



## E-tourism and Customer Satisfaction Factors

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### ABSTRACT

Information and Communication Technologies are rapidly expanding and have affected the businesses and the way organizations compete (Porter, 2001). ICTs have been applied in tourism industry over a number of years. Organizations adopt e-business for several reasons and perceived benefits. In this paper we first will introduce different aspects of e-tourism including benefits, threats, barriers and finally will go through the customer satisfaction factors in E-tourism.

Despite the importance of E-tourism there has been less research on its different aspects. There are researches held on tourists' satisfaction and also on on-line satisfaction but there is still a research gap on on-line satisfaction in tourism industry. Current research is going to fill this gap by finding the most important determinants of Convenience in E-satisfaction in tourism industry. The methodologies used in this research are conducting focus group interviews and distributing the questionnaire. Our respondents were a sample of passengers from Mehrabad airport, Tehran, who has experienced e-tourism at least once before. This research yields rich insights for the managers of E-tourism firms, by introducing the factors which have the most impact on customer's convenience which in turn is one of the determinants of satisfaction in E-tourism. The result show that time efficiency, Possibility of purchasing anywhere, Convenience of purchasing any time, Direct access to information and customer service are the factors which build convenience in E-tourism comparing with the traditional travel agencies. Moreover it shows that Convenience of purchasing any time in E-tourism comparing with the limited working hours of traditional travel agencies has satisfied tourists the most.

**Keywords:** E-tourism, Satisfaction, E-commerce, E-Marketing

### 1. Introduction

Tourism industry is a consumer of a diverse range of information and the main user of its related technologies (Cho, 1998, Renders & Baker, 1998). Information Technology has affected the way tourism organizations conduct their business and, in particular, the way organizations distribute their tourism products in the marketplace (Buhalis, 1998; Buhlis & Licata, 2002). Information technologies have undoubtedly become one of the most important elements of the tourism industry, since the generation, gathering, processing, application and

communication of information are very important for day-to-day operations in tourism industry (Poon, 1993).

ICTs have been applied in tourism industry over a number of years. In the 1950s, a travel marketing and distribution system known as Computer Reservation Systems (CRS) was introduced (Xiaoqiu Ma et.al. 2003). This was an airline database that managed and distributed reservations electronically to remote sales offices and external partners. This allowed customers (travel agents) to make and confirm reservations and allowed all travel businesses to operate flexibly. It offered travel agents increased productivity and competitive advantage as there after they were able to offer the consumer quick access to the most up-to-date information. Indeed access to CRS is of continuing importance to online travel agents.

In the 1980s, geographical coverage was expanded via Global Distribution Services. Later this has been developed since Internet offered consumers access to easily comparable information. All three systems operate both independently and jointly. Shortly afterwards, hotel Property Management Systems (PMSs) and hotel CRS systems appeared, bringing switch companies into the market as well in order to improve interconnectivity and interoperability. However, it was the development of the Internet that brought the revolutionary changes to the structure of the industry (Xiaoqiu Ma, 2003).

E-tourism, takes into account when, traditional travel agents, tour operators, national tourist offices, airlines, car hire firms, hotels and other accommodation providers offer their services online which enable the tourists to schedule their trip online (Scottish parliament, 2002). Travel services fit extremely well with the new interactive media (Werthner and Klein, 1999), as the products are natural candidates for multimedia descriptions (Walden, 2001).

New tourism environment is facing a rapidly changing environment and needs a continuous research. Most agree that research on users can provide data with which to devise and introduce improved competitive strategies and that, higher degrees of competitiveness are linked to the adaptation to changes in demand (Millan Angel, 2003). Respecting to this, Millar (1997) has implemented the first step; he has categorized the users of E-tourism into 3 main groups. The first class of users was the tourist who wants to plan a trip, seeking information on air routes, distances between cities and towns and locations of local tourist information centers which may be on their planned route. Second there was also a clear demand from travel professionals who are seeking information to advise their clients. The final group was those who had emigrated from the region who used the information to keep in touch and as a promotional brochure for their friends.

Consumers can undertake their entire tourism product search and booking online and, therefore, they require flexible, specialized, accessible, interactive products and communication with tourism organizations. Therefore, both tourism destinations and tourism organizations need to adopt innovative methods and enhance their competitiveness fast. In 2001, 5% (900,000) of all UK tourism trips in Scotland were booked through the Internet totaling £270 million (The Scottish parliament, 2002). Moreover the largest category of online purchases by US consumers is travel (Pappas, 2000).

The research company Jupiter MMXI found that the UK is the biggest online travel market in Europe with nearly six million people visiting travel sites in January 2002. Large UK travel sites such as lastminute.com and easyjet.com are getting over a million visitors a

month. In 2001, 4.8% (900,000) of all UK tourism trips in Scotland were booked through the internet, totaling £270 million (Figures published by Visit Scotland, 2002, in Tourism in Scotland 2001).

Internet as another selling channel is the value of World Wide Web for all industries including tourism. Researchers at McKinsey Company stated that the retention of customers online is easier than in traditional “bricks and mortar” companies where the cost of customer retention in online companies are three to five times less (Agrawal et al., 2001).

The use of the Internet plays an important role in the development and use of Information and Communication Technologies. There is a growing availability of Internet resources in travel and tourism for a diversity of users (Walle, 1996). The Internet can be used in two different but not exclusive ways: first, as a source of information, and second, as a marketing tool to facilitate online transactions.

It has been pointed out that the development of Information and Communication Technologies blurs the traditional boundaries between distribution and information (Swarbooke, 1996). For example, interactive information screens at tourist information centers enables tourists to obtain information and make bookings at the same time. On the other hand, tourism organizations can use Information and Communication Technologies for addressing individual needs and wants of their consumers.

In this paper we will introduce the following sections which are the primary steps for having successful adoption in e-business in tourism industry.

## **2. Benefits of Using Internet For Electronic Tourism Firm**

E-commerce provides new channels for the global marketing of products and services, and presents opportunities to create new businesses providing information and other knowledge-based intangible products. Pappas, 2000, has mentioned four aspects of marketing in tourism industry which have been changed by the advent of e-commerce. First, E-commerce improves the promotion of products and services through direct, interactive and rich information contact with customers, Second, E-commerce establishes a direct online distribution channel, Third, E-commerce causes savings in administrative and communication costs, Fourth, E-commerce enhances customer service by enabling customers to find detailed information online, and by answering standard E-mail questions with intelligent agents and human expert systems. Finally, customers need less time to find more information upon tourism products and make comparisons.

A report which has been gathered by Scottish parliament, 2002, has mentioned the following benefits of E-tourism:

- That it is the most cost effective way of communicating with target markets and disseminating information.

- It is a quick and easy way for the customer to buy travel products.

- It offers opportunities for improvements in customer service and retention through meeting and promoting individual preferences.

- It reduces costs through increased efficiency in internal operations and purchasing processes (Scottish parliament, 2002)

-Facilitate high quality design of products and services in the tourism industry, through continuously refined information about current and potential customers to anticipate and respond to their needs.

-Enhances the degree of externalization of some tourism services. Management information systems like Enterprise Resource Planning (ERP) and database technologies can facilitate supplier-customer relationships and the electronic analysis and transfer of information.

It encourages greater co-operation amongst traditional competitors through the provision of hypertext links. Links are a cheap, quick way of raising the profile of a new site and getting round the difficulty of up-dating information in-house.

Porter, 2001, defined some other benefits include better management of information, better integration of suppliers and vendors, better channel partnership, lower transaction costs, better market understanding, and expanded geographical coverage.

### **3. Disadvantages of E-tourism**

In the previous section the benefits of E-tourism was mentioned. Although E-tourism has variety of benefits but on the other hand it has some disadvantages too. Some of the disadvantages that can be created by the use of E-commerce in tourism are as followed:

Tensions between growing demands for personalized services tailored to the individual's needs and interests and reluctance amongst consumers to release such information over the Internet in case it is misused.

The preference of many customers to conduct complicated transactions in a face-to-face environment (e.g. high street travel agents).

-Existing travel agent business being superseded, with resultant job losses.

-Growing inequality and increased social exclusion for those customers and businesses without access to necessary technology.

### **4. Customer expectation in E-tourism**

Although too many people use E-tourism recently and the demand side of E-tourism has had a great growth but note that the supply side of E-tourism also has had a massive growth and there is a huge competition in this market. Due to this massive competition in the global market the expectations of the customers have been increased. The Scottish parliament (2002) has mentioned the expectations of tourists that can be created after implementing E-tourism:

-Quick response to enquiries.

-More detailed and tailored information on tourism destinations.

-Possibility of booking travel, accommodation and restaurants online.

-Able to check out competition easily at the click of a button.

-Importance of destination management and marketing.

-Branding – collection of tourism products and services.

- Tourism marketing as a means of facilitating regional development.
- “marketing should be used as a strategic mechanism in co-ordination with Planning and management rather than as a sales tool”
- Must acknowledge travel motivations (moves towards personal service through customer profiling).

## **5. Impact of Internet on Tourism Industry**

Since the emergence of E-commerce is very crucial for tourism firms, all of them including small to medium sized, SMEs, are eager to apply that in their business. But unfortunately as Bacchus and Molina, 2001, have mentioned, despite this eager, SMEs face some challenges for implementing E-tourism.

It has been argued that the challenges and issues faced by the industry include:

- Low / varied level of ICT literacy amongst some micro businesses and SMEs.
- Limited access to technology.
- Extent to which SMEs feel Government should be responsible for providing a national website with links to information about their business.
- Level of responsibility each SME should have for its own marketing and the development of its own website.
- Collapse of dot coms in 1999-2000 led to significant losses for venture capitalists. As a consequence investors are more cautious of business plans based on costly marketing campaigns aimed at quickly raising the company's global profile. Instead it has been suggested that the future of many dot Coms lie in the development of 'clicks and mortar', 'bricks and clicks' businesses, which benefit from the advantage of both internet and traditional business.

## **6. Threat of tourism websites**

Perhaps the most powerful competitors emerging in Internet-based tourism services are those with the resources to invest. They seem to be the portal sites, reservation technology providers, and Microsoft. Portal sites are approaching the sector through structuring their vast data warehouses into thematic sites (e.g. tourism). CRS providers see the Internet as another distribution channel that compliments their existing arrangements, while Microsoft recognize the potential of the sector for exploiting their own considerable technological and financial strengths (Rayman-Bacchus, L. and Molina, A. ,2001).

Scottish parliament, 2002, has mentioned that there are some other possible technological innovations that may impact on tourism include:

- Interactive Digital television (IDTV).
- Mobile and m-commerce distribution.

These two can either be the competitor of E-tourism or can be combined with that in order to increase its efficiency.

## 7. Satisfaction in e-tourism

It was mentioned that E-tourism firms use internet to better serve their customers. Customer relationship management is a crucial subject which firms take special attention to, which directly or indirectly results in Customer satisfaction, Customer loyalty and finally Customer retention. Among these concepts customer satisfaction can relatively influence customer loyalty and retention which in turns increases firms profit and efficiency. CRM as a research topic has attracted much attention since the beginning of the 1990s. However, in a new E-commerce context the concept of CRM and its core subject, customer satisfaction, has not been studied sufficiently yet (Kuttainen, et.al.2005).

This study is going to fill this gap by finding the important factors which can lead to E-satisfaction in the tourism industry.

## 8. Methodology

As it was mentioned in the previous section this study is going to find the important factors which can lead to E-satisfaction in the tourism industry.

By reviewing the literature E-satisfaction model by Szymansky, Hise, 2000 was found. This model has 5 factors which affect satisfaction in online retailing. They are Convenience, Site design, Product offering, Product information and financial security. Among these factors Convenience has the most impact on E-satisfaction. Since convenience is the most important determinant of satisfaction in online purchasing we will focus on this factor in this research.

In the next part we had found the items which build convenience for the customers in E-tourism. To this end we conducted focus groups. The members were people who were expert in tourism and people who had experienced E-tourism before. The result of this phase was five main items; Time efficiency, Possibility of purchasing anywhere, Convenience of purchasing any time, direct access to information, and customer service. The group believed that the mentioned items can cause the convenience in E-tourism comparing with the time that customers are purchasing from traditional travel agencies.

If a company wants to satisfy its customer, it should first investigate factors which affect customer satisfaction. It needs to answer what it is that satisfies customers (Conklin, 2002), then it should test how well it serves these factors in its firm. In other word, what is the perception of its customers about each of these factors? As a result the next step was designing the questionnaire. To this aim the results of the interview and literature review were collected together and helped us to create questions. By this phase the initial questionnaire was made.

Then in order to increase the reliability of this work a pre-test and a pilot test were implemented. First the questionnaire was given to expert in tourism and designing the questionnaire some changes was made to it. Then for the pilot test the questionnaire was given to some people who have experienced E-tourism at least once, in order to see if it is easy to understand or not. Again some more modifications were made to this questionnaire. By this phase the final questionnaire was made.

The questionnaire starts with demographic information. Then before starting the main questions there was a description and asked respondents to compare their satisfaction in on-

line tourism with off-line tourism (traditional travel agencies) for each item. The answers were 5 point scale; 1. Much worse than, 2; Worse than 3; The same, 4; Better than, 5; Much better than.

The characteristic of our population was having experience in E-tourism. The questionnaire was distributed in Mehrabad airport, Tehran. Note that most of the tickets of the flights in this airport are sold only through the internet. So the passengers are most probable of having experienced E-tourism at least once before. Totally 150 questionnaire were distributed and 115 were gathered and after omitting missed data and outliers 99 questionnaires were remained.

## 9. Result

The result of our survey is shown in Table 1. As it was mentioned in the previous section in each question the respondents were asked to mark 1 to 5 (much worse than-Much better than) based on the perception of their satisfaction in online tourism comparing with offline tourism. For example it shows that 41.8% of the respondents think that time efficiency of using E-tourism is Much better than purchasing from traditional travel agencies.

The result shows that in all factors, except customer service, more than 60% of respondents think that E-tourism is better or much better than traditional travel agencies. And among these factors convenience of purchasing any time in E-tourism has satisfied the respondents the most. It is in the way that about 85% of the respondents think this factor is better or even much better in E-tourism than offline tourism and only 2.7% think this factor in E-tourism is worse than off line tourism and nobody thinks it is much worse than traditional way of tourism. But the amounts for customer service are vice versa. The percentage upper the average (3: the same) is almost equal with the percentage lower the average.

Table 1: The percentage of responses for each item of convenience (a comparison of e-tourism with traditional way of tourism).

Factors Answers	Time efficiency	Convenience of purchase any where	Convenience of purchase any time	Direct access to information	Customer service
Much better than	41.8	26.2	58.2	30	11.8
Better than	30	33.6	25.5	35.5	28.2
The same	20.9	26.2	13.6	21.8	28.2
Worse than	5.5	12.1	2.7	10	20
Much worse than	1.8	1.9	0	27	11.8
total	100	100	100	100	100

## 10. Conclusion

Szymansky and Hise, 2000, introduced five factors that can affect customer satisfaction in online retailing. Among those factors convenience was the most important one. E-retailing is promoted widely as a convenient avenue for shopping. Shopping online can economize on time and effort by making it easy to locate merchants, find items, and procure offerings (Balasubramanian, 1997).

Consumers do not have to leave their home nor travel to find and obtain merchandise online. They can also browse for items by category or online store (Szymanky, Hise, 2000). In the current paper we found the factors that determine the convenience in E-tourism can increase the convenience of customers while they are using E-tourism. The factors are, Time efficiency, possibility of purchasing anywhere and anytime, Direct access to information and Customer service.

The result shows the manager of tourism website and E-tourism firms, that how they will be able to increase the convenience of their customers which as a result will increase customer satisfaction, retention, loyalty and finally the profit of the organization. Moreover the next phase of our research which was survey, determined that how the current E-tourism has satisfied customers in respect of these five factor. The result shows that convenience of purchasing anytime is the factor that has satisfied customers the most. On the other hand customer service in E-tourism could not satisfy customer's more than traditional travel agencies. As the result showed, lack of customer service is a threat for the E-tourism firms; however it can be converted to an opportunity for E-tourism organizations to gain more online customers by offering better services comparing with the traditional travel agencies.

The authors suggest further research on determining the services which can be offered to the customers, in order to enhance customer services in online tourism. Moreover, this research mentioned the advantages and disadvantages of E-tourism but still there is a need for finding the barriers of running E-tourism by the tourism organizations especially in Iran.

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