THE EMERGING TECHNOLOGICAL TRENDS  
IN THE TOURISM INDUSTRY

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Abstract

The importance of information and communications technologies for the economic development is widely recognized, given the impact that technology can have on the success, survival or failure of the economic activity of companies, especially in an environment of global competition. The information technology and connectivity are reconfiguring the tourism industry by offering travel providers and consumers the opportunities to interact in the creation of tourism products, seeking availabilities, prices, searching information about tourism destinations.

In the tourism industry, suppliers are being forced to become more competitive if they want to survive and develop in a new business environment; they have to exploit the potential of emerging technologies. Such potential is clearly demonstrated by online auctioning applications, opaque inventory rates and social commerce.

Methodology

The present paper has been written with the extensive research in current data and websites on the use and implementation of the information technology in the tourism industry. A meticulous study was organized to gather and analyze information. In order to improve the information, for qualitative analysis the views of famous authors and practitioners in the field have been used.

Keywords: online auction, opaque rate, social commerce, Social Media

JEL Classification: M40, M41

1. Content

The current economic context, characterized by the influence of globalization on all factors of production, supply and demand, and in particular on pricing, determines organizations in all fields to implement changes in a fast, reliable way by using the information and communications technology more frequently. In terms of smart business development, ICT represents the right tool that offers the advantage in acknowledging market needs and in creating the right product at the right price.

The implementation of ICT in the tourism industry has become the new concept that has drawn the attention and research during the last years, with airlines and travel agencies/tour operators as the main topics of study. ICT is an incredible asset that seems to generate rapid income and add value to the final product in broader areas of tourism. The information technology can deliver advantages both to businesses and to final customers through e-commerce. It is recognized that ICT offers businesses the opportunity to exist in the virtual world and interact on a flexible and dynamic market for exchanging products, services and information. Advanced use of the information technology by consumers on a more widely basis creates the ability to identify, customize and purchase tourism products.

E-commerce represents the driving force of doing business and socialize in the virtual world. On the e-commerce market the concepts of social commerce and social shopping have appeared, responding to the need of the modern consumer to be 24/7 in contact with tourism providers and the online community.

Broadly defined, “social commerce and social shopping are forms of Internet-based “social media” that allow people to participate actively in the marketing and selling of products and services in online marketplaces and communities.” [9]. Virtual communities become more and more influent in the tourism domain, as long as consumers tend to offer a higher degree of credibility to the community, rather than to the marketing messages [2]. The role of the online community rises in the case of social shopping, which connects customers while social commerce connects sellers [8].

Online auctions represents a new social shopping platform where consumers satisfied their need to travel in a desired destination at an affordable price by experiencing a little bit of adrenaline and satisfaction of being the highest bidder. Auctions may prove useful not only in the case of consumers but also in case of managing the availabilities for tourism suppliers and prevent overbooking when the demand is higher or fill the unnecessary vacancies.
As a valuable alternative for the electronic business era, economic literature highlights online auctions as the central dynamic pricing instrument [1]. Due to the high market potential, a growing number of tourism suppliers have recently started to sell tourism and travel services through eBay [3].

Practitioners acknowledged that the online auction is an important distribution and marketing channel which increases the visibility of tourism services, draws interest of new consumers or bidders and helps selling the residual seats of airlines and hotels.

Online auctions represent a growing variety of booking, distribution and trading mechanisms which have delivered a new concept on the tourism market – that of “opaque inventory/auctions” or “opaque systems”.

In the case of opaque online auctions, the main purpose is selling the unsold travel inventory at a discounted price, while the main travel providers and the key aspects of the itinerary are not revealed — including the name of the airline, hotel property, or car rental firm — until after the non-refundable reservation has been made [5].

Booking travel services through opaque systems involves great advantages for consumers looking to buy at a bargain price. On the other hand, all reservations are prepaid, non-cancellable, non-refundable and the responsibility for the reservation and quality of purchased services have been assumed by consumers as well.

According to Ogonowska M., “Hotwire.com and Priceline.com are the most important companies having successfully developed this strategy of opaque offers on the US market, in which the services’ characteristics are concealed (hotel or airline brands, exact hotels’ location or travel schedule) until the payment is completed, and online pricing mechanisms such as Name-Your-Own-Price, in which instead of posting a price, the seller waits for a potential buyer’s offer that he can either accept or reject” [7].

This market segment of tourism services sold at the price of stock is on the rise, as evidenced by the OTAs, which introduced their own version of opaque pricing: Travelocity.com, Hotwire.com, Lastminute.com.

On the Romanian tourism market, Paravion is the first online reservation system operating in the online auctions, aiming to sell tourism packages, airline tickets and accommodation directly to customers, without needing assistance from travel agents. In the same time, okazi.ro, the Romanian online auction platform provides travel agencies a tourism section dedicated to tour packages and tourism services.

Online auctions represent a new technology that was introduced in the tourism market and take time to implement and discover formats to extract value from it.

Another innovative way of buying and selling tourism services is through Social Media technologies. People’s necessity to socialize, communicate and establish connections has moved on to Social Media platforms such as Facebook, Twitter and YouTube, to feedback forums, blogs, online auctions platforms, and influence decisions concerning tourism activities.

In general, tourism is a social activity and purchasing tourism services through online auctions or through Social Media platforms implies social commerce. Social commerce can be briefly defined as the process where Social Media techniques meet the buying process. The implementation, organization and operation mode is based on a totally new technique for the virtual world - communication and social relations.

Online interactions boost consumer expectations. Consumers conduct many transactions in their spare time from home or from the office, during night time and often compare the prices of many Internet vendors before making purchases. In fact, nowadays, many consumers value Social Media for its rich social experience and for its reliable electronic word-of-mouth. In most cases, the potential customer takes the purchase decision after the interaction with online communities, exchanges of different point of views on blogs, feedback forums, recommendations platforms such as tripadvisor, and discussion groups.

According to Mahmood A., “web 2.0 applications can prove highly influential in directing tourists’ choices, but can be also of extreme value for the comprehension of preferences, needs and reactions which can (or should) inform many decisions from a management point of view” [4]. As a result, Social Media devices and activities are generating massive amount of information that can offer insights of consumers’ behavior and every day life.

In 2013, eResearch Corp has conducted a study about the Romanian consumer’s behavior regarding Social Media and the result was that 70% of respondents are using Social Media techniques to socialize and keep in touch with friends and relatives, while 38% believe that Facebook is an effective channel to promote a business and interact with different companies in Social Media [10].

Most of the respondents believe that the main function of companies is to address customer needs and to be consumer-focused (54%). Respondents report that companies offer insufficient or irrelevant data on Social Media platforms they use, do not offer discounts to those in the group of fans / followers, do not organize competitions, publish information about products / services and do not assist them in the products / services they have already purchased. Data of this study has raised a warning sign for companies which have not implemented consistent strategies in using Social Media techniques. Romanian companies that fail to adapt to the global trend of a new digital world, where consumers are addicted to use information to their advantage, will struggle to survive. Social Media provides the end-user with a more powerful voice, by allowing access to companies’ information, to shaping opinions about products and services even if they haven’t purchased the products.
In 2013, according to eReasearch Corp, Facebook led detached in the top 3 Social Media platforms, being used by 80% of respondents, followed by Twitter (69%) and Hi5 (40%), the latter continuously decreasing. This hierarchy confirms once again that Facebook has emerged as the most popular social network, having nearly 1.2 billion monthly active users [11]. In the case of travel agencies, in 2013 these ought to have a Social Media platform where they can share their recent tour packages and holiday destinations, customer reviews and promotional offers that can appeal to their potential customers.

In Romania, most of the travel agencies have an website and advertise their tourism offers through different social networks: Facebook, LinkedIn etc. In top 10 travel agencies with Social Media activity on Facebook, 50% is represented by web reservation systems such as Paravion.ro, Vola.ro, eSky Romania, Airtickets.ro and other traditional travel agencies like Interra Travel, Genius Travel, Extreme Travel, Paralela 45. On the other hand most of tourism agencies, hotels limited to receiving Facebook Likes. It has been widely observed that large numbers of visitors and Likes don't necessarily translate into sales or even influence. Nowadays, it is mandatory to acknowledge that loyalty marketing and a strong database management strategy are vital for travel agents. Loyalty marketing and Social Media represent the key to increase sales and brand awareness.

Even if most of the Romanian travel agencies, hotels and airlines are present on at least one Social Media website such as Facebook, Twitter or LinkedIn, firms respond in a poor manner to customer feedback from Social Media websites, they do not track social response and do not integrate Social Media with their customer service, sales or product development.

Many tourism companies focus on adding new addresses in their customers’ database in various ways, instead of giving importance to subscribers and existing customers which can bring significant profits if you invest in loyalty programs directed towards them. In addition, loyal customers can bring new subscribers thorough recommendations they can do if, over time, they are pleased with the services and relation developed with them. It is important to show them that you listen, by requesting feedback, by introducing sections of questions that you can ask or special sections of suggestions for improvement and even complaints. For example, travel agencies can develop an effective communication based on reviews. Nowadays, the travel agent’s role evolved to that of consultant, adding value to the purchase decision by getting socially smart and using the right Social Media tools to increase performance and efficiency.

Especially with the rise of Social Media, when it comes to building brand awareness and marketing loialty, there are new creative strategies and tactics at companies’ disposal [12]:

- one strategy for becoming more popular is the live campaign on microsites, which give loyal consumers and new audience ways to access real-time content (ex: Frontier airlines used the Twitter microsite marketing to reach customers)
- deliver a high volume of direct sales with a range of different promotions on Social Media pages
- the creation of an innovative strategic SEO campaign
- the implementation of a travel guide on the website, where videos and information about destinations, tour packages, hotels can be uploaded and, therefore, stimulate the website’s authority status
- create mobile applications and SoLoMo (social/location based/mobile marketing) marketing which gives consumers access to information, choices and value for money 24/7
- produce a series of Social Media videos to be shared on YouTube and Facebook

“There are different ways Social Media can be used to benefit the bottom line of an operation, whether it is foodservice, hotels, amusement parks, hospitals, or any other affiliated hospitality business. It has been listed seven ways one should be leveraging Social Media, which include (1) solicit endorsements; (2) maximize revenue per seat; (3) bond with guests; (4) manage reputation; (5) reach out to new customers; (6) recruit new staff; and (7) build a buzz.[4]”

2. Conclusions

In the context of the dynamics of the global tourism market, businesses are becoming increasingly challenging, requiring different approaches depending on contextual factors. ICT takes its toll on everything today, and also on the final tourism product, from conception to delivery and customers’ feedback. Social Media generates deep paradoxal changes of the contemporary world, both in terms of customer loyalty, and also in terms of customer relationship management, besides offering a fast connection to the end customer and also the economic and social satisfaction of all involved parties. Romania is currently trying to adapt to these global trends, being in a nascent stage of implementing the ICT in all segments of the tourism industry. Challenge, dedication and loyalty are key concepts of ICT implementation, with deep reverberations from Social Media.

3. Bibliography