Chapter I

Online Delivery of Tourism Services: Developments, Issues, and Challenges

John W. Houghton, Victoria University, Australia

Abstract

This chapter presents an overview of recent developments in online delivery of tourism services, highlighting major issues and challenges. Many tourism services are highly amenable to online delivery and, in OECD countries, the adoption of e-commerce and online service delivery in tourism has been rapid. The tourism sector is among the leaders in online marketing and sales, but considerable potential remains, with the sector lagging in the adoption of supply chain related systems and the use of ICTs for internal efficiency. The Internet brings new opportunities and challenges, with both disintermediation and the emergence of new intermediaries. Key policy issues include the need to carefully monitor the competition effects of online service delivery and take advantage of the potential for the development of destination management systems that provide an integrated front-end for small to medium sized tourism enterprises.
Introduction

Many tourism services are highly amenable to online delivery, with booking and reservation based on the exchange of information and payments. In OECD countries, the adoption of e-commerce and online service delivery in tourism has been rapid, and the tourism sector is among the leaders in online marketing and sales. Nevertheless, considerable potential remains, with most tourism sectors lagging in the adoption of supply chain related systems and the use of ICTs for internal efficiency. Recent developments such as the Internet bring new opportunities and challenges, with both disintermediation and the emergence of new intermediaries. Key policy issues include the need to carefully monitor the competition effects of online service delivery and to take advantage of the potential for the development of destination management systems that provide an integrated front-end for small to medium tourism enterprises (SMTEs).

Industry Structure

Tourism services include elements of transport services (e.g., passenger transport), auxiliary activities (e.g., travel agency and tour operator services), accommodation and food services (e.g., hotel accommodation and restaurants), entertainment and recreational services (e.g., historical sites, museums, theme parks, etc.) and a range of related products and services (e.g., retailing, manufacturing, financial, and property related services). Thus the tourism sector exhibits a range of industry structures, competitive environments, business models, value chains, and critical success factors.

According to E-Business Watch (2002), key characteristics of the tourism sector include:

- The complex nature of the product, with the overall product being the sum of different activities (e.g., transport, accommodation, meals, recreational activities, etc.)
- The diverse industry structure, with a large number of small businesses (e.g., family hotels, guesthouses, campsites, guided tour operators, etc.) and some very large ones (e.g., airlines)
- The prevalence among small to medium tourism enterprises (SMTEs) of family run businesses, some with very different drivers to those operating in listed firms (e.g., “lifestyle” businesses)
Understanding the Role of CSR, Chinese Values, and Personality on the Relationship Between Consumers’ Choice of Green Hotel and WOM in China
