



## Internet Marketing in Tourism

### KEYWORDS

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**ABSTRACT** *Tourism is the world's largest civilian industry whose growth, economic significance and potential are phenomenal across the globe. Online tourism is rapidly becoming a growing topic of research and its importance as future mode of acquiring information and purchase of tourism products and services is growing day by day. It is evident that e-business is an essential prerequisite for successful organizations in the emerging, globally networked, internet-empowered business environment, especially for the tourism industry. Worldwide there is an increased use of internet by both demand and supply sector in tourism has been brought to the limelight in this paper. Significance of internet marketing in Tourism, its benefits to the seller and its benefits to the buyer are also focused here.*

### INTRODUCTION

Tourism industry is considered as one of the largest and the most diverse industries in the world. After the machinery and oil industry, this industry as a modern service industry and the device to create connectivity among nations and various people in the world have been under public attention. Attention to this industry especially in the countries which are rich in historic, cultural and natural attraction resources is more considerable. The international leading position of tourism industry has opened up a strategic window for many developing countries to boost their economy by positioning them to record global market share in tourism. Employment opportunities, environmental consciousness and an influx of foreign currency to the host nation are few examples of contributions of tourism to the economy of the country. The WTO has predicted that in 2010, America would lose its favorable position behind Europe to Asia and the Pacific in receiving international tourists and that by 2020, Asia and the Pacific can expect around 397 million arrivals<sup>1</sup>.

For the survival and success of any industrial cluster, proper acquisition of technology and effective usage of its innovations have become vital elements. The extraordinary growth in Information Communication Technologies (ICTs) has revolutionized the business world. As one of the world's largest and most pervasive industries, the travel and tourism sector is as exposed as any other to the forces of change that are being brought about by ongoing developments in the Information and Communication Technologies (ICT) arena. The advent of the Internet is also having profound impacts on the industry: travel and tourism has become the single largest category of products/services sold over the Internet and the proportion of business being transacted through this medium is constantly growing.

### Significance of Internet Marketing

WTO argues that "the key to success lies in the quick identification of consumer needs and in reaching potential clients with comprehensive, personalised and up-to-date information"<sup>2</sup>. Technology and the Internet have created a revolution in tourism marketing. The Internet is the most important innovation since the development of the printing press<sup>3</sup>. The Internet not only inspires and provides consumers with information on potential travel destinations,

but enables them to take immediate action by booking online. Internet marketing communication is attractive to the tourism industry as "travel is an information-based product and the Internet is full of information."<sup>4</sup>. Internet marketing, also referred to as online marketing or E-marketing, is marketing that uses the Internet. The interactive nature of Internet media, both in terms of instant response, and in eliciting response at all, are both unique qualities of Internet marketing. Internet marketing ties together creative and technical aspects of the internet, including design, development, advertising and sales.

Internet marketing methods include search engine marketing, display advertising, email marketing, affiliate marketing, interactive advertising, blog marketing, and viral marketing. The Internet combines many of the features of existing media with new capabilities of interactivity and addressability; thus, it transforms not only the way individuals conduct their business with each other, but also the very essence of what it means to be a human being in society<sup>5</sup>. Nowadays, millions of people worldwide rely on the Internet for working, learning, socializing, entertainment, leisure and shopping.

The Internet has been identified as cost effective and easier to set-up and update than traditional marketing communication channels<sup>6</sup>. Marketing communications on the Internet have four stages of complexity from a simple website with no interactivity, to a website with email interactivity, website with offline transactions, to a complex site with online transactions, complete interactivity and distribution<sup>7</sup>. A survey reports that 30% of the American adult population used internet to browse travel information in 2003, while the European online travels sales for the same period increased by 44%<sup>8</sup>.

The above study clearly shows the increasing trend of internet based tourism reservation from year 2003, over the years. Global Online Travel Report 2012 – a market research report submitted by yStats.com<sup>9</sup> says that the trend to book travel arrangements online will continue in 2012, especially in emerging economies such as China, India and Brazil. In line with this trend the share of the online segment compared to the total travel market is has increase to almost one third worldwide. In 2011 the value of the

US online travel market was still higher than that of Great Britain, China, India and Brazil combined. Further the same report stated that the clients who bought travel products online in 2011 made most purchases through online travel agents amounting to almost 50%, followed by search engines and websites of tour operators. In the category mobile bookings, hotels were booked most frequently, followed by flights and travel packages.

#### Outcomes of E-marketing in Europe

Online travel sector is especially successful in Europe. In Europe the total number of bookings through online travel agencies increased by almost 20% from 2010 to 2011. In Great Britain, more than half of all consumers avoid traditional travel agents altogether and book their holidays online instead. In Germany, in 2011 customers preferred travel agents for more expensive travel arrangements and online booking for cheaper tours. In this sector online revenue has grown considerably, while offline revenue has decreased. In France revenue generated with online travel bookings grew between January and September 2011 more than the total B2C E-Commerce revenue. Additionally, in 2011, B2C E-Commerce revenue in the category "Travel and Holiday Accommodation" was higher than in the next four categories combined.

#### Growth potential of online marketing in Asia-Pacific region

In Japan the share of online travel bookings - in line with the soaring trend - exceeded for the first time 50% in 2010. In China in 2011, only 14% of all internet users had ever visited a travel website, but online travel bookings are expected to become more popular there too. The Indian online travel market was almost 30% in 2012. The data for Australia is outstanding: as shown in the report by market research specialist yStats.com, the category "Travel, Accommodation, Memberships or Tickets of any Kind" was the most popular online product category in June 2011. Online travel market in the Middle East is catching up. Spurred by the introduction of online payment options; the online travel market in the Middle East is expected to grow considerably compared to 2011.

The yStats.com report predicts growth for the share of online travel bookings in relation to total revenue generated with travel tickets until 2015, compared to 2010 figures. According to the "Global Online Travel Report 2012" by yStats.com<sup>10</sup> almost half of all Italian online customers booked their accommodation online in 2011, making this the strongest category within Italian B2C E-Commerce. In Russia almost 50% of all passengers had purchased their flight on a travel website, while nearly one quarter had booked tickets via phone.

#### Tour operators shift focus to E-Commerce

TUI Travel's strategy, for example, to focus on online sales in Great Britain paid off, considering that in January 2012 far more online bookings were recorded than in January 2011. In September 2011, Google introduced a flight search service in the USA, but it was faced with certain restrictions. Meanwhile, Priceline may be able to replace Expedia as the number one online travel specialist worldwide - in terms of international revenue this milestone has already been achieved in 2011. In 2011 and 2012, Orbitz Worldwide signed multi-year agreements with AOL Travel and United Continental Holdings. In February 2012, MakeMyTrip, one of the top online travel firms in India, successfully secured more than 50% of the Indian online travel market.

#### Key Findings:

- The trend of booking trips online is expected to grow further in 2012, especially in emerging markets such as China, India and Brazil.
- In 2012, the "Online Travel Segment" is forecast to represent almost a third of the total global travel market value.
- Online travel sales in the US are forecasted to increase by more than +10% in 2012 compared to 2011. The UK is projected to remain the largest share of Europe's online travel market in 2013, followed by Germany and France.
- Gross bookings on the Asia Pacific online leisure/ unmanaged business travel market are expected to increase by more than +30% in 2012 compared to 2010.

Arguably one of the best features of the internet is the ease at which one can research and book travel plans. Internet travel booking revenue has grown by more than 73% over the past five years.

Online Travel Booking Statistics	Data
Number of travel bookings made on the internet each year	148.3 million
Percent of all travel reservations made on the internet	57 %
Percent of same day hotel reservations made from a smartphone	65 %
Internet Source for Hotel Booking	Share of Bookings
Brand Website: Website where distribution is operated and managed by the brand (e.g. www.marriott.com/).	65.4 %
Merchant Website: (e.g. Expedia/Hotels.com, Travelocity and Orbitz).	19.5 %
Opaque Website: Customers to choose a fare or rate without knowing the brand of the supplier until after the item is purchased (e.g. Priceline).	11.3 %
Retail Website: Third-party distributor where the hotel lists inventory at the same price that it is sold to the consumer and hotel pays distributor agreed upon commission (e.g. HRS, Bookings, Venere in Europe).	3.7 %
Annual Online Travel Sales	Online Sales
2012	\$162.4 billion
2011	\$145 billion
2010	\$128.9 billion
2009	\$116.1 billion
2008	\$105.1 billion
2007	\$93.8 billion
Online Travel Sales Revenue Breakup (Q1 2012)	
Hotel Reservations	39 %
Air Ticketing	37 %
Packaged Tour	17 %
Corporate Travel	4 %
Others	3 %
Top Visited Travel Sites by Traffic	Alexa Rank
Booking.com (Part of Priceline.com)	157
Expedia.com	427
Hotels.com	601
Priceline.com	697
Kayak.com	816
Travelocity.com	1,108

Orbitz.com	1,215
Hotwire.com	1,573
Travel Booking Site Statistics	Data
Average number of reviews for a hotel	238
Percent of travelers who find user reviews important	81 %
Percent of travelers who won't book a hotel without reviews	49 %
Percent of travel reviews written by women	53 %

### Tourism and Information Technologies

Tourism is inevitably influenced by the business process re-engineering experienced due to the technological revolution. As information is the life-blood of the travel industry, effective use of ITs is pivotal. Hence, "a whole system of ITs is being rapidly diffused throughout the tourism industry and no player will escape its impacts"<sup>12</sup>. Unlike durable goods, intangible tourism services cannot be physically displayed or inspected at the point of sale before purchasing. They are bought before the time of their use and away from the place of consumption.

Hence they depend exclusively upon representations and descriptions, provided by the travel trade, (e.g. information in brochures), for their ability to attract consumers. Timely and accurate information, relevant to consumers' needs, is often the key to satisfaction of tourist demand. Therefore, ITs provide the information backbone that facilitates tourism<sup>13</sup>.

### Benefits of Internet Marketing in Tourism

#### Benefits to buyers

- It is convenient and easy to use, and it offers privacy – Buyers do not have to leave the room to buy; buyers don't have to face salespeople and their sales pitches.
- It offers greater product access, selection, and hence, comparative information – Buyers have easy access to a wide range of alternatives and it is so much easier for them to make comparisons among alternatives.
- Internet buying is interactive and immediate. This nature of the buying process allows buyers to interact with the sellers' sites immediately to create the configuration of information, products, and services desired.
- It gives buyers greater control over the buying process – example: customers can choose their in-flight seats via the internet.

#### Benefits to sellers

- It is a powerful tool for customer relationship building – sellers can interact with their customers
- Online and learn about their customers' needs and wants through questions asked by customers and comments provided.
- It reduces cost of doing business and increases speed and efficiency – example: no physical store is involved for e-tailers who sell travel products and they can inform buyers about their orders within seconds.
- It offers greater flexibility – It allows hospitality marketers to make ongoing adjustments to its offers and programs. For instance, hotel can easily adjust their room rates based on the projected occupancy conditions.

### 6 'C's Merits of Internet Marketing in Tourism

**1. Cost reduction:** Achieved through reducing the need for sales and marketing enquiries to be handled by telephone operators and the reduced need for printing and distributing marketing communications material, which is instead published on the web site.

**2. Capability:** The Internet provides new opportunities for new products and services and for exploiting new markets.

**3. Competitive advantage:** If a company introduces new capabilities before its competitors, then it will achieve an advantage until its competitors have the same capability. For example, customers who transferred to Federal Express because of its new Internet services are likely to be less disposed to revert to an existing courier since they are 'locked in' to using the particular tools provided by Federal Express.

**4. Communications improvement:** These include improved communications with customers, staff, suppliers and distributors.

**5. Control:** The Internet and intranets may provide better marketing research through tracking of customer behaviour and the way in which staff deliver services.

**6. Customer service improvement:** Provided by interactive queries of databases containing, for example, stock availability or customer service questions.

### Online advertising

As the world's population continues to upgrade to new technology, more and more individuals get their news, entertainment and information from the Internet rather than the traditional forms of media discussed above. Therefore, online advertising presents several advantages.

- Online advertising is open to combine nearly every other type of medium. Ads may be presented in print, audio or video with high-quality color and imagery.
- A huge amount of information can be presented in online advertisements. Consumers have the option to click deeper and deeper into the advertisement as their interest is piqued. Messages can be layered through links in the advertisement.
- Online advertisements have the option of directly turning into a sale. If consumers like what they see in an advertisement, they can place an order right then and there.

To conclude that, the importance of the Internet for the travel and tourism industry has increased rapidly over the last few years. Understanding how travelers behave is of critical importance to travel suppliers and tourism authorities for formulating efficient marketing strategies and policies, in order to fully exploit the potential of this new channel. Travelers have heavily relied on the Internet because of the information-intensive characteristic of travel products. Travel products are generally intangible (e.g., products cannot be touched nor returned), inseparable (e.g., products must be produced and consumed simultaneously although they are often paid for in advance), heterogeneous (e.g., products are difficult to standardize) and perishable (e.g., products cannot be stocked). Thus, travel products are normally purchased before the time of use, consumed (i.e., experienced) after arriving at the travel site, and best evaluated after consumed. Because of all these unique characteristics, purchasing travel products is associated with a higher level of perceived risks compared to tangible products. Consumers, therefore, search for a greater amount of information via the Internet to reduce the risks.

The Internet enables travelers to access reliable and accurate information as well as to undertake reservations in

a fraction of the time, cost and inconvenience required by conventional methods. Thus, they improve the service quality and contribute to a higher tourist satisfaction. Additionally, the Internet provides access to transparent and easy to compare information on destinations, holiday packages, travel, lodging and leisure services, as well as about their real-time prices and availability. Increasingly consumers utilise commercial and non-commercial Internet sites for planning, searching, reserving, purchasing and amending their tourism products. They can also get immediate confirmation and speedy travel documents, enabling prospective travellers to book at the "last minute." Experienced travellers are empowered by ICTs and use information and booking systems to improve their personal efficiency and competencies.

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