

TOURISM E-COMMERCE

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REFERENCES

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MARKETING PRACTICE

Marketing Practice tends to be seen as a **Creative Industry**, which **includes:**

- **Advertising**
- **Distribution and**
- **Sales**

The “popular usage” of “marketing” is:
the **Promotion of Products**, especially
Advertising and Branding.



MARKETING DEFINED

The “professional usage” of “marketing” has a wider meaning of **the Practice and Science of Trading**:

"Marketing is an Organizational Function and a Set of Processes for Creating, Communicating and Delivering Value to Customers and for Managing Customer Relationships in ways that benefit the organization and its stakeholders."

The American Marketing Association (AMA)

MARKETING RESEARCH

Marketing is also concerned with anticipating customers' **future needs and wants**, which are often discovered through **market research**.”

- In other words, find out who your customer is, what your customer wants, and then give it to him – assuming it can be done at a profit.
- Marketing, therefore, always starts with **MARKET RESEARCH**

UNDERSTANDING CONSUMERS

- A lot of marketing research can be done by businesses themselves, i.e. you don't always need to hire an expensive external company.

Simple Steps:

1. Write down your customer's profile- age, geographical location, income bracket. This is the beginning of a customer database.
2. Find out what your typical customer actually expects from you – a good first step here is to simply ask your existing clients.
3. Subsequently you will use this information to shape your product(s) and service(s) accordingly – as far as it makes economical sense.





E-MARKETING

- **Internet Marketing**, also referred to as **Web Marketing**, **Online Marketing**, or **eMarketing**, is the marketing of products or services over the Internet or World Wide Web.
- Internet marketing as of 2007 is growing faster than other types of media

E-MARKETING

- E-Marketing ties together Creative and Technical Aspects of the Internet, including:
 - Design, Development, Advertising & Sales
- Internet marketing does not simply entail building or promoting a website, nor does it mean placing a banner ad on another website
- **Effective Internet marketing requires a comprehensive strategy** that synergizes a company's Business Model and Sales Goals with its website function and appearance, focusing on its target market through proper choice of advertising type, media, and design.



E-MARKETING

Internet marketing also refers to the placement of media along different stages of the customer engagement cycle through:

- Search Engine Marketing (SEM)
- Search Engine Optimization (SEO)
- Banner Ads on specific websites
- E-mail Marketing, ...



Search Engine Optimization

- Various studies state that up to 79 % of all visitors to tourism web sites are led to those sites by clicking on the results of a search conducted with a search engine. (Biggest 4 search engines: Google, Yahoo, MSN, AOL.)
- SEO simply means **to optimize your site in a way to improve your chances of being listed as one of the first search results**



Current Common Online Marketing

- Search Engine
- Email Marketing
- Banner Advertising
- Blog Marketing
- Social Network Marketing
- Articles, press releases etc.
- Affiliate Marketing

United Nation Conference On Trade And Development
(UNCTAD), e-Marketing and Tourism, 14.03.2007

BENEFITS OF E-MARKETING

The Internet has brought many unique benefits to marketing, one of which includes:

- **lower costs for the distribution of information and media to a global audience**
- the ability to provide and elicit instant responses from consumers. The **interactive nature** of Internet marketing is a unique quality of the medium
- Internet marketing is sometimes considered to have a **broader scope because it refers to digital media** such as the Internet, e-mail, and wireless media
- Internet marketing also includes management of **Digital Customer Data and Electronic Customer Relationship Management (ECRM)** systems.

ADVANTAGES

- Internet marketing is **relatively inexpensive** when compared to the ratio of cost against the reach of the target audience:
 - Companies can **reach a wide audience for a small fraction of traditional advertising budgets**
- The nature of the medium **allows consumers to research and purchase products and services at their own convenience**. Therefore, businesses have the advantage of appealing to consumers in a medium that **can bring results quickly ...**

ADVANTAGES

- Exposure, response, and overall efficiency of the Internet media are **easier to track than traditional off-line media**—through the use of web analytics for instance—Internet marketing can offer a greater sense of accountability for advertisers ...

ADVANTAGES FOR TOURISM BUSINESSES

The Internet or the advent of Internet-based electronic commerce offers the potential to:

1. **make information and booking facilities available to large numbers of tourists at relatively low costs**
2. **provide a tool for communication** between tourism suppliers, intermediaries, as well as end-consumers
3. **have** considerable opportunities for firms to **expand their customer base, enter new product markets and rationalise their business** (OECD 2000).
4. **WTO (2001)** also indicated that electronic business offers SMEs the opportunity to undertake their **business in new and more cost-effective ways.**



According to UNWTO

“the Internet is revolutionizing the distribution of tourism information and sales. An increasing proportion of Internet users are buying on-line and tourism will gain a larger and larger share of the online commerce market. Obviously, the Internet is having a major impact as a source of information for tourism ...”



E-COMMERCE

- “Electronic Commerce” commonly known as e-commerce or eCommerce, **consists of the buying and selling of products or services over electronic systems such as the Internet** and other computer networks.
- **Electronic commerce is generally considered to be the sales aspect of e-business. ...”**



E-COMMERCE GROWTH

- The amount of trade conducted electronically has grown extraordinarily since the spread of the Internet
- Modern electronic commerce typically uses the World Wide Web at least at some point in the transaction's lifecycle, although it can encompass a wider range of technologies such as e-mail as well.
- A large percentage of electronic commerce is conducted entirely electronically for virtual items such as access to premium content on a website, but most electronic commerce involves the transportation of physical items in some way

E-TOURISM

E-tourism

- “Electronic commerce for tourism ...”
- **Development of an online booking system is the most important technological aspect....**

ON-LINE MERCHANT ACCOUNT

- An online merchant account is the **relationship agreement between the hotel and the merchant account provider**, which allows the hotel to accept online credit card payments from customers.
- The online merchant account provider then collects the funds from the credit card company and deposits them directly into the hotel's bank account
- Fees occur depending on the provider

Process:

- Hotel --- Internet --- Gateway --- Credit Card Processor --- Client --- Hotel



BACKGROUND

- Forrester Research found that 69% of US leisure travellers prefer to buy online directly from a supplier, while just 27% prefer to buy from intermediaries
- PhoCusWright estimated that in 2008 over 13% of all revenues in hospitality were generated from the Internet
- Online hotel bookings reached \$6.2 billion (US) in 2002, according to PhoCus Wright research. They predict that online bookings will account for 20% of all hotel business by 2005 and that 53% of all Internet bookings in hospitality will be direct to consumer.

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- “ ... With more than 600 million people on-line by September 2002, and more than 60 % of them residing in Europe and North America, even small and remote communities with an Internet connection can address huge global markets ...” Roger Harris
 - Analysts at Jupiter Media Metrix predict online bookings will more than double between 2001 and 2007 from 7% (US\$5 billion) to 16% (US\$15 billion).



So Why Have a Web Site?

- your audience is online
- your audience is 'Googling' you
- your audience wants to talk to you
- there is revenue to be made
- your competitors have one