The Role of the Internet in the Development of World Tourism

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Abstract

At the end of the 20th century the tourist industry is experiencing changes defining the direction of its development in the third millennium. These changes are so far reaching that one can speak about transformations in the nature of tourist business. Due to computer information technologies a principally new type of relationship is developing among participants of the tourist market.

Key words: information technology, Internet, tourism marketing, travel agent

During a relatively short period electronic systems developed much: from automation of separate working operations to creation of the global information net Internet, which recently has been greatly influencing developments in world tourism. In the West it became quite common to receive reference information about potential countries of travel, to search for and book tours, and search for a means of placement and transportation via the Internet. Leading tourist companies understood its possibilities, accepted the Internet, and have already adapted themselves to its network. They opened their own web-sites. In January 1996 there were about 5000 sites connected with tourism, nowadays this figure has reached 80000 sites (O'Konner, 1999).

Tourist sites are different not only in content but in the character of their management as well. In some cases suppliers of tourist services carry it out, sometimes intermediaries. Well-known hotel corporations, such as "Sheraton", "Marriott", "Hilton", "Accor" and others, as well as large companies, renting cars, manage their own sites independently.

The majority of hotel chains, consisting of separate chains, has the main site with information about the company on the whole and a search mechanism of a concrete hotel.

The Internet is available both to corporate members and independent tourist product suppliers, which also open their sites and control them. The sites of these companies are more diverse, but it is more difficult to find them. Some private tourist firms have effective comprehensive, innovative sites.

Together with tourist sites of international corporations and independent private companies in the Internet, there appeared megasites of tourist information, managed by intermediaries. These relatively new formations are virtual shops, offering a wide range of tourist products. These shops have a standard mechanism of searching and booking products. Despite the immaturity of megasites these shops accumulate the majority of on-line tourist services sales. The number of transport tickets sold via such megasites as "Travelocity", "Microsoft Expedia" and "Preview Travel" make the sum of US$ 1-2 million per week (The Economist, 1998).

The advantage of megasites is in the quantity of useful information, which they give to a user. In addition to commercial information they include general pieces of advice for travellers, tourist centers guides with sightseeing discriptions, weather forecasts, currency exchange rates, maps, etc. All these things make megasites the main information source for tourism.

At present the Internet first of all carries out the function of giving information. The commercial activity at the Internet base has begun to develop relatively recently, and it is developing more slowly than the first function.

The system of tourist product distribution, which is now being formed, can be compared favourably with the preceding ones. It linked customers and suppliers of tourist products directly, and that is its main advantage. Today the Internet became a real competitor to traditional channels of sales, which demand intermediaries between customers and producers. According to the data of an American company, "Jupiter Communications", which regularly polls Internet users, the number of transport tickets sold via the Web makes a total of US$ 800 million. It is expected that this sum will have become US$ 8.9 million by 2002 (The Economist, 1998). The distribution of tourist products via the Internet has advantages not only over traditional, but classical electronic channels of sales. Old computer booking systems (like "Amadeus") require the installation of special terminals and the laying of connection lines to the nearest units. As a result, in the Russian Federation connecting up to these systems requires US$ 1000–2500, and current costs range from US$200-800 per month (Koriaguin, 2000). Work with classic booking systems is based on complex commands. A User should preliminarily study and, as practice shows, he learns the technology in no less than a year's time. One more inconvenience is caused by the fact that the reference, put into the system, is a plain text –

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without photos, maps and other graphic materials. Their absence is explained by the special purpose orientation of classic booking systems. They were created by air-companies for selling tickets and are still used mainly for the sale of travel documents for the air and railway transport, which do not need graphic presentation of their information.

The increase in the commercial function of the Internet caused hot debates around the fate of traditional intermediaries. A prestigious tourism stock exchange, ITB-2000, which took place in Berlin, confirmed the fact that the quick growth in sales of tourist services via the Internet is a threat to the wealth of tourist agencies. Half of the biggest tourist companies represented at the exhibition have their sites in the Web. Nevertheless, tour agents state that the relationship, "retail client – tour agent - tour operator – final supplier," formed in the tourist business chain will not disappear with the Internet, despite the retail client's access to the information of a final supplier or a tour operator. It is explained not only by the objectively existing difference between wholesale and retail prices for tour products of different tour business participants, but also by the necessity of formal agreements between partners, which are made outside the Internet. Quite a characteristic feature is the formation of stable links such as "tour agent - tour operator" with strict time-limit rules for work, discussing in advance the limits of both side's responsibilities, etc.

The latest changes in tourist demands lead to the other argument in favour of intermediaries. Nowadays a client is quite well-informed about tour products, but when buying something he needs a specialist's consultation. The Web can give a large volume of information but it cannot give recommendations on choosing a hotel, restaurant, or tourist center, which may best suit the client's demands.

Unlike the Internet, a tour agent can pass its knowledge and experience to a client and it basically becomes an expert. The question, how to get to the destination, becomes purely technical. The tour agency's role, which earlier mainly consisted of booking and ticket sales, now consists of helping the customer to decide where to go and what to do on holiday. So, the tour agent should be an expert in many fields, going far beyond the limits of booking technology.

In the tourist market today there is already a demand for consultants on canoe rafting and pearl diving, and even on ornithologists and zoologists, whose help is most valuable for enthusiasts to observe birds, or, for example, while whale-watching-which has become popular recently (The Economist, 1998). In the future tour firms will be attracting more actively specialists who will have an uneasy task – to prove their competence.

Some tour agents think that with the Internet the emergency concerning the role of intermediaries has not decrease, but is even increasing. In their opinion clients have neither the time nor the willingness to search for tourist information in the Web, so tour agencies have to take their own part as "navigators" sailing through a maze of tourist information. With the enlargement of tourist space, and with the enlargement of online tourist offers, clients, it seems, will really need such guides to look through in which to find and receive the necessary information.

But with the increasing power of the Internet it is becoming easier to search for information, book via Internet and, more importantly, there appears to be a new threat for tour agencies from new players in the tourist business. More and more companies which have never dealt with tourism before are now expanding into tourist industry. They bring their own clients and keep to a non-standard competition strategy, and they can cause significant changes in the tourist market. A good example is the company Microsoft, which came to the tourist branch with its product "Expedia" and quickly cornered a substantial segment of the market. That's why traditional intermediaries have every reason to be concerned about their future. Their former functions are disappearing or are being redistributed between links of the chain of tour product promotion to a customer. If tour agents want to stay in business they must find their own "niche" in the market. So, they are left with the option: either give consultations to clients or become large retailers distinct from other supermarkets.

With the development of the Internet the entire philosophy of management – tourism marketing – is been reconsidered. Due to a number of advantages, the Web makes traditional ways of marketing non-effective.

Firstly, in the Web the customer and not the marketing specialist controls the situation. Using links clients are free to choose what to look through, as well as when and in what order. If they are not satisfied with the information presented in the site, just one click and the viewing is over. The audience, from being passive and stupefied by advertisements, turns into an active participant of an advertising campaign.

Secondly, in the Web it is the customer who asks a company for information and not vice versa - such as when the marketing specialist gives advertisements in hope that they will reach the addressees. In the Net the address is known beforehand, it looks like it is highlighted. Entering a site a client demonstrates his interest to the offered product and the readiness to buy it from the one who will able to satisfy him in the best way. It is very important that a customer chooses a site consciously, without any pressure from the outside, as is the case with TV advertisements. In such a way the Web leads a company to those people who are predisposed to learning more about its offer.

Thirdly, the Web maintains an individual approach to each client. Information suiting different demands is easily and economically placed in the Internet. Connecting sites by hyperlinks a marketing specialist creates a comprehensive multimedia brochure for individual usage and available to potential tourist all over the world. With its help clients search for products according to their tastes and requirements and make tours like for a special order. Unlike the usual mass media where one piece of information is supposed to reach many clients, in the Internet there is a lot of information for one client. Such an individual "sniper" approach gives a client the possibility to receive the necessary information quickly, and is more effective in comparison with the traditional "machine-gun" method (O'Konner, 1999).

In the forth instance, the regime of access to the companies' sites and work is interactive. Bilateral information exchange in dialog form increases the individual approach to a client. A potential tourist contacts firms in order to receive information about a tour product, asks questions, and agrees on prices – and all this is done by striking several keys. In their turn companies easily find customers in order to find out their requirements, or to inform them about new products. The computer stores the information, coming from clients, processes it, and gives answers out with consideration to the individual tastes of clients. For example, the travel service of the Microsoft net traces all actions of Internet users, which have visited the "Expedia" site, where they came from, what site they went to, what they were searching for and in what order, as well as what they chose and booked. The system fixes addresses of all the site's visi-

tors. Having made an impression about each client, the travel service strengthens its relationship with them, regularly sends them information that can be interesting for them and prompts users go back to the site "Expedia" again and again.

The Web allows the defining the effectiveness of marketing efforts, specifically of advertising campaigns, easily and quickly. The main indicator of the effectiveness of work is the number of site visits. They are registered at the servers. In the electronic version of the brochure, unlike the usual one, pages, which are looked through in the first turn or, on the contrary, which nobody reads, are known. For instance, the hotel chain "Best Western" announced about itself in the Internet having loaded information about 160 hotels into the site "Travelweb". During the first month more than 80,000 visits were fixed at the site (O'Konner, 1999). But only a few visitors used the site to search for the information about placing conditions and photos of apartments of this chain. It was found that such information, which as it had been thought earlier, defined consumer choice, is not so important for clients and the contents of advertisements should be reconsidered.

There are different ways to increase the number of site visits. Companies, which do not just place a simple electronic version of traditional advertisement materials, but consider the contents and format of electronic brochures using a wide range of possibilities in the Internet, have the best results. They care about a user making his work easier in every possible way. To help a client not to get lost in data bases they provide him with the instrument for searching for the necessary information, and include logical links to materials of further viewing. They regularly renew the contents of their sites to make the User want to come back again.

Thus, the Internet opened a new stage in the development of international tourism, which would already be unthinkable without electronic information exchange technologies. One should not be afraid that with the general introduction of computers there would not be any place left for a man. On the contrary, the Internet will rather allow the personalizing of communication. And a man will remain the focus of the Net.

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