lowest concession after which you will leave the table)

(28) Are you happy with the negotiation result?

(29) When is the last time you felt that you won a negotiation and why?

(30) Does the reputation of your disputant affect your negotiating behaviour?

(31) Which TOs or OTAs have you excluded and why?

(32) Do you think culture affects the process and the result of the negotiation?

(33) Do you think internal issues of the enterprise affect the negotiation process with TOs?

(34) Do you think you have less power than travel intermediaries in the market? Why?

(35) If the TOs you are cooperating with leave you tomorrow. Is there a plan B?

**Conditions under which conflict and negotiation takes place**

(36) Do you think economic and political situation in Greece affects the process and the result of the negotiation?

(37) Are you familiar with technology?

(38) Do you use it in your enterprise?

(39) Do you think technology affects by any mean the negotiation process?

(40) What are the internal and external factors that you think affect your relationship and negotiation with the travel intermediaries.

(41) Are there any other internal issues preventing the enterprise's good performance?

**Willingness to deal seriously with negotiation and to implement new alternative strategies of negotiation for mutually beneficial results**

(42) Do you think that the creation of alternative strategies of negotiation may create mutually beneficial results for hotels and travel intermediaries?

(43) Are you interested in new negotiation strategies that produce mutually beneficial results or in strategies that favour only your side?

(44) If they are created, would you give them a try?

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