Internet and Intermediaries in the Tourism Distribution Channel - Study of Swedish, Bulgarian and Online Travel Agencies

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Abstract

The Internet offers great opportunities for the tourism industry, but has significantly increased the potential for discord among the members of the tourism distribution channel. The threat faced by the disintermediation has influenced both online and traditional travel agents, compelling them to increase the functionality of their websites and implementing e-commerce. This exploratory study combines three different methodologies: content analysis, questionnaire survey and interview, and aims to analyze the adoption of Internet technologies by Online travel agencies and Traditional travel agencies. The samples of Online travel agencies, included in the study, are international, while the Traditional travel agencies are geographically limited to Sweden and Bulgaria.

The content analysis examines 73 websites of Swedish, Bulgarian and Online travel agencies, and evaluates their functionality and interactivity according to the eMICA model. The questionnaire survey contains 47 respondents and investigates the influence of the Internet upon company business, the perceived value of the eMICA elements, and challenges faced in operating a commercial website. The interviews, based on open-ended questions, included one Bulgarian and one Swedish travel agency. The results show that Bulgarian and Swedish travel agencies display mainly moderate, while Online ones display high, levels of website functionality and interactivity. Moreover, implications are discussed in terms of how travel agencies could improve website functionality and effectively market their product offerings online.

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Table of Content

Chapter 1: The Research subject

1.1. Introduction

The phenomenal growth of information technologies is revolutionizing the business processes of the firm both internally and externally. Increasingly firms, particularly in the services arena, are incorporating technologies into their services to provide substantial benefits for both firms and customers (Bitner, 2000).

The tourism industry, which is acknowledged as being highly information intensive, is riding the wave. This can be estimated from the figures that travel related websites in 1996 were 5,000, and in 1998 they were estimated to be 80,000, an increase of 750 percent per year. (Arthur Anderson cited by O'Connor, 1999). The need for information is heightened by certain inherent characteristics of the tourism products, i.e.; intangibility, heterogeneity and volatility (O'Connor, 1999).

Many service providers have begun to use a wide range of technologies to allow consumers to produce and consume services electronically without direct contact from firm employees (Meuter et. al. 2003). These technological interfaces are known as Self Service Technologies (SST) e.g. ATM, internet shopping, online flight and hotel reservation.

One of the mostly used SST is the Internet, which provides the potential for tourism suppliers to both distribute information and process reservations from customers directly. However, before the advent of the Internet, IT brought about an unprecedented opportunity for horizontal, vertical and diagonal integration. This was brought about by intermediaries playing the role of connecting the consumers to the suppliers, they operated in a tourism distribution chain comprising *Intermediaries* (Travel agencies, tour operators, global distribution systems (GDS), *Suppliers* (Hotels chains, primary suppliers, national tourism organization (NTO), car rentals, and airlines), and *Consumers.* (Buhalis 1998)

Furthermore, IT also allows parties in the tourism distribution chain, to distribute the right marketing mix, to the right segments through the right intermediaries, it also enables differentiation and cost advantage, with empowerment interactive communication between principals and target markets (Buhalis 1998). Nevertheless, the Internet is changing the way tourism products are distributed within the tourism chain, and has brought about the advent of online wholesalers. These new entrant that empowers consumers to develop and purchase their own itineraries, has become a threat for traditional travel agents, and their future becomes uncertain (Buhalis, 1998).

There have been an unprecedented number of consumers taking advantage of the online wholesaler to access the suppliers' products. According to Hitwise, the world's leading online competitive intelligence service, the market share of the major travel search engines has increased by 304% in the past six months (April 2005 vs. October 2004) and their contribution of visits to Hitwise Travel Agencies category increased by 250%, when comparing October 2004 to April 2005. In the same period, the market share of visits of the top 5 (online) travel agencies (Expedia, Travelocity, Orbitz, Yahoo travel and Cheap tickets) increased by 11.3%, while their contribution of visits to the travel agencies category decreased from 65.3% to 65.2%.(www.htrends.com)

The percent of American seniors who go online has jumped by 47% between 2000 and 2004. In a February 2004 survey, 22% of Americans age 65 or older reported having access to the Internet, up from 15% in 2000. That translates to about 8 million Americans age 65 or older who use the Internet. By contrast, 58% of Americans aged 50-64, 75% of 30-49 year-olds, and 77% of 18-29 year-olds currently go online. (www.hotelmarketing.com)

1.1.1. Why we are interested in this area

The current statistics about the progress in e-tourism suggest that the tourism distribution chain is undergoing a technological revolution, which has brought about a redefinition of the consumers, intermediaries and suppliers. This new

phenomenon aroused our interest in this dynamic field of study. Furthermore, we believe that this technological revolution will ultimately throw out and bring in new actors in the tourism chain in the future. Our focus will be to understand the adoption of e-commerce concerning the traditional and online travel agencies.

Internet is changing the whole economy and the processes and transformations that occur in the business field after its implementation are very dynamic, and the progression is interesting to follow from the research perspective. Tourism is one of the industries where the Internet caused serious transformations especially trough the supply chain. We consider that supplying chain transformation is only at the beginning phase of its conversion and that significant changes are coming.

1.2. Problem area

The Internet offers global reach and multimedia capability, and is eventually becoming an important means of promoting and distributing tourism services. The information-based nature of the industry has shown excellent fit with this technology, and the interactive media has obviously become a new battlefield for the competitors. Web-based interfaces are their new tool to informing, interacting, engaging and capturing information about customers. To attract these consumers to the electronic market place, tourism businesses websites, are increasingly offering reservation and value added services on their websites (Nysveen and Lexhagen, 2001). These Internet services are greatly enhanced when Websites offer interactivity and high levels of functionality, whereby a consumer can directly interact with the website and make his own purchase online. As a result the services are co-produced by the suppliers and consumers, where their remains no essential need for in-between personal or intermediary. This depersonalization and disintermediation means that the websites should now provide all those services, which are necessary to facilitate the purchase in an electronic market place. As a result, the electronic market place is becoming highly dynamic, and a promising way of future tourism development, and an attractive area for our research.

The focus area in our study is the traditional travel agents and online travel agents (also known as e-mediaries, mega travel web sites, online wholesalers, and third party intermediaries) in the distribution channel of tourism products. The definition we have used for the online travel agents is *travel agents who exist on the net and find travel options considering price and other criteria specified by the consumer*. Traditionally, the travel distribution role was performed by travel agencies and tour operators, which have physical presence. (Buhalis and Licata, 2001). They were supported by computer reservation systems, global distribution systems or tour operator's video text systems. However, with the advent of new technologies different platforms developed: the Internet, mobile commerce (m-commerce) and interactive digital televisions (IDTV). Usage of the Internet as a platform has developed very rapidly, and it offers to undertake the entire consumer tourism product search and booking online. The traditional travel agents, who are less acquainted with the Internet technologies, are now confronting competition from the Online travel agents. The focus of this thesis is on the Internet services offered by the traditional and online travel agencies and their strategies.

1.2.1. Research questions

Tourism is inevitably affected by technological developments, and none of the market players involved can escape their impact (Buhalis, 1998). Thus, tourism- related services have emerged as a leading product category to be promoted and distributed through the Internet. According to Internet Week's survey, more than two-thirds of the travel and hospitality companies view the Internet site as a significant competitive weapon within their industry and about 60 percent describe the Internet as being substantial in acquiring new customers (Baloglu 2004). Online travel agencies continuously and permanently redesign and upgrade their websites to make them more personalized and attractive for customers. As they do not have any face to face contact with their customers they tend to provide all the needed services to purchase products online. We assume that online travel agents, in order to facilitate online purchase, have well developed websites. However, some traditional travel agencies also attempt to penetrate into the virtual

"marketspace". Therefore, a mapping of the website development of tourism intermediaries will give us a better understanding of the interactive competition that is taking place. For that reason, we formulate our first research question as:

What are the Internet services provided by online and traditional tourism intermediaries, and at what stage are they in their web development?

The question requires an evaluation of the websites of tourism intermediaries according to certain established criteria. For evaluating the internet services the extended model of Internet Commerce Adoption (eMICA) developed by Burgessand Cooper (2000) is adopted. This model proposes evaluation of internet services, through content analysis, on the basis of thirteen Internet services or elements of the websites. The tourism intermediaries chosen for the study are traditional (Swedish and Bulgarian) and online travel agents. This first research question aims at a more broad scope of the study and the results will build a foundation of a better understanding the processes and actions that take place on their interactive sites.

From this base, we can focus more comprehensively towards understanding and comparing their concepts behind implementing interactive and functional web sites. Thus the formulation of the second research question is:

What are the perceptions of tourism intermediaries regarding the Internet services and the different e-marketing approaches adopted by them?

The perceptions regarding the Internet services are investigated by conducting an online survey of the tourism intermediaries based on the elements of the eMICA model. Furthermore, their opinion regarding the contribution of the internet to their business is also studied. Different e-marketing approaches are examined by interviews with the Swedish and Bulgarian travel agents.

Together, these two questions would help us to understand the adoption of e-commerce by the tourism intermediaries. The observation regarding the web development, the perceptions and e-marketing approaches utilized by the intermediaries would enhance our understanding of the impact of disintermediation process in the tourism intermediary industry.

1.2.2. Purpose of the study

The purpose of the study is to provide us with better understanding toward:

- Different e-marketing approaches of the traditional and online tourism intermediaries;
- The perception relating to the internet services and its utilization as a tool to manage service quality by the traditional and online travel agencies;
- Web development in the tourism distribution channel as it regards to traditional travel agents and online wholesalers.

To achieve the above mentioned purposes, the thesis is organized into six chapters. The chapters are outlined as follows. The intention of the first chapter is to provide an introductory background of the subject area; the subsequent problem area is elaborated, which includes research questions and the purpose of the study. The second chapter is intended to give an exhaustive overview of the literature, which is subdivided into three subtitles. The third chapter elaborates the methodology used in the survey. As we have used three fold methodologies, a separate heading is devoted to each type namely; content analysis, online surveys and interviews. Each of these different methodologies pertains to our three purposes mentioned above. This chapter concludes with the secondary sources of data utilized and the disposition of the thesis. The intention of the following chapter, Chapter Four, is to describe the original and the adopted models for the purpose of the thesis. Next, Chapter Five will give details of the empirical findings and analyses of the results. The presentation of this section follows the same structure which corresponds to Chapter Three of the previously mentioned methodology. Chapter Six concludes and summarizes the thesis.

Chapter 2: Literature review

2.1. Consumer behaviour of SST users

With the aim of reviewing the literature of consumer behaviour of SST users we searched the research journals with the key words of "self- service", "technology", "SST" "services based on self services" and "services" . A review of the research on consumer use of SSTs reveals a primary focus on three areas; individual characteristics of SST users, innovation characteristics of SST, and attitude towards SST. Another area of study is a combination of these three streams of research. Different authors had classified the literature with different terminologies. However, the terms we have used are suggested by (Matuer et. al. 2005), albeit some changes in the explanation. In the following paragraphs technology in services is discussed first, and then the three research streams and after that a combination of the three. Summary and analysis of the literature are also provided at the end.

2.1.1. Technology in Services

The deployment of technology in services has changed the nature of services dramatically. This transition from "low-tech, high touch" to "high tech, low touch" services has opened a new area for research. However, as Bitner(2001) emphasize in her article: " the more things change, the more some things remain the same". She elaborates that relationships of consumers and firms are altering but the desire and expectations of the customers and firms remains the same. Customers still want what they have always wanted; Quality Service. The author points out those customers love SST when it saves them in difficult situations, better than interpersonal alternative and works and make the customers extremely impressed. On the other hand SST becomes an object of hatred when it fails is poorly designed, has no options for service recovery or it dissatisfies them.

Bitner, Brown and Meuter (2000) examine the role of technology in improving service encounters and experiences of customers. Service encounters, the moment of interaction between a customer and form may take place face-to-face in an actual service setting, over the phone, thorough mail or on internet.

These encounters are opportunities for the firm to (dis)satisfy its customers. Other outcomes of the encounter can be the intention to repurchase, word of mouth communications, relationship quality, loyalty or the opposite of these outcomes. These encounters are critical in determining the customer's future behaviour towards the service providers and its services.

2.1.2. Individual Characteristics

By individual characteristics we mean, the development of profiles for typical SST users. These profiles increase our understanding about the behaviour of the consumers. Individual characteristics can be classified in to three categorizers (see *Appendix 1*); demographic, psychographic profiles and personality traits (Dabholkar and Bagozzi, 2002). Investigated demographic factors typically found that the young, affluent, educated and males are more likely to use SST. But due to their pervasive occurrences in adoption literature, Meuter et. al. (2005) have also included age, income, education level, sex and previous experience in their studies.

The study by Meuter et. al. (2003) assess the influence of individual characteristics like technological anxiety and demographics on SST usage pattern and satisfaction level. The dominant benefits of SST was found out to be that it allows the transaction to be completed through a more effective process (convenience, 24 hour availability, ease of use and time savings). Technological anxiety, user's state of mind regarding their ability and willingness to use technology related tools. This is the most influential predicator of SST usage and participation in positive word of mouth.

2.1.3. Attitude towards SST

Dabholkar and Bobbit (2001), Dabholkar and Bagozzi (2002) and Curran et al. (2002) has done extensive research on the attitudes towards SST. The concept behind their studies is that attitude influences intentions and behaviour related to technology based self-service.

Bobbit and Dabholkar (2001) propose a comprehensive conceptual framework that incorporates several well-known attitudinal theories to understand and

predict consumer decision related to using SST. The Internet has been used as an example of SST. Their study integrated theory of reasoned action, theory of planned behaviour and the theory of trying SST.

Curran et al. (2003) and Dabholokar and Bagozzi(2002) have investigated moderation effects of consumer traits and situational factors on an attitudinal model. The situational variables include perceived waiting time and social anxiety and consumer traits include inherent novelty seeking, self efficacy , self consciousness and need for interaction with employees. The researchers conclude that moderator variables are much more meaningfull than direct factors such as ease of use, performance and fun. Curran et al. (2003) has studied attitude towards both interpersonal aspects and technological aspects of the encounter to understand the intentions to use SST. The study finds that attitudes towards employees and service forms are important predictors of SST usage intentions.

2.1.4. Innovation Characteristics

Lee and Allaway(2002) have studied that the provision of more personal control to consumers can reduce perceived risk, enhance the perceived value of the SST and induce greater adoption intention associated with the innovation. Personal control is being measured by predictability, controllability and outcome desirability. The provision of a sense of control to consumers over an SST reduces perceived risk, heightens perceived value and increases adoption intention pertaining to SST.

Meuter et al. (2005) had identified "consumer readiness variables" which are mediators between established adoption variables and trial of SST. The authors had built up the model on the concept of consumer co production. They propose that successful SST co production relies on customers knowing what is expected of them (role clarity), being motivated to engage in derived behaviour (motivation) and having the necessary knowledge and skills (ability) to fulfil their responsibilities. Furthermore, they explain why some consumers fail to try SST and establish a more concise set of constructs as better predictors of trial. As these variables are actionable, managers can apply

employee management practices to customers and set their strategies accordingly.

Eastlick and Lotz (1999) have identified personal characteristics, shopping patterns and attitudes of potential innovators and non-adaptors of interactive electronic shopping. The study has combined thee areas of research individual characters, innovation characteristics and attitudes for differentiating the user and non-users.

In conclusion, the three research streams of primary focus, individual differences, innovation characteristics and attitudinal studies are all needed to understand and predict the consumer behaviour of SST users. Focusing on any one of them may not give us the full understanding of the behaviour. For instance, individual differences like demographic variables are no longer of critical interest in understanding why consumers use SST because women, older customers, less affluent all have access to, and some level of familiarity with, using technology. Furthermore, these variables are of little value for marketers because they cannot be manipulated by them. Whereas innovation variables can only be manipulated before SST is introduced.

The attitudinal models are important for understanding the behaviour of the user but they cannot explain the behaviour on their own. Eastlick and Lotz(1999) point out that contrary to the wide held believe that attitudes towards attributes of interactive tele-shopping played a very minor role in influencing a non-adopter, and was not a significant predictor of being an innovator. A combination of these variables (Moderating/ mediating variables) like "consumer readiness" are meaningful as they capture all the dimensions of the behaviour and have good predictive value. These variables can be actively managed before SST is introduced as well as after it is fully operational.

2.2. IT technologies as a part of tourism distributions channel

2.2.1. IT and Tourism

Tourism is a global industry; it is among the leading growth sectors in the world. Its development is closely related to socio-economic and technological changes, which continuously change the nature of supply of, and demand for, tourism services.

Camison (2000) said that research into IT and their impact on business has developed within two different but complementary approaches. The first has a technical slant, basically concentrating on the processes for selection, introduction and management of IT, while the second more organisational in its viewpoint, has focused on the management of systems which use IT and their impact on administrative and organisational processes.

Werthner and Klein (1999) described that tourism services will be increasingly "informatised", more information about the services is made available at the front end to the customer, improving transparency, complementary services are added such as electronic guides leading to "edutainment", information about the customer is utilised more efficiently.

Furthermore, Buhalis (1998) added that the revolution of IT has profound implications for the management of the tourism industry, mainly by enabling efficient cooperation with the industry and by offering tools for globalisation. O´Connor (1999) emphasised the importance of information technology in the flow of quick and accurate information between client, intermediaries and tourism suppliers involved in serving the clients needs.

Researchers have generally agreed that airlines were early adopters of technology, using them to help improve their processes and gain competitive advantage. Buhalis (1998) further emphasised that tourism enterprises need to understand, incorporate and utilize IT strategically in order to serve their target markets, improve efficiency, maximize profitability, enhance services and maintain long-term profitability.

2.2.2. Information Technology and Distribution

Electronic Distribution

Buhalis (2000) said that distribution has emerged as one of the most dynamic elements in the tourism industry resulting in the emergence of information technology, which has revolutionized communication and information channels between enterprises and consumers, however, this has made distribution one of the few elements of the marketing mix that can contribute to the competitiveness of enterprises.

Buhalis (1998), added that the emergence of IT has transformed distribution to an electronic marketplace, where access to information and ubiquity is achieved, while interactivity between principals and consumers is empowered. He further said that the evolution of ITs demonstrated that destinations and principals will be unable to compete effectively, unless they were able to promote themselves in the emergent electronic distribution channels.

O´Connor and Flew (2004) stated that channels became increasingly interconnected as intermediaries formed strategic alliances in an attempt to develop multiple routes to the customers. He further said that new intermediaries and business models have appeared, and while the original electronic channel were linear, closed and dedicated, the emerging distribution model is multi-dimensional, open and flexible with the majority of participants able to distribute to customers using a variety of different routes

Buhalis (1998) added that the three main waves of technological developments that established IT in the tourism enterprises are Computer Reservation Systems in the 1970s, Global Distribution Systems in the 1980s and the Internet in the 1990s, he further said that the three technologies currently operate both separately and jointly, controlling different functions and target markets.

Pearce, Tan and Schott (2004), said that diversity is reflected in the multiple distribution channels that cater for the different market segments. However, a

mix of direct and indirect channel reaches most segments. The type and complexity of the indirect channels vary from segment to segment.

Several researchers have pointed out that electronic distribution use strategic network theory to show how electronic intermediaries need to form strategic alliances in other to thrive. They identified five types of relationships existing, which are *Channel* (enables one company to access the distribution channels of another), *Collaborative* (where competitors cooperate with each other to achieve goals, which will be difficult to achieve alone), *Complimentary* (where companies cross sell products normally bought together), *Converse* (where the partners distribute unrelated products), and *Communicative* (where content from infomediaries enriches and adds value to partner websites).

In view of this, they predicted that competition in the future will however be further dictated by the network of partners as a whole than a single intermediary. (e.g., Dale 2004; O`Connor P and Murphy J et al 2004).

However, most research has shown that distribution plays an important role in the formulation of cost, differentiation strategies, and profitability of all members of the tourism value chain.

Computerised reservation systems (CRSs)

The computerised reservation system in tourism appeared in the early 1970s with the advent of the internal CRSs. However, the airlines were the early adopters, it was important for the distribution mix and strategy of airlines. Buhalis (1998) mentioned that the CRSs is essentially a database which manages the inventory of a tourism enterprise, whilst it distributes it electronically to remote sales offices and external partners. However, he emphasised that intermediaries and consumers can access the inventory and they can make and confirm reservations.

He further said that firstly, CRSs assists principals to control, promote and sell their products globally, while facilitating their yield management. Secondly, they integrate the entire range of business functions and thus can contribute

to principals' profitability and long-term prosperity. Thirdly, it charges competitive commission rates, flexible pricing, fourthly, it reduces communication costs. The hotel chains and tour operators have also developed CRSs.

Global Distribution System

The 1980 saw the emergence of the GDSs from the airline CRS, this has helped expand their geographical coverage, as well as by integrating both horizontally (with other airlines) and vertically (by incorporating the entire range of tourism products and services, such as accommodation, ferry, trains, car rentals etc), Buhalis (1998).

Carrol and Siguaw (2003) added that GDSs are repositioning themselves to become marketing and service companies for their suppliers and subscribers (principally travel agencies), changing their focus from airlines to other travel-industry segments. They further added that GDSs online connection is through the support of other intermediaries, plus mergers, acquisitions and partnerships with selected online players.

Buhalis (1998) made the assertion that the GDSs have emerged as the `circulation system` or the backbone of the industry by establishing a global communication standard and a new tourism electronic distribution channel. He further enumerated that the GDSs efficiency and reliability enabled principals to distribute and manage their reservations globally by bridging consumer needs with tourism supply. They changed the nature of business to an `electronic market place`

The Internet and the World Wide Web

The Internet convergence media, telecommunications, and information technology, increase the interactivity between consumers and suppliers. The World Wide Web is the fastest growing area of the Internet, enabling distribution of multimedia information. However, the tourism industry has launched several services to take advantage of the Internet, Buhalis (1998).

Researchers have said that the Internet and the WWW provide many opportunities for the tourism industry as they close the gap between consumers and suppliers. They also talked about the provision of inexpensive infrastructure, promotion and distribution for both principals and destinations, provide services by incorporating similar structured information, and help in packaging of a wide range of diverse products and services. Furthermore, the Internet and the WWW has a global reach for the marketing of tourism products.

O´Connor (1999) remarked that many tourism supplies would like to bypass the GDSs because of cost (fee per transaction), audience (mostly travel agents and other business travel oriented clients) and information content (its limitation both in the data that can be distributed and by its textually based interface) for the Internet.

However, Buhalis (1998) has identified a number of issues that have to be addressed concerning the Internet and WWW, they include: security of transmission, credibility of information, intellectual property and copyrights, user confusion and dissatisfaction, equal access, and pricing etc

2.2.3. Parties Involved in the Channel Distribution

Tour Operators

Werthner and Klein (1999) pointed out that a tour operator purchases and assembles a large number of components produced by the suppliers, and to sell these as packaged products. They act as wholesalers, conduct the main marketing and distribution activities and have part of the financial risk of unsold stocks. They further added that tour operators show features like owing brands, knowledge about product aggregation and marketing. However, emphasis that tour operators experience fierce competition, enforcing concentration processes, and have limited control over quality of the product.

Travel Agencies

Travel agents act as a distributor, broker or retailer on behalf of the suppliers, their main contact with the supply side is the tour operator. Their income is

based on commissions, a percentage of the product price. As retailers, they provide information about products to potential client. (Werthner and Klein, 1999).

Carrol and Siguaw (2003), added that Travel Agencies faced with reduced or eliminated commissions, agencies are consolidating and charging fees for services for travellers and firms. They are replacing commissions with incentive payments from suppliers, including hotels for shifting market share.

Destination Management Organisation

The DMOs are responsible for destination management, planning activities, marketing/branding of the entire destination, training and education, and are often engaged in the daily operation, Werthner and Klein (1999).

In conclusion, researchers have said that DMOs are government institutions, their structure differ from country to country. The DMO can operate on the local tourism organisations (LTO), regional tourism organisations (RTO), national tourism organisation (NTO), and also provide information on both private and public facilities (Werthner and Klein,1999).

Primary Suppliers

The primary suppliers produce the basic tourism products or components such as accommodation, catering or entertainment. They covers a whole set of different areas within a destination, including culture and agriculture as well. Examples of them are HoReCa sector (covering hotels and other accommodation, restaurants, canteens and catering),(Werthner and Klein,1999)

Airlines

Werthner and Klein (1999) added that the airline industry is the most technological advanced group in tourism, with growing demand towards long haul tourism, also they were among the first companies to create world electronic networks to sell, distribute their services and for internal management and   operates purpose.

Hotel Chains

Researchers see hotels as both on the intermediary and supply side, because marketing and operating units represent many chains, where accommodation is owned by a different unit (Werthner and Klein, 1999).

Appendix 2 shows the structural network of all the parties in the tourism market marketplace, showing the cooperation and communication sequence within the industry.

2.3. Internet as a marketing promotional and communication tool

Advertising on the Web is increasing in importance and impact. Schwartz (1998) has asserted that for the advertising industry, the Web is simultaneously the biggest challenge and the biggest opportunity in a long time. Furthermore, the travel and tourism industry is a very fragmented and an information-rich business, which makes it especially receptive for the benefits that the Internet offers (Schwartz 1998). It should also to be mentioned also that tourism is an unusual product, in that it exists only as information at the point of sale, and cannot be sampled before the purchase decision is made (WTO Business Council, 1999). The information-based nature of this product means that the Internet, which offers global reach and multimedia capability, is an increasingly important means of promoting and distributing tourism services (Doolin et al2002).

Gretzel, Yuan and Fesenmaier (2000) argued that information technology has led to a number of profound changes in the assumptions underlying communication strategies. It was concluded that the change occurring in the new economy involves a rethinking of who partners and competitors, are and how networks with other organizations can increase organizational capacity to learn (Gretzel et al 2000) Thus, it is argued that success of tourism organizations in the new economy is more about change in approach than technology itself.

2.3.1. Personalized Web Sites and Virtual Customer Communities

Thorbotnsen, Supphellsen and Nysveen (2002) pointed out that there are mainly two internet-based, interactive marketing applications enable consumers and firms to provide and interactively access hypermedia content (machine interactivity) and communicate through the medium (person interactivity) - there are Personalized Web Sites and Virtual Customer Communities. The authors connected this with the "interactive marketing" that is defined by Bezjian-Avery et al. (1998) as: "…an interactive dialogue where individual consumers' needs and desires are uncovered modified and satisfied to the degree possible." The present definition of interactivity will include well-known forms of interactive marketing such as traditional direct marketing and personal sales, as well as the more recent online marketing applications.

Holland & Baker, (2001) highlighted that personalized Web Sites and Virtual Customer Communities are among the most common applications on Internet marketing today and both are hypothesized to be advertising and promising tools for building brand loyalty and strong consumer-brand relationships (quoted by Thorbotnsen, et al 2002)

Personalized Web Sites
Interactive marketing includes the possibility of personalizing information and content to each customer's unique preferences and needs (Bezjian-Avery et al., 1998). Personalized Web sites are simply dynamic Web sites where each consumer can get personally tailored information through user profiles and identification.

Gretzel, et al (2003) borrowed the concept of three stages web-site development from Hanson (2000), exemplifying that web sites can be developed in three stages: In *Stage one,* the Web sites are pure "publishing sites" that only distribute data. There is limited dialogue between the Web site and the consumer because the Web is used like a traditional broadcast medium. In *Stage two,* the models have low degrees of innovation and require little adjustment of organizational structures. Simple advertising strategies such as advertising banners and mass e-mail fall into this category. In *Stage*

two the Web sites concentrate on information. These sites are database driven and allow for more specific retrievals and ask-respond interactions. On the second stage the models are more innovative and integrate more functions. Online auctions are one example for *Stage two* models. In *Stage three* the sites are "personalized interaction sites" that stress relationship building. In this stage e-business models are highly innovative, multifaceted, and integrated into the overall organizational framework. Virtual value chain integration and virtual communities are seen as models that have *Stage three* characteristics. (Gretzel, et al 2003, Hanson 2000, Timmers 1998)

In relation to the above, Doolin, Burgess and Cooper (2002) has described that commercial Web site development typically begins simply and evolves over time with the addition more functionality and complexity as firms gain experience with Internet technologies. The extended model of Internet Commerce Adoption (eMICA) model developed by Burgessand Cooper (2000) is based on this concept. The eMICA model (*Appendix 3*) consists of three stages, incorporating three levels of business process—Web-based promotion, provision of information and services, and transaction processing. The stages of development provide a roadmap that indicates where a business or industry sector is in its development of Internet commerce applications. As sites move through the stages of development from inception (promotion) through consolidation (provision) to maturity (processing), layers of complexity and functionality are added to the site. This addition of layers is synonymous with the business moving from a static Internet presence through increasing levels of interactivity to a dynamic site incorporating value chain integration and innovative applications to add value through information management and rich functionality (Timmers, 1998). In order to accommodate the wide range of Internet commerce development evidenced in industries such as tourism, eMICA incorporates a number of additional layers of complexity, ranging from very simple to highly sophisticated, within the identified main stages of the model. (The model is profoundly explained in Chapter 4)

The results of the study done by Doolin et al (2002) suggest that in the tourism industry, major milestones in Internet commerce development can be summarized as follows: *First level* is moving beyond a basic Web page with an email contact, to providing links to value-added tourism information and the use of Web-based forms for customer interaction. *Second level* is offering opportunities for the consumer to interact with the Website through: (a) value-added features such as sending electronic postcards or recording their experiences and reading others' experiences in Web-based guest books; and (b) the provision of online customer support via internal site search engines and searchable databases. *Third level* is the beginnings of Internet commerce transactions with the acceptance of online bookings for accommodation, travel, and other tourism services. *Fourth level* is characterized with full adoption of Internet commerce, where consumers are able to complete transactions online through secure Internet channels.

Virtual Customers Communities

Thorbotnsen, Supphellsen and Nysveen (2002), stated that a community is basically a Web site with possibilities of communication between multiple parties. This dialogue can proceed in real-time— called chatting—or asynchronously by members posting messages on a bulletin board. The so-called "chat rooms" have become immensely popular on the Internet, but these are seldom used for promoting commercial products.

Gretzel, Yuan and Fesenmaier (2001) stated that a virtual community is not an entity but rather a process defined by its members. It possesses many essential traits as physical communities and the substance that allows for common experience and meaning among members. Bromberg, 1996 argued that without the personal investment, intimacy, and commitment that characterizes our ideal sense of community, some on-line discussion groups and chat rooms are nothing more than a means of communication among people with common interests (quoted by Gretzel et al 2001). In addition, a more comprehensive and complete understanding of the virtual community requires an examination of elements at a more operational level. These elements include people, purpose, policy, and computer systems.

Armstrong & Hagel, (1996) seem to be very commonly cited authors in relation with on-line communities. They pointed out that a virtual community is regarded as one of the most effective business models in the information age, and the rise of virtual communities in on-line networks has provided great opportunities for both business organizations and their customers. Gretzel et al (2001) have used this new business model, and state that it has substantial implications within the travel industry in terms of their marketing strategies and the development and design of virtual tourist communities. According to them, for tourism organizations, virtual communities have broadened their marketing horizon and are making a great impact on marketing, sales, product and service development, supplier network, information quality, and distribution channels. However, the implication drawn from the article above can be summarised as *Brand building*, *Relationship building, Category building, Cost reduction, Revenue provision*, and *Community design*.

Brand building is when a virtual community provides tourism organizations with a more effective method for communicating what their products and service are all about. This brand-building process can bring brand awareness, brand loyalty, perceived quality, and brand associations. *Relationship building* is recognized when a virtual community is regarded as the most effective way of relationship marketing. Tourism organizations can create virtual community environments, which may contain valuable options to make the product and service better, to provide more specialized and personalized services and thus build strong customer loyalty. *Category building* takes place when tourism organizations can use virtual communities to educate visitors about their entire category of products and services, making them aware of new provision of products and services. At the same time, travel companies can build their new product or service categories through the mutual communication with customers or by analyzing the communication between customers to find out what they really want and need. *Cost reduction* can be achieved because virtual communities are the cheapest form for information dissemination and customer interaction. This is especially true for tourism organizations considering the large amount of information consumption and

the information-intense nature of tourism products and services. *Revenue provision* can be accomplished when tourism virtual communities can attract a variety of companies specialized in core and periphery tourism products, it is possible for the organizers of the community to adopt provider-based revenue models in which fees are paid to the community by other companies in order to reach the community members. These revenues may include content sponsorship, banner adverting, prospect fees, and sales commissions. The last implication of virtual communities is the *Community design*. Understanding the marketing potential of a virtual community is only halfway to capitalizing on the benefits it can generate; the other half mainly depends on the design and maintenance of the community. As these communities evolve, the range, richness, reliability, and timeliness of information available to members is likely to be far greater than that of any information available through more conventional means.

2.3.2. Internet and Changing Marketing Strategies

"*It is not enough to acquire technology, you also have to learn to apply it intelligently. New ways of thinking, managing and working are required.*" *(Thorp 1998, p. 7).*

The information system to be adopted needs to fit into the organizational concept of marketing strategy, culture, and structure. This broader concept of effective technology use calls for evaluation strategies that are able to capture and assess problems that reach beyond the technology itself (Gretzel et al 2003). According to Forrester Research (1999), successful online advertising is not just about technology and new communication channels. It is about deconstructing traditional business models and reinventing the organization. The integration of innovative technologies will allow firms to break away from obsolete and ineffective approaches to differentiate themselves in a highly competitive, global, and networked economy.

Gretzel et al (2003) emphasized that integrated approaches that build the advantages and capabilities of the technology (e.g., richness and interactivity) need to be translated into concrete advertising actions (e.g., relationship

building, branding, brand loyalty). The nature of the Web provides new opportunities but also poses serious threats, especially to small tourism organizations

Vice-president of "Yahoo!" Seth Godin (1999) introduced the concept of "Permission Marketing" as an organizational advertising and marketing strategy" This form of marketing uses the interactivity offered by the Web to engage customers in a dialogue and, as a consequence, in a long-term interactive relationship. It is based on the premise that the attention of consumers is a scarce good that needs to be managed carefully. The application of traditional advertising models that assume a passive, captive audience will not lead to the desired outcomes (Gretzel, et al 2000). Permission marketing gives consumers the opportunity to volunteer to be marketed to in return for some kind of reward. Volunteers are of course more likely to pay attention to the advertising message because the advertising message itself becomes anticipated, relevant, and personal. The emphasis of permission marketing lies on building relationships with consumers instead of interrupting their lives with mass advertising messages.

2.3.3. Internet Experience and importance of the Web design

Gretzel et al (2000) also stressed in their article that customer experience is greatly enhanced when Websites offer interactivity. Internet users not only search for information but also seek a different kind of experience and expect interaction. This experience can be greatly improved through sites that offer interactivity, allow attention to be focused, and lead to perceived congruence of skills and challenges. Hoffman and Novak (1995) mentioned that according to information system (IS) researchers, technology experience is a strong predictor of both attitudes and behaviour toward the technology). A positive experience on the Web site increases the time spent at the site and mainly depends on the hypermedia content but can also be influenced through community building features such as a discussion forum. Furthermore, site content defines the level of interactivity and vividness. Providing opportunities for users to select activities increases their attention and joy of use (Hoffman and Novak 1995). Therefore, the ability to take advantage of various

relationship-building applications on the Internet will depend on several individual and situational factors, and customer experience is an important factor in understanding consumer information processing (Thorbotnsen, et al 2002)

2.3.4. Difference between online and traditional advertising

Several authors have pointed out that online advertising, like traditional forms of advertising, attempts to disseminate information, but it differs from other media by enabling consumers to interact with the advertisement (e.g. Zeff and Aronson 1999, Gretzel, et al 2000). Godin (1999) also mentioned that advertising on the Web is different from advertising in other media, and it needs to be address in new ways using new strategies. Leading advertisers do not simply use the Web for putting up banners; they create fully functioning businesses. Beside direct marketing and branding, these Web sites offer extranets for suppliers, intranets for employees, and a variety of sales and service links for customers.

Gretzel et al (2000) discussed that in comparison to traditional media, the Internet combines and integrates the following functional properties: *information representation, collaboration, communication, interactivity*, and *transactions*.

Several authors illustrated that building a virtual community for leisure travellers has considerable economic potential, and added that the real opportunity on the Web is not doing things faster and cheaper. Instead, the real opportunity is to rethink the business models that organizations employ, both in terms of delivering value to the customer and in building relationships with customers, suppliers, and other business partners.

Collaboration, and as a possible consequence, the building of virtual communities or virtual organizations, requires flexible and open structures, a change in the organizational mindset, and new business processes (e.g., Hagel 1999, Gretzel, et al 2000)

Gretzel et al (2000) also argued that travel and tourism fit especially well with interactive media because they are an information-intensive industry in which transactions can be made online, and current Web users are heavy users of travel and tourism products and services. Interactive media call for interactive marketing. The essence of interactive marketing is the use of information from the customer rather than about the customer (Day 1998, p. 47 quoted by Gretzel et al 2000). It differs from traditional marketing since it is based on a dialogue instead of a one-way communication, and it deals with individual consumers instead of mass markets (Parsons, Zeisser, and Waitman 1998). Moreover, marketing strategies that respond to the nature of the Web are strategies that are based on personalization, experience, involvement, and permission; in contrast to traditional marketing that builds on mass communication, tangible products, one-time selling instead of forming relationships, and unsolicited interruption.

Zeff and Aronson (1999) stated that Internet advertising is the convergence of traditional advertising and direct response marketing. Online advertising offers the opportunity to precisely target an audience to deliver advertisements that are customized to the user's particular interest and taste. This can be achieved through Web measurement and ad-serving tools, database mining, collaborative filtering, behavioural analysis, and personalization tools (quoted by Gretzel et al 2000). Stocks (2000), on the other hand argued that since the Web allows for mass customization, new bases for market segmentation demand to be found. Much discussion focused attention on user attitudes, the importance of choice, and the intangibility of tourism products and services. The author concluded that online consumers not only want information but also seek entertainment (or "edutainment") when they go onto the Web. They are more active than in the case of TV advertising or ads in print media. It is clear that if Web sites do not offer them an enjoyable experience, the consumer's attention cannot be retained, and they will quickly switch to a more exciting site.

Moving from simply broadcasting information to letting consumers interact with the Website content allows the tourism organisation to engage

consumers' interest and participation (increasing the likelihood that they will return to the site), to capture information about their preferences, and to use that information to provide personalised communication and services (Doolin, Burgess and Cooper, 2002). The content of tourism Websites is particularly important because it directly influences the perceived image of the destination and creates a virtual experience for the consumer.

It can be concluded that successful online advertising requires different skills and new approaches because of the distinctive characteristics of the Web (Gretzel et al 2000). A combination of online and offline advertising strategies seems to be the best way to fully use the capacities of the Web. A consistent advertising message distributed through different media leads to synergies between online and offline strategies. Since the Web differs from other media, the focus should be on doing things differently, not just on doing old things cheaper and faster, rather than building strategies that are based on personalization, experience, involvement, and permission (Stock 2000)

2.4. Summary of the literature review

From the literature above, we concluded that IT has profound implications for the management of the tourism industry through its numerous innovative electronic distribution channels; this has enabled efficient cooperation within the industry and by offering tools for globalisation. Furthermore, the hierarchical tourism market model reflects the entire set of cooperation and communication chain with the industry, striving through the five relationships namely: channelling, collaborating, communicating, complimenting and conversing among various parties involved in the value chain.

The co-production of services requires attentions to two subject areas, which will influence marketing in these new changing roles. These are *depersonalization* and *disintermediation*. By depersonalization of the services, we mean interaction of customers with the service provider sans employees. The process can be understood by studying consumer behaviour of the SST users. SSTs may have limited appeal to consumers accustomed to high level

of personal services or unaccustomed to dealing with technology. The need is to understand the consumer behaviour and derive a set of factors which heightens our understanding of SST usage.

By disintermediation, we mean the interaction of customer with service provider sans any other firm. The process can be understood by studying distribution channels and the role played by the traditional intermediaries and the SST. Understanding of these two subject areas will enrich our knowledge of marketing the services and the firms will be able to realize their savings when customers adopt these new technologies.

Rapid growth and change are the major components of today's Internet economy, and tourism organizations should respond by developing new models of doing business and new ways of making and delivering products and services. Information technology has made it possible for anyone to be in contact with any other person. As a result, technological and business applications are literally changing everyday and new cultures are evolving. Provision of information on local facilities and attractions and the ability to reserve the whole range of tourism products determines the ability to attract the new and sophisticated types of tourism demand. The provision of differentiated and tailor-made products becomes much easier as consumers can assemble specialised products and construct their own itinerary. Tourism organizations should understand how to adapt, react and take advantage of this phenomenon so that they can become the water, which will sail their business to a new horizon, instead of ruin it.

Chapter 3: Methodology

This exploratory study combines three different methodologies: content analysis, questionnaire survey and interview, which are grouped in to three stages. These stages attempts to capture diverse viewpoints from the supplier's perspective and thoroughly depicts the adoption of Internet technologies by traditional travel agencies in relation to the online travel agencies. We have defined the online and traditional travel agents on the basis of their existence in the market. Online Travel Agencies exist virtually (mainly on the marketspace), whereas Traditional Travel Agencies have physical presence in the marketplace. For the purpose of the thesis, only those traditional travel agencies are included which are Swedish and Bulgarian, thus international travel agencies are excluded from the survey. In order to evaluate the e-commerce through a reference point, we have assumed that the online travel agents have advanced and well-developed websites. They mostly incorporate all those elements which are needed to switch the online lookers to online bookers. The basis of our assumption is that the online travel agents are compelled to provide full functionality of their websites, as they lack physical contact with their customers.

The first stage evaluates the websites and analyzes the elements of the website which facilitate the complete search and booking of tourism products online. For this purpose the content analysis of seventy three websites of Swedish, Bulgarian and Online travel agents are conducted. The second stage observes, from the intermediary's point of view, how important these services are and whether they can help the company in improving their services. This is achieved through a questionnaire based online survey of forty six travel agents which was also limited to Swedish, Bulgarian and Online travel agencies. The final stage focuses on the different e-marketing approaches adopted by the travel agencies. This includes interviews with two travel agents from Bulgaria and Sweden.

3.1 First Stage: Content analysis

A content analysis of the websites of Bulgarian, Swedish and Online travel agencies were undertaken to understand the functionality and development of online services offered by them. Content analysis is defined as "any technique for making inferences by systematically and objectively identifying specified characteristics of messages" (Nysveen & Lexhagen, 2001). Silverman (2003) consider this kind of methodology as a quantitative research using the method of textual analysis (content analysis that counts the items of researchers' categories). According to the same author qualitative research using the same method of textual analysis means that the researcher has to start without hypothesis and induce and test it during the data analyzing. Therefore, according to this approach, the categories of the analyzing phenomena have to be set during the research process, not before, and the aim is to see how they use it in concrete activities. However, our field of study is the interactive internet network and logically, dealing with technology demand content analysis, which is more structured, and includes prepared in advance analyzing criteria for better understanding the nature and functionality of the observing technology. Thus, our study emphasizes the reliability of measures considering this feature as one of the advantages for the content analysis. Content analysis has also been used by previous researchers for the purpose of studying the content of websites (home pages) of tourism companies for example: (Doolin, Burgess and Cooper,2002), and (Nysveen & Lexhagen, 2001)

We used the database from the biggest Internet portal in Bulgaria (www.Dir.bg) and *Association of the Swedish Travel Agencies* (www.srf-travelagent.se/) to find data of all Bulgarian and Swedish travel agencies and their websites. The criterion was that they should not belong to any international corporations. For the Online Travel Sellers the database was used from the Yahoo portal (www.yahoo.com).

The database for Bulgaria contained 400 companies, sorted in a alphabetical order, except for the first 10 companies on the list, which were VIP agents

(they paid to be in the top 10 on the list). The size of the sample contained 40 elements and generated probability of 0.10. The data for Sweden contained 109 companies also sorted in an alphabetical order and the size of the sample was 12 in order to keep the proportion for probability of 0.10. Online Travel Sellers source contained 220 companies also sorted by alphabetical order. The size of the sample was 21, covered in the same way the criteria for probability of 0.10. All the data was with defined target population; therefore, one of the probability sampling methods was most appropriate. Stratified Random sampling was the type chosen by the authors for the Bulgarian case and the two strata were: a) 10 VIP agents; and b) the rest companies of the list. From the two strata, where the Excel program, were computed random numbers and the samples were selected according to the numbers. The samples from the Swedish and Online Travel Sellers data were selected through simple random sampling. All the population was arranged in alphabetical order, then they were assigned a unique number, subsequently they were selected according to the random numbers generated through MS Excel program.

Respondents of the Content Analysis				
	Swedish TA	Bulgarian TA	Online TA	Total
Population	109	400	220	729
Sample size	12	40	21	73

The analyses of the websites were based on the three categories: the eMICA element is present, some what missing and not at all present. All the 13 elements of the eMICA model were evaluated on the basis of the above mentioned categories. The analysis was registered in a excel sheet and then converted into SPSS file for coding and labelling of the elements. Finally, the results were presented by charts in Excel and described through descriptive statistics. This analysis was undertaken in the month of September 2005.

3.2. Second Stage: Online Survey

The questionnaire consisted of 9 questions (*see Appendix 10*), which measures the perceptions of the travel agents about the elements of the websites. The first five questions are background questions about the company and their website. They are focused on collecting information about

the age and size of the company, their experience with having their own website and more details about the purpose and conception of the page. Question six is based on the elements on eMICA model (reference) which we used to provide about content analysis. By incorporating this question, we want to investigate whether traditional or online travel agencies are aware of elements' importance. If they consider them as a important, but the results of our content analysis shows that they do not implement them, then we can look for the possible reasons in another aspect. With question seven, we aim to find the possible obstacles, which could impediment the process of website development for the companies. Question eight is based on the theory and incorporates the four provider gaps from the "Gap model", developed by Parasuraman, Zeithaml and Berry (1985). We want to investigate if the travel agencies use the website technology to close some of the possible gaps occurred with "B2C" interaction in the service sector. The last question is an open-end question, paying attention to the respondents' opinion about the future of the web technologies for their industry.

The survey was placed on a web page, through Survey Monkey.Com. This website offers the facility to design, collect and analyze surveys. These kind of online or web-based data collection surveys are growing in popularity. (Tierney, 2000). The respondents accessed the online survey by a link to it in an email message. The sample frame used in the survey for Bulgarian and Online travel agencies was the same, which was previously used for the content analysis in the first stage. The sample frame for the Swedish travel agents was all of the members of *Association of the Swedish Travel Agencies* (www.srf-travelagent.se/). The response rate of the Bulgarian travel agents was 11%. 21 out of 199 filled in the questionnaire, which was sent three times between 25-10-2005 to 7-11-2005. The response rate of the Swedish travel agents was 20 %. 14 out of 70 responded, to whom the survey was sent four times between 3-11-2005 to 16-11-2005. The initial response rate of the Swedish agencies was 10% (7 respondents) which was improved by personal follow up of the 20 travel agencies established in Göteborg. The response rate of the online travel agents was 12%. 11 out of 133 responded, to whom the

survey was sent four times between 25-10-2005 and 16-11-2005. The questionnaire was left with the agencies and picked up at a future date.

Respondents of the Online Survey				
	Swedish TA	Bulgarian TA	Online TA	Total
Total no. of respondents	70	199	133	402
Responded	14	21	11	46
% response	20%	10,52%	8,27%	11,40%

The results of the online survey were put into SPSS for analysis. The most serious concerns about Internet based surveys are no response bias (Tierney, 2000). The difference in the respondents and non respondent could not be verified.

3.3. Third Stage: Interviews

To have a deep understanding about the perceptions of the websites from the travel agency perspective a semi structured interview was conducted with the sales supervisor of "My Planet Sweden AB , Sweden" (Ms. Malin Ternebrink), and the web marketing manager from "Albena" Bulgaria (Mr. Ivan Ivantschev). An online-open ended questionnaire was send to Mr. Ivan Ivantschev, which was received 23rd October. A 30 minutes interview with Ms. Malin Ternebrink was conducted on 24th November 2005, at their agency situated in Götebrog.

The aim was to gather an authentic understanding of the perception regarding the traditional travel agencies websites. The same semi structured questionnaire was administered to both the participants in order to validate the results. Open-end questions are the most appropriate track that we can follow and our orientation is toward ethnomethodologycal approach, which shares naturalism's attention to detail, but locates it in talk-in-interaction (Silverman 2003).

The open-end questions (*see Appendix 11*) contain the two set of questions. The first sets are related to the characteristics, purpose, and competitive advantage of a website. The second set contains questions related to the services or elements contained in the website and the barrier to incorporate

those options. Finally, a question about the future development of the websites was included to understand the role internet can play in tourism industry in the upcoming years.

3.4. Data Source

The data sources can be classified into primary and secondary data sources. Our study utilized both of these sources. Secondary data includes "websites of tourism intermediaries", "research journals", "news papers", "online hospitality news", "books on information technology in tourism distribution channels". Moreover, for the purpose of the study the directory of Bulgarian travel agents available on "www.dir.bg" was used together with the directory of members of Association of the Swedish Travel Agencies which is available on "www.srf-travelagent.se/", and the database of online travel agents from the Yahoo portal "www.yahoo.com". The primary sources include interviews, survey conducted online and the content analysis.

The goodness of measures is mainly evaluated in terms of validity and reliability. (Cipriano Forza, 2002). The validity, measuring the right concept, is ensured by using an already developed measure, eMICA model, which has been used in three previous studies of regional tourism organization web sites in Australia, New Zealand and the Asian Pacific region (Robyn Davidson, 2002). Reliability is concerned with stability and consistency in measurement and is ensured by pursuing three fold methodologies. The results of the web development measured through content analysis were also verified by the online survey, measuring the importance attached to these elements of the web sites. Moreover, two interviews were also conducted in order to ascertain the findings . However, the possible source of error could be the low response of the respondents. Therefore, because of this low response rate we were unable to make any statistical inferences, the study only used descriptive statistics to interpret the results.

Chapter 4: Modification of the models

The purpose of the study requires setting a number of categories in order to classify the observing subject matter. We used *Extended Model of Internet Commerce Adoption (eMICA* model) and *Service Marketing Gap Model (*Gap model), and operationalized and adopted them to facilitate the research needs and requirements.

4.1. Overview of the Web Evaluation models

Robyn Davidson (2002) presents specific Web site evaluation frameworks that have been developed since the mid 1990s. None of the current models described in the literature have been developed for a specific industry. Some models have been tested and used over a broad range of industries while others have been tested and used on specific industries such as the Australian, New Zealand, and Asia-Pacific regional tourism organisations. These Web site evaluation frameworks typically involve placing a site into a broad category or giving it an overall score.

According to Davidson there are three main ways of classifying Web sites. The first classification schemes, according to the author, are called Web typology, or more commonly electronic or digital business models. These models describe a particular type of Web site. The 'stages of development models' are second classification method. In this case, there are different stages of development with functionality mapped to each stage. In order to classify a Web site, its functionality is compared to those on the list and the site is slotted into the stage of best fit, i.e. the stage with the most features from the Web site. The third classification method uses a scoring system. In scoring systems specific features of a Web site are identified and given a score. An overall score can then be calculated and used to rank the Web site compared to other sites. These frameworks are similar to the stages of development model in that specific features are listed, the difference being that features are identified and given a score.(Davidson 2002)A list of authors and the names of their models/frameworks are given for each type of evaluation framework in Table (*see Appendix 8*)

Davidson summarises each of the existing frameworks in a Table (Fig. 4.1) and *Appendix 8*). He points out that, the digital business models are all similar, in that they describe ways in which business can be conducted over the Web, but do not include specific functionality details. This was not found to be useful in the context of developing an evaluation framework, as not enough detail is provided for each model. The comments in italics relate to this author's view of how useful the method is to developing the industry specific Web site evaluation framework.

The Extended Model of Internet Commerce Adoption (eMICA) developed by Burgess and Cooper (2000) was chosen, because the model has been tested and used on tourism industry, and several surveys have been done for the Australian, New Zealand, and Asia-Pacific regional tourism organisations.

Fig. 4.1   Table of Web Site Evaluation Frameworks

Digital Business Models

- Internet business models, Afauh & Tucci, 2001
- Business models for selling on the Web, Schneider & Perry, 2000
- Business models for Internet commerce, Lawrence et al., 2000
- EC models, Turban et al., 2002
- Business models for electronic commerce, Timmers, 2000
- Typology of corporate web users, Hoger et al., 1998

Stages of Development

- Business use of WWW study, Cockburn & Wilson, 1996
- Evaluating the WWW, Ho, 1997
- Model of Internet Commerce Adoption (MICA), Burgess & Cooper, 1999
- Modified MICA, Boon, Hewett & Parker, 2000
- Extended MICA (eMICA), Burgess & Cooper, 2000

Scoring System

- CEC Web Site Evaluation Framework, Elliot, 2002
- Web Site Evaluation Application, Gartner, 2002

(Existing Web Site Evaluation Frameworks, Davidson 2002, p. 2)

4.2. Extended Model of Internet Commerce Adoption (eMICA)

The eMICA EC adoption model (Burgess and Cooper, 2000) describes the evolution over time of web based services and functionality depending on the

degree with which the business handles the transition to new technologies. The eMICA model differentiates three stages:

1. Promotion; 2.   Implementation; and 3. Processing (*Appendix 3*). All three stages contain different elements of functionality:

Elements of functionality

- email contact details
- images
- description of regional tourism features
- systematic links to further information
- multiple value-added features (key facts, maps, itineraries, distances, news, photo gallery)
- lists of accommodation, attractions, activities, events with contact details and/or links
- Web-based inquiry or order form
- interactive value-added features (currency converters, electronic postcards, interactive maps,
- downloadable materials, special offers, guest books, Web cam)
- online customer support (FAQs, site map, site search engine)
- searchable databases for accommodation, attractions, activities, dining, shopping, events
- online bookings for accommodation, tours, travel
- advanced value-added features (multi-language support, multimedia, email updates)
- non-secure online payment
- secure online payment

Promotion is the initial stage of web development, with static information which serves mainly to promote and publicize the business offerings. Within this stage a first level is normally presented with the basic information about the company, its address, contact information and general information about the products and services offered. A second level is also presented where a richer variety of information is available on the web. This might include annual reports, e-mail contacts and other commercial information about the firm. In other words, this is an additional channel of marketing strategies, offering the company's information online.

The second stage described with the eMICA model is when the company web site moves to a dynamic information system with a web front end. Within this

stage, three levels are identified. *Low level* of interactivity is characterized by on-line catalogues, links to detailed information and on-line registration form. *Medium level* of interactivity is characterized with more complete product catalogues, on-line help for users and personalization as well as wider links to industry sites. *High level* of interactivity is completed by the sites that include chat rooms, discussion forums, multimedia applications and dynamic newscasts.

This involves value added links, FAQ, e-mail, technical information and an online enquiry system. Customers or visitors can obtain a lot of information and answers for their questions regarding products and prices. In addition, e-commerce enables a company to get feedback and response interactively using e-mail. Therefore, in this stage, the company uses electronic commerce in a broader area rather than just as a promotion channel.

The third stage identified in the eMICA model is where the web site has a functional maturity which permits on-line transactions. This requires a higher level of security than the previous stages as well as user identification. At this stage users will be able to purchase products and services across the web, maintain an individual profile and obtain personal profiles matching offerings to the individual needs. This is the broadest and most complex e-commerce application since it enables the company to process multiple tasks such as online sales, online orders, online delivery (especially for digital products) and online payment. Thus, in this layer, the company creates an integrated function.

4.3. The Service Marketing 'Gap' Model

The 'Gap' model created by Parasuraman, Zeithaml and Berry (1985) is a means of describing customer dissatisfaction in the context of service quality. The conceptual model of service quality follows: "The key to delivering high quality service is to continually monitor customer perceptions of service quality, identify causes of service quality shortfalls, and take appropriate action to improve the quality of service (close the service gaps)" (p. 52).

The model focuses on strategies and processes that firms can employ to drive service excellence while maintaining a focus on customers. It positions the key concepts, strategies, and decisions in services marketing in a manner that begins with the customers and builds the organization's tasks around what is needed to close the gap between customer expectations and perceptions. (*Appendix 4*)

Zeithaml and Bithner in their book "Services Marketing" (2002) illustrate all the possible gaps. The authors pointed out that the central focus of the gaps model is the *customer gap*, the difference between customer expectations and perceptions. Firms need to close this gap – between what customers expect and received – in order to satisfy their customers and build long-term relationship with them. To close this all-important customer gap, the model suggests that four other gaps – the *provider gaps* – need to be closed.

In summary, the 'Gap' model keeps a clear focus on the perceptions of the customer, and these are seen as paramount from which the company can detect and deduct causes of poor service. The model is basically customer-oriented as quality is realized by the customer in a comparison between expected and perceived quality after the customer has received the service. It has an advantage of turning the way the service operates inside out, as it looks at a service from a customer's point of view. By understanding the factors that influence those gaps and managing them, it is easier for management to control and take corrective action to reduce the difference between expected and perceived service quality so that customers will be satisfied.

4.4. Modification of the eMICA model for the purpose of the thesis

The present master thesis uses the the eMICA model to study the website of Swedish, Bulgarian and Online travel agencies. For this purpose, we changed and modified the original model created by Burgess and Cooper (2000).

Similar to the original model, the adopted from us one has three stages, but some of the elements are changed:

Information stage:
1. Email contact detail
2. Product catalogs
3. Information for the offering tourism destinations

Interaction stage:
4. systematic links to further information
5. multiple value-added features (key facts, maps, itineraries, distances, news, photo gallery)
6. Web-based inquiry or order form
7. interactive value-added features (currency converters, electronic postcards, interactive maps,downloadable materials, special offers, guest books, Web cam)
8. online customer support (FAQs, site map, site search engine)
9. searchable engines
10. online bookings
11. advanced value-added features (multi-language support, multimedia, email updates)
12. chat rooms and discussion forums

Transaction stage:
13. online payment

This modification brings a clearer and more understandable way for analyzing the study. The stages are separate according to the communication channels that they implement. *Information stage* only has the elements for B2C communication channel where the company publish information about their contact detail, area of business, product catalogs etc. *Interaction stage* contains elements for B2C, C2B and C2C communications, and makes possible two-way interaction with the customers. *Transaction stage* is the most advanced stage according the model and allows customers to purchase and pay the products online

We also found another limitation for the thesis's study regarding the original eMICA model. Burgess and Cooper (2000) pointed out that as the sites move through the developmental stages from the inception (promotion) via consolidation (provision) to the maturity (processing), the complexity and functionality layers are added to the site. According to them, the development of the website is gradual, and is a matter of time: "the evolution of electronic commerce adoption is function of time, complexity and functionality" (see *figure 4.2.*). However, the study of the travel agencies' websites shows that most of them are developed without following the sequence progression of

three stages and the commerce adoption is a matter of financial resources, knowledge and awareness, but time.

Fig. 4.2. Internet Commerce Roadmap (Burgess & Cooper, 2000, p. 281)
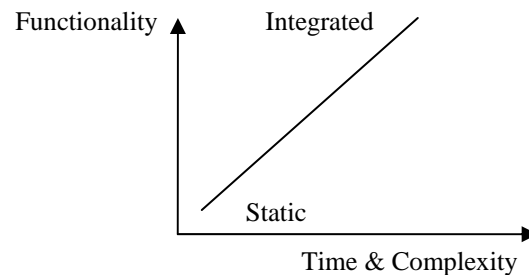
4.5. Incorporating the Gap and the eMICA Models

The Gaps model of service brings *customer focus* and *service excellence* together in a structured, particular way. (Zeithman & Bithner, 2002) The model focuses on strategies and processes that a firm can employ to drive service excellence while maintaining a focus on customers. It positions the key concepts, strategies, and decisions in services marketing in a manner that begins with the customers, and builds the organization's tasks around what is needed to close the gap between customer expectations and perceptions.

According to the same authors, the central focus of the gaps model is the *customer Gap*, the difference between customer expectations and perceptions. Firms need to close this gap – between what customers expect and receive – in order to satisfy their customers and build long-term relationships with them. Thus, close this all-important customer gap, the model suggests that four other gaps – the *provider Gaps* – need to be closed.

The following four provided gaps are the underlying causes behind the customer gap:

Gap 1: *Not knowing what customers expect.*

Gap 2: *Not selecting the right service designs and standards.*

Gap 3: *Not delivering to service standards.*

Gap 4: *Not match performance to promises.*

Internet and particularly website technologies offer numerous possibilities that can contribute to the process of closing the gaps. eMICA model, which incorporate three levels of business process—Web-based *promotion, provision* of information and services, and transaction *processing* (Burgles & Cooper 2002*),* contain several interaction and functional options, which handled in a proper way from the company can improve the service quality, based on customer prospective. The modified from us eMICA model, contain the following stages and elements:

> *Information stage*:
> 1. Email contact detail
> 2. Product catalogs
> 3. Information for the offering tourism destinations
>
> *Interaction stage*:
> 4. systematic links to further information
> 5. multiple value-added features (key facts, maps, itineraries, distances, news, photo gallery)
> 6. Web-based inquiry or order form
> 7. interactive value-added features (currency converters, electronic postcards, interactive maps, downloadable materials, special offers, guest books, Web cam)
> 8. online customer support (FAQs, site map, site search engine)
> 9. searchable engines
> 10. online bookings
> 11. advanced value-added features (multi-language support, multimedia, email updates)
> 12. chat rooms and discussion forums
>
> *Transaction stage:*
> 13. online payment

Commercial websites can become an adequate instrument of closing the gaps only if they contain the proper web options. The eMICA model has elements in all its stages (promotion, interaction and transaction) that are appropriate to manage a number of key factors leading to the provider gaps. The following discussion links the provider gaps and the key factors leading to the gaps with the eMICA elements and other Internet options (*Fig. 4.3, p. 47*).

Customer gap correspond to *customer expectations* and *customer perceptions*. Customer perceptions are subjective assessments of actual service experiences; customer expectations are the standards of which service experiences are compared. Key factors leading to the Customer Gap are providing gaps 1, 2, 3, and 4. Therefore, to the extent that one or more of

provider gaps 1 through 4 exist, customers perceived quality discrepancy (Zeithman & Bithner, 2002).

Fig. 4.3. Table Incorporating Gap and eMICA models

Provider gaps	Key factors for provider gap	eMICA and Internet options influencing the key factors
Provider gap 1	Inadequate marketing research	Internet-based marketing research
	Lack of upward communication	Web-based inquiry form, guest books, chat rooms, and discussion forums" (elements 6, 7, and 12)
	Insufficient relationship focus	E-mail updated and Discussion forums
Provider gap 2	Absence of customer-driven standards	
	Inadequate service leadership and poor service design	
	Inappropriate physical evidence	Web design
Provider gap 3	Deficiencies in human resource policies	Web-based human resource options, employees message board, Intranet
	Failure to match supply and demand	Searchable engines, Online booking, and Online payment (elements 9, 10, and 13)
	Customers not fulfilling roles	Online Customer support (element 8)
	Problems with service intermediaries	Online booking and Online payment (elements 10 and 13)
Provider gap 4	Lack of integrated services marketing communication	E-mail updated and Discussion forums (Elements 11 and 12), Online advertising Employees message board, Intranet
	Ineffective management of customer expectations and overpromising	Product catalogs, Information about offering destinations, Additional web links, Multiple value-added features, and Interactive value-added features (Elements 2, 3, 4, 5, and 7).
	Inadequate horizontal communication	Intranet and online employee message board

4.5.1. Provider Gap 1

Provider Gap 1 is the difference between customer expectations of service and company understanding of those expectations caused by insufficient C2B and B2C communications. Many reasons exist for managers not being aware of what customers expect. They are listed below and related with the

appropriate eMICA and Internet options, which help to manage the key factors leading to the provider gap.

Inadequate marketing research linked with the options for Internet surveys

The web technologies offer a variety of options through which a company can provide a marketing research. Companies using Internet can run focus groups, set up customer panels, and send out questionnaires to gather primary data (Kotler 2002).

Lack of upward communication linked with elements 7 and 12

A company website can offer options that improve two-way communication with the customers and can curtail the layers between the customers and top-management. Some of the most appropriate web opportunities that supply the company with information for the customers are "web-based inquiry form", "guess books", "chat rooms", and "discussion forums" (elements 6, 7, and 12), which lead to development of virtual communities. If these functions are managed in a proper way, they provide the firm with important information about customers' opinions and feedbacks.

Insufficient relationship focus linked with elements 11 and 12

Zeithman and Bithner (2002) underline the importance of relationship very clear: "when organizations have strong relationships with existing customers, provider gap 1 is less likely to occur". The web technologies afford companies the ability to acquire and integrate vast quantities of data on customers that can be used to build relationships. Digital technologies can help the companies in their one-to-one marketing approach, and allow them to gather information about the customers and communicate directly with individuals to form ongoing intimate business relationship (Roger & Peppers, 1993). Moreover, trough direct e-mails the companies can offer the consumer an opportunity to be a volunteer to be marketed to. In this way, the companies follow the concept of Permission Marketing, which encourages customers to participate in a long-term, interactive marketing campaign in which they are rewarded in some way for paying attention to increasing relevant e-mail messages (Codin, 2000). Adopting a web option into a commercial website for

gathering emails benefits for creating a customer's database that can be used for developing Relationship marketing. The eMICA option for "e-mail updated" is very appropriate for this purpose (Element 11). In addition, building and maintaining *virtual communities* through the web (Element 12 – discussion forum) develop a valuable, rich and strong relationship with the customers (Kotler, 2002).

4.5.2. Provider Gap 2

Provider Gap 2 is a frequent case in service companies where they meet the difficulty experienced in translating customers' expectations into service quality specifications. These problems are reflected in *provider gap 2*, the difference between company understanding of customer expectations and development of customer-driven service designs and standards. Customer-driven standards are operational standards set to correspond to customer expectations and priorities rather than to company concepts such as productivity of efficiency. Possible reasons for gap 2 are: *absence of customer-driven standards, inadequate service leadership and poor service design*, and *inappropriate physical evidence.* The first two elements cannot be significantly influenced from the web technologies and are more related to wholehearted management, company commitment and perception to service quality, which hardly correspond with Internet issues. Only *inappropriate physical evidence* is related with the web presence and assists managing the key issues leading to the provider gap

Inappropriate physical evidence linked with the web design as a tangible surrounding the service

Zeithman and Bithner (2002) pointed out that Internet presence is important servicescape (physical settings where the service is delivered), and it must be appropriate, because it is a critical in terms of communicating about the service and making the entire experience pleasurable. Therefore, a well-designed company's website can be very appropriate tangible factor, which play a strong role in service provision. Gretzel et al (2000) mentioned that customer experience is greatly enhanced when Websites offer interactivity. Providing opportunities for users to select activities can increase the attention

and joy of use (Hoffman and Novak 1995). In this case, all the *Interaction stage* of eMICA model can influence the entire experience of the web users, and in this way creates a comfortable and enjoyable servicescape for them.

4.5.3. Provider Gap 3

Provider gap 3 is the discrepancy between development of customer-driven service standards and actual service performance by company employees. Standards must be backed by appropriate resources (people, systems, and technology) and must be enforced to be effective. If the company fails to provide support from them, standards are no good. Zeithman and Bithner (2002) identified many of the critical inhibitors to closing gap. These include *Deficiencies in human resource policies; Failure to match supply and demand; Customers not fulfilling roles;* and *Problems with service intermediaries.*

Deficiencies in human resource policies linked with web-based human resource options

The factors that relate to the company's human recourse function, involving internal practices such as recruitment, training, feedback, job design, motivation and organizational structure. To deliver better service performance, these issues must be addressed across functions (such as with both marketing and human resources) if they are to be effective (Zeithman and Bithner, 2002). Website technologies can support human resource responsibilities. There are options for publishing profound job descriptions and web-based application forms for recruiting a new staff. Moreover, companies can prepare and post password protected training products on the Internet that their employees can download so that they do not have to attend classes to be kept up-to-date (Kotler, 2002). The website can also be used to collecting feedbacks from the employees and at the same time to guarantee the anonymity. Web-based HR options can help for more effective recruitment process and better, two-ways interaction with the personnel, which will ensure that the right persons needed to achieve the standards are in place, and in this way - narrowing gap 3. However, the eMICA model does not contain any specific options for intra-communication within the company such as Intranet or employee message board.

Failure to match supply and demand linked with elements 9, 10, and 13

Because services are perishable and cannot be inventoried, service companies often face situations of over- or underdemand. Lacking inventories to handle overdemand, companies lose sales when capacity is inadequate to handle customers needs (Zetihaml & Bitner 2002). Adoption of SST contributes to obtain the customers involved in the tailor process, which reduce the chances of their switching to a rival (Ohmae S, 2000). By SST, customers have access to the service 24 hours per day, 365 days per year, and in this way avoid the risk company's capacity to be insufficient for their needs. Moreover, SST can be a tool for developing and tailoring the offering to suit customers' needs and in this way avoid inadequate service delivery. eMICA model suggest some SST options as a "Searchable engine", "Online booking", and "Online payment" (elements 9, 10, and 13) as a possibility for the companies to struggle against the risk of failure to match supply and demand.

Customers not fulfilling roles linked with element 8

Gap 3 can occur not only from the employees and from intermediaries who are involved with service delivery, but also from customers. The crack may occur because of the customer lacking knowledge of their roles and responsibilities. Effective service organizations acknowledge the role of customer variability and develop strategies to teach customers to perform their role appropriately (Zetihaml & Bitner 2002). The eMICA model contains a appropriate option for this purpose - Frequently Asked Questions (FAQs). FAQs can cover a wide range of topics, from the overtly technical to the covertly encouraging (Deise M et al. 2000). Through this option, a company can present sufficient and relevant information to the customers, regarding their role and answer customers' questions.

Problems with service intermediaries linked with elements 10 and 13

One of the difficulties associated with gap 3 involves the challenge in delivering service through intermediaries. Among the intermediaries that play a central role in service delivery are retailers, franchises and dealers (Zetihaml & Bitner 2002). Through the web however, the company can offer their

products directly to the customers, without using intermediaries. Options such as "Online booking" and "Online payment" (Elements 10 and 13) convert the commercial website into distribution channel where customers and primary suppliers communicate and interact directly without the needs of mediators. This is a process of *disintermediation* where the existing intermediaries are bypassed.

4.5.4. Provider Gap 4

Provider gap 4 illustrates the difference between service delivery and the service provider's external communications. Broken promises can occur for many reasons: *Lack of integrated services marketing communication; Ineffective management of customer expectations and overpromising;* and *Inadequate horizontal communication*.

Lack of integrated services marketing communication linked with online advertising, elements 11, 12, and Intranet

In services, both external communications and interactive communication channels must be organized and communicated to produce the service promises. To do that, internal marketing communication channels must be managed so that employees and the company are in agreement about what is communicate with the customers (Zeithman & Bithner, 2002). This means that the companies have to manage B2C, B2B and partly C2C communication channels with the purpose of narrowing the gap. One of the sources of customer expectations consists of marketing controlled factors such as advertising and information customers about the products. The commercial website of the company is a very good channel for advertising, promoting and publishing more information about the products. The web offers many opportunities to become one of the external and interaction communication channels with customers. This includes online advertising, and sending personal e-mails (Element 11). However, one of the major difficulties is managing the communications between customers (C2C communication), that bring positive or negative word-of-mouth advertising. Developing *virtual communities* by implementing the options for discussion forums and chat rooms (Element 12) into the website, give the possibilities for the company to

influence partly on C2C communication. Moreover, when customers interact with each other, and share their experience from the service, it can avoid raising customers' expectations about service delivery and help closing gap 4.

The web also can benefit to the internal communication with the employees (B2B). According to Kotler (2002), the web can be used as a B2B channel to exchange "inside-in" ideas, innovations and intelligence with its collaborators and employees with options as Intranet or employee message board. These options can speed up, and simplify the process of setting and sharing customers - driven standards, and delivering the messages upward and downward trough the company's organizational structure

Ineffective management of customer expectations and overpromising, linked with elements 2, 3, 4, 5, and 7

External communications can affect not only customers' expectations but also customers' perceptions of the delivered service. Discrepancies between service delivery and external communications about it (provider gap 4) adversely affect customers' assessments of service quality (Zetihaml & Bitner 2002). The web is a very appropriate tool for external communication, and the eMICA model suggests several options, which facilitate customers comprehending the products better. All the elements from the information and some from the interaction levels of eMICA model like "Product catalogs", "Information about offering destinations", "Additional web links", "Multiple value-added features", and "Interactive value-added features" (Elements 2, 3, 4, 5, and 7) generally play this role. These options help to create a better and more realistic expectation for the customers concerning the products offered.

Inadequate horizontal communication linked with Intranet and online employee message board

Inadequate horizontal communication is an issue of company's internal communication. It was already mentioned above, that the web could be used as a B2B channel to exchange "inside-in" ideas, innovations and intelligence with its collaborators and employees with options as Intranet or employee message board.

As a summary, the solution to closing the customer gap is to close gap 1 through 4. To the extent that one or more of gaps 1 through 4 exist, customers perceive service quality shortfalls (Zetihaml & Bitner 2002). The Internet can positively manage some key reasons that leading to provider gaps (fig. 4.3). eMICA model contains elements that are suitable to control a number of key factors leading to the provider gaps. Therefore, a website containing the proper web elements can become a sufficient tool of closing the gaps.

4.6. Types of Operational System

Kotler (2002, p. 265) underlined that the basic business blocks – the company's business domain, business partners, internal resource management, and business partner management – enables marketers to design their business architecture platform. According to the same author, business architectures will be different for each of the five operational systems ushered in by the Internet. The five operational systems are:

Click-only (or *pure click*) firms are those that establish business on a Web site and have no prior history in the marketplace.

Click Followed by Brick firms are some *click-only* firms, which find that they have to establish brick operations sooner or later.

Brick Followed by Click firms *are* some existing *brick-and-mortar* players that have added an online site as an alternative or supplementary channel.

Brick and Mortar Only is the fourth type of operational system. Many businesses fear that actively pursuing Internet sales could alienate their retailers, agents, or brokers. Therefore, they run informational Web site without offering e-commerce, conduct business as usual, and focus on creating stronger in-store experiences for their customers.

Brick Followed by Click Only is the last operational system. Occasionally, a brick operation may add an Internet channel and do it so well that it decides to abandon its brick operations.

Chapter 5: Results and analysis

5.1. Development of the websites

5.1.1. Websites of the Online Travel Agencies

Stage 1 - Promotion level

All Online Travel Sellers incorporated the standard functional attributes of Element 1 and Element 2 of Stage 1 of eMICA., such as email contact details, and product catalogs. Element 3, which included a description of the regional tourism features, was omitted by 33 % of the sites. However, 67 % that had this option showed very deep and profound information catalogs for all offering destination around the world. So, the promotion stage was fully adopted by the majority of the websites (*Appendix 7*).

Stage 2 - Interaction level

On Stage 2 (provision stage), searchable database option and online booking (Elements 9 and 10) were adopted from all the websites. More than the half of the respondents implemented systematic links to furthered information (Element 4), 48 % omitted it. From the Element of multiple values-add features there were many sites with missing details (71 %). Primarily they included photo gallery and maps, but only some of them (29 %) integrated news or key facts (on location, climate, weather and services). However, none missed this element. Thirty tree percent of the samples missed Element 6 (Web-based inquiry form), where 67 % performed it. One element up, 10 % covered all the details of the Element 7 (Interactive value-add features), 71 % had some details missing (mainly electronic postcards, downloadable materials and guest book) and 29 % did not incorporated this element at all. From the advanced value-add features (Element 11) 15 % omitted the element, 70 % had some details missing (mainly multimedia and Multilanguage support) and 15 % fully intergraded this option. The last Element of Stage 2, which includes advanced interactive features like chat rooms or discussion forums, was incorporate by 19 % of the sites.

Stage 3 - Transaction level

The last Stage 3 (processing stage) was fully adopted by all Online Travel Sellers websites.

5.1.2. Websites of the Bulgarian Travel Agencies

Stage 1 - Promotion level

All Bulgarian Travel Agent's websites incorporated the standard functional attributes of Element 1 and Element 2 of Stage 1, such as email contact details, and product catalogs. However, only one third of them included deeper information for the tourism features of the presented destinations. Hence, Stage 1 of the model (the promotion stage) was not completed for most of the companies, since the last element exists into 25 % of the pages (*Appendix 5*).

Stage 2 - Interaction level

On Stage 2 (provision stage), the option for systematic links for further information was in 27 % of the web pages. From the Element of multiple values-add features there were many sites with missing details (52 %). Primarily they included photo gallery and maps, but very few integrated news or key facts (on location, climate, weather and services). Twenty percent of the pages had all the details of this Element 5 and 28 % did not have it at all. Element 6 which include web-based inquiry form existed in 48 % of the pages. None of them however covered all the details of the Element 7 (Interactive value-add features), 33 % of the webs had some elements missing, they mainly included interactive maps, guest books, and downloadable materials and only one site had currency converter and electronic postcards. On-line customer support (Element 8) existed in 8 % of the pages, 17 % had missed some elements (FAQs, site map or site searching engine) and 75 % did not have this option at all. The next Element (searchable databases) was incorporated in 40% of the webs and 65 % of the Travel Agent's pages had the option of online booking (Element 10). From the advanced value-add features (Element 11) no one incorporated all the details, 65 % had only Multilanguage support and in 35 % of the pages the element was missed. The

last Element of Stage 2, which included advanced interactive features like chat rooms or discussion forums, was incorporated by 15 % of the sites.

Stage 3 - Transaction level

The last Stage 3 (processing stage) has the only option of online payment (Element 13) and it existed in 15 % of the pages, 85 % did not included it at all.

5.1.3. Websites of the Swedish Travel Agencies

Stage 1 - Promotion level

The Swedish Travel Agent's websites included the standard functional options in Element 1 such as email and address contact details and company's information, but for Element 2, 17 % did not have as a feature product catalogs into their pages. In addition, the percentage of sites that had deeper information for the tourism features of the presented destinations was very small (8 %). Consequently, the promotion stage of the model was uncompleted for the most of the explored cases (*Appendix 6*).

Stage2 - Interaction level

On the provision stage, a big proportion of the examples integrated the option for systematic links for further information (68 %). Element 5 was fully completed by 17 % and other 68 % included mostly photo gallery and maps, but the other details were missed. Web-based order form (Element 6) was presented by 42 % of the cases. Element 7 fully existed in only 8 % of the pages, 17 % had mostly interactive maps and downloadable materials, but the rest of the details such as currency convector, guest book or electronic postcards were omitted. None of the examples had Element 8 for online customer support and very few contained searchable database option (Element 9). Online booking option was integrated in 33 % websites. No one incorporated all the details form Element 11, 65 % had only Multilanguage support and updates emails and in 35 % of the pages, the element was missed, Element 12 was also ignored for all the cases.

Stage 3 - Transaction level

In the processing stage, Element 13 existed in 17 % of the webs and 83 % omitted it.

5.1.4. Analysis of the website development

Online Travel Sellers develop their websites following the logical structure of eMICA model and incorporate all three stages - *information*, *interaction and transaction*. Representatives display a high level of interactivity and functionality and can play a role as a benchmark for website development in the industry. They show proficient web maturity and awareness of Internet Marketing significance. Internet for them is a channel for information, two-way communication with the customers and selling option. This gives possibilities for OTS' web pages to play main role of interaction with the customers. The results are not surprising, concerning the fact that they build their business mainly in the virtual "marketspace", which demands creating a functional and interactive corporate website.

On the other hand, the empirical analysis of the Bulgarian Travel Agencies (BTA) and Swedish Travel Agent's (STA) websites with eMICA gives a picture of the level of interactivity and functionality development for the whole business branch in each country. Both representatives displayed mainly moderate levels of interactivity, concerning eMICA model. BTA and STA have similarities of their results, and their web development is almost equally distant from the standard of the industry – Online Travel Agencies. In the following analysis, BTA and STA will be discussed together, using OTA as a reference point. We assume OTA as a standard of web development and will consider it as a benchmark when BTA and STA are comment.

For the Traditional Travel Agencies (TTA), as an average, most of their web sites contain basic information about the company, products catalogs, and some interactive options like some multiple values-add features (photo gallery and maps), web inquiry form and online booking. On the other hand, Online Travel Sellers developed their websites following the logical structure of eMICA model and attained up to the most advanced level – online payment,

without omitting previous stages. In most of the cases, TTA reach a level of interactivity up to Element 10 on Stage 2. However, often many elements before this level were missing. The majority of TTA web pages did not systematically develop all the elements, and they omitted some basic options like information about offered destinations (75 % from BTA and 92% from STA did not have it), and external web links (73 % from BTA and 33 % from STA omitted it). The same as TTA, some OTS passed over these elements, but the percentage is less, respectively 33 % and 48 %. That information might be very important for those customers who are looking for deeper info of the chosen regions. 17 % of the Swedish sites ignored the presentation of the product catalogs. The lack of on-line customer support is also very common, 75 % of BTA missed it and all investigated examples from Swedish data ignored it completely. In contrast, all OTS incorporated this option, which can be very helpfully for customers who are not so experienced with Internet and the missing will complicated their search. The percentage of the sites among TTA with the searchable database engine is relatively high for BTA and very low for STA (40 % from BTA and 8 % from STA have it). This option is very supportive for selecting preferable information, and hence save customers' time and efforts. It is adopted by all OTS sites. There is also a large proportion of TTA sites with lack of interactive value-add features (67 % from BTA and 75 % from STA), but it is missed in only 19 % of OTS pages. Element 10 - Online booking was implement in 33 % of the Swedish and 65 % of the Bulgarian pages, but was fully adopted by Online Travel Sellers. Good attestation for Bulgarian webs is the fact that 65 % of the pages had Multilanguage support as a detail from the Element 11, so they can gain customers' segments outside Bulgaria. From this element, Swedish and Online Sellers' webs stress on the web option for emails updates. Gathering customers' emails might be of value to the market database for applying Relationship Marketing and one-to-one communication with consumers, especially in a service sector such tourism where the demand of tailored trips is increasing.

Only 15 % of the BAT sites and none of the Swedish pages had possibilities for discussion forums or chat rooms. OTS also underestimates this option and

only 19 % adopted it in their websites. Implementing this advanced interactive option will probably bring numerous advantages. Creating a virtual community, in which the customers can better communicate with each other, and with the company, can help for collecting information for customers' interests, needs and feedbacks, which benefits when improving service development. Therefore, virtual communities provide opportunities for the companies to apply the conception of holistic marketing, and develop their business from the customers prospective - first in understanding their preferences, and after that in adapting their services according to consumers' specific requirements.

The last and most advanced Stage 3 from eMICA criteria was adopted by only 15 % of the BTA and 17 % of the STA, however it existed in all OTS websites. For Bulgaria, online payment is still not such a preferable method, because the lack of trust and the lack of adoption of self-service technologies (SST) among the older generation. This is probably one of the explanations for low integrating of the option among the sites, nonetheless the companies have to look one-step forward into the future and adopt online payment in their commercial website conception. For Sweden however, online payment is a common procedure, so the ignorance indicates that the local travel companies underestimate the benefits of SST and e-commerce adoption.

As a summary, Bulgarian and Swedish Travel Agencies were displayed as mainly moderate, whereas Online Travel Sellers had high levels of functionality and interactivity. The described picture depicts that TTA have a lack of professional vision for webpage development. The reasons might be skepticism regarding e-commerce, early stage of Internet adoption or financial barriers. However, the content of the site is of great importance, because it reflects directly upon the perception of the company's image and creates a virtual experience for the customers. This experience can be provided only if the page offers interactive options. As the example with OTA, the web-content has to cover a certain level of functionality and interactivity to attract users to visit and use the page regularly. The improvements and developing of this

level allows the travel agencies to connect, communicate and transact with their customers.

5.2. Perception of the web from the travel agencies

5.2.1. Operational type of the companies

Bulgarian Travel Agencies that took part in the survey were established in the period 1991-2005 (Fig 5.1). The late 80's is related with the end of the communism period for the country, beginning of the free market economy and private entrepreneurship. Subsequently, the private travel agencies in Bulgaria have existed from the beginning of 1990's. The investments in the tourism industry has increased enormously since the end of 90's when the privatisation of all summer and winter resorts was completed. The abdication of the government from the tourism sector reflected positively on all relevant businesses and stimulates the entrepreneurship. This partly explain way most of the respondents are relatively new on the market (~ 50 % of them were established in the last 5 years - Fig 5.2.). The respondents are preliminary small size companies - 90 % of the travel agents have less then 10 employees.

Most of the Online Travel Agencies' respondents (72 %) were established in the last 5 years (Fig 5.1). They represent *click-only* (or *pure click*) type of operational system, which is based only on the web, and has no prior history in the marketplace. Some of them however (18 %), were established in late 50's and middle of 90's, and represent *brick followed by click companies* - existing brick-and-mortal players, who have added an online site as an alternative or supplementary channel to their business (Kotler et al. 2002). 50 % of the Online respondents are with less than 10 employees (Fig 5.2). Considering the fact that they exist only through the web and is not a personnel-costing business, and the adoption of SST lead to reducing costs of servicing the self-serving customers by involving fewer employees, the small-size organizational structure is expected.

The largest part of the Swedish Travel Agencies (77 %) that are included in the survey was founded before 1990 and represent the real traditional tourism intermediaries (Fig 5.1). One of the companies was set up in 1869, and it was actually the first travel agency in Sweden. Considering the results from the content analysis, it can be concluded that majority of Swedish respondents represent "*brick and mortal only"* companies, because many of them run informational Web sites without offering e-comers, conducting business as usual and focus on creating stronger office presence. Regarding the size of the company, 38 % have less than 10 employees, and the rest have up to 390 personnel (Fig 5.2). Because most of the Swedish responds emphasize on the front office to deal with the customers, it would require implementing a large number of office-branches and involving more staff to gain a bigger customer segment.

Fig. 5.1 Year of establishment
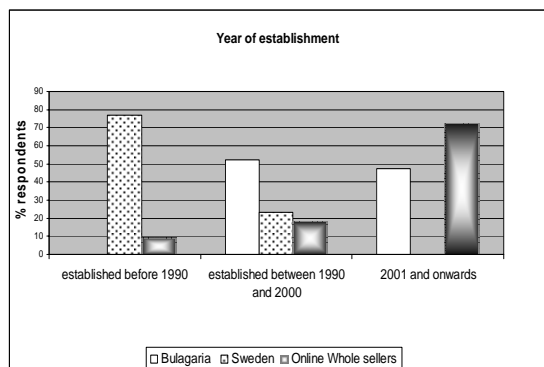
Fig. 5.2. No. of employees
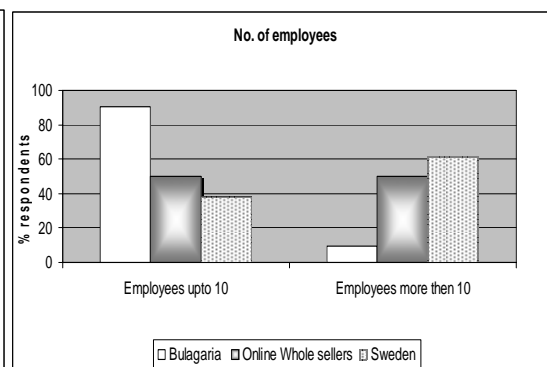
5.2.2. Description of the companies' websites

The majority of Bulgarian respondents (95 %) have had their own website for the last 5 years (Fig 5.3), which is commonsensical considering the fact that in Bulgaria, the Internet has became a common and well-known technology since the end of 90's, and almost half of the respondents have established their companies in last 5 years. However, the digital technologies still do not significantly change the information and power imbalance between travel agencies and customers. The agencies typically have access to better information than consumers do. The result is monopolistic competition, in which travel agencies set the terms while consumers rely on such factors as brand recognition, company reputation, and advertising. Nevertheless, the

Internet is on the way of changing this, since more sellers participate in the virtual marketplace due to the low barriers to entry. In this way, more customers can retrieve information about any product, service, or company and it is ubiquitous and cheap (Kotler et al. 2002).
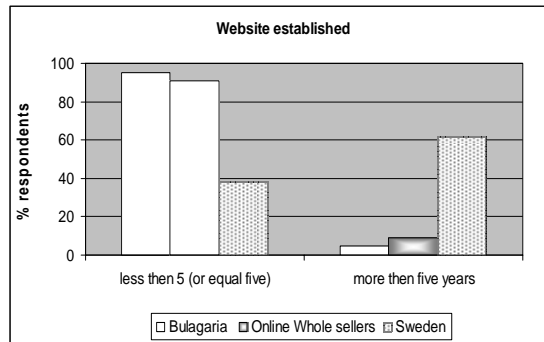
For most of the Bulgarian respondents (76 %), the main way to build their website is to use the services of a web design company or hire a consultant, and only 19 % of them have their own personnel responsible for the web construction (Fig 5.4). Consider the fact that 90 % of the Bulgarian Travel Agencies are with less then 10 employees, the small size of the companies possibly limit the opportunity to have their own web designer.

Most of the Online respondents (91 %) built their website during the last 5 years (Fig 5.3). This is expected as regards the fact that 72 % of them have only established their companies since the year of 2001. They follow the wave of the sudden rise of "pure-click" e-commerce dot-coms at the end of 1990s that created a completely new *marketspace* – a virtual marketplace – for commercial transaction (Kotler et al. 2002). 54 % of the respondents have their own personnel, responsible to craft and sustain the web, and 36 % of them use the services of web a design company or web consultant (Fig 5.4). Bearing in mind the type of their organizational system, based on the Internet, 54 % having their own web designer is not a big proportion.

The majority of the Swedish respondents (62 %) have had their own websites for more than 5 years (Fig 5.3). According to "The Financial Times", published the results of the survey, done by "OECD", in Sweden 82 % of the companies have their own website. Sweden leading the statistic and leave behind countries like Japan, Germany and UK. Therefore, the country was an early Internet adopter and the web is a common technology for the business. Results shows that 79 % of the Swedish travel agencies that took part in the survey use the services of a web design company or hire a consultant in the process of building their website, and 21 % have an employee who is responsible for the web (Fig 5.4). Even then 62 % of the respondents are

medium-size companies, and most of them do not have their own web-master.

Fig. 5.3 Website established   **Fig. 5.4**. Website created by
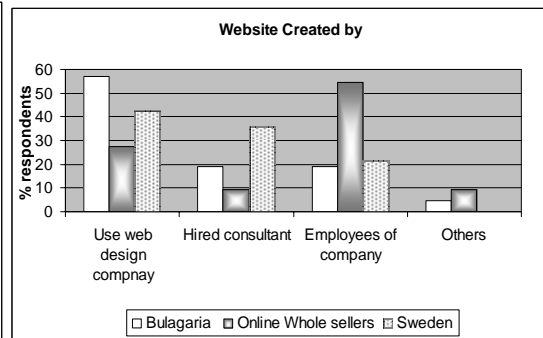
5.2.3. Purposes and barriers for web development

Concerning the main purpose of the website, 81 % of the Bulgarian respondents pointed to "Information about the company and their products" and "Advertising and promotion purpose" as a primary use of their web, and only 10 % mention as a main purpose "Completing online booking and payment" (Fig 5.5). However, for 65 % of the Bulgarian respondents "technical reasons" are the main obstacle for the better development of their websites, 15 % marked "financial reasons", and 10 % - "reasons concerning unsecured transaction" (Fig 5.6).

The majority of the Online respondents (82 %) consider "Complete online booking and transaction" as a main purpose of their web, except only 9 % who mention "Advertising and promotion purpose" as a key motive (Fig 5.5). At the same time, half of them marked "financial reasons" as a main barrier for developing their website better, 20 % are "sceptic about the possible benefits", and 10 % mentioned "lack of required skills and knowledge" (Fig 5.6).
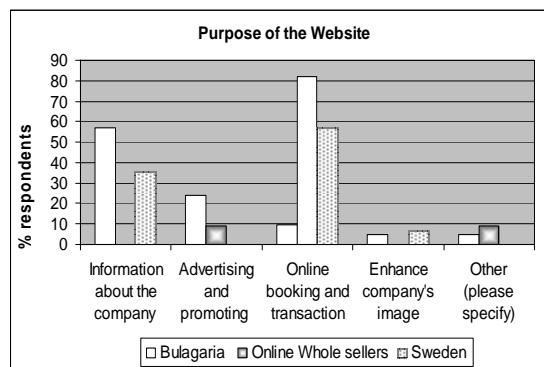
More than a half of the Swedish respondents (57 %) point out that the main purpose of the website "Complete online booking and transaction", 36 % emphasize on "Information about the company and their products", and 7 % underline "Enhance company's image" (Fig 5.5). On the other hand, half of them mentioned, "financial reasons" as a main difficulty, 21 % of them

mention "technical reasons", and 14 % - "lack of required skills and knowledge".

None of the Bulgarian, Online and Swedish respondents pointed to "Interaction with the customers" as a major web rationale. The purposes mentioned from the respondents are focused on advertising and selling options, but noting considering two-way communication with the clients.

Fig. 5.5. Purpose of the web   **Fig 5.6**. Barriers for better web development
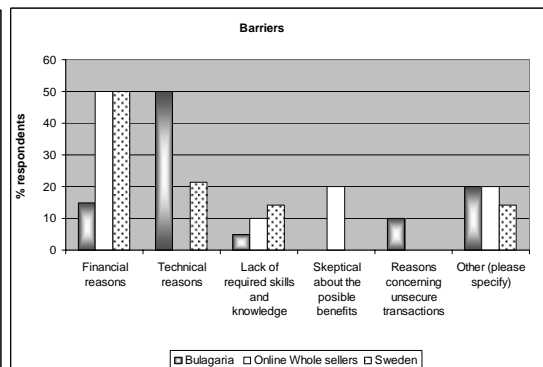
5.2.4. Importance rate of eMICA elements

5.2.4.1. Overview

Regarding the question, where the respondents evaluate the importance of the eMICA elements, the outputs lead to the similar conclusions. The elements of the web, which were pointed out as a most important for the greater part of the Bulgarians Travel Agencies (80 – 90 %) are "Contact details", "Product catalogs", Information about offering destinations", "Photo gallery, news, maps", " Web-based inquiry", "Online booking", and "Multilanguage support" (Elements 1, 2, 3, 5, 6, 10, and 11) (Fig. 5.7). Most of them are mainly focused on B2C (business-to-customer) and partly C2B (customer-to-business) communications (Table 1). B2C communication allow to the company to spread information about their products and launch or test "inside-out" creative ideas, and offering to customers or communities (Kotler et al. 2002). The most preferable for the Bulgarians elements covers the first two levels of eMICA model – *promotion* and *interaction,* but for the second level, they do not emphasize some key elements that allow completing the level.

The majority of Online travel agencies (80 – 90 %) identified as "extremely" and "definitely important" elements as "Contact details", "Product catalog", Information about offering destinations", "Photo gallery, news, maps" "Web-based inquiry form", "Customer support", "Searchable engine", "Online booking", and "Online payment" (Elements 1, 2, 3, 5, 6, 8, 9, 10, and 13) (Fig 5.7).

Fig 5.7: The importance of eMICA elements
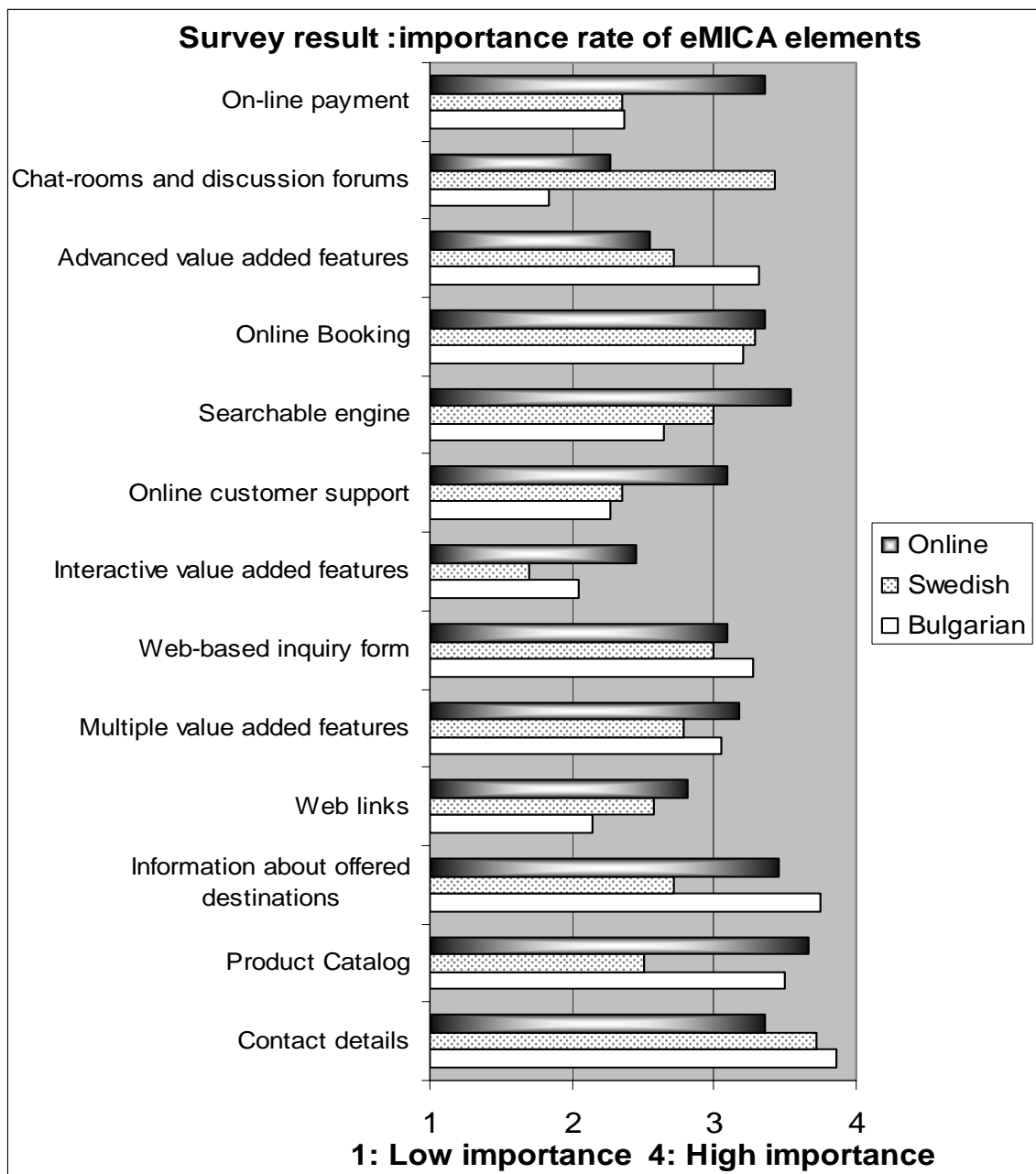
The mentioned elements cover all three stages of eMICA model, combining *promotion, interaction* and *transaction* levels, and allow companies to implement completely SST through their website. However, the *interaction* level is covered to a certain extent. The elements that respond to the second level, and which Online respondents mention as most important are focused mainly on B2C and moderately C2B communications (elements 5, 6, 8, 9, 10) (*Appendix 9*)

The mentioned elements cover all three stages of eMICA model, combining *promotion, interaction* and *transaction* levels, and allow companies to implement completely SST through their website. However, the *interaction* level is covered to a certain extent. The elements that respond to the second level, and which Online respondents mention as most important are focused mainly on B2C and moderately C2B communications (elements 5, 6, 8, 9, 10) (*Appendix 9*)

Furthermore, the data from the Swedish respondents differ somewhat from the others. There is not a high level of agreement as in the previous examples, concerning the rate of the importance altitude. More than 80 % of them rate with "extremely" and "definitely important" most of the options like "Contact details", "Web-based inquiry form", "Searchable engine", "Online booking", and "Chat rooms and discussion forums" (Elements 1, 6, 9, 10, and 12) (Fig 5.7). The elements marked with highest importance rated by the Swedish respondents cover the first two levels of eMICA model – *promotion and interaction*, where most emphasis is on B2C, C2B and C2C communication options (*Appendix 9*). However, they underestimate some key elements from the two levels like "Product catalogs", "Information about offering destinations", "Multiply value-add features" etc. which were ranked high from the Bulgarian and Online respondents.

5.2.4.2. Discussion regarding eMICA key elements

Contact details, product catalogs, and information about the offered destinations

Today the Internet permits transmitting an almost unlimited amount of rich information. Through the web, companies can add a powerful new information and sales source with extended geographical reach to inform customers and to promote their products and services (Kotler et al. 2002). Each company has the option to turn its website into an informational channel by implementing the first stage of eMICA model. Around 80 % and 90 % of the Bulgarian and Online respondents rank the elements of this stage as being of high importance. However, the majority of the Swedish respondents agree only for the first element ("Contact details"), but more than 40 % consider "Product catalogs" and "Information about offered destinations" as not as important.

FAQs and external web links

Digital technology can reduce the needs for customer service representatives to answer customers' questions. This can be achieved by implementing the website list of Frequently Asked Questions (FAQs). FAQs can cover a wide range of topics, from the overtly technical to the covertly encouraging (Deise M et al. 2000). The results show that 80 % of Online respondents pointed it out as being "extremely" or "definitely important", but on the other hand, more then a half of the Bulgarian and 38 % of Swedish respondents consider this option as a "somewhat" or "not at all important". Underestimating this option, could limit the possibilities for a websites to provide considerable information. The information can contribute thus decreasing the time spent by their sale force to consult customers about products features and problems.

Multilanguage support and multimedia

Tourists travel across countries, which imply that tourists from many countries will visit tourism businesses' websites. In order to broaden the target segments for a website, information on a website should be presented in several different languages (Oh, 1998). Another way to present the information in a vivid, entertaining way and to avoid the language barriers is by using multimedia. Owing to the rich presentation format, the multimedia is thought to communicate experience attributes better than other media (Klein, 1998). The results showed that 90 % of the Bulgarians, 69 % of the Swedish,

and 50 % of the Online respondents consider these elements as "extremely" or "definitely important". Regarding the fact that Online respondents exist mainly virtually, and as a result they have global target markets, they should emphasize more to the options such as "Multilanguage support". Moreover, a more convinces way of presenting their services is by multimedia and they will benefit by substantiating their offers through it.

Chat rooms, discussion forums, and guest books

A complete implementation of the *interaction* stage demands the adoption of elements, which maintain all communication channels - B2C, C2B, B2B, and C2C, but the key elements that present C2C (consumer-to-consumer) and C2B (customer-to-business) communication such a "Discussion forums, "Chat rooms", and "Guest books" are mainly rated as "somewhat important" from both Bulgarian and Online respondents (Table 1). A critical aspect of creating a successful market is the ability to integrate the customers into every key process. Customers can use the Internet to tell marketers what they want. The customers specify the needs and the business delivers. Thus, the customer changes the role from "consumer" to "prosumer" (Kotler et al. 2002). C2C and C2B web options allow the customers to become company subcontractor as they use self-service offering. However, purchasing involves not only one-to-one interaction between the company and the customer, but also much exchange of information and influence among the people who surround that customer. The Internet has enabled customers to communicate directly with one another through online chat rooms or discussion forums, but around 90 % of the Bulgarian and 70 % of the Online respondents consider these elements as not being so important. On the other hand almost all of the Swedish respondents rank it within the high importance rate. *Len Short*, Executive Vice President of Advertising and Brand Management at Charles Schwab, summed it up: "The idea that a critical part of marketing is word-of-mouth and validation from important personal relationship is absolutely key and most marketers ignore it". He also adds that customers in the Internet age should be viewed as members of virtual communities sharing similar product interests rather than as a market segment. Therefore, they should not ignore the fact that purchasing services is partly a social process and travel agencies have to pay

more attention and develop virtual communities based around their common service features. Moreover, the companies can use the C2C channels to access the "outside-out" innovative ideas, feedbacks, and comments by developing such a communities (Kotler et al. 2002).

Searchable engine, online booking, and online payment

Trough the web the company can provide an environment in which the customers can take an active part in customizing the products to meet their requirements by exploring various options on the companies' web site and seeking solutions such as "searchable engine", "online booking" and "online payment". The majority of Online respondents (80 – 90%), point out these elements with the highest importance rates. Bulgarian Travel Agencies, on the other hand, consider these elements as a "definitely" and "somewhat important", where less emphasize is on "online payment". 62 % of the Swedish respondents point out "Searchable engine", and 77 % mark "Online booking" with the high importance rate. However, 46 % of them consider the option for "Online booking" as "not at all important". This element however implements the last and most advanced level of eMICA mode – *transaction* level. The adoption of the *transaction* level, in combination with the previous stages (promotion and interaction levels) leads to full adoption of SST from the companies. This can contribute to reduce the costs of servicing the self-service customers as well as getting these customers involved in the tailoring process, which reduces the chances of their switching to a rival. In addition, customers gain access to tools for developing and tailoring the offering to suit their needs (Ohmae S, 2000).

5.2.4.3. Conclusion

According to the results from the questionnaire regarding the importance of eMICA elements, it can be concluded that Bulgarians and Swedish respondents rate the elements that cover the first two stages of the model with high importance – *promotion and interaction* levels. The difference between them is that Bulgarian respondents emphasize on elements for B2C and partly C2B communication (Elements 1, 2, 3, 5, 6, 10, and 11), where Swedish ones focus on elements for B2C, C2B, and C2C communication (Elements 1, 6, 9,

10 and 12). However, Swedish respondents do not emphasize several key elements from the two stages of eMICA model that allow them to entirely complete the levels. For the Bulgarians it is relevant only for the *interaction* level, where only certain elements are emphasized.

Online respondents rate elements of high importance from all three stages of the eMICA model, combining *promotion, interaction* and *transaction* levels, and allow companies to implement completely SST through their website (Elements 1, 2, 3, 5, 8, 9, 10, and 13), and these elements are focused mainly on B2C and partly B2C communication. Being similar to the Bulgarian respondents, they cover the *interaction* level to a certain extent, where both of them do not emphasize on C2C and C2B communicational elements such as "Discussion forums, "Chat rooms", and "Guest books".

5.2.5 The "Gap" model

Regarding Question 8, corresponding to the Gap model, designed to measure the attitude of the respondents as to how they consider the opportunity of the commercial website as being to narrow for all five possible gaps. The rational behind the question is that a website can contribute to the quality of the service and service marketing by closing the gaps. Actually, the four gaps are dissonance in the C2B, B2C, C2C and B2B channels. The key to closing the customer gap is to close provider gaps 1 through 4.

Gap 1: Not knowing what customers expect
According to Zetihaml & Bitner (2002), not knowing what customers expect is one of the roots causes of not delivering to customers expectations. Provider gap 1 is the difference between customer expectations of service and company understanding of those expectations. The results from the survey show that 80 % of the Bulgarians and Online, and 54 % of the Swedish respondents agree that their web can help to better understand what customers want (Fig 5.8).

The key factors leading to provider gap 1 are *inadequate marketing research orientation*, *lack of upward communication* and *insufficient relationship focus*

and they are mainly related to C2B and B2C communications. The web technologies offer a variety of options through which a company can provide a marketing research. Companies using Internet can run focus groups, set up customer panels, and send out questionnaires to gather primary data (Kotler 2002).

The lack of interaction between management and customers, and between contact employees and management is also a main factor that provides gap 1. A company website can offer options that improve two-way communication with the customers and can curtail the layers between the customers and top-management. Some of the most appropriate web opportunities that supply the company with information for the customers are "web-based inquiry form", "guess books", "chat rooms", and "discussion forums" (elements 6, 7, and 12), and they lead to development of virtual communities. The existence of virtual communities allows companies to listen and learns from customer criticism, which will provide critical input for development successful business (Kotler et al. 2002). Moreover, members of the community may provide helpful advice to one another, and companies can identify issues and improve offerings through the members' problems and complaints. However, around 90 % of the Bulgarian and 70 % of Online respondents consider elements 7 and 12 as a "not at all" or "somewhat important". On the opposite side, all of the Swedish respondents rank these elements with "extremely" and "definitely important" marks.

Another trend related to provider gap 1 involves current company strategies to retain customers and strengthen relationship with them. The term *relationship marketing* is used to describe this approach, which emphasis on strengthening bonds with existing customers (Zetihaml & Bitner 2002). The web technologies afford companies the ability to acquire and integrate vast quantities of data on customers that can be used to build relationships. According to Martha Roger and Don Peppers (1993), digital technologies help the companies in their one-to-one marketing approach, and allow them to gather information about the customers and communicate directly with individuals to form ongoing intimate business relationship. Seth Codin (2000)

pointed out that trough direct e-mails the companies can offer the consumer an opportunity to be a volunteer to be marketed to. In this way, the companies follow the concept of Permission Marketing, which encourages customers to participate in a long-term, interactive marketing campaign in which they are rewarded in some way for paying attention to increasing relevant e-mail messages. Implementing a web option into a commercial website for collecting emails benefits for creating a customer's database that can be used for developing Relationship marketing. The eMICA option for "e-mail updated" is very appropriate for this purpose, and 90 % of the Bulgarians, 69 % of the Swedish, and 50 % of the Online respondents consider it as "extremely" or "definitely important".

In conclusion, the web offers a number of relevant options that positively influence to the key factors leading to provide Gap 1 (inadequate marketing research orientation, lack of upward communication and insufficient relationship focus). Most of the respondents agree that their web can helps to better understand their customers and in this way contribute for closing Gap 1. However, some of them underestimate several appropriate web elements that contribute to it.

Fig. 5.8. Web influence of some provider gaps

73
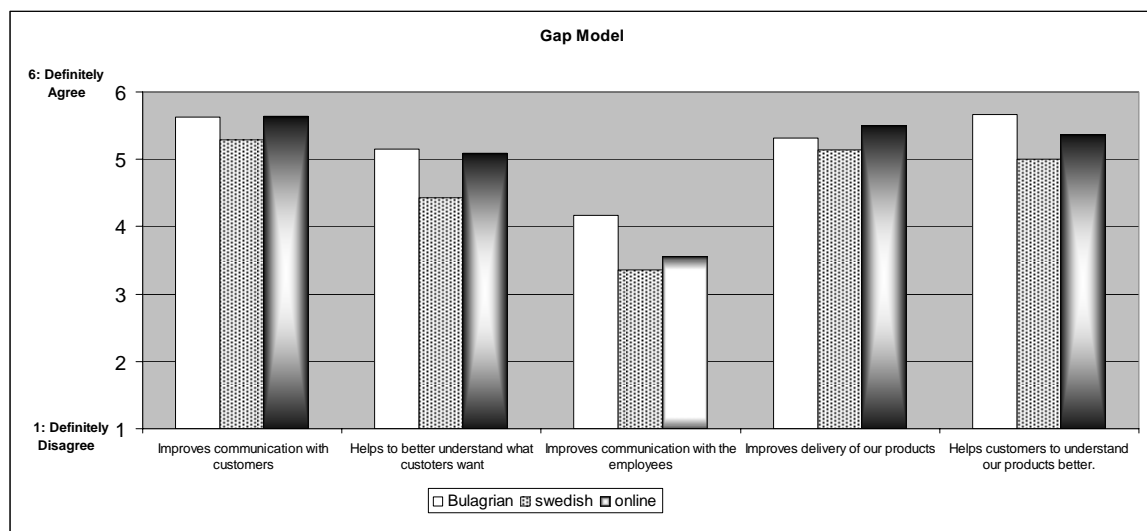
Gap 2: Not selecting the right services and standards

Provider Gap 2 is the difference between a company understanding of customers' expectations and development of *customer-driven designs and standards.* These standards are based on pivotal customer requirements, and are visible to, and measured by customers (Zetihaml & Bitner 2002). Most of the key factors leading to the provider Gap 2 and mainly from management and leadership prospective - *absence of customer-driven standards, inadequate service leadership* and *poor service design*. These issues cannot be considerably influenced from the web technologies and are more related to wholehearted management, company commitment and perception to service quality, which hardly correspond with Internet issues.

Only *inappropriate physical evidence* can be influenced by the Web site, because services are largely intangible, customers look to the physical or tangible representations of them for information about the service. A well-designed company's website can be a very appropriate tangible factor, which plays a strong role in service provision.

Gap 3: Not delivering to service standards

Provider Gap 3 is the discrepancy between development of customer-driven service standards and actual service performance by company employees. In other words, appropriate resources - people, systems, technologies, must back the standards (Zetihaml & Bitner 2002). The key factors, leading to the provider Gap 3 are *deficiencies in human resource policies; failure to match supply and demand; customers not fulfilling roles;* and *problems with service intermediaries.*

One of the critical inhibitor factors in closing Gap 3 is relate to the company's human resource function, involving internal practices such as recruitment, training, feedback, and job design. According to Kotler (2002), for one medium or large-size company, the web can be used as a B2B channel to exchange "inside-in" ideas, innovations and intelligence with its collaborators and employees. Moreover, through the web companies can improve their recruiting, training and internal communication with the personnel. The author

suggests that companies can prepare and post password protected training products on the Internet that their employees can download so that they do not have to attend classes to be kept up-to-date. However, 50 % of Bulgarians, 75 % of Online, and 77 % of Swedish respondents "slightly agree" or "disagree" that the web can improve the communication with the employees, and in this way close Gap 3 ("Not delivering to service standards") (Fig 6). In addition, the eMICA model does not contain any specific options for intra-communication within the company such as Intranet or employee message board.

Quality in service occurs in human interaction between customers and service providers, but control over the service encounter by the company is critical, yet it rarely is fully possible (Zetihaml & Bitner 2002). Adoption of SST contributes to obtain the customers involved in the tailor process, which reduce the chances of their switching to a rival (Ohmae S, 2000). In addition, customers get access to tools for developing and tailoring the offering to suit their needs, and in this way avoid inadequate service delivery.

Most of the Bulgarian, Online and Swedish respondents (70% – 90 %) definitely agree that their web improves delivering of the products (Fig 6). The eMICA model suggest some SST options as a "Searchable engine", "Online booking", and "Online payment" (elements 9, 10, and 13) as a possibility to close Gap 3 (Table1). Between 80% and 90% of Online travel agencies point out these elements with the highest importance rates. However, most of the Bulgarian Travel Agencies consider these elements as a "definitely" and "somewhat important", where less emphasize on "online payment". It is the same for the Swedish respondents, where 46 % consider "Online payment" as "not at all important". Without the adoption of *interaction and transaction* levels of eMICA, which partly are represented by elements 9, 10, and 13, is unrealistic to implement SST and in this way narrow the gap 3 through the web.

Part of the variability in provider Gap 3 is the customers and the way that they perform their role. The gap may occur because of the customer lacking

knowledge of their roles and responsibilities. Effective service organizations acknowledge the role of customer variability and develop strategies to teach customers to perform their role appropriately (Zetihaml & Bitner 2002). A company's website can present sufficient and relevant information to the customers, regarding their role and answer customers' questions. The eMICA model contains an appropriate option for this purpose - Frequently Asked Questions (FAQs). FAQs can cover a wide range of topics, from the overtly technical to the covertly encouraging (Deise M et al. 2000). The results show that 80 % of Online respondents pointed it out as being "extremely" or "definitely important", but on the other hand, more then a half of the Bulgarian and 38 % of Swedish respondents consider this option as a "somewhat" or "not at all important". Underestimating this option, limit the possibilities for a websites to provide considerable information. The information can contribute to education and teaching customers regarding products features and problems, and in this way improve the productivity and effectiveness by enlisting the customer's cooperation.

In conclusion, a company's website suggests a variety of options that positively influence the key factors leading to provide Gap 3 (deficiencies in human resource policies, failure to match supply and demand, and customers' not fulfilling role.). The majority of the respondents are on the same opinion concerning the statements that the web cannot improve communication with the employees, but can improve delivery of their products. However, some of them undervalue several appropriate eMICA elements that have this purpose, and in this way limit the opportunities to influence closing Gap 3 though the web.

Gap 4: Not matching performance to promises
The fourth provider gap illustrates the difference between service delivery and service provider's external communications. Promises made by a service company through its communications channels may potentially raise customer expectations that serve as the standards against which customers assess service quality (Zetihaml & Bitner 2002). The key factors leading to the provider Gap 4 are: *lack of integrated services marketing communication;*

ineffective management of customer expectations and overpromising; and *inadequate horizontal communication.*

External communications can affect not only customers' expectations but also customers' perceptions of the delivered service. Discrepancies between service delivery and external communications about it (provider Gap 4) adversely affect customers' assessments of service quality (Zetihaml & Bitner 2002). The web is a very appropriate tool for external communication and the eMICA model suggests several options, which facilitate customers in better understanding the products. Between 70 % and 90 % of the Bulgarian, Online and Swedish Travel agencies who respond of the questionnaire, agree that their web is a good external communicational channel that helps customers to understand the products better (Fig 5.8). However, the integrated service marketing communications also included internal and interactive communications. The web offer many opportunities for internal communication with employees like Intranet, and web-based personnel message board, but as mention above 50 % of Bulgarians, 75 % of Online, and 77 % of Swedish respondents "slightly agree" or "disagree" that the web can improve communication with the employees. Consequently, they do not use the web to improve possible inadequate horizontal communication.

The web has many options, which support customers in understanding company's products better. All the elements from the information and some from the interaction levels of eMICA model generally play this role (*Appendix 9*). All these options help to create a better and more realistic expectation for the customers concerning the products offered. Bulgarian respondents rate some of them mainly as an "extremely" or "definitely important" ("Product catalogs", "Information about offering destinations", and "Photo gallery, news, maps"), but underestimate others (Additional web links"). Online respondents classify ranking of highest importance all of the elements mentioned above except from "Additional web links" (Elements 2, 3, 4, and 5). Around 60 % of the third representatives in the survey – the Swedish Travel Agencies, rate as being of highest importance "Product catalogs", "Information about offering destinations", Additional web links", and "Photo gallery, news, maps".

In summary, external communications can create a large customer gap by raising expectations about service delivery (Zetihaml & Bitner 2002). The website can contribute for improving service delivery and help companies to manage some of the communications to customers so that inflated promises do not lead to higher expectations. The results from the survey showed that the respondent believe that the web can be a good external communication channel with their customers, but underrate some proper eMICA elements that could be of help.

Conclusion

The key to closing the customer gap is to close Gaps 1 through 4 and keep them closed. To the extent that one or more of Gaps 1 through 4 exist, customers perceive service quality shortfalls (Zetihaml & Bitner 2002). Internet and web technologies can positively influence some key factors lead to provider Gap1, Gap3, and Gap 4. However, a commercial website can become a sufficient tool of closing the gaps only if it contains the proper web options. The eMICA model in all its stages (promotion, interaction and transaction) has elements that are appropriate to manage a number of key factors leading to the provider gaps (Fig. 3.2). Basically, most of the Bulgarian, Swedish and Online respondents (70 % - 90 %) agree that the web can help them to manage some of the key factors leading to the provider Gaps 1, 3 and 4. They only show scepticism regarding the potential of the web for facilitate human resource policies and improving the communication with the employees. Most of the Bulgarian respondents (90 %) are companies with less than 10 employees. The picture for the Online Agencies is similar - 90 % of them were less than 30 employees. The lack of long hierarchical structure or complicated cross-division communication channels among the personnel does not require using supportive technologies such as a website. For this reason, when they do not meet serious communication problems, they do not demand any solutions from their web. However, more than half of the Swedish respondents have from 20 up to 390 numbers of employees, and represent "*brick and mortal only"* types of operational system, where many of them have a number of front-offices around the country, and abroad, in order

to reach the customers, the website technologies can be very constructive and helpful interaction channel.

In addition, for some significant eMICA elements that can help in managing the key factors leading to the provider gaps, the respondents rate them of low importance, and in this way limit the web opportunities that contribute to closing the gaps.

5.2.6. Comments of the web technologies' future

Everyone of the Bulgarian respondents agree that the web technologies are the future of the tourism industry. They point out that "the Internet generation" will grown-up and become the majority among the customers and the suppliers who offer services. Some companies mention that adoption of e-commerce will minimize their expenditures to the minimum, and at the same time the services offered via the Internet will not differ from those offered from traditional offices. Advantages such as "fast and easy" to see and choose services, good advertising channels and generator of popularity are the most common statements from the respondents regarding the web. Many companies mention that most of their customers found them through the Internet, and underline the importance of their web. However, some problems are mentioned such as unavailability of the average Bulgarian customer to credit cards, requirements of some air companies from the customers to sign a charge form, and financial barriers to develop and update the web regularly. Some companies also mentioned that at the moment personal contact with the clients is much more important for their business compared to e-commerce.

Most of the Swedish respondents believe that for the future (more than 3 years) the web will become the main communication channel with the customers. Regarding Internet growth, the respondents consider that the Nordic region is behind the benchmark countries such as UK and USA, but are going in the same direction. They also underline that it is not their priority to become an online agency, but just to use a web as a supplementary channel with the consumers. Many companies mention that they are

traditionally good at personal selling and online services are challenging for them. Reasons such as a cost efficient way of processing business volume with minimum of resources, and customizing each client's needs are the most often mentioned benefits from the web. Some respondents see only two future alternatives for them: to become a full scale Online Travel Agency or a very focused, small and well educated agency.

Online respondents agree that development of web technologies is necessary to provide needed and desired product services to the customers. However, some point out that the technologies in themselves are secondary issue. They believe that traffic acquisition, search engines, pay-for-placement programs like "Goggle" and "Overture" will be of far greater impact than technology development. Some of them see the threat that with technology improving bigger company's, with bigger budgets, will probably kill smaller businesses. I.e., for big budget competitors, they mention "Expedia" and "Travelocity".

5.3. Close view of different e-marketing approaches

5.3.1. Bulgarian vision - Interview with Albena LTD

The vision of "Albena" for a good website is "a site which matches company's needs and requirements". The Web marketing manager (Mr. Ivantschev) describes the main goal of Albena's website as implementing online booking and offering information database for the customers. He believes that company's website can improve the business, increase the popularity and create an image effect for Albena, and mainly "it can stimulate the sales when it is used as a distribution channel". Mr. Ivantschev considers the modern design, the big informational database, the interactivity, and online booking and payment options as the competitive advantage of their web. Considering the options for online booking and online payment, he points out that: "this is something that no one Bulgarian tourism website offers". Mr. Ivantschev believes that their customers prefer Albena's website because of "the lowest prices when someone books online", and "the possibilities to find in the web all the information that they needs before choosing a holiday". The respondent also explains that behind every new option in the web, stay the collaboration

of marketing and IT departments. Regarding the benefits of having an option for discussion forum Mr. Ivantschev answer to the question:

> "The purpose is having our consumers able to share their opinions about the quality of the tourism services, which Albena Ltd offers. In that way they will stimulate us in looking for, and taking away our weaknesses, and at the same time nforming the potential customers about the advantages and disadvantages of those services."

The respondent mentions as the most problematic options of their web the administration of money flow, and the separate phases of the booking process. He points out the reasons for the problems that "in the peek season one is required to deal with a big quantity of information in a short period of time". Especially with online payment they meet problems of choosing a partner for credit cards, and also problems with debit cards payment, which because of the technical reasons they cannot depend on, "it does not work all the time so well".

For the future of Internet and the development plans of company's website, Mr. Ivantschev points out that:

> "Our long-term goal is having the Internet become a major channel for booking and payment, and to reach the goal we try not only to develop the functionality of the web, but also gradually to teach the Bulgarian tourists to book CHEAPLY and FAST online."

5.3.2. Swedish vision - Interview with MyPlanet Sweden

For MyPlanet Sweden AB, a good website "provides information about offering destinations and has good offers from the suppliers and airlines". The Sales Manager of the company (Ms. Ternebrink) explains that the main goal of MyPlanet Sweden is to prove that "we are the best in our specific market". As additional options of their website she points out "Providing profound information about the offering destinations" and "possibilities for the people to order product catalogs and books".

Ms. Ternebrink considers "the available profound information about the destinations" as the option that makes their web preferable for the customers. She also mentions many times that: "the knowledge and the personal contacts with the customers are the biggest competitive advantage for the company".

Regarding their decision as to which options should be included in the web, Ms. Ternebrink explains that a Danish web design company, which MyPlaned hired to build their website, conducted a survey investigating which options were most preferable for the Swedish customers. The results from the survey showed that "profound information for the tourism destinations" is most preferable for them.

Considering the question of the benefits of having a discussion forum on their website, she explains that it is useful for the customers, because there they can learn from the previous customers experience more about the tourism destinations. In this way, customers can educate each other about the products. Moreover, she adds that it also helps the company, because it allows the collecting of feedback from the customers.

The main way to communicate with the customers from MyPlanet Sweden is by phone and via direct e-mails. Ms. Ternebrink explains that the company collects customers' e-mails, makes a profile database for everyone and sends them a personal tailored emails regarding information, which is relevant and preferable for each individual customer. She makes clear that the company do not push so many efforts to reach new customers and emphasises taking care of the "old" ones, aiming developing a relationship with them.

Ms. Ternebrink points out financial reasons and scepticism regarding adoption of e-comers for their business as barriers for better development of their website. According to her, the tourism business will switch to Internet, but probably after 10 years. So far, they do not think about option for online payment, but they planning to do this in the future. One of the reasons is that their target customer segment consists of aged people, who prefer having

direct contact with personnel when are paying their trips, and is difficult for them to switch to Internet. For the question of how they set competitive prices with the presence of low-cost air companies and online travel agencies, Ms. Ternebrink answered that they still have very good prices for air-tickets because of the good deals with some air companies. In addition, she mentions that for their target customers, the price is not so important; they emphasize more on the personal contacts.

5.3.3. Summary of the interviews

The two conducted interviews differ in their business focus. The Bulgarian company take advantages of the Internet technologies by developing and improving the functionality of their websites even if their customers are not used to e-commerce. Their goal is to educate them to book CHEAPLY and FAST online through theirs website. To convert the customers from the marketplace to marketspace is a time and finance consuming process but the possible benefits of adopting e-commerce will bring many future advantages such as cost cutting, and better price and service for the customers.

However, Swedish company maintain their personal contacts very well, operate in niche markets and they are not planning to adopt full e-commerce in near future. They presently use some of the advantages of Internet by collecting customer emails, making their profiles and sending them tailored personal messages. This strategy, well-known in the literature as Permission marketing, is very customer oriented and ensures developing of strong relationship with them. This can become the most valuable asset for the company in future.

Both the companies agree about the possible benefits of developing virtual communities by implementing discussion forums in their web. They agree that through this option customers can share their experiences and educate each other. Moreover, the company can collect their feedback and monitor customer complains in order to improve the services.

The difference of Bulgarian and Swedish companies regarding their perception of e-commerce does not obstruct their present business. For the short term period, the scepticism regarding e-commerce is not critical. But, for long term, this strategy may hamper their growth.
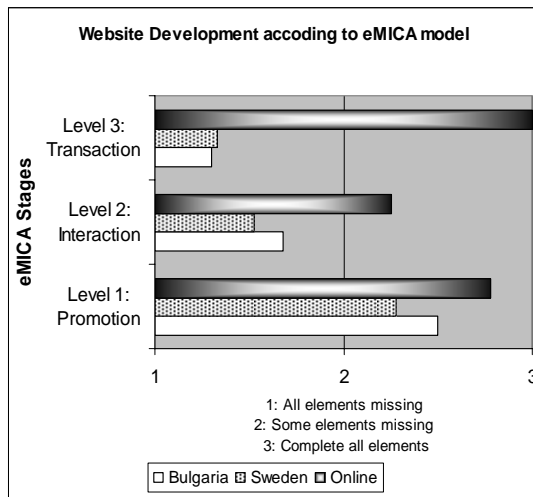
Chapter 6: Conclusion

The tourism industry is a very fragmented and an information-rich business, which makes it especially receptive for the benefits that the Internet offers. The information-based nature of this product means that the net, which offers global reach and multimedia capability, is an increasingly important means of promoting and distributing tourism services (Doolin et al. 2002).

The results show that Online agencies have high, but Swedish and Bulgarian agencies mainly moderate level of website development. As was assumed, Online travel agencies have the most developed websites, which basically covered all three stages of eMICA model and can be a benchmark for the industry (Fig 6.1.). Moreover, they rate of high importance most of the elements from all three stages (Fig 6.2.). Online respondents mainly depend on their websites to drive the business, and the full adoption of e–commerce by implementing most of the eMICA elements is indispensable.

On the other hand, most of the Swedish and Bulgarian Travel agencies' websites adopt only the first two stages (Fig 6.1). Surprisingly, an average Bulgarians webs are a bit in advance compared to Swedish ones in terms of web development. Both respondents rate of high importance most of the eMICA elements corresponding only to the first two stages of the model – promotion and interaction levels (Fig. 6.2).

For the interaction stage of eMICA model, Swedish websites are with most missing elements. However, they consider some of them of high importance, such as options for online searching, online booking, and discussion forums. Regarding the facts that 56 % hire a web design company for building the web and 50 % point out financial barriers for better web development, it can be concluded that the adoption of these elements is an expensive process that a few companies can perform.

Fig. 6.1 Website development stages   **6.2**. Importance of eMICA elements
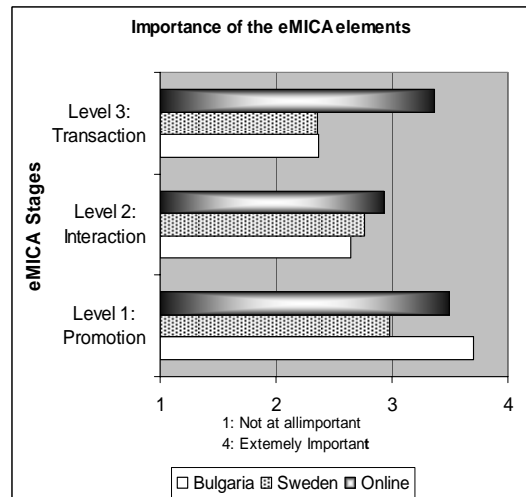
Another view of eMICA elements is their influence on the communication of the generic business channels, namely consumer-to-business C2B, business-to-consumer B2C, business-to-business B2B, and consumer-to-consumer C2C. Online, Swedish and Bulgarians respondents adopted on their web and rated of high importance mainly elements for B2C communication. However, some of them underestimate C2C and C2B communicational elements. On the second stage of eMICA model (interaction stage), many respondents have some elements missing. Hence, they limit the web opportunities for two-way communicational channel and focused it mainly on promoting and informing of their services. Only Online respondents turn their webs into sales channels as well as information channels.

A commercial websites that enhance all four generic business channels can benefit to the companies' potential to design and deliver high-level value services. An active partnership between companies and their customers and collaborators can help in maximizing company-delivery value and reduce company-delivery costs, and at the same time, companies can respond faster to emerging opportunities (Kotler 2002).

With adoption of Stage 2 of eMICA model, the communication moves two-way, that is, interactive. However, not so many respondents facilitate two-way communications through the web with their customers and employees. Moreover, C2C communication by Internet and word-of-mouth advertising via

discussion forums and chat rooms is ignored to a large extent. In this way, the respondents limit the possibilities of taking advantage of customer-interactive communities and to entering into dialogue with them.

Stage 3 (*transaction* level), together with previous stages (promotion and interaction levels), leads to full adoption of SST. This can contribute to reducing costs and involve customers in the interaction process, which decreases the chances of their switching to a rival (Ohmae S, 2000). Online travel agencies, by adoption of SST in their web and incorporating the three levels of eMICA model, provide an environment in which their customers can take an active part in searching, booking and purchasing the trip. However, most of the Swedish and Bulgarian travel agencies are distant from SST advantages, because of the undeveloped websites. They mentioned mainly financial and technical barriers for incorporating the all three stages of eMICA model.

However, Internet is not just another sales channel or advertising medium. It is a tool to fundamentally change how a company does business, and how it takes orders from its customers and providers value to them. (Dyson 2001) From this prospective, marketing should be positioned as the driver of corporate strategy in the digital economy. Companies need a new corporate and marketing mind-set to perform successfully in the digital age (Kotler 2002).

A web, built-in with all eMICA options can be used as a tool for more holistic marketing approach, which influences to the product demand, human resource policy, and network interaction. Consistently, through the web the company can conduct its marketing activities on two platforms. The first platform is Customer Relationship Marketing , and here the web can contribute to a better view of the customers' value function and help to satisfy customers' need in a more convenient way, minimizing the time, expenditures and energy that customers spend in searching for, booking and receiving their services. Second platform is Internal Resource Marketing, and here the web can influence for better collaboration with the employees and human resource

policy in order to ensure that their customers' needs are fulfilled more adequately and more cost effectively.

Hence, incorporating e-commerce, e-recruitment, and e-training into companies' practices and procedures, can benefit for their holistic marketing process and sense-and-respond philosophy in order to explore, create and delivery value to their customers (Kotler 2002).

Most of the Bulgarian, Swedish and Online respondents (70 % - 90 %) agree that the web can help them to communicate with the customers, deliver their products, and understand customers' need. In this way, they can influence some of the key factors leading to the provider services gaps. Respondents only show skepticism regarding the potential of the web for facilitate human resource policies and improve the communication with the employees. Early in the thesis, the authors assumed that implementation of eMICA elements could help in closing the provider services gaps and help in utilizing more holistic marketing approach. However, many respondents do not adopt in their websites and rate of low importance some significant eMICA elements that can contribute in managing these key factors. In this way, they possibly limit the web opportunities contributing closing the gaps and implementing sense-and-respond philosophy.

Axel Birch (2001) pointed out: "You can take part in e-commerce and lose – but if you do not take part, you are already lost". However, it is expensive and time costing process to build a website, which serves as an effective channel for providing information, conducting transaction, and building relationship with the customers (Kotler 2002). The focus on Internet technologies is definitely necessary but not sufficient. We believe that the business will always have a room for personal human contacts and interaction. From this prospective, we outline two future alternatives for the traditional travel agencies: to become a full scale Online Travel Agency and entirely adopt e-commerce and SST or to be small, knowledgeable, and much focused to a certain nice market company, with superior personal contacts, individual customer care and long-term personal relationship with the customers.

Appendix 1:

Bird eye view of the Literature on Consumer Behaviour of SST users

1. **Individual characteristics of SST users**

- Demographics Characteristics:
  Includes gender, education, income, race, occupation and geographic traits of users. (O' Connor, 1999; Meuter et. al. (2005)

- Psychographic Characteristics:
  Includes technology lovers, security conscious, avoiders and gratifiers (Dabholkar & Bagozzi, 2002)

- Personality Traits :
  Includes self efficacy, inherent novelty seeking, need for attention (Dabholkar & Bagozzi, 2002)

2. **Formation of attitudes towards SST**
   - Attitude model to predict intended behaviour (Bobbitt and Dabholkar 2001)
   - Attitude in relation to specific technology based self service i.e Internet shopping

3. **Innovation Characteristics of SST**
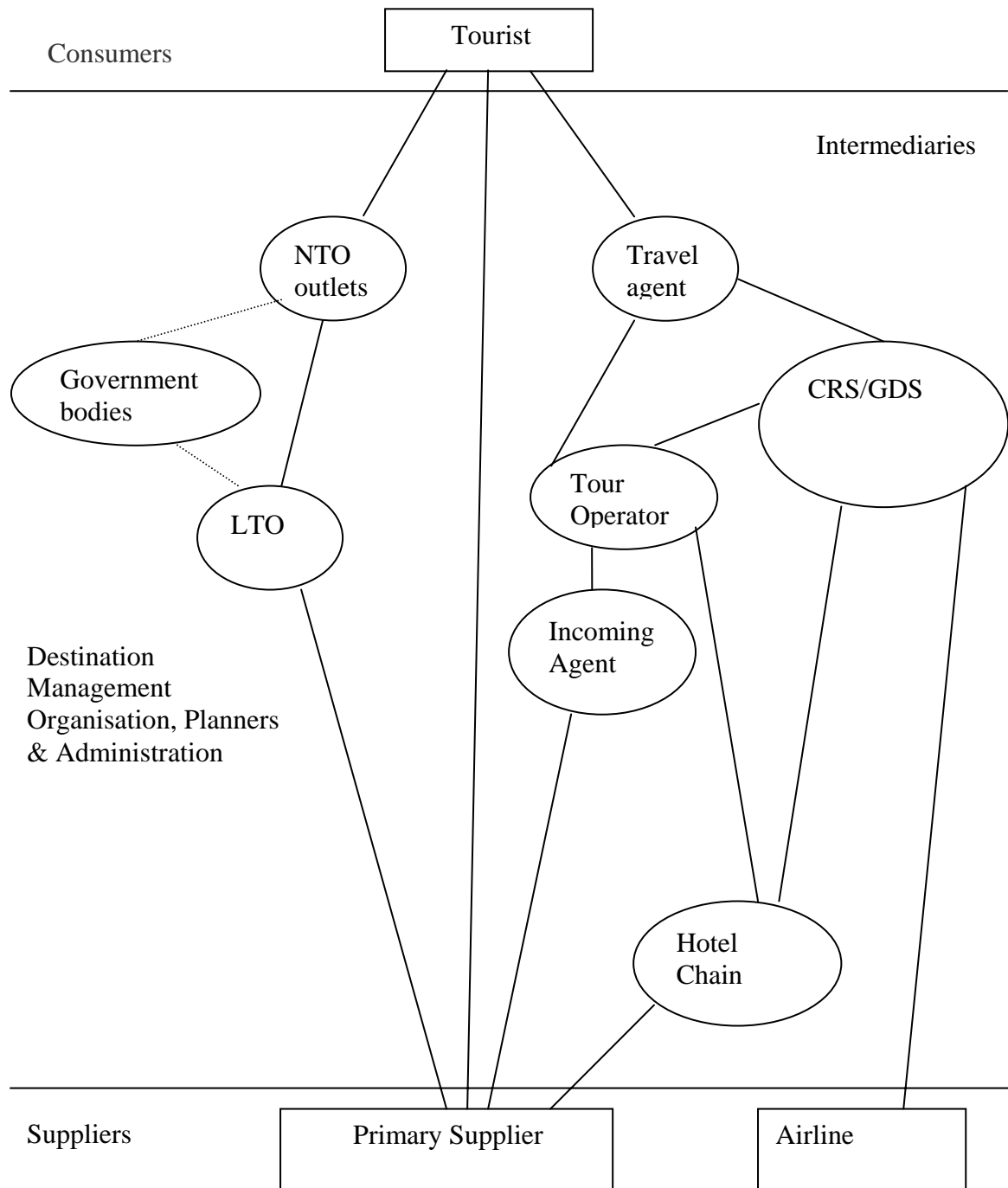   - Includes compatibility, relative advantage, complexity, observability, trail ability, and perceived risk (Meuter et. al. 2005)
   - Situational influences (waiting time and crowding) and direct factors (ease of use, performance and fun) (Dabholkar & Bagozzi, 2002)

4. **Mediating variables**
   Consumer readiness variables: role clarity, motivation and ability of users (Meuter et. al. 2005)

Appendix 2:

Remodeled Structural view of the tourism market (Werthner H and Klein S 1999, borrowed the model from Werthner 1994; Fröschl and Werthner 1997)
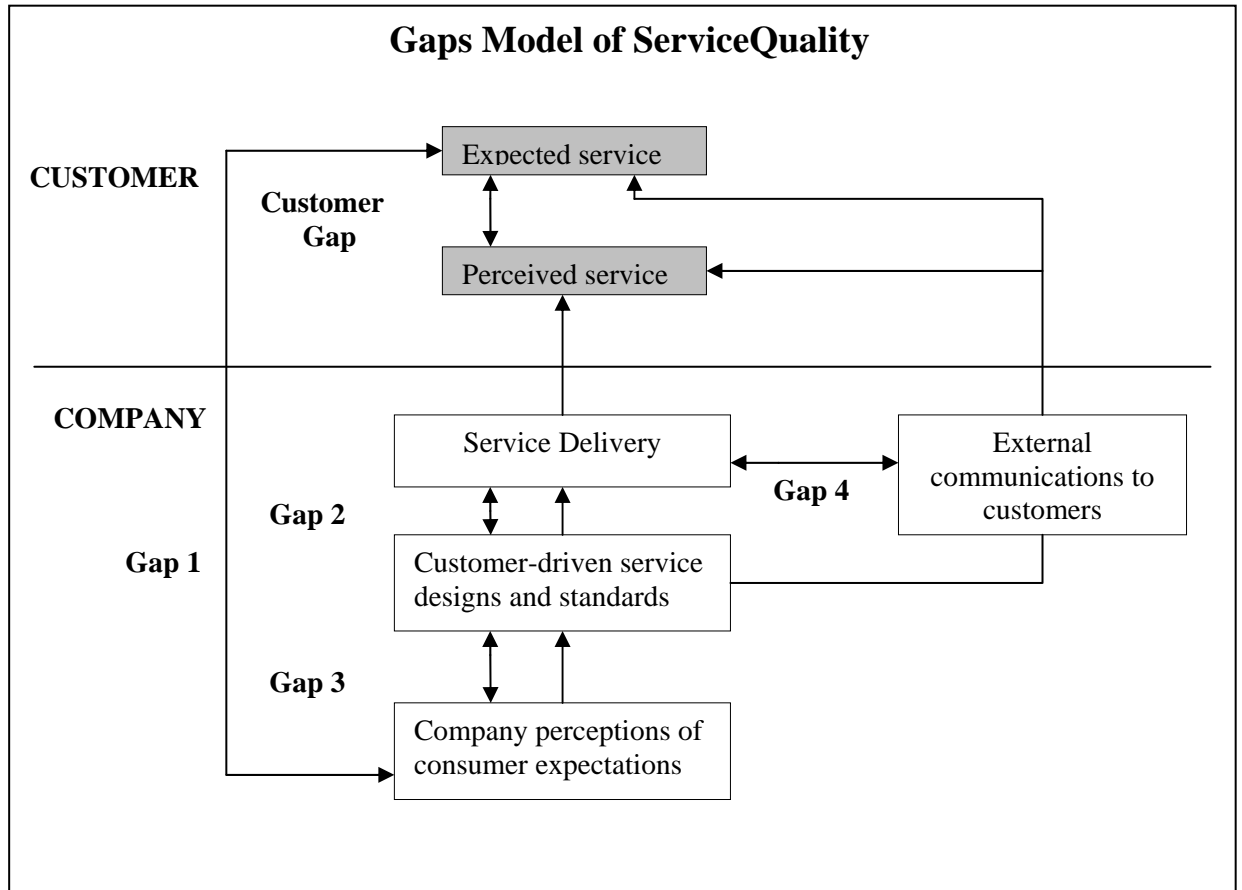

Consumers

Tourist

Intermediaries

NTO outlets

Travel agent

CRS/GDS

Government bodies

LTO

Tour Operator

Incoming Agent

Destination
Management
Organisation, Planners
& Administration

Hotel Chain

Suppliers

Primary Supplier

Airline

Appendix 3

The extended model of Internet Commerce Adoption (eMICA); adapted from Burgess and Cooper (2000)

EMICA   Examples of functionality
Stage 1—promotion

Layer 1—basic information   Company name, physical address and contact
                                               details, area of business

Layer 2—rich information   Annual report, email contact, information on
                                               company activities

Stage 2—provision

Layer 1—low interactivity   Basic product catalogue, hyperlinks to further
                                               information, online enquiry form

Layer 2—medium interactivity (e.g.,   Higher-level product catalogues, customer support

                                               FAQs, sitemaps), industry-specific valueadded
                                   features

Layer 3—high interactivity   Chat room, discussion forum, multimedia,
                                               newsletters or updates by email

Stage 3—processing   Secure online transactions, order status and tracking,
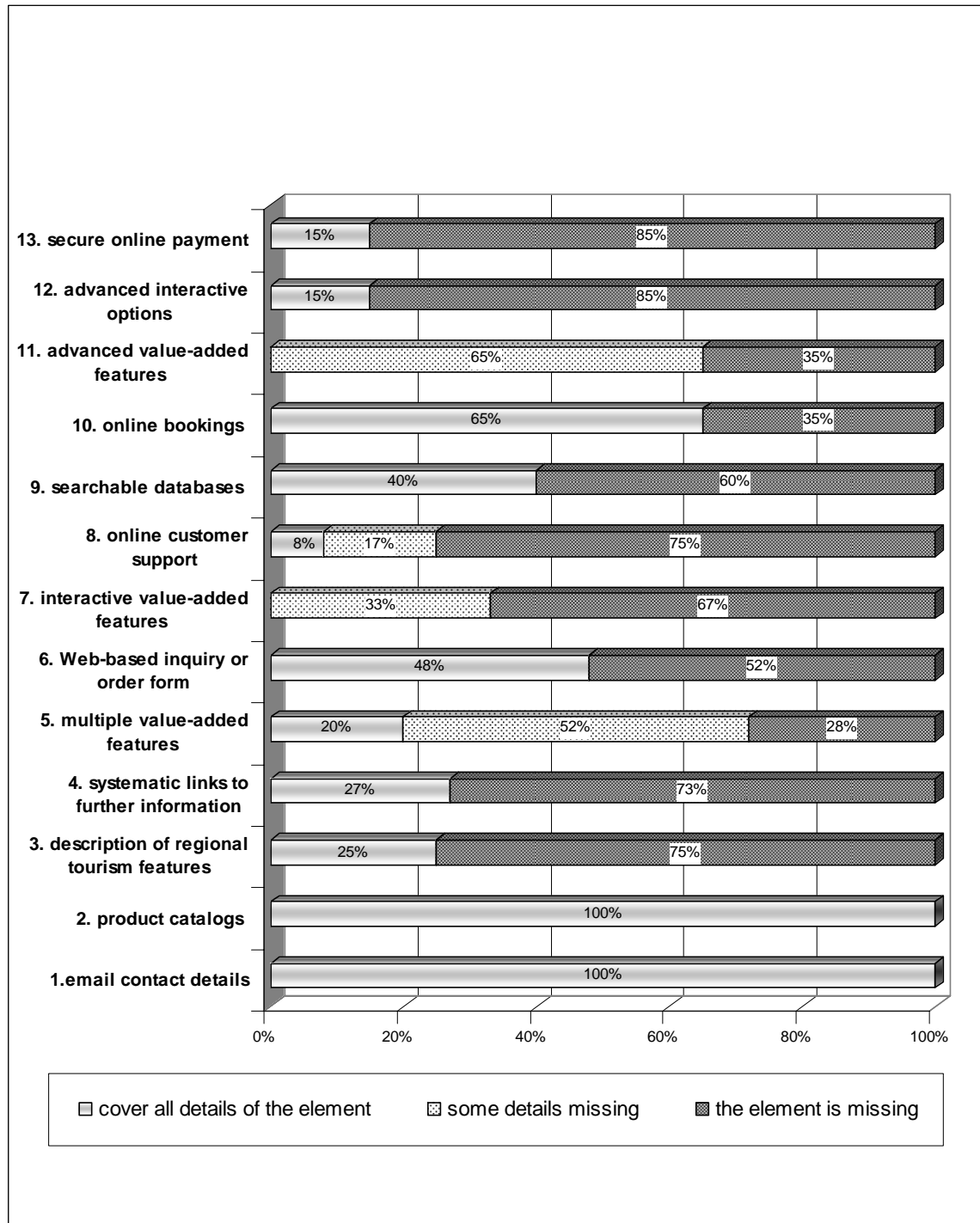   interaction with corporate servers

Appendix 4
Gaps Model of Service Quality (Zeithman & Bithner, 2002)

Gaps Model of ServiceQuality

CUSTOMER

Customer
Gap

Expected service

Perceived service

COMPANY

Service Delivery

External
communications to
customers

Gap 4

Gap 2

Gap 1

Customer-driven service
designs and standards
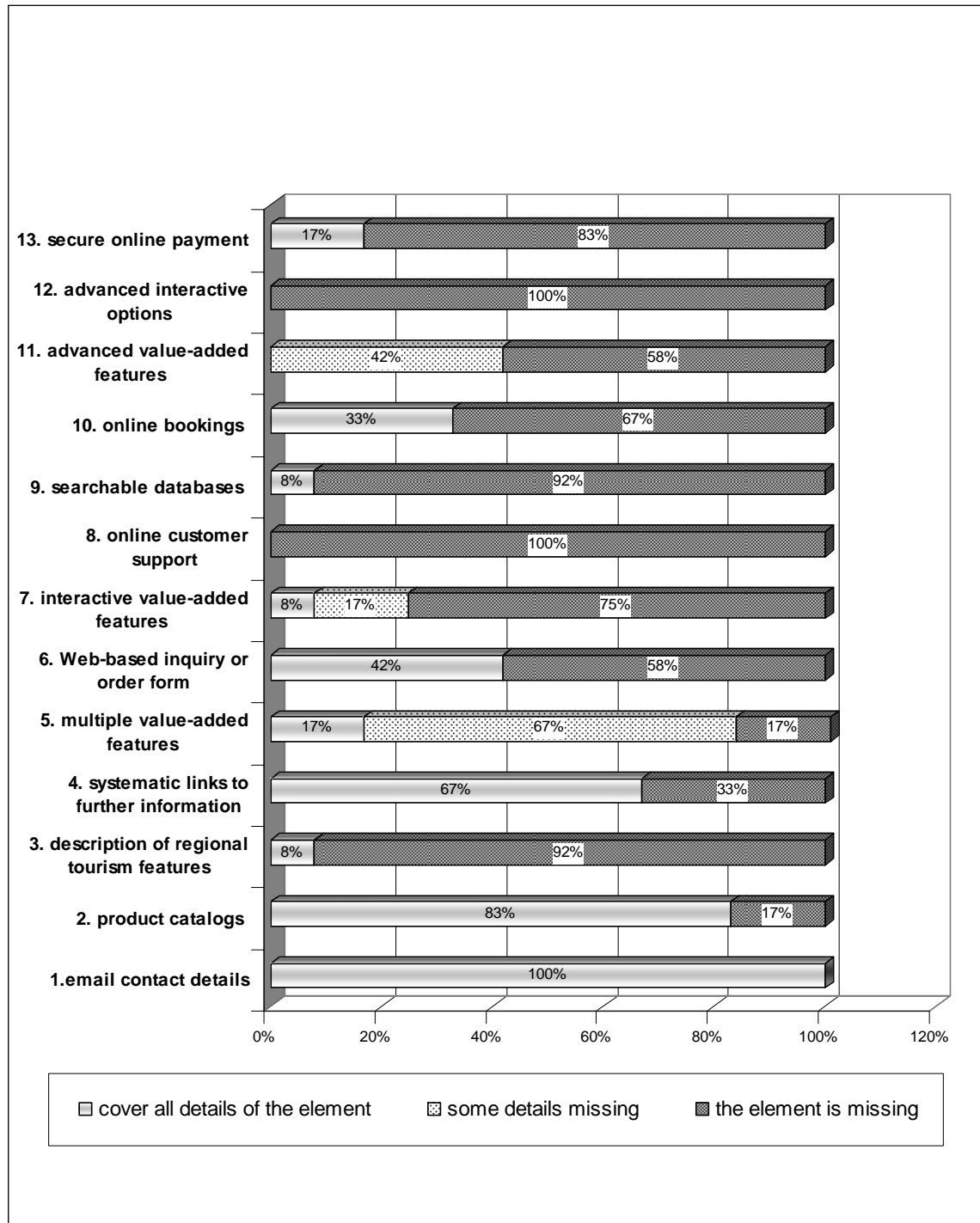
Gap 3

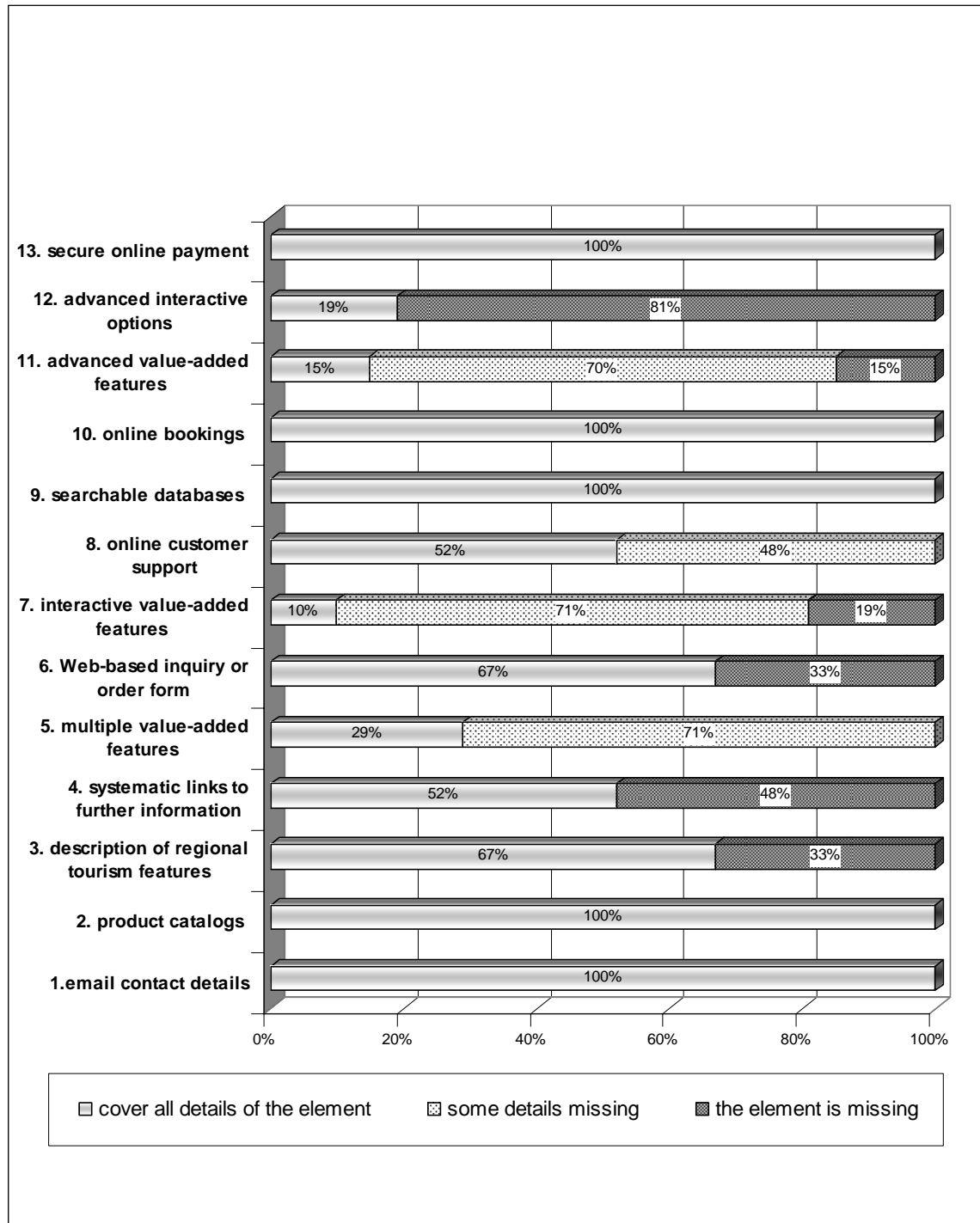Company perceptions of
consumer expectations

Appendix 5

Bulgarian Travel Agencies' data from the content analysis of their websites

Appendix 6

Swedish Travel Agencies' data from the content analysis of their websites

13. secure online payment	17% / 83%
12. advanced interactive options	100%
11. advanced value-added features	42% / 58%
10. online bookings	33% / 67%
9. searchable databases	8% / 92%
8. online customer support	100%
7. interactive value-added features	8% / 17% / 75%
6. Web-based inquiry or order form	42% / 58%
5. multiple value-added features	17% / 67% / 17%
4. systematic links to further information	67% / 33%
3. description of regional tourism features	8% / 92%
2. product catalogs	83% / 17%
1.email contact details	100%

Legend: ☐ cover all details of the element   ☒ some details missing   ▨ the element is missing

(X axis: 0%, 20%, 40%, 60%, 80%, 100%, 120%)

Appendix 7

Online Travel Agencies' data from the content analysis of their websites

Chart legend:
- cover all details of the element
- some details missing
- the element is missing

Data by category:
- 13. secure online payment: 100%
- 12. advanced interactive options: 19%, 81%
- 11. advanced value-added features: 15%, 70%, 15%
- 10. online bookings: 100%
- 9. searchable databases: 100%
- 8. online customer support: 52%, 48%
- 7. interactive value-added features: 10%, 71%, 19%
- 6. Web-based inquiry or order form: 67%, 33%
- 5. multiple value-added features: 29%, 71%
- 4. systematic links to further information: 52%, 48%
- 3. description of regional tourism features: 67%, 33%
- 2. product catalogs: 100%
- 1. email contact details: 100%

Appendix 8

Existing Web Site Evaluation Frameworks (Davidson 2002)

Author	Method	Where Used	Comments
		Digital Business Models	
Timmers (2000)	Internet Business Models	8 e-commerce ventures are documented with reference to what business models they use	• Describes 11 ways of conducting B2B and B2C Internet commerce. • Business models are mapped according to degree of innovation and functional integration. • Not useful for this study as it does not provide a way of evaluating the level of innovation and functionality within a category of business models.
		Stages of Development Models	
Cockburn & Wilson (1996)	Business Use of WWW	A survey of 300 global Web sites from 18 industry sectors selected from the Yahoo! directory	• Classifies Web sites according to: - Information provided and ordering functionality - Use of multimedia - Utilisation of e-mail • Identifies important features that also appear in subsequent models.
Ho (1997)	Value-Purpose Evaluation Matrix	Global study of 1,800 Web sites from 40 industries	• Categorises Web sites into 12 categories on a 3x4 matrix divided by 'purpose' (promotion, provision, processing) and 'value' (timely, custom, logistic, sensational). • Enables a broad comparison of individual sites and across industries. • Gives good examples of what features to expect in each value/purpose combination.
Burgess & Cooper (1999) Boon, Hewett, & Parker (2000) Burgess & Cooper (2000); Burgess et al. (2001); Doolan et al. (2001a; 2001b)	Model of Internet Commerce Adoption (MICA) Modified MICA Extended MICA (eMICA)	186 Web sites in the Metal Fabrications industry 222 Australian Local Government Authority Web sites 3 studies of Regional Tourism Organisation Web sites in Aust., NZ, and the Asian Pacific region.	• The original MICA model has been refined twice and is now presented as eMICA. • eMICA presents 3 broad levels of functionality with a further division of 2 and 3 levels in stages 1 and 2. • Stage 1 – Promotion: Level 1 – basic information Level 2 – rich information Stage 2 – Provision: Level 1 – low level interactivity Level 2 – medium level interactivity Level 3 – high interactivity Stage 3 - Processing • Useful examples of functionality given.

Scoring Systems

Elliot (2002)	CEC Web Site Evaluation Framework	A study of 100 Danish Web sites in 10 industry sectors. A global study of 30 Web sites from 6 countries	• Uses a binary scoring approach. • A point is awarded for each of 5 levels of functionality across 6 categories (company information and functions, product/service information and promotion, buy/sell transactions, customer service, ease of use, and innovation in services and technology). • Used 2 analysts who had to agree on the same score. Guidelines on how points are awarded are subjective – how much of something is needed for a point to be awarded? • Stricter guidelines would compromise the flexibility of the framework for use across industry sectors. • Categories of functionality and scoring ideas useful.
Gartner (2002)	Gartner's Web Site Evaluation Application	Used internally by the Gartner Group	• Functionality is mainly rated on a Likert scale of 1 to 9, a binary score is used for some features. • 76 features listed under 3 main categories (site design, site functionality, customer value). • Categories and sub-categories are given weightings. • Separate list of functions for specific industry sectors. • The scores from 3 analysts are averaged. • Implemented in an Excel spreadsheet. • Comprehensive list of functions.

Appendix 9

eMICA elements and the corresponding provider gaps

eMICA elements	Communica-tion chanles	Provider gaps
Stage 1 *(Information)*		
1. Contact details	B2C	gap 4
2. Product catalog	B2C	gap 4
3. Information about offered destinations	B2C	gap 4
Stage 2 (Interaction)		
4. Systematic links to further information	B2C	gap 4
5. Multiply value-add features	B2C	gap 4
6. Web-based inquiry form	C2B	gap 1
7. Interactive value add-features	B2C C2B	gap 1 gap 4
8. Online customer support	B2C	gap 4
9. Searchable engine	B2C	gap 3
10. Online booking	C2B B2C	gap 3
11. Advanced value-add features	B2C C2B	gap 4
12. Chat rooms and discussion forum	C2C C2B B2C	gap 1 gap 4
Stage 3 *(Transaction)*		
13. Online Payment	C2B B2C	gap 3
Legend: B2C – Business-to-customers C2B – Customers-to-business C2C – Customers-to-customers Gap 1 – Not knowing what customers expect Gap 2 – Not selecting the right designs and standards Gap 3 – Not delivering to service standards Gap 4 – Not matching performance to promises		

Appendix 10

Questionnaire

1. When did you establish Your company?

The year of establishment [   ]

2. How many employees does Your company have?

number of employees # [   ]

3. How long have You had your website?

less than 1 year	1 year	2 years	3 years	4 years	5 years	more that 5 years
○	○	○	○	○	○	○

4. How did you build Your website?

○ Use web design company

○ Hired consultant

○ Created by employees of the company

○ Other (please specify)

[   ]

5. What is the main purpose of Your website?

○ Information about the company and their products.

○ Interaction with the customers

○ Advertising and promoting purposes

○ Complete online booking and transaction with the customers

○ Enhance company's image

○ Other (please specify)

[   ]

6. The The following elements might be implemented on a website. Please rate of the following features in level of importance.

	Extremely Import ant	Definitely Important	Somewhat Important	Not at All Important
Contact details	○	○	○	○
Product Catalog	○	○	○	○
Information about offered destinations	○	○	○	○
Web links	○	○	○	○
Photo gallery, news, maps	○	○	○	○
Web-based inquiry form	○	○	○	○
FAQ's, sitemap	○	○	○	○
Searchable engine	○	○	○	○
Online Booking	○	○	○	○
Multi-language support, multimedia, email updates	○	○	○	○

Chat-rooms and discussion forms	○	○	○	○
On-line payment	○	○	○	○

7. What barriers do you think you have in developing and improving your website?

○ Financial reasons

○ Technical reasons

○ Lack of required skills and knowledge

○ Skeptical about the possible benefits

○ Reasons concerning insecure transactions

○ Other (please specify)

[   ]

8. For each of the following statements, please check the response that best expresses the extent to which you either agree or disagree with that statement.

	Definitely Agree	Slightly Agree	Generally Agree	Slightly Disagree	Generally Disagree	Definitely Disagree
Our company website improves communication with our customers	○	○	○	○	○	○
Our company website helps to better understand what customers want	○	○	○	○	○	○
Our company website improves communication with the employees	○	○	○	○	○	○
Our company website improves delivery of our products	○	○	○	○	○	○
Our company website helps customers to understand our products better.	○	○	○	○	○	○

9. What do You think about the future of the Web technologies in Your business field and particularly for Your company?

Appendix 11

Open-end interview questions

1. According to your opinion what is "a good website"? How "a good website" can improve your business?

2. What are the goals of your website? What is the main purpose of your website?

3. What are the competitive advantages of your website?

4. What make your website preferable for the customers?

5. How you decide which options to include in your website. Why?

6. Do you have an option for discussion forum? If you have, what are the benefits of it?

7. What barriers you meet in the process of developing the website? Which options are most problematic?

8. What difficulties you meet with implementation of secure online payment option?

9. What are the future plans for your website? In which direction you will develop it?

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