

E-Marketing of Tourism in an Emergent Economy – Perceptions of Product Benefits & Barriers*

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This study focuses on the consumer's perception about using the internet for tourism. It uses responses from a small homogeneous set of Indian domestic tourists, who are somewhat exposed to e-business and are likely to be early adopters. It explores their assessment of pluses and minuses of the use of internet in tourism, along features of cost, convenience, and services. It also explores the reasons for lag in e-business in the emergent economy, whether it is due to the lack of awareness, access, or trust, or due to other aspects of the process. Analyzing issues that are implicit in tourist behavior, this paper builds a projection of how e-business can be expected to grow in such environment.

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E-business is perhaps the most far-reaching effect of the computer revolution in the wider economy. It has evolved through two great innovations – the computer, and the internet. Computers made it easy to process information at unthinkable speed, the internet made it possible to reach information to unthinkable locations. The consequent spread of e-business in almost all sectors of human activity is a patent reality. It is visible in manufacturing or service by its physical presence, and by the massive changes in business process and industrial structure that have come about in its wake. Banking, stock broking, retailing, take almost any service, and it is difficult to imagine how a 'life without e-business' could be.

Tourism has traditionally been a diffused sector, with a long supply chain -- travel agents, transporters, fleet owners, hotels, sightseeing operators, and providers of adventure equipment and other services at destination. There are only isolated instances of sustained presence of one organization over multiple sub-sectors. A second sense in which the sector has been diffused is that almost every part of the chain has a large number of small players. Investing in e-business is a major strain on their resources. Yet, these smaller players have also adopted internet. Due mainly to the demands of the marketplace, where the internet helps to set up better customer relationships, creates a superior perceptual positioning of the product, and establishes a more efficient business process for the customer. Plus, e-business performs another specific role - it helps communicate and transact across the highly dis-aggregated tourism value chain, thus further improving on efficiency.

Emergent economies, like India, have attributes that perhaps create a somewhat different situation than the above. They are rich in manpower, and have scarce capital. They also contain popular traditional destinations for tourism, for both international and domestic tourists. While India is credited with burgeoning IT skills, its IT infrastructure is still relatively small. Its regulatory apparatus, to deal with frauds, is placed many notches lower than the west. The level of corruption is placed much higher. It is also culturally dissimilar from America and Europe. Business networking is traditionally practiced, while consumers have a low degree of trust in business. The future absorption of e-business by tourism organizations in this environment and its use by consumers could therefore be an open question. This paper attempts to take a preliminary look at this question. Through responses from a set of Indian domestic tourists, it explores the prospects and problems in this domain that appear significant to them.

Experiencing Internet and E-business

Performing e-business over the internet must be perceived as a Really New Product. It is instructive to run through key features to see whether this is true and what it implies (Aggarwal et al 1998). First, there is hardly anything that

could be considered as a recognizable prior invention to match e-business on the internet. Further, the adoption of internet requires or leads to major changes in existing behavior. For example, we begin to access mail as often as we want rather than just once a day, or begin to get a record of customer orders every few hours rather than days. There is also an evident change in products that we use, computers, modems, and so on, and in the knowledge we use for making use of internet and e-business. Like in case of other really new products, this adoption too is fraught with risks, of breakdown, and of information security in particular. Its adoption involves complex behavior and rapid learning, which, as in other really new products, requires the adopter to be 'different from the crowd', a non-conformist. Its widespread adoption has also set new standards and benchmarks in, for example, the amount of time a customer may be allowed to wait before being served.

The spread of internet into all aspects of tourism is a visible reality, pressed on primarily by customer demand (Doolin et al 2002). Encouraged by availability, there is also increased consumer expectation for designer travel (Rayman-Bacchus and Molina 2001). Travel agents have consequently turned into click & mortar players or at least turned net-savvy to provide information to the information seeking customer (Raymond 2001).

Diffusion of E-business: why or why not

Diffusion of innovation concept holds the key to understanding the acceptance of new technology (Rogers 1983, 1995). In recent years, the acceptance of Internet, Internet Telephony, and E-business have been studied from this angle. The factors that capture attention in these studies include: features of the technology, the techno-economic environment, and the nature of adopter.

Amongst the factors that broadly characterize the diffusion-ability of technology, internet scores high on its *relative advantage*. It is time-independent, available 24x7. It is therefore considered very desirable by far-flung and non-urban users, who also appreciate its flexibility in delivery (Gregory and Jones, 1999). However, on the issue of *compatibility*, the internet scores very low, because it is compatible only to those who have used distributed information systems, or in-company networked communications. For the vast majority, the internet is also incompatible with lifestyles; it requires new equipment and new behaviors like web surfing and email. Though the technology is *trial-able*, at a friend's desktop, and its features like mail and chat may be experienced in stages, it is not too *observable*, and it is mainly word of mouth that helps create the awareness or intention to acquire.

From the point of view of existing users, internet affords various specific attractions. It is *convenient*, in both *time* and *location*, for utilitarian activities like banking, as well as for accessing information. And it affords a *global access*. It also increases manifold the ability to *reach out* to others, through email, Net-

meeting, and so on. It provides the advantage of *anonymity*, so as to enable transaction with much less self-consciousness. It opens opportunities for *information-seeking*, and *recreation*, and the opportunity to participate in specific *communities on the net* (Dann and Dann, 2001).

There are also factors that militate against use of internet. One of these is *cost*, in time and money; which sometimes makes a mobile phone a better option than internet. In case of India, the cost may also keep out a large proportion of the population, who, in any case, do not have *access* to internet due to its lack of penetration. Another factor is *Internet illiteracy*, which prevails in older age groups and many occupation profiles. There is of course the strong fear of *Security, Privacy, and unwanted content* which makes some young families shun internet. And, existing users may also avoid e-business when they experience a lot of mismatch between *expectations and reality*, which is especially true for tourists (Hanefors and Mossberg 1998)

As a result of various pushes and pulls on using or not using internet, the market is segmented by Breitenbach and Van Doren (1998) into the following:

- Directed information seekers, who seek timely, relevant, accurate information,
- Undirected information seekers, the web-surfers who flow from page to page,
- Bargain hunters, who look only for discounts, and sale,
- Entertainment seekers, who use the net only for games, & other entertainment,
- Directed buyers, the hard-core, who approach the internet for buying of specific items.

Each of these segments has identifiable behaviors while visiting websites. Design of website and the business process would naturally need to account for the expected behavior of the relevant segment.

The Effect of Education

Given its incompatibility with existing knowledge, and the steep need for learning, it is natural that lack of education would be a barrier to adoption of internet. Studies that examine other new technologies have found that more educated people are quicker to adopt innovations (Rogers 1983). In the case of the Internet's global spread, this suggests that countries with better educated populations will be more likely to show higher rates of Internet diffusion than nations with less educated citizens. Kelly and Petrazzini (1997) also suggest that academic institutions often play an important role in spreading the Internet since they are often among the first institutions in a nation to be wired.

Method and Data

This paper explores the usage of e-business in tourism by domestic consumers in India. Its main purpose is to indicate:

- (a) the likely direction in which Indian domestic e-business in tourism may grow, and
- (b) key attractions, and barriers, to using e-business in tourism, as perceived by consumers.

The data is entirely a convenience sample of 27 from an academic campus in India. Due to the homogeneity of this set, it was possible to minimize the effect of unnecessary variables. All respondents have *access to internet, for free*. All live in a campus away from city. All are faculty members/ researchers /graduate students.

The respondents were asked about their patterns of domestic tourism, their use of internet and e-business for tourism, their perception of advantages and disadvantages of using e-business, and other aspects related to the use of internet for tourism. All responses were on a likert-type scale. They were also asked about their relative use of internet for the following processes in their domestic tourism:

- Getting information about destination
- Getting information about hotel and other services
- Booking of services, and
- Making payments

Respondents ranged in age from 23 to 43 years, with a mean of 31.4; of this, 6 were unmarried, the rest had close to one (0.95) child each; the experience of a respondent with use of internet varied from 0.5 to 10 years with a mean of 4.2 years.

Analysis

On the Use of e-business for tourism in an elite group:

This set of respondents is a fairly homogeneous and highly educated group from a campus community in India. They have consistent and free access to the net. All this makes it most likely, as suggested earlier, that the group-members would

be “early adopters” of e-business through internet. To explore whether this is indeed the case, Chart 1 gives a summary of their behavior about the use of e-business for tourism.

Looking at this chart, it is apparent that, even in this set of people, who have the highest likelihood of adoption, there are less than 15% that (sometimes) make payment for domestic tourism on the net. Less than 37% make bookings. However, if we look at the proportion of the set that uses it at all (for even information search) over 80% use it at least *sometimes*. This compares

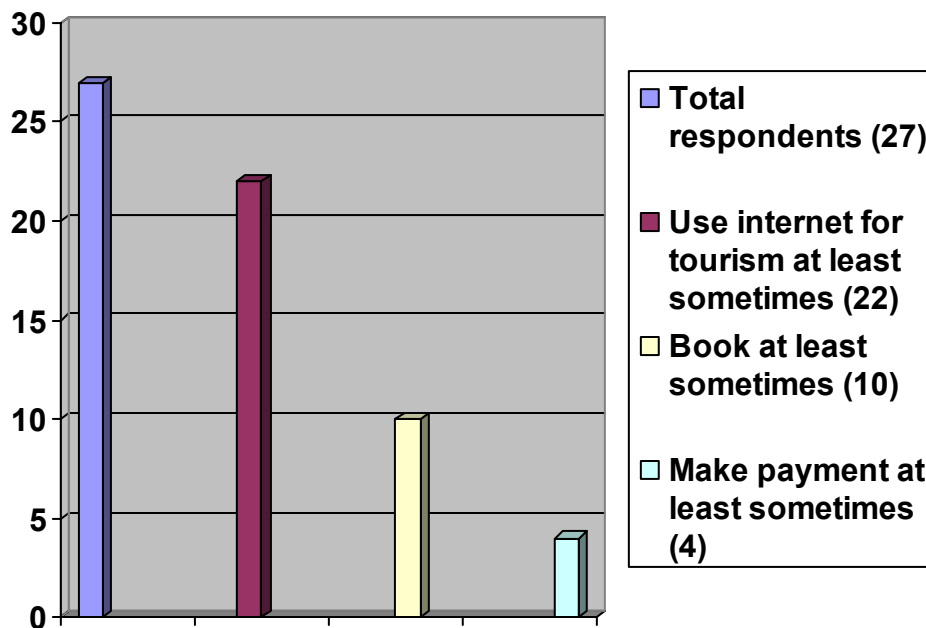


Chart 1: Use of Internet for Information-Search, Booking and Payment by domestic tourists in India

favorably with the proportion using it in other economies, which is 50% of those with net-access (Rayman-Bacchus & Molina 2001). Except that November 2003, the timing of the current study, is far removed from 2001, especially in the context of internet. What can be said is that the proportions, 15% and 37%, appear small for this set of people. It would be useful to explore the factors that propel or deter them in the adoption of e-business for tourism.

On the Effect of Learning:

Those who have used internet for a long period are likely to be more familiar with it and therefore more likely adopters of e-business for tourism. In this context, it is useful to recall the finding of a strong learning effect in an earlier study of tourism choice (Ryan 1995). A more recent study of E-Commerce also refers to the effect of prior internet experience (Eastin 2002).

Data on use of internet for various processes (information-search / booking) was correlated with data on the number of years of experience that the respondent had with internet. The process for which experience was found to be a significant correlate is:

	Correlation with Internet Experience
Booking of services (hotel etc) on the internet -----	0.49

While the conclusion from correlation above finds significant 'learning' effect on 'booking' only, a little further analysis gives more insight into the effect of learning.

Adoption, as we know, is risky action, and persons who have extremely low experience may take more risk, due to age or due to the *feeling* of a quantum jump in skill or self-efficacy. While persons with substantial experience are more familiar and may therefore adopt e-business, those with extremely low experience may also do it, out of bravado. It would then be only those with middling experience who may not adopt. A U-shaped relationship can then be expected. The data set was therefore recast and tested in the following manner:

	<u>Use internet for Tourism information mostly or always</u>	<u>sometimes, or less</u>
Those who have experienced Internet for <i>over</i> 5 yrs or <i>less than</i> 2 yrs	4	1
Those who have experienced Internet for 2 to 5 yrs	10	12

While only 45% of the middle experience group uses internet for tourism almost always, it is 80% in the case of the more extreme group. Though not statistically significant, the data does show the direction of effect.

On the Effect of Access

Convenience is one of the most vital of all features to aid adoption of internet. A tourist with better access to the internet may therefore be more likely to use internet to get information for tourism. The data on access versus usage was tested in the following way:

	Use internet for Tourism information	
	mostly or always	sometimes, or less
Those who have access to Internet at office or home	7	10
Those who have access to Internet at both office & home	7	3

Of those who have access to internet at both office and home, 70% use it almost always for tourism information, compared to 41% in the other case. Though the confidence of significance of the chi-square for this contingency table, at 28%, is poor, it again indicates a direction of effect.

Consumer's Perception of the Advantages of E-business for Tourism:

Respondents were asked to rate the extent to which the use of e-business for tourism gives advantage or disadvantage in terms of saving of time, convenience, less dependency on other individuals, reach, personal attention, reliability, and tour cost. Chart 2 shows the average of ratings given by the set of respondents.

Based on the average ratings, we find that 'time saving' is the biggest advantage that consumers perceive they obtain when they utilize e-business through the internet. 'Convenience' is the next big advantage. These are fairly objective and widely understood advantages of the internet, and it would be surprising if consumers felt otherwise.

A more interesting emphasis is on the perception that e-business helps the consumer to be "less dependent on other individuals". This particular average could be a feature of the particular sample of persons that were surveyed.

Because, there is also the related question of “Personal Attention” which stands far lower in the rankings of this group. Both features of the internet are almost a mirror image of each other. If there is less dependence on others, there is also less likelihood of personal attention. However, while one person may covet personal attention, another may not. The particular group that was surveyed may perhaps tilt towards liking more independence, a usual academic trait.

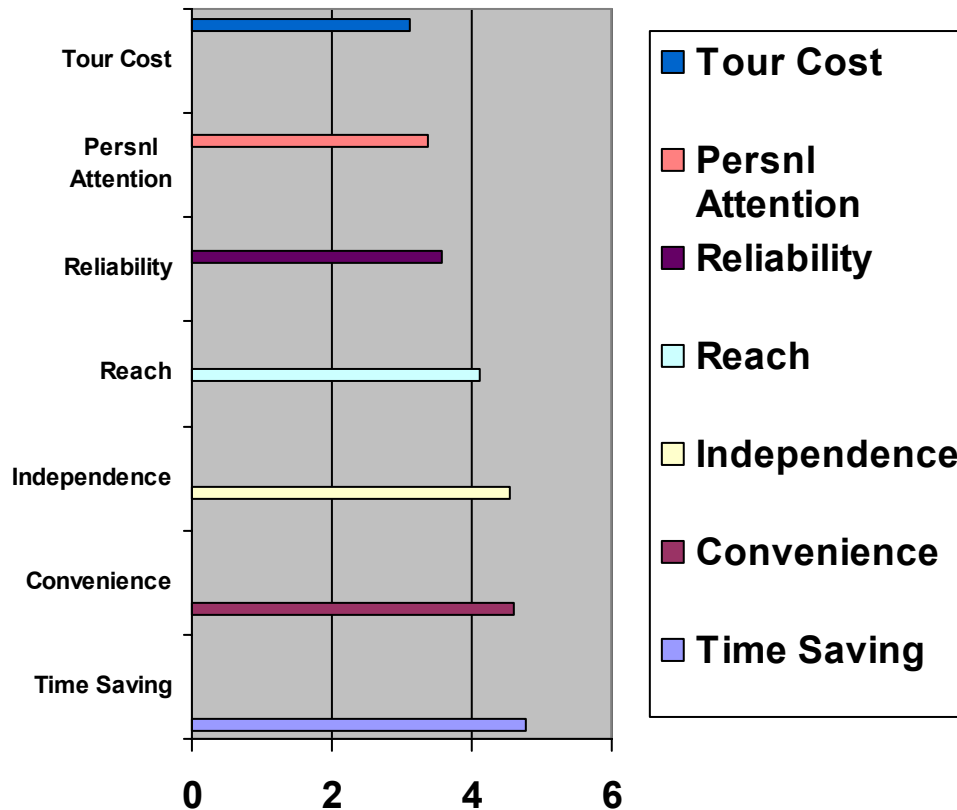


Chart 2: Advantages of E-business in Tourism

On further analysis of the data for Chart 2, it is appears that Reliability, Personal Attention, and Tour Cost are factors that are qualitatively different from the other factors. These three are the only factors which are perceived in a tri-partisan manner. That is, some people view these factors as disadvantages of e-business, others view them as advantages, while still others give a neutral response. Why is this so?

Regarding Personal Attention, the subjectivity has already been discussed. It is Reliability and Tour Cost that we need to look into. Both are perhaps features about which the respondent has not much idea or experience. Given the mistrust

that consumers carry for service providers in India, it is not surprising that despite all the efficiency of e-business, the consumer expects to be fleeced, and still be given a patchy and unreliable service. The level of expectation from e-business is thus conditioned by the overall business climate. Another implication of this is that the service provider can hardly expect to score through emphasising on reliability or low cost.

Why E-business for Tourism is not Popular in India:

Respondents were also asked to rate factors that explain why e-business is not so popular. Chart 3 presents the averages of their response.

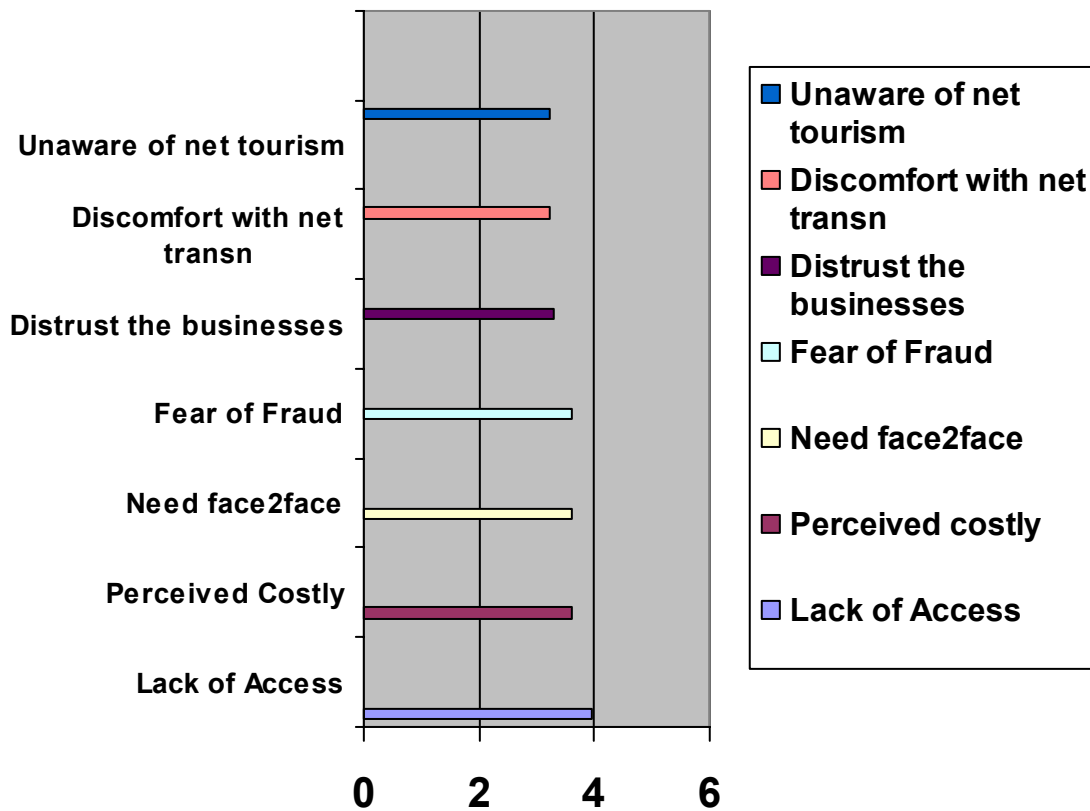


Chart 3: Why E-business in Tourism is not Popular in India

As can be seen in Chart 3, the main roadblock to further growth in the use of e-business is ‘access’. Despite the expansion of IT infrastructure in India, it is still accessible to only a miniscule segment of the population. Nor is there a visible roadmap for rapid expansion of access.

On the other hand is the widely drummed 'fear of fraud'. The data here shows, however, that this barrier is only as critical as the feeling that face-to-face transaction is perhaps better, and the other feeling that net transactions may be costlier.

Conclusions

The use of internet for tourism information is relatively recent in the Indian context. Even the set of people, who would be its most likely adopter, use it only *sometimes*. Less than 15% of an elite campus group ever use it for making payments. Some of this is also due to the poorer use of internet by the service providers. In the case of Singapore, the effort by service providers has been found to be poor (Murphy & Tan 2003). Even in Austrian tourism, the experience on internet with rural and low-star hotels is unsatisfactory (Matzler et al 2004). With the Indian economy and tourism being far less developed, especially on the financial transaction side, there is certainly a lot of scope for improvement by service providers, and a long way to go for consumer acceptance.

The main attractions of e-business for the elite consumer in India are:

- it saves time,
- it is convenient, and
- the consumer does not have to depend on other individuals.

On the other hand, the key roadblock to its popularity is:---Lack of access, especially for the large population in the relatively poorer classes. Three other features also deter the average consumer from going wholesale for e-business. These are:

- it is perceived costly,
- it lacks face2face interaction, and
- there is fear of fraud.

The study also finds a pronounced Learning effect. In case of Booking for services, there is a high significant correlation with the number of years of internet exposure. In case of information-search and other usages too, there is some effect of past experience.

So, where do we go from here? In case of an emergent economy, the question of "access" is the most vital. The market mechanism is unlikely to extend the market to the large overhang of less well-off and the rural population. State policy and investment is the ideal vehicle to bring a large proportion of population into the cyber-net. While this achieves welfare, it will also bring the most efficient mechanisms for the most deserving population, and achieve economies through numbers.

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