E-Business – A Tool to Enhance Tourism Industry: A Study on Bangladesh

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Abstract

Information is the key element in the tourism industry. Tourists want to know in advance about the attractions and the facilities of a particular destination. The tourist also wants to know other related information of his/her visit to make the same safe, secured and enjoyable. As a result, dissemination of information on travel and tourism-related products and services are highly important. Using of information technology to create trust between tourists and entrepreneurs, developing e-commerce capacity, marketing, and promoting the authorities to be the e-marketplace for tourism is the need. The most important benefit associated with the new technologies is the supply of information. The role of ICT in tourism industry cannot be underestimated and it is a crucial driving force in the current information driven society.

Keywords: E-business, Tourist, Tourism Industry.

Introduction

Tourism is one of the fastest growing industries the world over. The tourism sector in Bangladesh has been gradually rising from mid-nineties till now. In the past 30 years, the world tourism industry has been influenced by three major waves of information and communication technologies (ICT): the Computer Reservation System (CRS) in the 70s, the Global Distribution System (GDS) in the '80s and the Internet from the mid 90s onwards. Recent advances in telecommunications, networking databases, data processing and electronic marketing provide many new opportunities for tourism and significantly impacting on traditional tourism business models. The use of information and communications technology (ICT) adds value to tourism services and products and supports the development of industry networks and clusters. E-business has the ability to impact the whole tourism value chain (e.g. information on destination, accommodation, transportation, package tours and services) and effect process management and service delivery in the global tourism sector.

Objectives of the Study

E-business and technology research carried out in respect of the tourism has included work carried out in the United Kingdom (Wood, 2001), United States (Tierney 2000), Taiwan (Wan, 2002), Canada (Hudson and Lang, 2001) and Greece (Vrana and Zafiropolous, 2006). Internet and e-business that relates to the tourism industry has also been conducted from a strategic perspective research (Buhalis, 1998 and Baines, 1998) and from a value chain perspective (Wynne et al., 2001).

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No study has been carried out to date that focuses on E-business practices in Bangladeshi tourism sector; and therefore the objectives are:
  i.   To assess the management's commitment to e-business development by tourism firms in Bangladesh.
  ii. To examine the perceived e-business benefits by Bangladeshi tourism industry.
  iii. To observe the e-business usage levels in Bangladeshi tourism sector.

Methodology of the Study

The study is exploratory in nature and conducted on the basis of primary data. Data were collected through interview with a structured questionnaire. In this connection 20 tourism firms were contacted from Dhaka, Chittagong and Cox's Bazar city serving in hospitality industry (hotels and restaurants), travel and tour establishments (travel agencies) and recreational establishments (theme parks, marine and water base recreational facilities). They were selected on the basis of convenience sampling procedure. A small scale quantitative research was designed for investigating the issues. Seven-point likert scale was adopted for the questionnaires ranging from strongly agree to strongly disagree. Findings of the study are represented in the graphical and text format. Time period of conducting the study was from July to October 2011.

Literature Review

In a review of literature on e-commerce in developing countries, Boateng and Hinson's (2007) three major theories: diffusion of innovation, theory of planned behaviour, and theory of reasoned action as the underpinning theories of quite a number of adoption and diffusion theoretical frameworks research models (Ure, 2002; Al Sukkar and Hasan, 2005) were employed in this study.

With regards to the hospitality sub-sector of tourism, Kamel and Hussien (2004) used the diffusion of innovation (DOI) theory alongside the Technology Acceptance Model (TAM). The application of DOI emphasized the understanding that a single focus on e- commerce/e-business as innovation and its potential or perceived usefulness was not enough in dealing with issues arising from complexity and compatibility of e-commerce with preferred work practices and existing technology.

The study by Kamel and Hussien (2004) showed that the lack of adequate infrastructure to handle online payments limited online reservations to e-mail reservations. On the other hand, the introduction of online reservations stirred some resistance as the sale manager's commission reduced. There was also a lack of the requisite human resource having the minimum English proficiency and being computer literate.

Management of tourism firms would normally comprise individuals with authority to make strategic decisions (Aghaunor and Fotoh, 2006). Aghaunor and Fotoh (2006) further declared that management could develop a clear cut e-business/e-commerce vision and cascade signals to every

part of the organization about the importance of e-business/e-commerce adoption.

E-business is helping to foster productivity enhancement and cost reduction (Wenninger, 1999); higher customization (Choi and Winston, 2000) and improvements in organizational learning (Collins et al, 2003). Collins et al. (1993), Mitchell (2003), and Louvieris and Lockwood (2002) also emphasize that Internet access is on the rise amongst small tourism businesses. Tourism businesses are using the Internet and they ultimately believe the use of online environments and flexible learning can boost opportunities for the development of e-commerce and e-business skills.

However, there exists other literature which report on the benefit of e-business to tourism in contrasting terms. Braun (2004), Danielle and Mistilis (1999), and Hollick (2003) have noted that "despite all the benefits that can be achieved by ICT, many small and micro-tourism businesses have failed to embrace ICT and the Internet". One of the major arguments is management's perception of the internal organizational readiness to adopt e-business. Organizational barriers among non-adopters include the lack of technological and financial resources, the negative attitude of management (lack of their support and less risk taking propensity), and the lack of IT knowledge.

Potential E-Business Development in Tourism

E-business is the use of information and communications technologies in all activities of a firm both internally and in relation to its outside partners. The tourism industry consists of many companies dabbling in various activities, ranging from tour operators to cafes and restaurants. The companies include SMEs and the types of enterprises that comprise the tourism industry are: (1) tour operators (2) travel agents (3) tourist guide services (4) airlines (5) transportation (6) restaurants and cafes (7) hotels and guesthouses (8) museums and historical sites and buildings (9) nature reserve services (10) tourism education and training institutions; (11) local tourist offices. Within the discourse on the information society and the e-economy, ICTs are seen as major tools with the potential to fundamentally change business behavior and company strategies. The Internet has provided a new business environment in which virtual business can be conducted. The adoption of ICT in the tourism industry can provide detailed up-to-date information on the availability and prices of products and booking which could also contribute to increased sales volume and profits.

Presentation and Discussion

Management's Commitment

The majority of the Tourism organizations operating in Bangladesh mainly employ a maximum of 30 employees, the fact that a majority of the respondent firms were small firms.

With the challenge of doing business with limited accessibility to adequate/requisite human, technological, and financial resources and skills, the management or owner of Bangladeshi tourism firms are more likely to wield a tremendous amount of influence in deciding on major investment decisions to e-business adoption and their willingness to commit resources to e-

business development.

Table 1: Management commitment to E-business Utilization

	Frequency	%
Strongly agree	10	50
Agree	6	30
Somewhat agree	1	5
Don't know	2	10
Somewhat Disagree	-	-
Disagree	1	5
Strongly Disagree	-	-
Total	20	100

According to Table 1, management of Bangladeshi tourism organizations agreed to e- business utilization (85%). It appears management tends to appreciate or have realized the benefits in utilizing e-business and have therefore supported e-business deployment initiatives.

In this study I have examined two factors; (i) commitment to financial investment in e-business and (ii) commitment to e-business institutionalization through the development and implementation of an e-business policy. These factors tend to reflect the challenges faced by small business – limited accessibility to adequate technological and financial resources and skills.

International tourism business is increasingly technology based and engages in a fair amount of electronic business in order to meet their corporate and strategic goal. The primary objectives include aligning the Internet and other ICTs with the business objectives and processes, identifying strategic applications, forecasting and allocating resource, developing an information-architecture, and increasing the performance of organization through e-business. Most of these organizations have no policy document on e-business. From Table 2, observed that only 15% have a written policy on e-business. However, it is hoped that management of these tourism firms will push towards institutionalizing e-business by beginning to develop policies to guide organization wide e-business deployment and use.

Table 2: Written E-business Policy

Written policy	Frequency	%
Yes	3	15
No	17	85
Total	20	100

On the other hand, 70% of management in tourism firms agreed to commit financial resources to e-business development (Table 3). The obvious question is, without an e-business policy, how are these firms going to estimate and allocate these resources and to what measures are these investments going to be assessed? The quest for answer throws light on the IT-business knowledge, and financial skills of management or owner/managers of tourism firms.

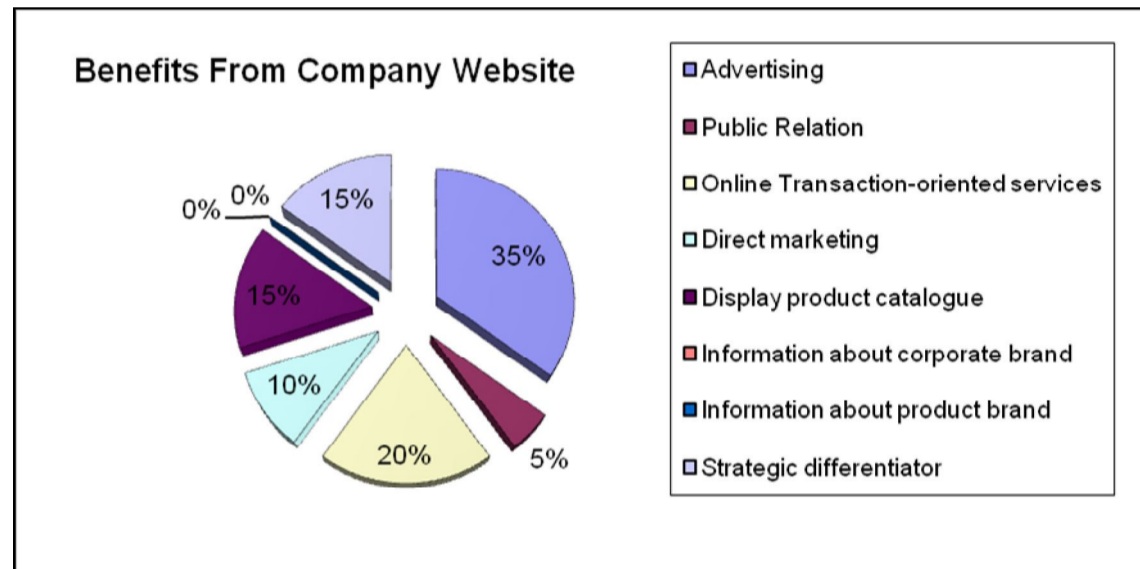**Table 3: Management's opinion on Financial Resources to E-business Development**

	Frequency	%
Strongly agree	8	40
Agree	5	25
Somewhat agree	1	5
Don't know	6	30
Somewhat Disagree	-	-
Disagree	-	-
Strongly Disagree	-	-
Total	20	100

E-business Benefits

E-business in the tourism sector is important because it has the potential of improving the productivity of firms operating in the tourism sector. The significance of the responses to marketing communications is that tourism firms seem to understand that the internet is a useful marketing communication tool, integral to getting them to establish a global presence.

It was observed that websites are need to put their advertising (35%) and online transaction oriented services (20%). The least use to which websites were put was public relation (5%). On the other hand tourism firms failed to receive benefits about product and corporate brand from company website.
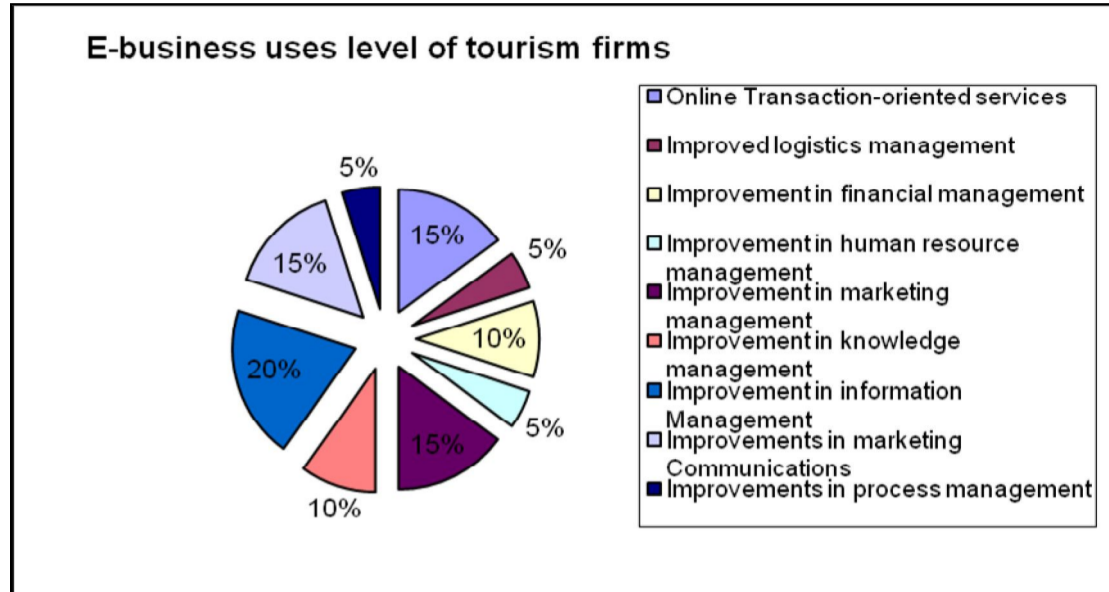
Figure:1

Source: Primary

The implication of this finding is that even though there seems to be an appreciation of websites, the lack of a clearly formulated e-business policy relatively affects their level of understanding and their perceived strategic value of innovation.

E-business Usage

It is interesting to note (in Fig: 2) that e-business usage levels to tourism firms are distributed nearly proportionately across various factors. E-business needs to be viewed as a strategic resource for improving the competitiveness of tourism firms.

Figure: 2

Source: Primary

Conclusion and Recommendations

Information and communication technologies (ICTs) have had a growing impact on tourism promotion, marketing and sales. With the advent of new forms of ICTs, a new type of tourism, e-tourism has emerged. Management's commitment, their perceived strategic value of e-business usage and ICT resources are critical to e-business adoption. Firms in tourism sector need e-business planning skills and knowledge infusion to place e-business at the centre of their organizational strategies. People now prefer to search for information on tourism destinations and offers on the Internet. So, it is important to acquire the skills and tools of ICT by the tourism operator to provide online content, online services as search facilities, availability checks and online reservation and payment.

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