

E-commerce within the travel and tourism industry

[Business](#), [E-Commerce](#)



The traditional method of marketing and acquiring information about the customers in the tourism and travel industry involved the use of travel agents. The agents would direct the customers to the companies offering travel and tourism services for a fee. The modern technology in the industry has phased out the role of the agents and the use of internet has become popular. To increase profitability in the travel and tourism industry more customers have been captured through the use of internet.

The strategy of using technology in the industry has come about with the increase in competition as more companies enter the market. As technology improves the industry has made steps to catch up with the advancement in technology in marketing of its products. The globalization of markets in the tourism industry created intense competition and caused the companies seek better strategies of promoting their products. The essay surveys the various aspects of e-commerce especially in the tourism and travel industry. The paper does an investigation about how the travel industry has developed its e-commerce sector.

The current strategies and policies being adopted by the industry have also been researched. Both advantages and disadvantages of e-commerce in the industry have been identified and discussed. Relevant examples have been provided to provide a link between theory and its application in the industry. E-commerce E-commerce is defined as the process in which people buy and sell products and services over an electronic system, for example, through the internet or any other computer network. The use of internet has increased the growth and expansion of e-commerce.

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Some of the activities of e-commerce are " electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. " In the modern business world; e-commerce uses the World Wide Web to carry out various transactions. In addition the use of e-mail in business activities has increased as technology increases. E-retailing is being widely used by many businesses to reach out many customers all over the world.

E-commerce is application in business-to-business activities as well as business-to-consumer systems. The system of e-commerce allows the customers to shop products online, pay bills and access the suppliers as well as communicating with the sellers. The business communicates with the customers and is able to manage the market from a central place. Organizational management activities are conducted using an online system where the management is linked to all the sectors of the business. All activities of the business are monitored from a central place .

E-commerce in the travel and tourism industry

To access international tourism destinations many people prefer the use of the internet facilities. Since foreign tourism companies may not have agents in all countries in the world, the use of internet based marketing has been adopted. The growth in technology has created more opportunities to the industry since the industry has been able to expand through the use of e-commerce facilities to attract and entertain tourists. The technology of e-commerce has developed in the last 30 years and has achieved good results about marketing the tourism products.

The increasing competition in the global market has forced many companies adopt new strategies of promoting and marketing their products. With the rise in the use of media the tourism sector has taken adequate steps to advance with the technology. The tourism industry and internet companies have joined to tap the potential opportunities in the market . Many companies in the industry have been innovative about the types of products they provide in the market. The customers have been able to access a variety of products in the international markets.

Massive use of e-commerce strategies has been experienced in the industry in the last decade. As Daniel Burruss notes; " PATA, a recognized authority on Pacific Asia travel and tourism, is committed to develop e-commerce. Just prior to its 49th Annual Conference, PATA signed a memorandum of understanding with 11th Hour Deals. com, which offers last-minute travel specials to businesses and consumers. " PATA has been able to distribute its products to other businesses and to its consumers. PATA has also affiliated with Amazon. com. The association can now market its publications through Amazon.

com. Books concerning travel data, travel guides and other related books about PATA are found in Amazon. com. The Americans are the largest buyers of the products of PATA according to the US-based Forrester Research. The Institution has surveyed that more than 35 percent of e-transactions in US are for travel, transport and reserving hotels. Advantages of e-commerce in the travel and tourism industry New opportunities have been accessed by the use of the technology in e-commerce. Burruss Daniel notes that " new

technology, e-commerce, space travel -- all of these are taking shape around us.

Nearly every day, we hear about business opportunities and solutions that we wouldn't have dreamed of even a year ago. " Burruss is the chairman of the Asia Travel Association (PATA). The association has made major progress in its marketing activities after adopting technology in e-marketing and e-retailing its products to many consumers in the world . In 1999 Media Metrix surveyed the use of internet and digital media in the industry and found out that approximately 14 million people booked travel and tourism facilities by the use of the internet.

The figure was estimated to rise to 75 million people in the following year. Carton commented that " 66% of American users believe that eTourism web sites provide better services than travel agents. " According to the study conducted by Yesawich, Pepperdine & Brown/Yankelovich Partners; a good number of American travelers believe that the use of internet is easier and faster to plan about travels than using the travel agents. The industry is predicted to expand with the introduction of online booking. Companies are recovering from the global recession experienced by world economies last year. Read about open access good example

Travel and tourism companies have started registering profits. For example; on March 3, this year, Freesun News reported that " Expedia, Inc. (NASDAQ: EXPE), the worlds largest online travel company, today announced a 60% growth in the number of hotels in the Middle East and Africa regions that are working with the travel industry leader this year over 2009. In addition, the number of travelers booking trips to Middle Eastern destinations on the <https://assignbuster.com/e-commerce-within-the-travel-tourism-industry/>

company's more than 90 Expedia..... " The quick recovery from the recession has been attributed to the use of e-commerce technology in the industry .

Disadvantages of e-commerce in the travel and tourism sector Competition in the industry has intensified with the introduction of e-commerce. Many companies have penetrated the market and they are competing for the customers in the industry. This has reduced the profitability of the industry. The use of technology has created much profit to the companies in the industry and this has attracted investors. E-commerce has also provided knowledge about the accessibility of many resources and this provides competitors the opportunity to lay-down strategies to out-compete others in the industry.

The 2007-2008 global economic recession affected the tourism industry and the application of e-commerce has brought about fewer profits to the industry. The investment in technology has become more expensive with the increasing inflation in the global markets. Many tourism and travel companies are incurring a lot of expenses to install the system of e-commerce in their operations. A fewer number of customers are purchasing products from the industry due to reduction in the personal incomes.

This has caused a reduced productivity than the expected performance when the industry was establishing the technology . Conclusion The role of traditional travel agents has been removed from the system of travel and tourism. The technology of e-commerce deals with the exchange of information by business people through the web. The technology has simplified the marketing processes and has provided more opportunities to

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both sellers and buyers. The industry has experienced high profits with the introduction of the e-commerce strategies.

Innovations in the industry have been made with the use of technology and customers are enjoying a variety of products in the market. Many companies have entered the travel and tourism industry due to the high profits being made by the existing companies. However, competition in the industry has increased with the introduction of the e-commerce technology. The recent global recession has reduced the profitability of the industry and few profits are being registered by the companies than the expected amounts.

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