

Original Research Article

Identifying and Explaining the Legal Challenges Travel Agencies Encounter with the Rise of Online Travel Agencies (OTAs)

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Abstract | The tourism industry in Iran has faced fundamental developments with the advent of online travel agencies (OTAs). However, the relevant rules and regulations, which are mostly implemented for traditional business models (approved in 2002), have lost their efficiency due to the rapid emergence of the dynamic digital space. Their legal non-compliance creates unfair competition against traditional travel agencies, as it might threaten their survival.

The research aims to identify and deeply analyze the challenges and legal gaps facing traditional travel agencies in Iran by growing OTA activities; it also tries to provide legal and structural solutions to create a well and sustainable competitive environment. The study has adopted an exploratory qualitative research model by using qualitative content analysis. The research data was gathered by applying semi-structured interviews with 12 persons who were experts on tourism and technology in Tehran city until theoretical saturation. The MAXQDA software was used to code the qualitative data by using a combined deductive-inductive method. The research findings display the multi-layered legal challenges of traditional offices, which are mostly arising from inadequacies of the current legal system, inconsistency in regulatory organizations, including unclear responsibility of online activities, and imbalance in compliance requirements, and also the lack of support in international financial interactions and weaknesses in facilitating digital transformation. To guarantee the survival of traditional offices and the efficiency of the market, it is a critical necessity to urgently review and develop the current legal system, implement clear regulations for online liabilities, and create government infrastructure an support.

Keywords | *Online Travel Agencies (OTAs), Traditional Travel Agencies, Legal Challenges, Unfair Competition, Tourism Legal System, Qualitative Content Analysis (QCA).*

Introduction | The tourism industry, as one of the most dynamic and largest industries in the world, has always been influenced by diverse and constant developments. The emergence and development of digital technologies, especially the Internet-based activities, have created fundamental changes

in this industry, resulting in significant challenges to traditional business models. Traditional travel agencies, by having a main intermediating role in providing travel services, are now facing strong competition from online booking services. These online agencies have captured a significant share of the market by offering a diversity of services,

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competitive prices, and easy access to users (Standing & Vasudavanzy, 2000).

Although many published research studies address the benefits of the emergence of technology in the tourism industry, such as increased efficiency, reduced costs, and greater customer access to information, less attention has been paid to the structural and legal challenges, and also to the healthy competition framework among these two business models. More specifically, the impact of these changes on traditional travel agencies and their strategies for survival in this emerging competitive environment requires more detailed attention and studies.

This research study, by focusing on the owner's mindset toward traditional travel agencies, aims to explore the challenges and legal gaps facing them while encountering digital technologies and online agencies. The main objective of this study is to identify and analyze challenges and legal gaps in the relevant market to provide solutions for a healthy and structured competitive environment between these two entities, to let traditional offices survive and keep their role in the tourism industry. The study also aims to address the research gap in this field by thoroughly examining the experiences and mindset of traditional travel agency owners in Tehran city.

Research Background

In recent years, several studies have addressed the barriers to information and communication technologies in the tourism industry of Iran. For example, Yavarigohar et al. (2020) in a study on travel agencies in Karaj city showed that traditional offices have some problems adopting the relevant information and communication technologies. They found that environmental, organizational, technical, and competitive factors affect the adoption of technology by these offices and recommended paying attention to these obstacles in order to coordinate traditional offices with digital developments. Regarding this issue, Tajuddin & Norouzi Mobarakeh (2017) examined the barriers to establishing the e-commerce tourism industry in Iran. They showed that among the five key factors in this area, including cultural, cost, and readability of company and markets, together with having knowledge, the first two aspects were among the most influential ones for adopting e-commerce technology by studying the airlines and hotels in Isfahan city. These findings indicate the significance of cultural and economic aspects

to be considered for expanding e-commerce infrastructure in the tourism industry of Iran. Other studies also confirmed that changing infrastructure and adopting new technologies in tourism are priorities for the development of this industry. Lavafan & Gandomkar (2019), by focusing on hotels and travel agencies in Isfahan, discussed the importance of online sales and digital development for the future of tourism in this city. They found that for growing and prospecting this industry, the tourism activists in this city are required to welcome digital changes and adapt to new online sales methods.

Ghasemnejhad et al. (2021), by reviewing the challenges of developing digital tourism in Tehran, emphasized the importance of appropriate infrastructure for the adoption and expansion of digital technologies in tourism. Their findings showed that infrastructure is the main challenge for the development of digital tourism, as the weaknesses in the economic system and cultural structure are among the major obstacles in this area. Additionally, according to similar studies, more detailed engagements and planning are necessary to address these challenges at the country and regional scales to achieve sustainable development of digital tourism in Iran.

Golian et al. (2024) given the necessity of planning an e-tourism model, indicated that the definition of technological foundations, establishing a powerful infrastructure, and clarifying relevant rules and regulations are among the basic underlying conditions for the development of e-tourism. Their finding highlights the lack of a legal system as a national and governance weakness (intervening conditions) that prevents the structured development of online travel agencies and a healthy competition in this market.

At a macro-structural scale, studies on the creative tourism ecosystem in Iran show that the industry lacks a unique Destination Management Organization (DMO) and suffers from the existence of many parallel institutions with conflicting goals. This inconsistency in governing directly leads to 1. fundamental weaknesses of laws in terms of quality and effectiveness, 2. administrative corruption, and 3. a lack of coherence in an innovation process. As a result, the absence of an integrated regulatory structure would become one of the main causes of inconsistency in governing and legal challenges for traditional offices in comparison with online platforms (Jafari & Alaei Kerahrudi, 2024).

The literature reviews have extensively addressed the profound impacts of digital technologies on the tourism industry by focusing on analyzing the challenges posed by online travel agencies (OTAs) for their traditional counterparts. These studies can be categorized into three main areas: 1. Dynamic competition and changing the behaviors of consumers, 2. Challenges facing traditional travel agencies 3. The renovating and surviving strategies. In the first area, research shows that OTAs have fundamentally changed the dynamics of market and consumer preferences. For instance, Mayr & Zins (2009), by studying Austrian travellers, found that the factors including price, perceived value of services, and sense of autonomy in choice were among the main reasons for adopting online platforms, while age and travel experience still played a main role in choosing traditional offices. Tao (2022) also emphasizes that OTAs are dynamically shaping the expectations of the modern consumer by offering diverse and personalized products. This main shift in consumer behavior has created numerous challenges for traditional offices. Hayes showed that the ease of online booking has made it significantly more difficult for small traditional agencies to attract and retain customers (Hayes, 2016). Similarly, Anjastantri & Dewantara (2017) pointed out that OTAs, relying on strong financial resources, offer low prices and extensive discounts as a serious competitive tool against traditional agencies, which is a major threat to traditional agencies.

Despite these challenges, a significant body of research literature has focused on the evolution strategies of traditional travel agencies. They commonly highlight the necessity of accepting change and strategic adaptation. For example, Zare (2013) and Tao (2022) emphasize the need for adaptation, digitalization, and innovation as prerequisites for survival in the new competitive market. This adaptation can be addressed in several key areas:

Differentiation through specialization and value-added services: Several studies show that traditional offices may create a competitive advantage by distancing themselves from price competition and focusing on services that OTAs find difficult to provide due to the need for standardization. These services include providing professional advice and personal interaction (Jansen Van Rensburg, 2014), focusing on specific markets (Zare, 2013), and planning complex tour packages and other diverse services (Armoni et al., 2018). Stević & Stevic (2011)

also found that traditional offices continue to retain their position due to providing security, expertise, and in-person services.

Smart use of technology: In a study, Jansen Van Rensburg (2014) states that the use of Information and Communication Technology (ICT) can bring benefits such as cost savings, increased productivity, and supported customer relationships. Hayes (2016) also emphasizes the significance of increasing online marketing knowledge and using digital tools to build customer loyalty.

Structural re-configuration and development of new capabilities: In a study, Abrate et al. (2020), by introducing the “dynamic capabilities” approach, concluded that traditional offices are required to manage digital disruption through reconfiguring their processes and adopting a customer-centric approach. Armoni et al. (2018) also point out the need to create databases and documented business plans for better management, while Anjastantri & Dewantara (2017) suggest a product development strategy.

Generally, the literature reviews show that traditional travel agencies, by strategic adaptation, focusing on their sustainable competitive advantages (such as specialized and personalized services), and smart application of technology, would be able to play a major role in the tourism industry to secure a sustainable future for their entity. Although serious challenges have created for traditional travel agencies by the emergence of OTAs, they still have managed to adapt strategically by focusing on their sustainable competitive advantages.

Theoretical Foundations

• Conceptual standard & legal structure for travel agencies in Iran

According to the legal and executive system of the tourism industry in Iran, travel agencies, as the main foundations for providing services in this area, have two general forms of activity with a specific legal framework: 1. Traditional (in-person) Travel Agencies and 2. Online (OTA) Travel Agencies.

Traditional travel agencies (TTA) are kinds of foundations that provide services for trip planning, arranging travel plans, booking, and services for visa pick-up. The licensing structure of these agencies is divided into three main categories based on the type of activity, as follows:

Clause/Section “A”, which is licensed by the ‘Civil Aviation Organization’ for selling airline tickets; Clause “B”, which operates under the supervision

of the 'Ministry of Cultural Heritage, Tourism and Handicrafts' to organize domestic and foreign tours; and Clause "C", which gives permission to organize pilgrimage tours by the 'Hajj and Pilgrimage Organization'. The main activities of these offices are the "Regulations for governing the Establishment and Activities of Travel, Tourism, and Pilgrimage Service Offices, approved by the Council of Ministers in 2001" and its subsequent amendments.

By advancing technology, online travel agencies (OTAs) established themselves as a new form of these businesses. According to the "Guidelines for Organizing Travel and Tourism Services in Cyberspace Approved in 2015", the initial and fundamental condition for an OTA to operate in Iran is to have one of the main travel agency licenses (Sections A, B, or C). This means that to legally operate in cyberspace or web-based platforms, an entity must first meet the legal structures of traditional offices. Following this, the applicant can register an application and obtain a certificate for providing tourism services in cyberspace, to be introduced to the E-Commerce Development Center (Ministry of Industry, Mine and Trade; SAMT in Persian Language) to receive the electronic trust symbol (eNAMAD) to be able start up their online activity. It reflects the efforts of the lawmaking system to govern digital activities within the framework of existing regulatory structures to legally connect the traditional offices to the online models.

• Digital development of travel agencies

The online travel agencies (OTAs) have revolutionized in the areas of customer planning and booking trips, making it difficult for traditional agencies to adapt and survive. While OTAs bring customers convenience and price transparency, the traditional agencies provide consulting services and personal expertise in travel planning. These two business models face different challenges in adapting to technological developments in the market (Buhalis & Law, 2008).

While some [traditional] offices have invested in web-based platforms and digital tools, others have been slow to adopt technology, worried about losing in-person, direct connections with clients. The increasing tendency for booking online services together with the need for proposing expert advice has led traditional offices to exploit technological efficiencies in connection with consulting expertise to stand out in this fluctuating market. The studies show that travel agencies that fail to develop in this area will lose their place with the customer as

they gradually get accustomed to the digital world (Merriam et al., 2023).

According to the relevant statistics, this evolutionary process is not limited to a specific geographic region and is a global occurrence. For instance, according to the US Department of Labor, the number of travel agents in the US has decreased from 124,000 in 2000 to 70,000 in 2019. However, while some agencies have shut down, others are looking for development and survival in this competitive industry by focusing on their specialized services, like multi-objective challenging trip design. These agencies are also using technology to improve efficiency and customer service (Statica, 2024). Traditional travel agencies encounter frequent legal challenges, mainly due to changing market dynamics. Since OTAs have become increasingly dominant, the market share of traditional agencies has declined, leading to financial pressure on them (Standing & Vasudavanzy, 2000). The relevant legal issues may arise from the following:

Contractual obligations: Traditional offices often have contracts with suppliers that, due to better offers from OTAs in negotiations, their contract terms may become unfavorable (Lee et al., 2013).

Consumer protection laws: In line with the market changes, traditional offices must adapt to consumer protection laws that may not be compatible with their business model (Ardiyanti & Suprapti, 2023).

Liability issues: With the rise of online booking services, traditional offices may be held responsible for problems in their booking process (ibid.).

• Legal challenges for online travel agencies (OTAs)

The Online Travel Agencies face unique legal challenges of their own, particularly related to their operating models:

Regulatory compliance: They must comply with various regulations related to consumer rights, data protection, and e-commerce laws (ibid.).

Refund policies: The COVID-19 pandemic highlighted the need for clear refund policies, as many consumers faced difficulties in receiving refunds for cancelled trips during that time (ibid.). The legal frameworks governing refunds and cancellations are crucial to maintaining consumer trust in OTAs.

Competition laws: OTAs must comply with competition laws, especially when negotiating exclusive contracts with hotels and airlines, which can lead to anti-competitive issues (Lee et al., 2013). The legal challenges for traditional travel agencies and OTAs differ significantly due to their operational

models: The type of operation and challenges facing both groups are significantly different as Table 1.

The travel market in Iran has become an unregulated market that lacks clear rules for the growth of online agencies. This legal inefficiency has created serious challenges for traditional travel agencies with in-person services. Without the necessary support, online agencies would expand rapidly out of the rules, capturing a significant share of the market by cutting prices and aggressive advertising. These fluctuations have created serious problems for traditional offices, as they need to adapt to the new conditions, which operate on the basis of traditional infrastructure and in-person business models. The lack of sufficient preparation and support for updating traditional offices in Iran has even increased the complexity of this issue, while in other countries, governments have provided resources for small businesses to digitize. The result has been intense and unhealthy competition for survival in this market, pushing many traditional offices to close. To ensure the survival of these businesses and to create fair conditions for all market operators, having clear regulations and support for traditional offices to modernize them seems an essential step.

Research Method

This study has applied a qualitative and exploratory study model to identify and explain the legal challenges facing the traditional travel agencies in

Iran due to the rise and expansion of online travel agencies (OTAs). To achieve this aim, an attempt has been made to identify and analyze the various dimensions of these challenges and the influencing factors relying on the key experts and specialists' viewpoints.

The research structure was established based on the research questions. Given the exploratory nature of the study, using statistical experiments and quantitative examination, proposing a research hypothesis was avoided. This approach was then conducted by adopting a qualitative methodology, which focuses on a deep understanding of the subject from the viewpoints of the relevant experts.

The main question of the research is to know "What are the legal challenges of traditional travel agencies in Iran due to the rise and expansion of online travel agencies (OTAs)?"

To answer the research question and address the study objectives, it has to identify and analyze the various aspects of these challenges and the factors affecting them from the viewpoints of key experts and relevant specialists.

Data analysis was conducted based on a qualitative content analysis approach, by establishing three systematic steps as follows:

- 1) **An open coding process:** Exploring basic concepts from the texts of the interviews and determining initial tags.
- 2) **An axial coding process:** Grouping similar codes

Table 1. The legal challenges of traditional and online travel agencies. Source: Authors.

Online travel agencies (OTAs)	Traditional travel agencies	Challenges
Rapid growth, while encountering regulatory scrutiny	Declining due to the dominance of OTAs	Market position
Automated, self-service model	Providing personalized services and in-person interactions	Customer engagement
The need to comply with e-commerce regulations	The need to comply with customer protective laws	Regulatory compliance
Liability for problems that happen while booking online	Potential liability for bookings	Liability
Are required to adhere to strict refund regulations	Possibly more flexible policies	Refund policies

to purposive sampling to ensure the interview was conducted with relevant experts with deep knowledge and practical experience in the relevant area of study. Data gathering was conducted relying on semi-structured interviews with the experts. The process of interview continued until the study reached a theoretical saturation; since no new and significant data was added to the prior content of the study in the twelve interviews, thereby the final study sample was considered as twelve numbers.

The final combination consists of 12 experts who were selected through objective targeted sampling as follows: 1. Top managers of travel agencies (No. = 4) 2. Managers of OTAs and activists in the field of information technology (No.=3) 3. Legal specialists and legislators (No.=3), and 4. Representative and members of the managing board in the Union of Travel Agencies.

The main criteria for selecting the experts were their specialty, practical experience (more than 10 years), and their position in either of the following fields, including traditional travel agencies, online travel agencies, informative companies, legal affairs, and job analysis in the travel industry. The research data were gathered from Feb. 2024 to Apr. 2025. [Table 2](#) presents the detailed profile of the expert sample.

The guideline for semi-structured interviews included a set of open and original questionnaires in the following areas:

- Identifying the most significant challenges facing traditional agencies in comparison with OTAs (focusing on legal aspects).
- Evaluating the main legal gaps that corrupt a healthy competition between traditional and online travel agencies.
- The rules & regulations that improve the competition environment and areas for activity of OTAs in Iran.
- The mindset of experts in the governmental companies and private sectors, the permit issuance process for online and traditional authorities.
- Legal and structural recommendations for improving the condition.
- The role of government support (legislative and sub-structure).

All interviews were recorded with the consent of the participants and fully transcribed afterward. To analyze the collected data, the qualitative content analysis method was used by applying the MAXQDA software, version 2020. The analysis process included the steps of familiarization with the data, identifying semantic units, establishing open coding, creating categories, and mining the main content related to

legal challenges. In this process, a mixed method was used for the coding step. First, a series of initial categories was proposed using the deductive method and then the essential codes were added within the coding process using the inductive one. Several strategies were used to ensure the validity of the qualitative research findings. In this study, the researcher gained a comprehensive understanding of the participants' viewpoints through long engagement with the data, such as repeated interpretation of the transcribed interviews and a deep understanding of them. Furthermore, by triangulating data sources through interviews with numerous experts from diverse fields, including managers of traditional and online travel agencies, technology providers, industry experts, and legal specialists, various dimensions of legal challenges were examined from multiple perspectives, which helped to achieve more comprehensive and reliable findings. Finally, following initial data analysis and extraction of main contents, key findings were provided to a number of participants for review; the responses were applied to the final results to increase the accuracy and consistency of interpretations with the certainties experienced by the experts. These methods were taken to increase the credibility and strength of the research findings ([Merriam, 2016/2019](#)). Moreover, to ensure the verifiability and impartiality of the analysis, the coding and mining process of data was reviewed and audited by an expert in the field of qualitative methodology to avoid research bias.

Establishing a coding system was carried out in two repeated stages. In the first stage, an initial set of codes, together with major contents, was settled by the researcher based on the objectives and questions of the study, and also relying on the literature review. This initial structure was considered as a starting point for a systematic data analysis (deductive approach); In the second stage, as the coding process progressed and the interviews were analyzed in more detail, the initial coding system was reviewed and completed. Therefore, in addition to using preset codes, the new extracted ones directly from the data and participants' perspectives (inductive approach) were added to the list. Moreover, some of the initial codes were developed, merged, or subdivided into more sub-codes based on new findings, as the final coding system could best reflect all the dimensions and details related to the legal challenges the travel agencies face in competition with OTAs. [Table 3](#) presents an example of this coding process for three randomly selected interviews.

Table 2. Qualitative analysis of the study population. Source: Authors.

No.	Expert field	Gender	Education	Relevant work experience	Area of activity
1	Manager of the Iranian electronic tourism society	Male	PhD in Management	32	Former CEO of Marco-Polo holding, founder and active in the field of tourism; manager and founder of the electronic tourism association
2	Founder and manager of the board of directors in Zhivar travel agency	Male	MSc. and DBA in Tourism	25	Founder and manager of the board of directors in Zhivar tourism holding; board member of several tourism companies; former chairman of the Iran-Belgium chamber of commerce, and some other relevant positions.
3	CEO of 'Iran Markaz' Co.	Male	MSc in Tourism	35	Founder and manager of Iran Markaz company; founder of booking Persia reservation website
4	The manager of Tehran agencies association	Male	PhD in Geography	25	CEO of Aito holding; Member of the University Faculty, manager of the Tehran travel agencies society
5	Founder and CEO of a travel agency	Female	DBA in Tourism	20	Founder and CEO of a travel agency
6	Founder and CEO of an online travel agency	Male	Bachelor's Degree	35	The CEO of an old traditional office is active in the online travel market.
7	Founder and CEO of an online travel agency	Male	Master Degree	30	The CEO of an old traditional office is active in the online travel market.
8	Secretary of the online tourism society	Male	Computer engineering	27	Active in the tourism market and relevant advertising; Founder of a travel agency & secretary of the electronic tourism association
9	Founder and CEO of an online Travel agency	Female	Bachelor's Degree	24	The CEO of an old traditional office is active in the online travel market.
10	Founder and CEO of Iran technology Co.	Male	Computer Engineering	22	Provider of technology solutions to travel agencies
11	Founder and CEO of Basis Fly	Male	Computer Engineering	21	Provider and supplier of technology solutions to travel agencies
12	Association of air transport and tourist agencies of Iran	Male	DBA in Tourism	35	Manager of the society of Iranian travel agencies

Table 3. The initial coding system in this study, using random interviews. Source: Authors.

Sub-codes	Sample interview forms
<ul style="list-style-type: none"> - Monopoly and the entry of unhealthy capital - Inefficiency of the governing structure - The necessity of structural reforms in governing - Challenges arising from the inconsistency of regulations with the rapid advancement of digital developments - Imbalance in compliance requirements - Necessity of innovative rulemaking 	<p>The presence of state-owned and private companies in this market should also be carefully examined. Economically, government intervention in markets where the private sector has the ability and motivation to operate would be ignored if it is addressing a specific market failure, or there is an attempt to provide a public product. In the condition that the presence of these institutions leads to limited space for the entrepreneurial private sector, either through access to cheaper resources or non-competitive support, a reduction in innovation and efficiency in the entire market would happen.</p> <p>Therefore, any economic activity of these companies must be carried out within the framework of competition laws and in compliance with the principle of complete transparency.</p> <p>The permit issuance process requires a structural review. The traditional licensing models, which mostly focus on physical requirements and the previous controls, are not efficient enough for digital businesses with dynamic features and scale-based natures. The new approach should focus on facilitating startup business models, primarily through smart, performance-based management, following the initiation of operations. There is a significant difference between a traditional travel agency having physical belongings and an online platform with largely intangible assets, which requires consideration in issuing permission and in setting regulatory requirements. The ultimate goal is to reduce compliance costs for businesses and increase the effectiveness of governance to protect the public interest (Exp. 7 & 8: Hosseinzadeh Anjuman).</p>
<ul style="list-style-type: none"> - Weakness in facilitating digital development - Technical infrastructure issues - Problems of international financial transactions caused by sanctions - Obstacles to digital development 	<p>Regarding supportive decisions, what the government expected to do for digital business, more than direct financial support, is the provision of an enabling environment.</p> <p>This setting includes a strong, stable, and affordable communications infrastructure all around the region in the country, together with clear and stable policies in the digital economy; moreover, facilitation of global financial and banking transactions, which is one of the serious obstacles to the growth of online business models in Iran with a global perspective, is highly required to be considered.</p> <p>The supports should be aimed at strengthening macro-infrastructure and removing structural barriers that will benefit the entire digital ecosystem of the country (Exp. 9: Akbari).</p>
<ul style="list-style-type: none"> - The need for innovative regulation unclear online liability - Data and Privacy Conflicts - Digital Regulation Gaps - Challenges of legislation inconsistent with the speed of digital development - Challenges arising from legislation inconsistency with the speed of digital transformation 	<p>To improve the competitive environment, a set of rules and regulations that increase transparency in the operations of all performers, both in traditional and online environments, is highly required, including transparency in pricing, contract terms, and the responsibilities of each party. guarantee consumer rights in the online space.</p> <p>The consumer rights in the online space must be clearly defined and guaranteed, like payment security, protection of user privacy and data, and efficient processes for handling customer complaints. They must also promote healthy competition to prevent the harmful monopolies or the prevalence of anti-competitive practices, which does not mean prescriptive pricing, but rather implies the creation of a level playing field in this industry to encourage innovation and the growth of digital businesses instead of stopping them.</p> <p>The activities of OTAs in Iran should be based on the principles of responsibility, transparency, providing quality services, and respecting consumer rights, as well as fair cooperation with domestic suppliers. They should be part of the tourism ecosystem to play a role in sustainable development, rather than just seeking to maximize short-term profits (Exp. 6: Rezaei).</p>

under sub-codes (categories) and discovering initial relationships between them.

3) **Selection coding:** Merging the main categories into the final six sub-categories and developing a conceptual model for the research.

Given the subject and the main objective of the study, it is classified as an exploratory research, as it seeks to discover and identify in-depth legal challenges in a developing field. The study is considered as an

applicable research, since the result can be applied for policy makers, guild foundations, and the managers of travel agencies to improve the legal and competitive environment.

The study population includes the relevant experts and specialists in the field of tourism, information technology in tourism, and the rights connected to tourism online jobs in Iran.

The research participants were selected according

Findings

Here, the key findings of the study, which identify the legal challenges facing traditional travel agencies due to the rise of online travel agencies (OTAs), have been addressed, including the results extracted from in-depth interviews with experts relying on qualitative content analysis and data classification according to the research coding system (Table 4). Fig. 1 displays the key legal challenges encountered by traditional travel agencies due to the rise of OTAs.

• The positive and negative challenges facing the beneficiaries in the process of legislation development

The analysis of interviews shows that the process of formation, implementation, and development of the legal structure monitoring competition between traditional travel agencies and their online counterparts (OTAs) in Iran is seriously influenced by the actions, reactions, and complex interactions among a wide range of beneficiaries. They mostly consist of government and regulatory bodies, private sectors (traditional and online), trade associations and unions, and, indirectly, customers of tourism services. The activities of these groups play a significant role in both facilitating and obstructing legal changes appropriate to the digital age. One of the most highlighted issues extracted from the research data is the structural inefficiency of governance. Many experts believe that existing laws and regulations are lagging behind the digital market with dynamic entities due to the slow pace of keeping updated. The lack of knowledge of information technology and new business models in legislative and regulatory bodies has led to the establishment of rules that are sometimes more restrictive than facilitating. The frequent number of decision-making and supervising centers (multiple trustees) together with the lack of coordination of inter-sector implementation procedures have also contributed to this inefficiency, leading to confusion and waste of resources for the activators of this industry. Some participants even believe that the government is mainly responsible for the current uncontrolled and challenging state of the online travel market, especially in cases where there are worries about unclear requests for capital contribution or a lack of decisive action against the entry of unhealthy capital and exploitative behaviors. Instability in policy-making due to changes in management areas is another reason for structural inefficiency that stops long-term planning.

Given the governing challenges, to make a solution, insufficient self-regulatory mechanisms need to be aligned with the legal changes in this industry. Some experts believe that due to the accelerated changes of information technology and the low-speed characteristic of legislative processes, the market is gradually moving towards a kind of balance and self-regulation by applying 'supply & demand' mechanisms and increased consumer awareness; it is pointing to resolving disputes in traditional-compromising manner or even proposing typical contracts with the participation of industry's key players as examples of this tendency towards self-regulation mechanism; although this approach cannot be a complete substitute for a solid and comprehensive legal framework.

Challenges arising from interactions established among organizations are another important issue for beneficiaries. Investment by large or government-affiliated entities (private-public sectors) in some of the major OTAs in Iran can improve their growth and development strategies, but from other aspects has raised concerns about creating an unequal competitive situation and limiting opportunities for the existing and innovative private sectors. Moreover, the interest of government sectors to have a big share of online platforms due to the high volume of financial transactions and the ability to access user data (for security or economic reasons) creates a specific type of interaction that can affect market dynamics and regulatory structures. The unsuccessful attempts of the government in the past to coordinate various ministries and institutions to develop their common guidelines for the activities of OTAs represent another complexity aspect of these interactions.

Ultimately, the role of trade union requests and activities related to the tourism industry, although potentially significant and influential, still faces serious challenges and disparagements in the functional areas. Some participants consider the attempts of these bodies ineffective in pursuing demands and assisting in major legal decision-making due to their structural weakness, lack of necessary legal power and transparency, and sometimes being involved in rentier relationships. However, there is still an expectation that other stronger and more responsible professional bodies can play a reliable role in the development of the legal system, relying on suggested solutions by experts, gathering the opinion of beneficiaries, and finally, consistent monitoring.

Table 4. The legal challenges facing traditional travel agencies and the relevant identification codes (main codes & sub-codes) of Interviewees.
Source: Authors.

Identification code of interviewee	Sub-code	Main code
10, 8, 9, 7, 6, 12, 2, 4, 5	Inefficiency of the governing structure	Challenges arising from the dynamic capabilities and deficiencies of interested parties within the legal development process
10, 8, 9, 11, 5, 1	Inadequacy of the self-regulatory potential of the industry to synchronize with legal developments	
10, 8, 4, 11, 6, 1	Challenges arising from cross-sector interactions	
10, 5, 4, 6, 1	The role of job demands	
12, 2, 4	Challenges arising from the elimination of permitting requirements	The limitations of the current legal system and the need for evolution
6, 12, 2, 5	The need to form a stronger trade union	
5, 4	The need to determine the roles of offices separately	
10, 8, 9, 7, 6, 12, 2, 4, 11, 3, 5, 1	Challenges of legislation inconsistent with the speed of digital development	
10, 8, 9, 7, 6, 12, 4, 11, 5, 1	The need for structural improvements in supervision	
10, 8, 9, 7, 6, 12, 2, 4, 11, 3, 5, 1	The need for innovative rulemaking	Legal tensions in the digital space
10, 12, 11, 7, 8	Changing the profitability pattern in the tourism industry	
10, 12, 2, 11, 5, 1	Disputes arising from unfair competition created by online offices	
4, 1	Challenges arising from cross-border jurisdiction	
8, 9, 5	Disputes arising from Privacy and data	Lack of regulatory coordination
10, 8, 9, 7, 6, 12, 5	Monopoly and the presence of unhealthy capital	
4, 6	The complexity of regulating a large number of agencies	
10, 8, 9, 7, 6, 12, 2, 5, 1	Unclear liability for the online sector	
10, 9, 2, 4, 1	Inconsistency in compliance requirements	
10, 9, 7, 6, 12, 4, 11, 3, 5, 1	Inconsistency in implementation procedures	Regulatory and support gaps
10, 8, 9, 7, 6, 12, 11, 3, 5, 1	Gaps in digital regulation	
10, 8, 7, 6, 12, 2, 5	Lack of regulatory rules on pricing and commissions	
10, 8, 9, 7, 6, 4	Barriers to digital development	
6, 12, 2, 4, 5	Contradiction and inconsistency between sectoral and judicial laws	
10, 8, 7, 6, 2, 3	Technical infrastructure issues	
8, 9, 7, 6, 2, 4, 11, 3, 5	Problems arising from international transactions caused by the sanctions	
4, 3	Problems caused by filtering & sanctions imposed by international organizations	
10, 8, 9, 7, 6, 2, 4, 11, 3, 1	Lack of facilitation for digital development	
10, 7, 6, 3, 1	Lack of promotion for digital compliance	
4, 1	Deficiency in digital supervisory mechanisms	

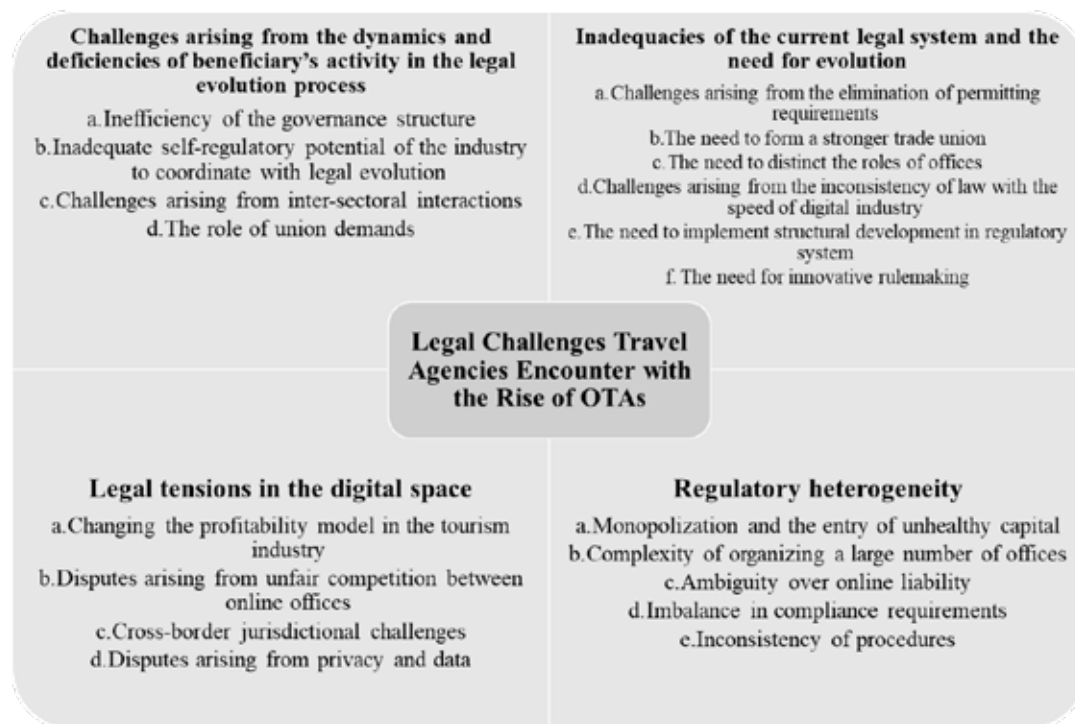


Fig. 1. Main categories of legal challenges facing traditional travel agencies with the emergence of OTAs. Source: Authors.

• **Inadequacies of the current legal system and the necessity of development**

The experts in this field all emphasized the fundamental and urgent need for the development of a legal and regulatory system of the tourism industry in Iran to effectively deal with the emerging challenges resulting from the extended activity of online travel agencies (OTAs). This legal development is not a choice, but a requirement for the sustainability and health of the tourism ecosystem.

One of the main aspects of this necessity is the challenges arising from the lower speed of regulation compared to the pace of digital development. According to one of the interviewees (Exp. 10), the speed of developing technology is ahead of updating regulations, which has led to legal gaps and the ineffectiveness of existing regulations. In this regard, there is a strong need for innovative regulation according to the principles of flexibility, technological clearance, and healthy competition (Exp. 8) to be able to encourage innovation and do not stop the growth of digital business (Exp. 9). Developing 'typical contracts with industry participation, and clarifying web-based consumer rights are examples of this necessity. Another expert has also pointed to the lack of basic legal definitions for these platforms, saying that 'In the process of issuing permission, there is no explanation of relevant platform or OTAs' (Exp. 1).

One of the essential keys and challenging aspects for the evolution of the legal aspects of the tourism industry, as suggested by the experts here, is the need for structural reforms in surveillance and licensing processes. The criticism raised in traditional permitting models indicates their inefficiency for digital businesses with dynamic entities and measurable characteristics (Exp. 8), clearly demonstrating the need to move towards an intelligent, performance-based monitoring system following the startup of a business. Another expert, by emphasizing that travel agencies are categorized as special and sensitive jobs, warned against the entry of unqualified bodies into this field in the absence of appropriate control mechanisms (Exp. 4), indicating the importance of carefully reviewing procedures and requirements to prevent problems and fraud. In this regard, it has also pointed to the ease of obtaining the licensing process and stated, 'Obtaining a permission is not an issue, it is a piece of cake! The issue is to whom it is given' (Exp. 2), by referring to the elimination of requirements such as relevant work experience, and even more, the necessity of having a BSc. degree to be qualified as a technical manager of an agency, which is a kind of decision-making that lacks skillful support. According to this expert, such approaches to facilitating licensing, without considering specialized qualifications, will have an

adverse effect on the job stability of specialists and the quality of services in the long term, since the priority is to preserve employers in this industry prior to the quantitative development.

This concern is also reflected in the statements of another expert who refers to the disordered state of the market and the ease of issuing permits, stating, 'Inappropriately, more than half of people in the tourism industry are operating either in a legal but unhealthy situation, or even an illegal one. Currently, of the approximately 6,000 licenses issued in the country, nearly 1,000 cases are allocated to online activities. The number of high permissions issued is partly due to applying a few restrictions to new competitors and the easy process of granting permits to applicants. In sum, the relevant opinions indicate that current permitting policies, although simplifying business entry, may contribute to structural deficiencies, reducing the level of specialty, and bringing an unhealthy competitive environment, which results in more legal and regulatory challenges. Finally, to support this legal evolution, stronger and more efficient trade unions having legal power, such as consortia with an effective role in decision-making to follow the request, have also proposed (Exps. 5 & 12). Moreover, the necessity to distinguish the roles of different offices in the value chain, such as wholesalers and retailers (Exp. 5), together with a clear definition of roles & responsibilities, will provide greater transparency and reduce disputes that all require legal frameworks to be reviewed and redefined. These legal developments are crucial for creating a fair and transparent environment to promote innovation in the digital tourism industry of the country.

• The legal tensions in the digital space & the consequences of the evolution in the tourism industry during the transition time

The digital development, along with the emergence of web-based platforms in the tourism industry, has brought a set of apparent challenges with legal tensions that require more appropriate legal solutions and reviews. These challenges are reflected in various dimensions, including business models, competitive patterns, data privacy, and areas of jurisdiction. The major challenge is arising from the fundamental changes happened in the tourism profit models, as by arrival of the OTAs and the appearance of high-volume sales models, the profitability of the tourism business has extensively brought negative achievements (Exp. 11). This change made traditional offices to resist, as their previous profit

model were changing, that they even were struggling to defeat the new technology (Exp. 10). According to another expert, the attractions of price differences, such as subsidized tickets, have also increased the complexity of these new models (Exp. 5).

In this regard, disputes arising from unfair competition by some online activists are among the most frequently reported legal tensions. The large amounts of discounts and sometimes 'sales at a loss' by OTAs, prevent other players of possible price competition (Exp. 7). This unhealthy pricing, which is protected by access to large capital, has created a serious threat to traditional players (Exp. 5). Some other platforms, by implementing price dumping and then unusually increasing prices during peak times, have deviated from their main job of facilitating sales as sometimes act against consumer rights (Exp. 12). The legal follow-up of these cases, has also faced difficulties due to the high volume of complaints and sometimes the refusal of the responsible organizations to take a serious action (Exp. 1).

Disputes arising from user privacy and data security are considered other important legal tensions in the digital age. While, online platforms are expected to preserve personal data as customer loyalty, there are still serious concerns about the level of adherence to these privacy principles and the treat of data trading without acquiring full user consent still existed (Exp. 5). They emphasized that the claim of complete protection of personal data is often unrealistic one, as government may also have access to this data when required. The need to develop and implement transparent laws for granting 'user privacy and data security' has also been mentioned (Exps. 8 & 9).

Finally, there are challenges arising from cross-border jurisdiction issues due to the international nature of many online tourism services that have increased the complexity of these tensions.

The lack of knowledge and classified legal procedures in the field of 'international tourism law' makes Iranian offices difficult to stand their rights against foreign agents or suppliers, especially in case of conflict (Exp. 4). The necessity for 'International controlling procedures' in foreign platforms operating in Iran and the problems arising from their non-compliance with the laws has pointed out (Exp. No. 1). These multi-layered legal tensions highlight the necessity of reviewing and supporting legal and regulatory structures to make a more reasonable and transparent environment for the digital tourism industry of Iran.

• Inconsistency in the regulating system

The research findings suggest that 'Inconsistency in regulatory system' is another fundamental challenge among traditional travel agencies and their online counterparts (OTAs). It refers to a set of inconsistencies, ambiguities, and a lack of an integrated structure and deficiencies in the implementation and regulating system of the tourism industry in Iran, which has brought many consequences for activists in this field.

These inconsistencies mainly arise from digital rulemaking gaps. Many legal issues in this area are emerging recently, with no previous experience or even legal solutions; moreover, the legislation is not keeping pace with technological developments. The existing of legal frameworks behind technological developments was also confirmed by other experts (Exp. 8 & 9), which in turn brings misalignment in executing procedures; The frequent organization of decision-making and regulatory authorities (such as 'Organization of Cultural Heritage, Handicrafts and Tourism', 'Ministry of Industry, Mine and Trade', SAMT in Persian and the 'Civil Aviation Organization') together with their conflicting requirements has resulted in confusion and waste of resources for relevant businesses (Exps. 7 & 12), as these inconsistencies sometimes may result in unbalanced surveillance of different actors.

Another consequence of these inconsistencies is the ambiguity over the limits of online liability. Displaying incorrect flight baggage information and not displaying the names of passengers in the flight manifest had purchased their tickets from online platform, shows how different actors in the online service chain are sometimes held responsible for mistakes originating from other service providers, while their role has been defined as a mere connector (Exp. 10). These unclear responsibilities make resolving disputes complicated due to a lack of awareness of the technical difficulties among some of the responsible bodies. This situation also contributes to an imbalance in compliance requirements. Some platforms abuse the lack of transparent career development rules in different ways that are impossible for others (Exp. 1); the need for laws to be appropriate to the online businesses, avoiding unnecessary bureaucracy, was also pointed out by other participants (Exp. 9).

The complexity of observing the large number of active businesses, over thousands of offices (Exp. 12), makes it difficult to monitor them accurately, which increases this inconsistency (Exp. 4).

Such an environment provides monopolization and the entry of unhealthy capital. The rumors about 'money laundering' in this industry due to the high volume of transactions and attractive price gaps were also addressed (Exp. 10). The concern about the monopolization of parts of the market by certain organizations or the entry of rentier capital was also mentioned (Exp. 5 & 12).

Generally, the experts' views show that 'regulatory inconsistency' in the digital tourism industry of Iran has created some problems, including an uncertain business environment, unclear competition, and undefined accountability. This situation, besides making it difficult for the healthy and sustainable development of both online and traditional businesses, puts consumer rights at risk, as it represents the necessity for revising and creating an integrated regulation and monitoring system to be effective and clearer than before.

• Regulatory compliance & support gaps

Analysis of expert viewpoints shows that, in addition to the inconsistencies and ambiguities in the current regulatory system, a set of 'regulatory compliance & support gaps' is available that brings obstacles to the healthy and sustainable development of the digital tourism industry and relevant fair competition. These gaps are mainly visible due to the absence of specific legislation in some key areas, a deficiency or lack of targeted government support to facilitate the digital evolution, and the existence of structural and infrastructural barriers.

One of the most prominent regulatory gaps is the lack of comprehensive and effective rules governing pricing and commissions in the online space. While the attempt to legislate in this area is considered ineffective given the logic of the market (Exp. 10), the necessity for creating mechanisms to prevent anti-competitive practices such as 'price dumping' by some OTAs and monitoring unfair pricing imposed by major suppliers is highly emphasized (Exps. 12 & 2), to prevent damage to the industry and violation of consumer rights. The condition, arising from the lack of transparency of 'labor laws' for suppliers and manufacturers, creates a challenge to healthy competition (Exp. 11).

In addition to all, the lack of digital monitoring mechanisms was also raised as a major weakness. Referring to the complexity of online businesses, it is mentioned that fewer monitoring systems are applied to online businesses compared to traditional offices (Exp. 1), which is partly due to the lack of regulations on how to monitor their performance.

Above the regulatory gaps, the government's weakness in facilitating digital development and the lack of effective promotion for travel agencies to adopt digital evolution were among the main concerns raised by the other experts. This industry needs infrastructural and facilitative support from the government, rather than direct financial assistance (Exps. 6 & 7). In this regard, it has also been suggested that any financial support by the government should be targeted and aimed at facilitating the purchase & implementation of modern technologies in offices, and training their human resources, instead of ineffective and non-refundable aid (Exps. 10 & 1).

These barriers to digital development have broad dimensions, including 1. technical infrastructure issues such as the urgent need for providing high-speed, stable, and affordable internet services (Exps. 6, 7, 8, 3, 9 & 10), 2. Serious problems in international monetary transactions due to the imposition of sanctions, which will obstruct the growth of online businesses with global potential (Exps. 2, 3, 4, 5, 6, 7, 9 & 11), and 3. obstacles caused by internet filtering and restrictions (Exps. 3 & 4). The importance of training IT professionals as part of removing barriers to digital development was also indicated (Exp. 8). Finally, the inconsistency and lack of coordination between sectoral/partial laws and jurisdictional procedures (Exp. 4) can lead to confusion and misuse of activist rights in this industry.

In conclusion, the research findings indicate that existing gaps in regulatory and supporting areas, by making deficiencies in essential legislation, critical infrastructure, and targeted support policies, have created a challenging and costly environment for tourism industry players, especially in the process of transitioning to the digital economy.

Discussion

Technological developments and the emergence of digital platforms have caused fundamental changes in the tourism industry of Iran, similar to other parts of the world. The research findings, extracted by in-depth interviews with a wide range of experts and activists in this field, have indicated the following issues: 1. The deep structural challenges facing traditional travel agencies, 2. The significant advantages of online OTA platforms, and, finally, 3. There is a need for actors in traditional areas to adopt smart survival strategies.

• Root cause of structural challenges facing traditional travel agencies (TTA)

The research findings clearly show that traditional travel agencies in Iran are struggling with a set of deep-rooted structural challenges that have severely limited their ability to adapt to the new digital network. One of the major challenges here is not being ready for digital evolution, that represents lack of broad awareness toward the requirements and potential of the online space, and standing for outdated business models relying on in-person customers (Exp. 10). This lack of readiness is also accompanied by resistance to digital transformation, that was mentioned by one of the experts as his/her personal experience in confronting OTAs (Exp. 5), and another expert talk about the desire of some traditional players focusing on technology failure instead of welcoming it (Exp. 10), this resistance, that is rooted in past successes and the difficulty of changing established processes is a serious obstacle to innovation (Exp.7).

Additionally, a lack of knowledge and expertise in technology was identified as a wide structural weakness; as it was emphasized by some experts (Exps. 7, 10 & 11), pointing out that almost all traditional offices lack enough knowledge on information technology, digital marketing, and the proper use of modern tools. This issue not only puts technology investments at risk but also reduces their ability to compete effectively and deliver customer services appropriate to their expectations. As a result of these challenges, it can be said that even traditional competitive advantages of offices, such as in-person communication and consultation services (Exps. 5, 6 & 10), if not merged with new approaches, will not be enough to ensure business survival. These entangled challenges have left traditional offices in an inevitable position against digital players.

• Structural and competitive advantages of digital platforms (OTAs)

In contrast to the challenges of traditional offices, the research findings indicate significant structural advantages of online platforms that help in rapid growth and dominance of a significant market share. Broad access, in case of time and space, is one of the most obvious advantages of this business model, which has provided customers with the ability to search, compare, and purchase online services at any time, from any place (Exps. 1,3,5,6,8, 9 & 10). These platforms create a desirable user experience with efficiency and ease of interaction achieved by optimized user interfaces and simple purchasing processes (Exps. 3, 5, 6, 8, 9, 10 & 11).

The possibility of broad selection and price competition is among the other key benefits mentioned by some experts (Exps. 1,3,5,6,9, & 10). By collecting a variety of products from different suppliers and creating a rather clear price policy, OTAs will give more choices to the customers. This issue, in addition to the economic advantage of measuring (Exps. 2,3,4,5,8,10, & 11), allows OTAs to have a larger market in their hands, with lower operating costs and broader marketing capabilities as mentioned by an expert under the subject of digital marketing and branding (Exp.6).

Moreover, the ability of OTAs to build an online trust, their investment in this area, and dynamic responses to major market changes, especially during the COVID-¹⁹ pandemic (Exp. 6 & 9), are among the other advantages that have elevated their position in the market. Using customer data to personalize services, although not mentioned as a benefit in a separate code, can be observed within the efficiency of OTAs and their attempt at trust-building. These structural advantages have made OTAs powerful competitors compared to traditional business models.

• The strategies adopted by otas for survival and renovation

According to the experts, in such an environment mentioned above, the survival of traditional travel agencies will depend on a fundamental evolution and adopting smart strategies. Therefore, there will be no emphasis on preserving old structures; there is an attempt to establish professional identity in the digital environment to adapt to the modern age. The traditional offices are required to learn how to adopt technology by moving toward it, being patient, and investing in acquiring and implementing existing solutions (Exp. 10). There is also an emphasis on redefining and transferring traditional brand identity to the online space and welcoming 'Change' as the only constant (Exp. 7).

One of the key strategies here is to be distinct. It has been mentioned that traditional offices should avoid competing directly with OTAs on price, and it has been recommended to focus on providing 'specific, value-added services' instead (Exp. 5, 7, 8 & 10), including providing expert advice on compound tours, focusing on 'Niche Markets', and creating a convenient, personal customer experience. Proposing an 'exclusive product' and benefiting from 'direct connection to customer sensations' as reliable strengths has also been indicated (Exp. 5).

Collaboration was raised as another significant

strategy, including working in small offices together, as a specialized service provider for OTAs (Exps. 6,8, & 9). It has also been pointed out that the 'entangled chains' in the industry make collaboration an inevitable necessity (Exp.5). Choosing the right technology partner, as an advisor and companion, was also emphasized (Exp. 10), together with building trust as an essential principle in keeping customers in these strategies (Exp. 6).

The research findings show that the 'travel agent industry' in Iran is in the middle of a critical transition time. The deep structural challenges of traditional agencies, together with the technological and measurable advantages of OTAs, have made the necessity for renewing traditional business models more tangible than ever.

The survival strategies, such as distinct special services, establishing a digital identity, and creating collaborations, are not only possible but essential to the future of these offices. These developments have significant consequences for policymakers to create a governing and supportive environment appropriate to this new environment; first, for industry players to invest in innovative and adaptive aspects, and second, for researchers to focus more on the dynamics of this developing market in their research studies. Any achievement in this transition stage requires a fundamental change in approach and a dynamic acceptance of the relevant requirements and opportunities proposed by the digital age.

Conclusion

The tourism industry, as one of the largest and most dynamic industries in the world, has experienced fundamental changes with the rise and spread of digital technologies and online platforms of OTAs. These developments, besides creating new opportunities, have brought significant challenges, especially for traditional business models such as travel agencies. The present study aimed to identify and explain the legal challenges of traditional travel agencies in Iran facing the emergence and expansion of OTAs. As mentioned in the research background, although several studies have addressed the benefits of technology or general barriers to the adoption of tourism industry in Iran (Yavarigohar et al., 2020; Tajuddin & Norouzi Mobarakeh, 2017), but, less attention has been paid to the specialized analysis of the challenges and legal gaps in this transition, and in the specific context of Iran.

The research findings, which are the result of in-depth analysis of interviews with tourism industry,

technology, and legal experts, show that traditional travel agencies in Iran face a complex set of legal challenges when dealing with OTAs. These challenges are primarily rooted in the inadequacy, non-compliance, and sometimes gaps in the country's legal and regulatory framework to deal with the dynamics of digital business.

These include issues such as the outdated regulations (e.g., Regulation of Surveillance on the Establishment & Activity of Travel Agencies, approved in 2002), which were mentioned in the theoretical foundations of the study, and the lack of full alignment of the 'Guidelines for Travel & Tourism Services in Cyberspace, approved in 2015' with all the emerging complexities.

According to research analysis, 'Inconsistency in Regulating System' was revealed as a key challenge, reflected in the form of ambiguity around online liability, imbalances in compliance requirements for different actors, inconsistencies in procedures among multiple regulatory bodies, and the complexity of monitoring the growing number of online actors.

This situation, as pointed out by some experts, could bring legal tensions in the digital space, including disputes arising from unfair competition between online offices, disputes related to user privacy and data, and even challenges related to cross-border jurisdiction.

Furthermore, deficiencies in support and infrastructure areas, including problems with international financial transactions due to sanctions and filtering issues, coupled with weakness in effective government facilitation of digital evolution and lack of necessary promotions, aggravate these regulatory challenges.

The research findings about the pressure caused by the dominance of OTAs and the contractual problems of traditional offices are consistent with international findings (Lee et al., 2013; Standing & Vasudavanzy, 2000).

In response to the main research question, it can be said that the legal challenges facing traditional travel agencies in Iran are multi-layered and range from the macro-policy and legislation to the micro-level of executive and contractual matters. These challenges not only threaten the survival of traditional agencies but can also lead to unhealthy competition and reduced transparency in the entire market.

The theoretical implications of this research primarily point to the significance of context analysis in studies around digital transformation and legal frameworks.

While many of the principles of competition and technological challenges have a global aspect, the findings show that basic structures, national laws, and specific characteristics of the market in Iran form the manifestation and intensity of these challenges in a unique way. This study also focuses on the literature on 'activities of beneficiaries in legal change' by representing the complex role of the government, the private sector, and trade unions in Iran.

The practical outcomes of this study on policy-making are also significant. For traditional travel agencies, the findings highlight the need to be more aware of their rights and responsibilities in the digital space, struggling to adapt to new requirements, and pursuing their demands through trade unions for developing regulations.

For OTAs, the need to adhere to the principles of fair competition, transparency in providing customer service, and acceptance of legal responsibilities arising from their activities is quite obvious; however, most outcomes are for policymakers, legislative, and regulatory bodies. This research finding shows that there is an urgent need to review and revise the legal system, develop transparent and innovative regulations for the online tourism business space, establish efficient and expert regulatory mechanisms, eliminate inconsistencies between agencies, and provide the necessary infrastructure and support to facilitate a fair digital evolution in this industry. Revising existing regulations and developing clear procedures could be an important step in this regard.

Considering the conceptual model of the study, which indicates the relationships between the six stated categories, the duty of policymakers regarding the survival of traditional offices is, first of all, to intervene at the structural and basic level. The research results indicate that most of the legal tensions observed in the digital space (Category 3) are a direct result of the 'regulatory inconsistency' (Category 4). Therefore, prior to any action, it is required to focus on addressing the deficiencies of the current legal system (Category 2), which are the main reason for inconsistency. At this stage, the study was set to identify and explain these structures, and not go into further details (such as article numbers or practical priorities) that require field study and decision-making at the organizational level; therefore, the areas that require organizational involvement are presented under the categories (Table 5).

Table 5. Implementation suggestions. Source: Authors.

Areas requiring institutional focus	Priorities
<p>Addressing the limitations of the current legal system and the need for evolution: It is necessary for relevant organisations, in cooperation with trade unions, to focus on the following areas:</p> <ol style="list-style-type: none"> 1) Changing the legislation approach: Moving towards innovative regulation instead of the traditional approach and creating legal alignment with the rapid changes in the industry. 2) Reviewing the trade structure: Supporting the trade union and legally separating the roles of wholesale offices (B2B) from retailers (B2C) for clear responsibilities. 	<p>Focus on structural deficiencies (strategic priority)</p>
<p>Reducing regulatory inconsistency: Policymakers should focus on resolving the following organizational and legal ambiguities:</p> <ol style="list-style-type: none"> 1) Clearly define the limits of online liability: Clearly explain the legal liability of OTAs towards the customer and the supplier. 2) Removing obstacles to digital regulation: Developing standards to prevent monopolization and the entry of unhealthy capital into the online market. 	<p>Causal-based Approach (immediate action)</p>
<p>Facilitating the digital development process and removing obstacles: It is necessary for government organizations to consider infrastructure measures plans:</p> <ol style="list-style-type: none"> 1) Removing barriers to digital development: Focusing on problems in international financial interactions caused by sanctions and technical infrastructure issues (filtering). 2) Reducing limitations in digital monitoring mechanisms: Creating intelligent systems to monitor advertising and pricing in the online space. 	<p>Focusing on supporting gaps (infrastructure action)</p>

The limitations of the present study include focusing on the expert’s view merely in Tehran city, not the views of all experts in the country, which may not cover the full range of views. Moreover, the qualitative nature of the study, although it helped better understand the situation, limits the generalization of statistical findings. Moreover, prioritizing implementation suggestions is the opinion of experts; for methodical prioritization, it is required to do so using appropriate scientific methods.

For future research, it is suggested that the impact of the identified legal challenges on the economic performance of traditional travel agencies be quantitatively reviewed. Moreover, benchmarking with other countries that have had similar experiences in regulating the OTA market could help provide more practical solutions. Examining the more detailed role of trade unions and the potential of industry in self-regulation could also be another area for future research.

In conclusion, the transition to a digital economy is an inevitable reality for the tourism industry of Iran. Creating a transparent, fair, and technologically advanced legal environment is crucial not only for the survival of traditional travel agencies, but also for the sustainable growth and providing a global competitive environment for the whole tourism industry of the country. This requires a serious determination and

comprehensive cooperation from all beneficiaries, especially policymakers and legislative organizations.

Conflict of Interest

The authors declare that they have no conflict of

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