

THE VIABLE ALTERNATIVE OFFERED BY TEHNOLOGICAL INNOVATIONS TO TOURISM INDUSTRY IN THE CONTEXT OF ECONOMIC RECESSION

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Abstract

In the context of economic crisis the main players from the industry of tourism and hospitality have to make many changes and to generate, permanently, technological innovations in terms of products, processes, knowledge, in order to become competitive and to maintain the status of competitiveness on the tourism market. On the road to maintain and achieve performance, travel organizers have to approach a global mentality and take into account the competition existent on the international market. E-tourism or online tourism, is part of ecommerce, presuming the existence of tour operators, tourism agencies, operators in the hospitality industry and other entities in the field of virtual space tourism. Therefore, according to Buhalis e-tourism is the future of tourism industry and is appropriate as a basis for everything tourism will become in perspective, its components being redefined as: eAirlines, eHospitality, eTouroperators, eTravel agencies, eDestinations.

Keywords: recession, technological inonovations, etourism, competitiveness, ecommerce

JEL Classification: L 83

Introduction

In the context of financial crisis many companies closed units however profitable, focused on short term investments, shareholder value and wage austerity. The crisis raised the uncertainty in world economy and caused banks collapses, investors to cut down on their investments, job losses . The recession that started firstly in developed countries has affected the developing countries in critical levels as well. Despite of all the negative aspects, the economic crisis is seen by many as a catalyst for the development of new innovation paths . This study aims at researching the impact of tehcnological innovations techniques on the tourism market and on the efficiency of the activity of travel operators, giving Romania as example, thus bringing a plus of knowledge in this field. The hypotheses of the research have been that internet technologies become constant parts of firms and shopping habits have been redefined. It has become essential for the companies to gain profit with lower fixed costs and investments by using internet technologie in the most efficient

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maner. The conclusions of the study are based both of specialised publications and on direct research and emphasize that Easy sharing of information started to change the forms of doing business radically and with exponentially growing internet technologies, the economy had to adapt to the new requirements of a virtual world.

Theoretical aspects regarding the influence of new technologies over the tourism market

In the context of economic crisis the main players from the industry of tourism and hospitality have to make many changes and to generate, permanently, technological innovations in terms of products, processes, knowledge, in order to become competitive and to maintain the status of competitiveness on the tourism market. On the road to maintain and achieve performance, travel organizers have to approach a global mentality and take into account the competition existent on the international market.

The constant of current tourism consists of the attribute of change: a permanent transformation of the field, combining new forms and methods of performance. At present, the development and distribution of touristic products, using the classic variant (which requires the tourist's presence at the key moment of their generation and purchase), tends to become a less common practice due to the multiple advantages generated by informational services suppliers.

Development processes within information technology, communications and Internet, in particular, have revolutionized the entire tourism industry, generating new business models, changing the production structure and the distribution channels specific for tourism, influencing especially the suppliers of tourism packages, the destinations and stakeholders..

The development of search engines, the capacity of data storage and the operating speed in informational networks have influenced the number of travelers around the world, who use the new technologies in order to plan and experience travels. Increasingly we speak of promoting touristic destinations by means of social networks (facebook, twitter), of the rapid access to on-line systems for booking touristic services (booking.com, hotels.com), of rapid check-in /check-out using the mobile phone connected to internet, as well as the multiple payment modalities (banking).

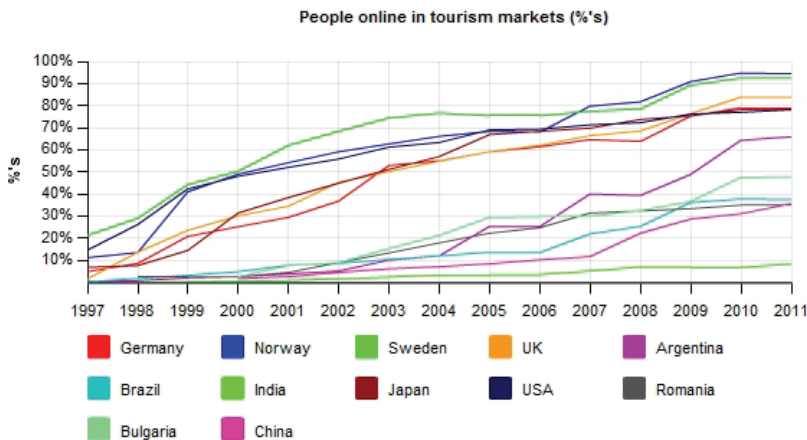
Online tourism market is booming as the internet spreads out and increasingly wealthy middle class from developing countries like China, India, Rusia and the ones from the former comunist block starts traveling more for pleasure . PhoCusWright estimates that in 2012, Europe will become the largest online travel sector, while Asia-Pacific will account for roughly 20% of the market worldwide (www.newmediatrendwatch.com)

According to the next grafich the developed countries like US, UK, Germany and Scandinavia have reached the tipping point, the remaining markets have significant growth potential, including Japan,China (Asia Pacific) Brazil,Argentina (Latin America).

One can notice that online penetration increase in more mature countries markets like Norway (94%), Sweden(92%), UK (83%), Germany (79%), US (77%) and travel markets are going slows . Travel businesses are looking for new markets to expand and gain popularity in Asia-Pacific region and Latin America , India.

In these emerging markets, macro-economic gains, rose travel and increased adoption of technology will continue to supply significant growth in online reservations. India and China are forecast to dominate growth in online travel over the course of the next few years because of the growing number of middle class, rising adoption of credit and debit cards across the region, giving users easier means of securing travel products immediately over the web, although some countries still have widespread book online-pay offline policies in place;similar to the spurts in growth in the west in the early to mid-2000s, rapid expansion of web connectivity in the home and businesses - alongside prolific use of mobile web.

(PhoCusWright)



Source www.newmediatrendwatch.com, 2011.

The reconsideration of economic processes managed by information technology, noticed within the industry, gradually generates a new paradigm shift. This modifies the structure of the entire industry and develops a new range of opportunities and risks for the persons involved. The advanced use of information technology by consumers, on a large scale, creates the possibility for them to identify, personalize and purchase touristic products, but also supports the industry's globalization, ensuring efficient tools by means of which suppliers may develop, manage and share offers worldwide. This results in the generation of a major research field starting from this interface, namely e-tourism, which researchers are increasingly seeking to understand, communicate, develop and implement in present activity, attempting to foresee the future, both for the development of the industry and of the related technology.

According to Buhalis (2003), information and communication technology holds an enviable record in the pioneering research of e-tourism, which as a complex area incorporates:

- strategic management and marketing;
- e-tourism and accessibility offered by Internet to consumers in what respects the distribution of touristic products to the organization's employees by means of intranet, as well as the use of extranet by suppliers and customers;
- Online design and the possibility to quantify the number of visitors who access the online site;
- Destination management systems;
- Social Media network;
- Booking touristic packages or travel tickets by mobile phone;
- Online marketing;
- Search engines optimization (SEO) and Payment-Per-Click campaigns (PPC);
- Online distribution and multi-channel strategies;
- Customer relationship management;
- Online sign-up of the consumer;
- Affinity marketing, which aims to trace the loyalty of consumers and business partners and the best web design practices.

At the same time, it should be noted that e-tourism and the advantages generated both for economic agents and consumers, are numerous but also there have to be mentioned the risks associated to the new technologies that threaten consumers' safety and protection. In Romania the lack of a coherent legislative framework and the lack of online practice, many times, put in difficulty the consumer. Consumers have to act with caution when providing card details. The growing complexity of travel web sites in the past years it is a major reason why more travellers would use a travel agent if they could find one. Most of the times, consumers don't have specialty knowledge in the field and can not understand the terms used in the online presentations for touristic services' packages, this resulting in many inconveniences. Time-stressed consumers are other reason for the shift. From the same point of view we refer to the risks incurred by the providers of touristic services, risks generated by errors of the informational systems (e.g.: overbooking) or related to the impersonality of the relations between agent and tourist. Generally tourist agents are trained to ask questions and to help customers elucidate their travel wishes, to know well their preferences as opposed to the simple filling in of an online standard form.

E-tourism or *online tourism*, is part of ecommerce, presuming the existence of tour operators, tourism agencies, operators in the hospitality industry and other entities in the field of virtual space tourism. Therefore, according to Buhalis e-tourism is the future of tourism industry and is appropriate as a basis for everything

tourism will become in perspective, its components being redefined as: *eAirlines*, *eHospitality*, *eTouroperators*, *eTravel agencies*, *eDestinations*. This approach emphasizes the importance of information technology in the development of all tourism related activities, acquiring a strategic role for the performance of opportunities or any type of activities.

At airlines' level, *eAirlines* emphasizes the importance of this sector belonging to tourism industry, the first which has created an open and competitive global market and which has liberalized distribution and distribution channels by creating GDSs: Amadeus, Sabre, Worldspan/Galileo (O'Connor, 2004; Sheldon, 2001). Internet had the most significant effect on the distribution channels in tourism, initially monopolized by large GDSs, generating the adjustment to the new market requests by means of the vertical and horizontal integration of the companies from the field and the implementation of internet applications that promote the B2C type of direct distribution and the improvement of customer relationship management. A good example is represented by Sabre, respectively Sabre Holdings, who in the past years has enhanced its portfolio by integrating brands that ensure its competitiveness on the touristic market: Travelocity- online tourism agency, Sabre Travel Network and Sabre Hospitality Solutions (www.sabre-holdings.com). By purchasing 40% of DCS's shares from Germany, Sabre Network Travel enters Romanian market by promoting a leisure GDS, MerlinX, which makes available for the tourism agents a booking system connected to the international tour operators.

At the level of hotel industry, *eHospitality* implies the use of information technology and the efficiency of hotel assets' management. Information technology experiences an increasingly larger use in hotel industry, by means of its integration in the management of operational departments (accommodation, food, entertainment), of functional departments (administrative, marketing, human resources), offering efficient tools at low costs for marketing research but also for increasing profitability through the direct distribution of rooms, using its own booking site and, last but not least, the optimization of the online check in/ check out system. Hotel revenue managers embrace online distribution and hotel internet marketing beyond transient room sales. Many hotel groups had built a complete strategy and plan to promote their hotel's website in search engines. In this way they increase the online reach of their brand and gain exposure to niche marketing segments. There are a lot of online travel agencies that target groups. The group segment is a growing part of the online travel ecommerce. Going onto the search engines and typing in keywords like 'group travel', 'group hotel rates', 'group hotel booking', 'group accommodation' we run into a great variety of websites that distribute rooms to groups, such as: www.hotelplanner.com, www.grouptravel.com, www.grouptraveldirectory.com, www.leisuregrouptravel.com.

Besides room only sales, there are also websites dedicated to distribution meeting space online. Some examples include: www.cvent.com, www.meetingsbooker.com. Surprisingly enough it seems the hostel world is doing a good job online. Searching online, hostel websites come up more often than online

travel agencies and hotel websites. At the same time eHospitality implies hotel internet marketing experts like Xotels.com that help hotels by offering different services, such as: hotel website design, CRM System, SEO-Search engine optimization, social media marketing and mobile solutions. In our country, despite the fact that information technology experiences an increased penetration within the operational and functional departments of hotels, consumers still prefer to book rooms by phone to the detriment of online booking.

The network of local tourism businesses (hotels, attractions, transportation services, service providers such as guides and equipment rentals, restaurants, etc.) represents a significant part of a destination and destination management. At present *destinations* gain increasingly more ground by introducing touristic values in touristic circuits, this aspect being facilitated by VR technologies (for instance the European Union's Lifeplus program which digitalized the ruins of Pompei), as well as the promotion on facebook or twitter of holiday destinations, which became *eDestinations*.

„On the internet, tour operators may provide a detailed description of touristic products, using a large range of online tools: virtual tours, video and graphics displaying holiday destinations and their attractiveness, pictures with facilities offered by the accommodation units, means of transport. Flights, accommodation and *rent-a-car* represent standard services which may be assessed more easily, provided tangible parameters are set”(Kracht Y.,Wang YC.,2010).

„ *E-tourism*” offers more diversified services. Tourists not only can reserve online a touristic product, but also will receive all information by e-mail and pay online, using the credit card.”(Mihalcescu C., Sion B., at all, 2009).”Internet represents a useful tool both for the providers of touristic products and the consumers of tourism related goods and services, by the dissemination of information, real time access and marketing, with minimal effort, of touristic service packages”(Buhalis D, Law R., 2008).

From the point of view of *distributors, eTouroperators and eTravel agencies* can be noticed how internet's popularity lead to online sales of touristic packages and the burst of virtual tour operators. „Therefore, in the scenery of tourism businesses, the majority of traditional agents and tour operators, especially the ones integrated in chains of operators, extended their segment of activity in the area represented by the organizers of „bricks&clicks” travels – operators involved in e-commerce” (Dodu P., 2008). Among the international leaders within the online travel market is included Travelocity which owns a series of well-known brands: lastminute.com, holidaysauto.com, Orbits.Internet enables direct suppliers to address potential customers by means of their own sites, this favoring them, in the sense that they have the possibility of applying various rate policies or loyalty programs, in this way determining a greater price transparency and an easier access for users.

Etouroperators and eTourism agents aim the direct sale of touristic services' packages through their own points of sale and especially through web pages, at the same time offering to consumers the possibility to access the dynamic packaging system. A major change is identified in the consumer behavior of travelers, who are interested

in a customization of the touristic services' package but also a cost reduction. Customers have spent increasingly more time on price comparisons on different travel websites such as Kayak and Kelkoo searching for alternative products that can reduce the cost of their travels. Prior research shows that search costs decrease in electronic markets due to diminishing cost of data exchange. (Buhalis, Law 2008)

In our country we can notice an increased interest for upgrading online technology and for responding to the needs of experienced travelers. There is an increasingly larger percentage of tourists who opt for making their own travel arrangements, when they are interested of traveling within the European continent and for short distances, accessing sites such as: booking.com, hotels.com for booking hotel rooms and zboruri ieftine.ro, vola.ro for booking a plane ticket. At the same time they exhibit increased susceptibility when intending to make a long distance travel (American, Asian continent) where they don't benefit from touristic experience and are not sure about the safety of online booking and card payment.

Weber and Roehl (1999) found that people purchasing travel products online are more likely to have been online for 4 years or more and trust can be built between customers and online businesses through the positive experience of past transactions (*Bai, Hu, Elsworth, & Countryman, 2004;*). The Internet is already influencing the consumer behavior in developing countries, enabling consumers to have many more choices (Li & Buhalis, 2006).

Conclusions

Nowadays companies have to learn how to think one step before in order to prosper or at least in order to endure on the market. The new technology plays an important role within the tourism and travel industry generated a series of changes in the relationship producer-consumer, the clients having the possibility to get with minim costs big benefits by booking, searching and comparing tourism data online. E-tourism segment is a relatively newly approached and implemented segment at the level of national tourism market, representing an interest point for all touristic services operators and suppliers. The development and distribution of tourism products, using the classic variant (which requires the tourist's presence at the key moment of their generation and purchase), tends to become a less common practice due to the multiple advantages generated by informational services suppliers.

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