THE TOURISM INDUSTRY AND THE USE OF INTERNET

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Abstract - The tourism industry has been among the first to capitalize on new technology. Because it is an information-rich industry, it depends on finding and developing new means to distribute travel and hospitality products and services, marketing information to consumers, and providing comfort and convenience to travelers. Also, consumers are constantly seeking new sources of information to help them make decisions before purchasing travel services to make their trips more satisfying. Much more travelers use the Internet to plan and book their trips in the recent years. It is not surprising that travel and hospitality e-commerce is among the top four growth categories, second only to finance and insurance services.

Cuvinte cheie: tourism, online market, GDS.

Introduction

The Hospitality and Tourism industry was one of the earliest to go online. Since travel had few geographical boundaries, and, thanks to the widespread adoption of e-tickets, which airlines aggressively pushed, the airlines faced none of the logistical issues of online product retailers such as shipping and variable tax-collection schemes, the travel industry was uniquely suited for the Web. As the travel industry took off in the late 1970s and early 1980s, five major components came to comprise what this report will call the travel supply chain: Providers, Distributors, Travel Agents, Charge Card companies, and Travelers [1].

Providers **-** airlines, hotels and transportation companies; these entities invested in products (planes, properties, vehicles) and services for travelers.

Distributors - Computer Reservations Systems5 (CRSs); technology companies that consolidated supplier information, inventory and pricing data, and provided a way to electronically search, book and issue tickets and documents.

Travel Agents — Using CRSs, provided leisure and business travelers with one-stop shopping guidance and pricing and schedule advice to make reservations, issue tickets and provide ancillary services such as passport processing or currency conversion.

Charge Card companies - Played a role by making purchasing more convenient and secure for consumers, and by providing corporate buyers consolidated transaction data about their company's activities, which helped them with purchasing decisions and policy tracking.

Travelers — The end-user or customer, who may be leisure and/or corporate traveler, or a travel planner who books trips for an employee to take.

In addition, there are many matters involved in the selection and organisation of a holiday: gathering tour information, preparing the holiday package, confirming holiday information, actually having the holiday (including shopping for things and paying for them – not always easy in a foreign country), and sharing the holiday experience with other people during the holiday and once arriving back home [2].

Thus, it might be very difficult to manage all the people and matters precisely, and much of this potential complexity is about interaction through or using *information*; information management becomes an important consideration (figure 1). One can deduce that information management will be important in the tourism industry, especially when one anticipates the consequences of the Internet – the most recent innovation in conveying information and sharing information between different parties.
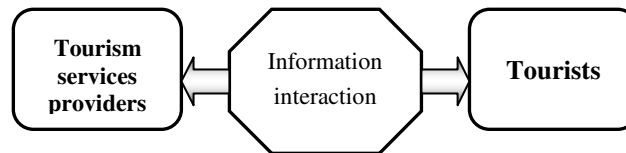
Fig.1. Relation between tourism and Internet

We consider that it is necessary to combine the world of business and the world of technology in the tourism industry. In particular, information is interacting between tourism service providers and tourists.

The online travel market

Use of the Internet by travelers to plan and book their trips continues to grow at a rapid rate. In the United States, according to the Travel Industry Association (TIA 2007), more than 75 million online travelers used the Internet in 2006 to get information on destinations or to check prices and schedules. From 1999 to 2006, online booking showed a remarkable double-digit growth for four consecutive years, with a spectacular 58% growth in 2001, followed by a 25% growth in 2002. While growth of the online traveler market has slowed, the number of online travelers who actually use the Internet to plan trips has remained relatively stable. A majority (67%) of online travelers say they consult the Internet to get information on destinations or to check prices or schedules.

Not surprisingly, nearly all online travel planners say that some of the trips planned on the Internet in the past year were for pleasure, vacation, or personal purposes. Three in ten say some of the trips planned on the Internet were for business or convention purposes. For online travel planning, online travel agency websites (such as Microsoft Expedia, Travelocity, or Priceline), search engine websites, and company-owned websites (airlines, hotels, etc.) are the most popular types of websites used. A majority of online travel planners also use destination websites [3].

Online travel planners do a variety of trip planning activities on the Internet. The most popular are searching for searching for airfares/schedules, maps or driving directions, and looking for places to stay. While the growth in the number of Americans planning trips online has remained relatively stable, there has been strong growth in online travel booking. Indeed, four in ten (41%) online travelers are booking or making travel reservations online. This may include booking an airline ticket, hotel room, rental car or package tour online. Nearly all of those who make travel reservations online say they made reservations for pleasure, vacation, or personal purposes. About three in ten say they made reservations for business or convention purposes.

Among those who have booked travel online, the most popular item to purchase online is airline tickets. A majority of online travel bookers have reserved overnight lodging accommodations, and over one-third have made rental car reservations. The most popular types of websites used to book travel are online travel agency sites such as Microsoft Expedia, Travelocity or Priceline and company websites, such as airline, hotel, or rental car companies that sell directly to consumers. More than one-third of online travel bookers pay for or make their reservations

There is another important aspect and it is concerning the use of Internet While Traveling. Portable electronic communication devices such as cell phones, laptops, and personal digital assistants help people stay connected while away from home or office. In fact, large majorities of business travelers and pleasure travelers said that they brought cellular telephones with them on a trip taken in the past year. One in four business travelers brought a laptop computer with them on a trip, but only about one-tenth of pleasure travelers did so.

With the advent of wireless technology, portable devices are now being used to access the Internet for information, including travel information. Whether using a computer, cell phone, or PDA, four in ten business travelers say they have gone online while away from home. One in five pleasure travelers also claim to have accessed the Internet while on a past-year pleasure trip.

Computer Reservation System (CRS) – Global Distribution System (GDS)

Deregulation meant that airlines that had previously operated under government-set fares which ensured they at least broke even now needed to improve operational efficiency to compete in a free market. While there were many aspects to this, one of the earliest changes was the development of the Airline Reservations System (ARS), its evolution into and proliferation of the Computer Reservations System (CRS), and then into Global Distribution System (GDS).

There are a few issues about the use of CRS, like [4]:

- CRS are expensive for small and medium agencies to maintain and so Internet booking may be a more cost-effective medium;
- CRS do not always provide agents with improved business levels unless used to their full;
- The airlines have to pay fees to have a presence in CRS;
- There are new forms of technology that are overtaking CRS in some market segments (e-travel agencies).

The GDS took the place of CRS by the end of 1990s. The GDS operators collaborated with a variety of travel service providers such as airlines, cruise operators, hotels, railway companies and car rental companies, in addition to accepting special meal requests, managing seat allocation and performing back-office accounting functions for travel agents.

There are about a dozen major GDSs worldwide. Amadeus had become the world leader after merging with SystemOne, achieving a 27 percent market share; Galileo and Sabre followed, each with 22 percent. After these came Worldspan, formed by Delta, Northwest and TWA, with a 10 percent share, and Abacus and Infini, the dominant CRSs in Asia, with a combined share of 9 percent.

The GDS technology developed with four functional components that, while integrated and interdependent, would later serve as points of differentiation when Internet providers entered the market and pulled apart the links of the supply chain. They were: inventory management and display; pricing- and fare-search engines; ticketing and document generators; and database reporting engines.

Use of the Internet by the travel agencies

Many travel agencies have developed an Internet presence by posting a website, with detailed travel information. Full travel booking sites are often complex, and require the assistance of outside travel technology solutions providers such as Travelocity. More and more tourists use the Internet websites to book and/or get useful informations (fig.2).

These companies use travel service distribution companies who operate Global Distribution Systems (GDS), such as Sabre Holdings, Amadeus, Galileo and Worldspan, to provide up to the minute, detailed information on tens of thousands of flight, hotel, and car rental vacancies. Some online travel sites allow visitors to compare hotel and flight rates with multiple companies for free. They often allow visitors to sort the travel packages by amenities, price, and proximity to a city or landmark.
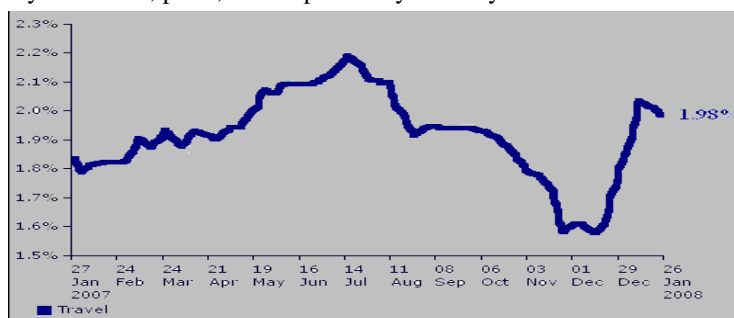
Fig. 2. Trends of visits to travel websites [5]

Travel agents have applied dynamic packaging tools to provide fully bonded (full financial protection) travel at prices equal to or lower than a member of the public can book online. As such, the agencies' financial assets are protected in addition to professional travel agency advice.

All travel sites that sell hotels online work together with numerous outside travel agents. Once the travel site sells a hotel, one of the supplying travel agents is contacted and will try to get a confirmation for this hotel. Once confirmed or not, the customer is contacted with the result. This means, that booking a hotel on a travel website will not get you an instant answer. Only some of the hotels on a travel website can be confirmed instantly (which is normally marked as such on each site). As different travel websites work with different suppliers together, each site has different hotels that it can confirm instantly. Some examples of such online travel websites that sell hotel rooms are Expedia, Orbitz and Tripadvisor.

There are also Internet travel agencies. These are Web sites that expand traditional agents' offerings. In addition to selling regular travel services such as air tickets and hotel rooms, they also offer travel tips, destination information and other services. Many large traditional agencies such as American Express and Liberty Travel have extended their shops tothe virtual marketplace. Portal travel sites such as AOL and Yahoo! link customers looking for travel services to sites that may appear on their portals, but generally are powered by one of the big Internet travel agencies listed below. The last category for Internet travel agencies is bidding sites, such as Priceline. There, deep discount travel is available, but the travel provider's brand (usually an airline) is hidden until the purchase is complete [6]

The travel category lists those sites which are related to travel and the travel industry, including publications, travel agencies, transport services/people carriers, airports, destinations, resorts, travel and locality guides and accommodation.

The rise of online retail travel is taking place at a time whent the distribution function in tourism is changing in many ways. It is growing rapidly and will undoubtedly develop and change greatly in the future. It has provided an opportunity for non-tourism organisations such as Microsoft to enter the tourism market, and in doing so, to create competition for traditional high street travel agents.

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