

Chapter 72

The Evolving Value of eTourism for Suppliers and Visitors

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ABSTRACT

The tourism industry is known to have an extensive use of the Internet, both on the supply and on the demand side. The steady and fast emergence of the Internet has dramatically changed the business processes within the sector, forcing suppliers and intermediaries to adapt to a scenario in which visitors have multiple and more flexible choices regarding the search, planning, booking, and purchase of tourism services and products. This chapter explores the main impacts and trends that the dynamic use of the Internet within the tourism sector—the so-called eTourism—has originated in each of the sector's main stakeholders, including suppliers, intermediaries, destination management organizations, and tourists.

INTRODUCTION

The emergence of the Internet has completely transformed the global economy, namely the relations among suppliers and between them and their customers, optimizing management, Business-to-Business (B2B) cooperation and production practices (Castells, 2001). Nowadays, Information and Communication Technologies

(ICTs) continue to have a profound effect on the economies and societies where they are used (Ho, Kauffman, & Liang, 2007).

Regarding the evolution of the Internet in terms of its users, the worldwide growth was exponential. Hence, according to the *Internet World Stats* (2011), while by the end of the year 2000 there were only 360.985.492 Internet users, the most recent data, concerning the year 2011, point to about

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two billion Internet users worldwide. Surely, the Internet penetration rate is very different between nations and continents. Thus, while in 2001, in North America the Internet penetration reached 78.3% of the population, the highest in the world, Africa only reached 11.4% in the same year. It is estimated that by the end of 2011, the world average penetration rate will be around 30.2%. In the US alone, the online market in terms of the value of commercial transactions rose up from a market share of only 20% in 2003 to 33% in 2009, representing a total of 91 billion dollars in *eCommerce* transactions (JupiterResearch, 2011).

According to Öörni (2004), electronic markets substantially benefit from ICTs such as the Internet, since product information can be disseminated with a higher speed, quantity and quality. Due to the nature of the tourism sector, which is highly intangible and also demands suppliers to promote their products to potential customers at a global scale, tourism was, undoubtedly, one of those sectors which were more dramatically transformed by the advent of the Internet (World Tourism Organization Business Council, 1999). In fact, according to Werther and Klein (2000), tourism is perceived as a leading sector and even as a driver of Business-to-Consumer (B2C) *eCommerce*.

The advent of the Internet opened a whole new range of possibilities but also created challenges to individual tourism suppliers and to destinations as a whole. According to Buhalis (2003) the Internet brought some key innovations, such as “melting” down geographical barriers in both B2B and B2C perspectives, which enhanced the capacity of tourism suppliers to act at a global level with much less financial costs, and also allowed tourists to become more informed, autonomous and demanding.

However, given that tourism is a multidisciplinary sector composed by many different actors ranging from national airlines to family-managed restaurants, there is a considerable gap regarding the use of the Internet among the various tourism subsectors. Egger and Buhalis (2008) state

that even in the same subsector there might be considerable differences in the level of Internet usage and *eReadiness*.

In such a volatile scenario, it is not easy for the academia and for the strategic players within the sector to keep up with new trends in terms of *eTourism*. However, perhaps more than ever, to gain competitiveness, it is essential to analyze how Internet affects and will affect the tourism industry in the future.

In this context this chapter aims to: a) analyze the way Internet has transformed the tourism sector as a whole as well as different subsectors is particular; b) identify which challenges and competitive advantages *eTourism* brings to tourism suppliers and intermediaries; c) analyze new trends of *eTourism* that empower consumers, such as Travel 2.0.

BACKGROUND

Regarding the conceptual framework required to analyze the ideas conveyed in this chapter, it was considered adequate to start by approaching the concept of tourism system and, in a second moment, to illustrate the role of *eTourism* as an enhancer of tourism’s Supply Chain Management (SCM).

The Concept of Tourism System

According to the World Tourism Organization (2001), the nature of the tourism sector is inherently defined by a complex variety of interrelations established between the diverse actors. These interactions should be considered, under a systematic approach, as an ensemble of interdependent stakeholders evolving dynamically. Also, in order to better understand and analyze the wide and complex range of interrelations within the tourism industry, it is necessary to provide a theoretical framework in order to study the tourism sector.

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