A Study on the Impact of E-Commerce on Retail Marketing in the Present Digital Era with special reference to Tourism sector

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Abstract

Tourism and technology is making leaps and bounds with e-commerce changing the entire structure of the tourism sector as a whole. This has led to the creation of new business opportunities. While business and stock market expectations have not been as expected, online transactions in the travel and tourism industry are continuously increasing despite tough economic problems on slow growth rate with fewer travelers overall. The tourism industry is witnessing rapid advancing in acceptance of e-commerce to the extent that the entire industry structure is changing. The Web is used not only for information gathering, but also for buying and selling services. A new trend is emerging, where one who acts as his or her own travel agent and builds a personalized travel package. This paper looks into this evolving trend and its impact on retail marketing from a perspective of literature review.

Key words: e-commerce, retail marketing, internet, technology

Introduction:

Development in technology has revolutionized both economies and enterprises and has brought advancement in e-commerce. The introduction of the internet and ease of its accessibility through computers, laptops, mobile phones, tablets and so on, there is a steady and strong increase in it users whose number has exponentially grown for years. The ability to purchase online, upload photos and video clips on the Internet as well as to write blogs and manage content for free has become a herald of the new user paradigm (Ružić and Biloš, 2010).

E-commerce is bringing new opportunities to the global travel and tourism industry. Information technology has introduced e-commerce through the development of the Internet and the World Wide Web. These developments have impacted both the retail marketing and industry behavior in the area of travel and tourism. Now the consumers have more options regarding vacation and budget planning. 95 per cent of web users have searched the Internet to get travel related information. 93 per cent visited destination web sites and nearly one half used e-mail to gather travel related information (Xinran, Dae- Young & Morrison, 2006). It is also observed that almost three forth of the online travel buyers use search engines prior to Information accessibility regarding travel, destination, bookings, payments, hotels, attractions, and quality of maps are areas for improvement.

The Internet is enriched with some unique abilities for communication and transmission of information. These characteristics make Internet as a different marketing mix compared to traditional marketing. The Internet is a rescue for the less tangible products and services that can be easily digitized, distance will have no effect on costs. The distinct characteristics of tourism require a need for the service industry to use new mediums and marketing techniques to address sales. The Internet offers a new context (Rayport and Sviokla, 1994) for the companies to do business. This raises the platform to introduce e-commerce into the service industry as being practiced extensively, this research aims to investigate into the impact of online service versus offline service that are offered by a typical travel or service industry.

The information and communication technology having taking the travel and tourism industry atleast 50 years ahead, particularly in the areas of automation and networking of distribution channels. Now even the local travel agents use the global distribution system and have adjusted marketing strategies and expanded services in order to achieve increased competitive advantage. The use of e-commerce by local tourism business has increased utilization of the Internet which has also created an additional market segment. Travel businesses have increased services globally by registering with online travel agents, online advertising agents and inter-organizational reservation systems. With the changing trend many businesses have developed websites which offer planning, booking, and payment services for consumer convenience.

E-commerce is rewriting the theory of marketing by changing the process of marketing management. The dimensions of marketing are constantly changing where location is no longer

the key to the business that moves through retail markets. This creates a need to introduce e-commerce into the service industry as being practiced extensively, this research aims to investigate into the impact of online service versus offline service that are offered by a typical travel or service industry.

E-commerce may change the structure of tourism industry, and in the process create new business opportunities there is a need to deploy more specialized services, flexible network configurations, and further consumer integration will lead to smart market places that integrate all stakeholders. The technology enhancement enables as well as enforces this development, demonstrating that tourism is an interesting field of application of e-commerce services. Given the dynamics of the tourism sector and the very competitive e-market, nearly all stakeholders have implemented their strategies. Tourism has also become the playing field for new entrants, either startups or companies from the media and IT sectors.

Due to adoption of e-commerce in travel and tourism industry consumers are becoming more powerful players as they can choose their destination and sites in few minutes whereas travel agents, travel websites etc see diminishing power in sales however they are providing new market functionality using new technologies to attract more consumers. Many tour operator, travel agents, online travel agents are using these strategy to attract more consumers however using more high-tech technologies needs huge investments, need more high skill human resource etc.

Objectives:

1- To analyze the impact of e-commerce on retail marketing in tourism industry.

2- To access the challenges faced by e-commerce tourism business in the present era.

Research Methodology:

The study has been done on the basis of secondary data available from reports of Govt. of India, Tourism Sector, Journals, books, magazines, annual reports, Internet survey, etc.

The study is explanatory and conceptual based and is done through interpretation and analysis of the literature already available from different sources. It is done to analyse the impact and challenges faced by e-commerce tourism industry on retail marketing for attaining global competitiveness in extremely challenging global economy.

Literature Review:

Many researchers or scholars have done various researches about e-commerce in travel and tourism industry. Many of them have pointed positive impact of e-commerce in travel and tourism and some have pointed challenges for adopting e-commerce and barriers of e-commerce in travel and tourism industry.

According to Visit Wales (2012) E-commerce is the term used for websites that sell goods or services by electronic means. It is alternatively used with terminologies such as e-com, web commerce, online commerce, e-catalogue or shopping cart systems. E-commerce systems list products and services on a website with a section is known as 'catalogue' which allows customers to browse through the products on sale - they can then select their purchases by adding integrated into businesses' websites. The basic components required for setting up a successful e-commerce system are: a domain name e.g.: www.mywelshtourismbusiness.com (or UK), a website or web shop listing your goods/services and a means of taking payment/s and a method of fulfilling the orders them to an electronic 'shopping cart' then finalize the transaction by making an online payment via the virtual 'check out'. E-commerce systems are designed by web professionals and then The Web is used not only for information gathering, but also for ordering services. With the emergence of the Internet, marketing has been drastically changed in its process and marketing mix. Customers are in a more active position while companies are losing their dominating power (McKenna, 1995). Besides the traditional 4Ps of marketing mix, organizing customers becomes a new element in the process of Internet marketing.

As per Werthner H. and Ricci F., e-commerce in travel and tourism industries are continuously increasing despite of tough economic problems. (Werthner H., Ricci F., 2004). As per them, this industry is adopting application of B2B (business to business) and B2C (business to consumer). This industry has changed the ways of do business for traditional ways to modern way, i.e. e-

commerce via web and other online transaction software where as other industries are still adopting the traditional way. Web is changing the behaviour of consumers as well as they are becoming less loyal, take less time for choosing and consuming the tourism products.

Since tourism is an information-based business, it fits well with their respective background. One can observe a trend towards further specialization and an ongoing deconstruction of the value chain, paralleled by an integration of players and products. Companies compete and cooperate simultaneously, and boundaries within the industry are blurring. Each market player is affected:

a)   Tourist's requirements are addressed by more players, and they play a more active role in specifying their services.

b)   Travel agents see a diminishing power in the sales channel, prompting them to put more emphasis on consulting and more complex products.

c)   Internet travel sites are providing new market functionality and technology, focusing on personalized intelligent tools for travelers.

d)   Based on mass-customization and flexible configurations, tour operators will blur the boundaries between the individual and packaged tour.

e)   CRS/GDS demonstrate an "Intel inside" marketing strategy by linking to major tourist Web sites to increase transaction volume. They also move into direct sales for the retail segment.

f)   Suppliers will increasingly form alliances and support electronic direct sales, increasing price competition as well as price differentiation. They will also redefine customer processes such as electronic ticketing or automated check-in (Hannes Werthner and Francesco Ricc, 2004, p.103).

As this industry is service oriented business industry, companies are implementing various new techniques to satisfy consumer needs and providing information to them through web and different value generating strategies like value extraction, value capture, value addition value creation. Travel and tourism is information based service orientated business and the product is termed as "confidence good" and prior comprehensive assessment of quality is impossible however due to use of e-commerce feeds backs from consumers can be obtained in short span of time and this services can be enhanced accordingly(Werthner H., Ricci F., 2004).

There are various factors which are considered that travel and tourism will adapt ecommerce strategy. As per Kim (2004), there are main two factors for conducting successful e-commerce strategy which are security of the e-commerce system and user-friendly Web interface. Security means not only securing own system but also providing security assurance to users who are using the sites or online software. User friendly web interface give consumer trust and it's easy to convenience for customers. Beside these factors other factors are also essential to succeed which are top management support, IT infrastructure, and customer acceptance. Top management support plays vital role as per Kim as they are the decision makers and their support and decision will direct the company to use the strategy. Further, he also explained that without proper IT structure and skilled human resources, e-commerce strategy will fail. One of the factors he explained is customer acceptance; customer acceptance means the way customer accepts the web or online software of the company and it should have very rich contents and very easy to use. These factors will decide whether business will get more customers. Customers intend to use research website quality due to content richness and ease of use.

According to Jacobsen and Muar (2012) information search is considered crucial to tourists' destination choices. Sources of information can be both external and internal, the latter gathered from the latent cognitive system (e.g., Hansen, 1972). Characteristically, repeat visitors to a place may not always wish to collect additional information from external sources as they can rely much on past experiences, while external information search seems typical for newcomers to a destination (e.g., Fodness & Murray, 1997). External search consists not only of collecting information from the marketplace but also from a variety of more or less independent or unbiased sources such as news media, guidebooks, and acquaintances. It is also maintained that information and communication technologies (ICT) may have a considerable and increasing impact on several tourism aspects. From supply of products to information search processes and consumption patterns, tourism experiences and their preparations are assumed to be progressively transformed by advances of ICT (e.g., Buhalis, 1998; Buhalis & Law, 2008).

Law and Bai on their research paper mentioned there are two types of customers who use travel companies websites, those are buyers and browsers. Buyers are those people who actually intend to buy the services whereas browsers are those who intend to surf and get information only.

Those browsers can be converted to buyers by improving the website contents, making it attractive, provided very rich in contents and very user friendly to use. As more and more travel companies are applying these strategies, the increase in percentage of website buyers and browsers are also increasing day by day. This is due to adaption of e-commerce technology in travel and tourism industry. (Law and Bai, 2008).

As Zang (2003) rightly describes to create long-term relationships with customers, the company should database its real customers, as distinct from one-time visitors who are surfing sites, and identify its most valuable customers (Juttner and Webrli, 1995). There are several advantages of an e-commerce system: existing and new customers can shop 24/7, they provide a platform to promote your goods/services globally, data can be easily updated, there is a huge opportunity to increase sales, opportunities to upsell when booking, visitor attractions/activity centers could offer entrance/season tickets, gift vouchers, equipment etc at the time of booking or an additional method of communicating with your customers via discussion groups, visitor books and message boards, special offers, events and other information can be promoted and analyzed and frame a "customer information database". With this database, the travel agencies can trace and analyze their customers' buying behavior.

There are various benefits for small and medium sized tourism enterprise to use e-commerce. In journal of Kim (2004), he pointed few benefits of using e-commerce in tourism which are as follows;-

- Providing easy access to information on tourism products and services
- Providing better information on tourism products and services
- Providing convenience for customers
- Expanding choices by customers
- Creating new markets
- Establishing interactive relationship with customers
- Improving customer services
- Improving image and public recognition of the small & medium sized tourism enterprises
- Saving time for providing tourism services

- Providing customized & specialized tourism products & services
- Reducing operating cost
- Simplifying the process business
- Interacting with business partners
- Founding new business partners

(Kim, 2004)

E- Commerce is huge lap in travel and tourism industry moving from traditional way to technological way and there are various barriers for travel and tourism companies to adapt e-commerce in their business. As mentioned by Kim (2004), include 'limited knowledge of available technology,' 'lack of awareness,' 'cost of initial investment,' 'lack of confidence in the benefits of e-commerce,' and 'cost of system maintenance.' These barriers also include 'shortage of skilled human resources,' and 'resistance to adoption of e-commerce.' Further he mentioned 'insufficient e-commerce infrastructure,' and 'small e-commerce market size' might be barrier factors depending upon the market size (Kim, 2004).

There are several challenges to adopt e-commerce in travel and tourism industry. As per Mamaghani (2009), the behaviour of customers is changing and due to e-commerce they swap agency in few minutes if they are not happy with them. Consumers these days are far more demanding and want convenience, speed and a seamless buying experience. Main challenges as per Mamaghani is to create awareness among customers about product, make them loyal. One of the main challenge as per Mamaghaini that adaptation of e-commerce in travel and tourism is to build trust of people in internet system so that they could choose e-commerce instead of traditional way (Mamaghaini F., 2009).

Wolfe et. al have mentioned that companies can lure their customers via providing personalized service through email, web texts customized web sites that are built "on the fly" based on users' specific profiles and needs. The main theme of writers is to gain customer confidence and trust toward the website. "The challenge is determining how a web site can exude trust and good service". To build customer trust, Wolfe et al have suggested online travel agencies have to give telephone numbers or e-mail contact information (Wolfe et. al, 2004).

Similarly, to attract more consumers, website should provide virtual tour of the destination. Virtual tour means description of the destination by through audio and visual mode by sharing videos, photo, destination details with pictures etc. Cho et. al have mentioned that virtual tour attracts customers as it give the picture of the destination, hotel details where they are suppose to go ,stay and enjoy . Virtual tour enables tourists to become more confident about their trip, they can choose the destination which leads them more satisfaction rather than booking the product through tradition way. At least, they can picture destination, hotel, transportation system etc about the destination before their travel date (Cho et. al, 2002).

Conclusion and Recommendation:

Tourism is backbone of country's economy. As the spending power of people has increased in recent past due to the enhancement in their earning pattern, more and more people are travelling and they are using various channels to purchase their holiday, some are still using traditional ways buying tourism with the travel agents, tour operators, hotels etc and some are using electronic way to book and buy tourism product. Even many travel and tour companies are adapting e-commerce to boom their business, they are moving from traditional ways to e-business ways to grasp markets as people are using internet and other online software more often. E-commerce is the new way for promoting and selling tourism products through web.

It is not easy to adapt e-commerce at once from traditional way, investment on information technologies costs huge amount and further it need skill human resources. After the adaption of e-commerce in business, it has to face many challenges and one of the main challenges is to attract traditional buyers who prefer buying products from travel agencies rather than booking through web. To attract these customers, awareness towards e-commerce is necessary therefore website should be user friendly, informative, should have very rich contents, if possible they should provide virtual tour of the destination.

There are several benefits as well as barriers for adaption of e-commerce in travel and tourism, benefits are low operating costs, interaction with customers, customer can choose products using internet, fast and speed in service, easy to find new business partners, can communicate with customers during holidays in case of any problems etc however key barriers for adopting e-

commerce is huge investment, consumer's loyalty, lack of human skill resources, government policies about e-commerce, customer confidence etc . Due to e-commerce in travel and tourism, behaviour of consumer is changed, they are less loyal toward the company and it's easy for them to change the company in few seconds. To retain customer, companies have to provide excellent services and offer loyalty programs to customers.

While going through the above literature, I have found many things in common. All writers have found out that companies have to consider various things while adopting e-commerce although it is beneficial for them as it reduces costs, save time, their brand presence worldwide etc however they admired that companies can lose personal touch with customers and their loyalty as it is very easy to switch companies due to variety of choices offered to customers.

In Indian scenario travel agents are still surviving only due to the fact that travel agents provide credit facilities for travelers whereas on e-commerce passengers have to make online spot payment. Passengers buy ticket from agents take 30days credit and then pay through credit card which gives a further credit for payment to Credit Card Company from the date of swiping in agency. This is one of the main reasons for passengers to buy ticket through agent otherwise online web sales with airlines give attractive prices and offers. Anything attractive always comes with a catch. Online web purchasers are not equipped to identify glitches and under laying rules on cancellation charges which results in loss of entire money paid for booking the tickets. These two issues are the only reason for survival of travel agents or intermediaries in the market in spite of an efficient travel portal and web based bookings facilities from airlines.

The hotel bookings are offering discounts for online bookings only and not for direct business. Even travel agents have to book online to avail best rate for hotel bookings. The e-commerce and APP(application) based bookings have affected the local transport operators also since APP based OLA or Uber car services have captured the public imagination since they charge the mileage from the time passenger boards the vehicle unlike transport operators charging Kilometer and time of hiring from Shed to Shed basis. These APP(application) based services are cost effective but the glitch is SAFETY. A car booked and hired from transport operator will not have problems on safety issues like what we hear day in day out from the passengers who have hired these services. Vehicle hired from transport operators are quality oriented with

experienced drivers and safety assured unlike the vehicles booked through APP services. Therefore travel agents and transport operators have to introduce online travel portals to retain the customer base and to survive the impact of e-commerce online business in retail marketing of travel and tourism related products.

The adaption of e-commerce is very fruitful to tour and travel companies however along with adaption of e-commerce, companies have to focus on changing behaviour of customer as well, what customer expects while booking and buying through the web. There are several advantages of an e-commerce system: existing and new customers can shop 24/7, they provide a platform to promote your goods/services globally, data can be easily updated, there is a huge opportunity to increase sales, opportunities to up sell when booking, visitor attractions/activity centers could offer entrance/season tickets, gift vouchers, equipment etc at the time of booking or an additional method of communicating with your customers via discussion groups, visitor books and message boards, special offers, events and other information can be promoted and analyzed and frame a "customer information database". The e-commerce system has to provide the functionality that the customer expects from the website - such as the ability to find products easily and quickly.

Area for further research:

Research on customer perception, customer exception, level of customer satisfaction, compensation in case of bad services, secured online payment system etc should be deeply researched while adapting e-commerce in travel and tourism.

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