

THE IMPACT OF TECHNOLOGY ON PROMOTING TRAVEL AND LEISURE SERVICES IN THE 21ST CENTURY

Beatrice Sion, Patricia Dodu,
Andreea Rozalia Manoliu*

Abstract

The direct interaction of the consumer with the travel products and services, combined with the way in which the smartphones and the internet are redesigning the tourism & travel industry led to a re-evaluation of the industry's products and services and their adaptation to meet the consumers' needs. Technological advances resulted in a much easier and faster access to all travel-related services: online check-in, virtual boarding passes, virtual hotel check-ins, real-time news and updates, maps, GPS guidance, instant messaging and photo services, all are now tied to the same mobile device, the smartphone. Smartphones not only impacted a single aspect of the travel experience, they actually improved all of them.

Keywords: technology, online marketing, social media, CRM, GDS, travel, vacations

JEL Classification: M30, L83.

1. Introduction

New technologies have altered the power balance between business and customers, offering the latter valuable information used for travel planning. The World Travel & Tourism Council research studies show that 92% of the consumers trust the recommendations from others, while 33% use social media to research and plan their vacations.

In 2015, the global online market for tourism services is far from being mature, continuing the constant growth trends across all categories and geographical regions, led by the emerging markets and followed by the developed ones. In 2013, North America was the top region for online travel sales, but the expected growth rate for the next 5 years is ranked last among the world's regions at 7%. It is anticipated that the Western Europe will catch up with North America by 2017, while the Asia-Pacific region is expected to have the highest growth rate over the same 5-year period, reaching \$155 billion in online travel sales in 2017, double the \$78 billion from 2012. This growth is driven by the investments in new technologies that will allow more sophisticated targeting and access to personalized services.

* Beatrice Sion and Patricia Dodu are at the Romanian American University in Bucharest. Andreea Rozalia Manoliu is Ph.D student at the Academy of Economic Studies in Bucharest. E-mail: sion.beatrice@profesor.rau.ro, dodu.patricia@profesor.rau.ro, manoliuandreea@yahoo.com

2. The Impact of Technology on the Modern Travel

By definition, the travel industry requires access to a wide range of information and, therefore, is positioned to greatly benefit from the new communication technologies, multimedia applications and information systems.

Technological advances and the travel industry moved forward together throughout the years, and this partnership contributed directly to the globalization of tourism. The first Computer Reservation Systems (CRS), the Global Distribution System (GDS), combined with the expansion of the Internet led to a radical change in the operational and strategic practices in the industry.

In the last 20 years, we've been witnessing a wave of technological transformations across all areas of human activity that further led to the development of new tools for global communications and interactions that the large players from the travel industry have been quick to adopt and use.

Andrew J. Frew's research estimated that only 665 refereed articles on tourism-related topics were published in the 20 years period between 1980 and 1999¹. At the same time, today's statistics paint a completely different image, considering the sole example of TripAdvisor, with its more than 60 million members and over 170 million reviews and opinions about hotels, restaurants and attractions throughout the world². The technological advances give consumers reliable access to detailed information and easy access to real-time reservations without the additional costs and inconveniences specific to the conventional channels.

Currently, the most critical step in the booking process is the information search, both in terms of the travel services and destinations, thus reducing consumers' uncertainty and improving the quality of services rendered.

The Internet is the most important and impactful IT tool, one that significantly altered tourists' behaviors and allowed them to interact directly with the suppliers, thus by-passing any middlemen.

The technological advances available in today's society pushed the barriers of the human interactions in different ways. Mobile devices became ubiquitous and their impact is felt globally; they are becoming more and more popular in the travel industry, mainly due to their limited size. While still offering limited capabilities compared to a traditional computer, smartphones have been improving rapidly, offering capabilities and features unimaginable just a few years ago. Modern smartphones allow the download of various apps, including travel ones. Virtually all online travel agencies offer their own apps that can be used for mobile bookings, price quotes and research of travel destinations and attractions.

Apple, one of the most innovative and successful companies in the world, manufacturer of (among other products) the iPhone and iPad, launched a new app called iTravel. For now, this app is tied to Apple Wallet, Apple's payment/ electronic wallet app. Using the 2 apps together, users can store boarding passes, travel reservations, coupons or gift cards. It is expected that Apple will continue expand iTravel's features and will enter the online travel market in the near future.

¹Frew, A J. (2000). A Critical Analysis of Tourism Information Technology Research.

²TripAdvisor, www.tripadvisor.com

Expedia Media Solutions (Expedia's advertising sales division) published the results of a study profiling the U.S. users of mobile devices (smartphones and tablets) who use them to gather information and purchase various services. The results show that, in the U.S., more than 172 million people use smartphones, up 22% compared to the previous year, and more than 93 million tablet users. 29% of the tablet users and 21% of the smartphone users made at least one booking using their mobile device, for a total of more than \$8 billion in online travel sales. Currently, the number of consumers who engage with online travel content using their mobile devices exceeds that of those using traditional PCs. Even though only 6% of the bookings are made using mobile devices, more than 70% of the travelers use their smartphones or tablets to research their travel options and itineraries³.

This study shows the upward trend of the new technology, either through the new mobile devices, but also through the traditional ones, such as laptops and desktop computers. All these advances are driven by the Internet, which became the key technology of the today's society.

Table 1 shows an analysis of the worldwide number of Internet users as percentage of the total population. We can also observe the annual growth in the number of Internet users compared to the annual population growth.

Table1. Worldwide Internet Users

Year	Number of Internet Users (World)	Percentage Growth in the Number of Internet Users (World)	Population (World)	Percentage Growth in Population (World)	Percentage of Population with Internet Access (World)
2014	2,925,249,355	7.9%	7,243,784,121	1.14%	40.4%
2013	2,712,239,573	8.0%	7,162,119,430	1.16%	37.9%
2010	2,034,259,368	16.1%	6,916,183,480	1.19%	29.4%
2005	1,029,717,906	13.1%	6,514,094,610	1.22%	15.8%
2000	413,425,190	47.2%	6,127,700,430	1.26%	6.7%

Source: www.internetlivestats.com

Compared to the year 2000, when the Internet access was still in its infancy, more than 40% of the world's population now has access to it, with forecasts showing a 50% penetration in the near future. As the penetration rates grow, so do users' familiarity with this new medium and their level of confidence in making online purchases of goods and services.

3. New Promotion Strategies in the Travel & Leisure Industry

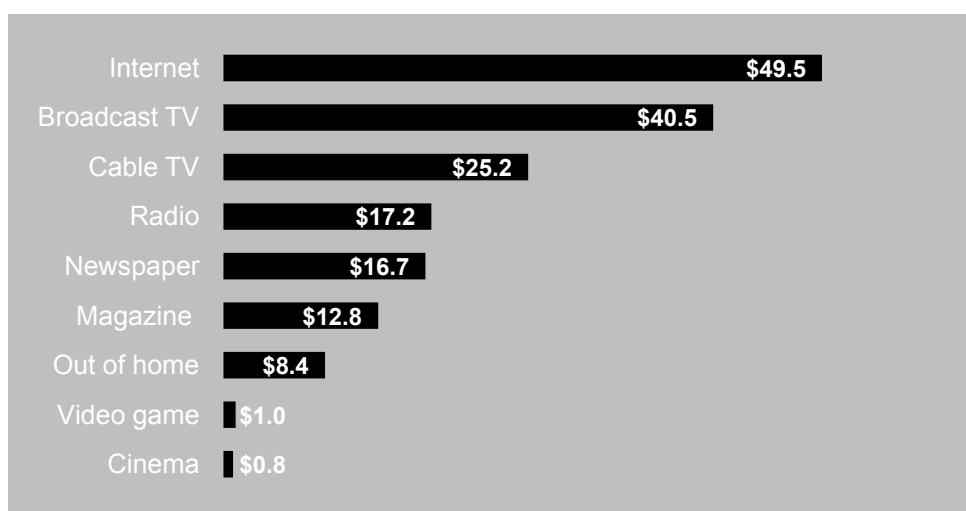
The Internet is recognized as an extremely valuable marketing tool, offering substantial benefits compared to the traditional communication channels: lower

³Expedia Media Solutions, www.advertising.expedia.com/insights/research

communication costs, quick transfer of information, higher levels of consumer involvement, good control and monitoring of transactions and significant flexibility in designing the marketing mix. Its main functions in the business world include communications, product development, market research, customer service, direct marketing and advertising.

Online marketing, also called online advertising or Internet advertising, is a form of marketing and advertising which uses the Internet to deliver promotional marketing messages to consumers. It includes email marketing, search engine marketing (SEM), social media marketing, many types of display advertising (including web banner advertising), and mobile advertising.⁴

Fig. 1 - Advertising revenue market share by media - 2014 (\$ billions)



Source: PricewaterhouseCoopers, IAB Internet Ad Revenue Report 2014

PricewaterhouseCoopers 2014's "IAB Internet Advertising Revenue" report shows Internet advertising as having the largest advertising revenue market share. The same report also places the travel/ leisure industry in the 5th spot in terms of Internet ad revenues by major industry category, behind industries such as auto or telecom, but ahead of pharma & healthcare or computing products.

Online advertising includes a newly developed field that promises to become one of the key areas of tomorrow's advertising: mobile advertising (or advertising delivered through smartphones and tablets), an area with a spectacular YOY (2014-13) growth of 76%.

The Internet is unique in its ability to transform the traditional one-to-many communication into one-to-one messaging. Traditional mass-media (such as radio, TV, newspapers or magazines) follow a passive, one-to-many communication model, through which a company uses the same message to reach its current and loyal customers as well

⁴Wikipedia.org, Online advertising, <http://en.wikipedia.org>

as prospects. The Internet, though, allows the company to send customized, even at the individual level, messages to a single consumer or to a small group of consumers. Email, direct sales or phone sales are similar to the Internet in the sense that they all allow targeted communications and contacts, but the Internet is still unique in its ability to offer extremely low costs, combined with the instant transfer of information.

A well-designed Internet communication campaign (through email and websites) can match the results of direct sales, but with a significantly higher flexibility and much lower costs.

Printing paper catalogs and brochures that include information on travel destinations, their availability and prices is a common practice in the travel and leisure industry. However, this process is lengthy and expensive, not to mention the fact that pricing and availability change frequently. The Internet replaces these traditional catalogs with virtual ones, which can be distributed (and updated whenever needed) without any additional costs.

Online marketing allows companies to improve the quality of the customer interactions before, during and after the sale. Customer satisfaction depends heavily on the accuracy and relevance of the travel info and on the prompt answers to any questions they might have. The quick and improved access to information allowed marketers to offer personalized services, usually at lower prices compared to those of the standardized travel packages.

4. Social Media and Its Impact on Travel

The large scale use of the Internet in the search of travel information and the new Web 2.0 technologies, such as blogs, Facebook, Instagram, Twitter or Google+ allowed the individuals interested in travel to get the information needed in a very efficient way and to communicate with the suppliers of travel services in real time.

The Web culture revolutionized the travel industry and we can now easily distribute large amounts to a large number of individuals.⁵

Social networks, such as Facebook, Instagram and Twitter continue to grow their user base and to expand the roles they play in the communication process; such networks can be used to share breaking news, pictures, videos, offering innovative way of interaction between businesses and consumers.⁶

Instagram is one of the social networks with the largest impact in the travel area. Since its launch in 2010, this service has seen an unprecedented success with over 300 million users, 70 million photos uploaded every day and over 2.5 billion likes a day.⁷

According to a research study completed in France by Kindai, a local company specialized in social media communications, the most attractive activities on Instagram are travel-related (for 45% of the users), while 58% of French Instagram users have wanted to buy a product their Instagram “friends” have posted in their profile and 47% have visited a place based on a photo published by one of their friends.⁸

⁵Richemond, E. (2013) ECSP – Socially Performing

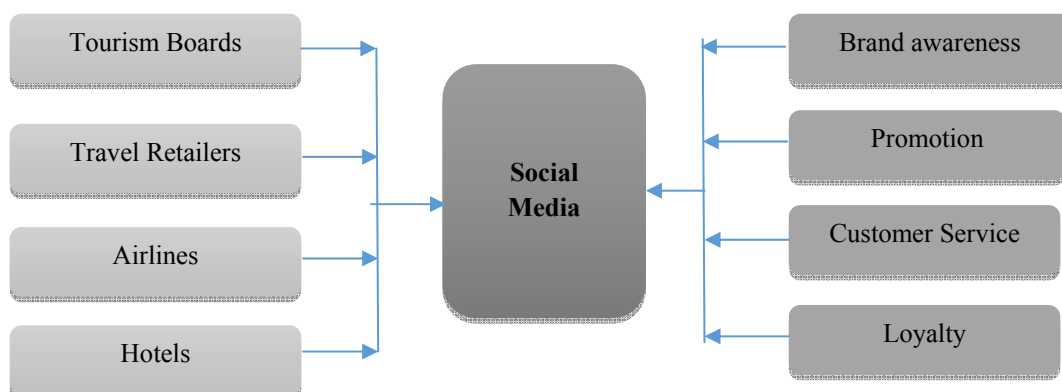
⁶World Trade Organization (WTO), www.unwto.org

⁷Instagram website, www.instagram.com

⁸Kindai website, <http://kindai.fr/etude-instagram-les-nouveaux-influenceurs>

Social media has a large impact on all industries, and travel is no exception; social media's role is most evident in researching the travel destinations and options, buying the travel services and sharing the own experiences during and after the trip. Travel & leisure industry relies heavily on people sharing those experiences and opinions and social media offers the perfect platform for this. The online environment is a powerful travel planning tool and ignoring it can cause significant damage to a company.

Fig. 2 – Engaging customers through social media



Source: Euromonitor International (2014), The new online travel consumer

A Hotel Marketing study reveals that 64% of the tourist use social media while on their trip, while 22% of those blog about their travel experiences and 55% of the Facebook users liked at least one page connected to the travel and leisure area.⁹

Social media is a very engaging tool for building customer loyalty, but a less efficient one for generating bookings in the short-term.

According to World Travel Market London, social media is one of the three critical evolutions that contributed to the growth of online travel. Social media led to new business models, the so-called “peer-to-peer” travel¹⁰, where various individuals can share resources among themselves without the need to use a centralized system. As a result, the WTM experts expect to see more and more peer-to-peer travel websites specialized in sharing accommodations, cars, trips and other travel activities.

Conclusions

By definition, the travel industry requires access to a wide range of information and, therefore, is positioned to greatly benefit from the new communication technologies, multimedia applications and information systems. The large scale use of the Internet in the search of travel information and the new Web 2.0 technologies allowed the individuals interested in travel to get the information needed in a very efficient way and to communicate with the suppliers of travel services in real time. The Web culture

⁹Hotel Marketing website, www.hotelmarketing.com

¹⁰WTM website, www.wtmlondon.com

revolutionized the travel industry and we can now easily distribute large amounts of information to a large number of individuals.

The significant growth in online travel impacts not only the Online Travel Agencies (OTAs), but also the traditional tour-operators, who are forced to adapt their market strategies and adjust to the new consumer demands.

The number of consumers of online travel services keeps rising, as a result of the extensive use of technology and mobile devices. The modern traveler expects to try new experiences, to step outside his comfort zone and to feel new sensations.

Regardless of the factors impacting tourism, we have to remain hopeful that the future of this industry is sustainable, the travelers will become more responsible will preserve the identities and cultures of the places they visit and will develop stronger and more meaningful ties with them. In the end, all these might influence travel agencies' behavior and approach as well: instead of asking a prospective client "Where would you like to go?", they might ask "What do you really expect and want from your vacation?"

References

1. Buhalis D, *Tourism Distribution Channels: Practices, Issues and Transformations*, 2001
2. Buhalis D., Law R., *Progress in information technology and tourism management: 20 years on and 10 years after the Internet*, 2008
3. Buhalis D, Fotis J, Rossides N, *Social media use and impact during the holiday travel planning process*, 2012
4. Buhalis D., Chung Y, *Information Needs in Online Social Networks*, 2008
5. Dodu P., *Tehnici operaționale în agenția de turism*, Ediția a II-a, Editura Pro Universitaria, București, 2008
6. Beatrice Sion, Cezar Mihălcescu, Alexandra Mărginean, *Blogs—an instrument of the social media and its Google indexation in view of improving the quality of Romanian tourism services*, Supplement of "Quality - Access to Success: "Globalization and competitiveness in the knowledge-based economy", 3th edition of International Conference, Bucharest- Romania, vol. 14, S2, pp. 430-437, 2013, ISSN 1582-2559
7. Daniela Firoiu, Beatrice Sion, Cezar Mihălcescu, *Strategic Implications of eTourism for the consumer of the future*, Recent Advanced in Mathematics and Computers in Business and Economics, Proceedings of the 10th WSEAS International Conference on Mathematics and Computers in Business and Economics (MCBE'09), Prague, Czech Republic, no. 10, pp. 76-81, march 2009, ISSN 11790-5109, ISBN: 978-960-474-063-5
8. Cezar Mihălcescu, Beatrice Sion, *Modeling and optimizing the business processes using Microsoft Office Excel*, Journal of Information Systems & Operations Management (JSOM), vol. 7, no. 2, Bucharest, Romania, pp. 414-421, december 2013, ISSN: 1843-4711
9. Patrichi I., *Turism internațional. Evoluție, particularități, tendințe*, Editura Universitară, București, 2013
10. Amadeus, *Future Traveller Tribes 2030 - Building a more rewarding journey*, <http://www.amadeus.com/documents/future-traveller-tribes-2030/amadeus-traveller-tribes-2030-airline-it.pdf>
11. PhoCusWright , *European Online Travel Briefing 2015*, http://www.itb-kongress.de/media/itbk/itbk_dl_de/itbk_dl_de_itbkongress/archiv_2015/phocuswright/Phocuswright_Research_-_European_Online_Travel_Briefing_2015.pdf