

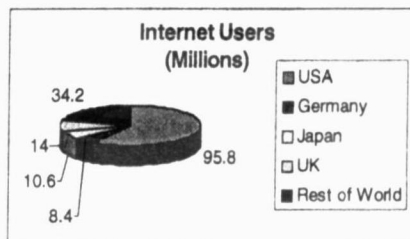
Tourism and Internet Marketing

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Technology is moving fast from its evolutionary stage to a revolutionary stage constantly offering innovative methods of speedy delivery. The provision and use of instantaneous information have become the key to any organization's competitiveness and success. Information technology age is shaping the organizations and the lives of the people at the same time. Expectations are radically changing and the communication has become much more than people contacting one another. The geographical and other barriers have been eliminated through the global communication system of Internet. A mass of information flows freely to the users in a matter of no time. Any person could, without difficulty, access substantial depth of information instantaneously. Due to the instantaneous nature of information availability consumers are no longer willing to wait for information for a longer period of time as in the past. Speed has become the theme for the 2000 era. In this era of speed, information technology has the opened doors to instantaneous information and the world is making maximum use of the global communication system in its day to day activities, in the areas of education, business, entertainment, etc. Internet has become a normal part of everyday life of the people in many countries.

A country where Internet has made the greatest impact is the United States. The following chart illustrates the Top Internet Users as USA, Germany, Japan & UK. These four countries account for 79% of the world's present Internet population (128.8 million users) and in 1997 these 4 countries accounted also for 41% of tourism expenditure.

Internet Users in Millions - a regional break down



Sources: WTO

This number is a clear indication of the strong power of Internet with regard to its reach and the audience. The ever widening size of the Internet Community emphasizes the commercial benefits which have become very apparent.

Internet & Its Relationship to Tourism Industry

Information plays a major role in the tourism industry. The decision of the tourist to visit a destination is purely based on information he/she gathers. The uniqueness of the tourism product does not allow consumers to see, taste, feel or sample the product prior to making a visit to the destination. The tourism product is intangible, heterogeneous and fixed geographically. The decision to visit and experience a destination is supported by the primary and secondary information that is gathered from various sources mainly from tour operators, Travel agents, destination marketing organizations such as national tourism organizations and individual suppliers of Tourism products such as providers of travel/transportation and hotels and word of mouth recommendations of social circles too play an important role in influencing consumer decisions. In the past consumer communication medium was basically limited to printed material and in rare occasions to television features.

The researches in this area reveal that tourists are increasingly using the worldwide web to obtain primary sources of destination information where growth patterns are predicted for the future too.

Alarming Number of people online

Geographical Location	No. people Online (millions)	Survey Date
United States	95.8	April 1999
Japan	14.0	October 1998
United Kingdom	10.6	December 1998
Germany	8.4	March 1999
Canada	7.6	January 1999
Australia	4.4	December 1998
China	4.0	July 1999
Sweden	3.6	May 1999
Brazil	3.5	November 1998
South Korea	3.1	January 1999
Taiwan	3.0	January 1999
Spain	2.8	March 1999
Latin America (Except Brazil)	2.2	December 1998
Africa	1.14	January 1999
Rest of the World	7.16	May 1999

Source: WTO

A survey of 6,000 people during summer 1998 has also revealed that 70% of web surfers have visited travel related sites and out of those, 80% had visited airline sites. During the year 1998, 6.7 million persons from USA alone have used internet to make travel reservations. (*Travel Industry Association of America TIA*). European on line travel industry is expected to increase its 1997 year sales figure of US\$ 7.7 million to generate US\$ 1.7 billion in sales by the year 2002.

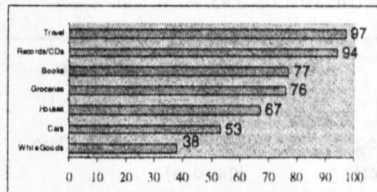
Today the worldwide web has become a key source of delivering primary destination information. It has also become a strong market place to contact buyers and make sales. Being a Global medium the worldwide web clears all geographical barriers of distance and barriers to entry, global distribution system (GDSs) has come into place in the web dominating online distribution of tourism products. Product suppliers are given the opportunity to sell directly to the customers.

Most popular consumer on line purchase item is known to be travel with

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a close competition from Records/CDs.

Consumer Preferences for On-line Purchases over the Internet



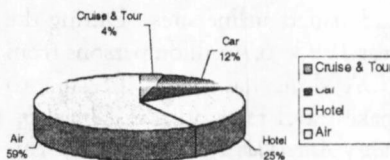
Source: IMRG 1996

In 1997 only 37% tourism industry related web sites provided online booking facilities. In the subsequent year 1998 this figure more than doubled to a 76% sites providing online booking.

GDS's original coverage was limited to reservation of airline seats but today it has expanded to accommodation, ground transportation and cruises.

Forecast Bookings Share Projections for 2003

Forecast 2003 leisure and Unmanaged Business online Travel market (US\$ 16.6 billion)



Source: WTO

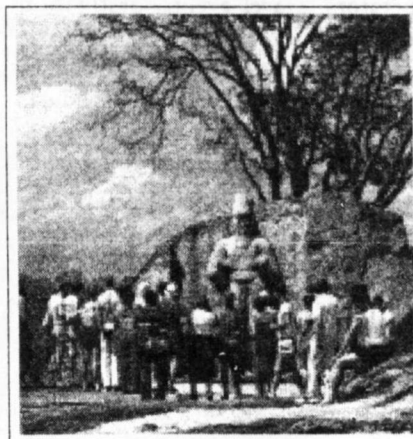
Today, tourists are more independent with little reliance on traditional travel agencies and will look around for bargain holidays and directly book their travel and accommodation.

In the year 1999

- ◆ 93 % Internet users took at least one trip for business or leisure.
- ◆ 52.2 million travellers sourced travel information online.
- ◆ 16.5 million made online reservations.
- ◆ 50% are frequent travellers making 5 or more trips per year.
- ◆ 51% say that they would use web to source / book travel again.

Future & the Global Trends

- ◆ Travel and Tourism will be the world's largest industry and the biggest market for e-commerce.
- ◆ The internet will accelerate merges.
- ◆ Airlines will offer all travel products.
- ◆ New types of partnership will emerge building strong strategic alliances and networks.
- ◆ Tourists will have increased bargaining power.
- ◆ New businesses will enter with no barriers to entry.
- ◆ Diminishing role of mass marketing and focused targets in marketing concentrating the niches will make winners.
- ◆ Price value sensitivity will increase due to severe competition.
- ◆ New ways of delivering content to the travellers through innovation and creativity will capture attention.
- ◆ Prospective tourists will research destination online and they will not make decisions unless they are satisfied with the usefulness, quality and completeness of the destination information. Winners will be those who can satisfy the potential tourist's thirst for information.
- ◆ A good presence in the web is a must providing



Travel and Tourism:

The World's Largest Industry + Biggest Market for E-Commerce

Category	1997	2000	Change
PC hardware	\$ 863 M	\$ 2,901 M	236 %
Travel	654	4,741	625
Entertainment	298	1,921	545
Books / Music	156	761	388
Gifts / Flowers / Greetings	149	591	297
Apparel / Footwear	92	361	292
Food / Beverages	78	336	331
Jewellery	38	107	182
Sporting goods	20	63	215
Consumer electronics	19	93	389
Other (toys, home, etc)	65	197	203
Total	\$2,432 M	\$12,072 M	396 %

Source : WTO Business Council



multi media experience to the potential consumer with truly existing features. Winners will be those who can satisfy the potential tourist's thirst for information.

- ◆ Destination marketing organization such as national tourism organisations will also evolve to make a strong presence in the web facilitating bookings and reservations.
- ◆ Long haul tourism against the total international arrivals for South Asian region in 1995 accounted for 75% share. It is projected to grow to be 85% in the year 2020 creating opportunities for Sri Lanka.
- ◆ Most important market segments:
 - Will continue to be sun & beach combined with other segments.
 - Sports with water contact sports as a main attraction.
 - Adventure
 - Nature based tourism
 - Cultural tourism
 - Urban tourism
 - Rural tourism
 - Cruises
 - Theme parks
 - Meeting and Conferences.

Reference: WTO publications