

CASE STUDY 6.1W

e-tourism, the tourism industry and e-business in Europe

According to the European Commission (2003), the EU tourism sector was one of the first industry sectors to make a wide use of ICTs. This belies the fact that tourism is a complex product involving micro-products to create an experience, including transport, accommodation, hospitality and other services. Small and medium enterprises (SMEs) dominate the sector but large integrated businesses (i.e. TNCs) dominate the sector. Within the EU tourism sector in 2003, 88 per cent of enterprises had internet access, 85 per cent used email and 77 per cent used the WWW. Some 74 per cent of companies had a web presence and 36 per cent of businesses sold products online. Investments in e-technology saw airtours spend £100 million on its launch of MyTravelCo in 2000, while Pressaag spent £33 million on making TUI an online business.

A Department of Trade and Industry (DTI 2003) study in the UK outlined in a six-step e-adoption ladder (Figure 6.1W) which highlights the different levels of business investment and ICT implementation to become fully e-enabled. In the UK study, 80 per cent of businesses had a website but 14 per cent remained non-adopters because they preferred not to become e-capable. The main reasons cited by the DTI (2003) for e-enablement were:

- to become customer focused and reach new customers
- to increase bookings
- to improve marketing effectiveness
- to improve profit and reduce costs.

Companies e-enablement was enhanced if they had a corporate vision, a clear understanding of the benefits of e-business, and a management culture predisposed towards technology despite barriers to adoption including investment costs, the payback period of the investment and available e-commerce skills.

The Economist Intelligence Unit (2003) report provides a benchmark using 100 measures for how prepared EU countries are for e-commerce. Among key drivers of the e-transformation in society are the deregulation of the telecommunications industry and greater competition among internet service providers, the expansion of mobile-phone-based e-commerce, internet-friendly legislation and government plans to get EU citizens online. Despite the significance of the USA online market in 2003 Scandinavia, including Sweden and Denmark, was ranked as the most e-ready, followed by the Netherlands, the USA and UK.

References

- DTI (2003) *e-commerce Impact Study of the Tourism Sector in the UK*. London: DTI.
- Economist Intelligence Unit (2003) *e-readiness Rankings*. London: Economist Intelligence Unit.
- European Commission (2003) *Working Together for the Future of European Tourism: Mobile Services for Tourism*. Brussels: EU.

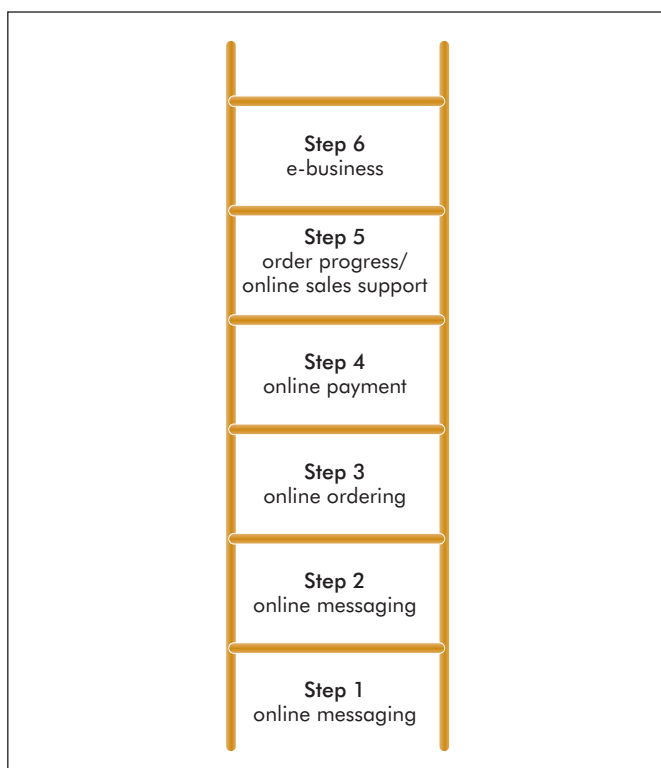


FIGURE 6.1W An example of a DMS