AN EVALUATION OF INFORMATION TECHNOLOGY AND ITS IMPACT ON THE TOURISM INDUSTRY, WITH SPECIAL REFERENCE TO SELECTED TOURISM INTERMEDIARIES IN CAPE TOWN

FAROUZE SWARTZ

Cape Peninsula
University of Technology

AN EVALUATION OF INFORMATION TECHNOLOGY AND ITS IMPACT ON THE TOURISM INDUSTRY, WITH SPECIAL REFERENCE TO SELECTED TOURISM INTERMEDIARIES IN CAPE TOWN

by

FAROUZE SWARTZ

Thesis submitted in fulfilment of the requirements for the degree

Master of Technology: Tourism and Hospitality Management

in the Faculty of Business

at the Cape Peninsula University of Technology

Supervisor: Prof I. W. Ferreira

Cape Town Campus
March 2012

DECLARATION

I, Farouze Swartz, declare that the contents of this dissertation/thesis represent my own unaided work, and that the dissertation/thesis has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

Signed **Date**

ABSTRACT

The reason for conducting this research was to evaluate the impact of information technology in the tourism industry, focusing mainly on tourism intermediaries, which include selected travel agencies and tour operators in Cape Town, and their awareness levels of the negative and positive impacts, as well as disintermediation that occurs owing to information technology developments.

The research methodology for this thesis comprised a literature search and an empirical survey, which evaluated the impacts of information technology on tourism intermediaries in Cape Town. This research sought to establish whether disintermediation has occurred amongst travel agents and tour operators, whilst recognising strategies, which these tourism intermediaries can use to ensure survival in the competitive tourism industry. Relevant sources were referred to in the literature search.

A number of appropriate normative measures were taken from the literature, followed by an empirical survey where randomly selected tourism intermediaries in Cape Town, namely small, medium to large companies were chosen to participate in the research questionnaire. The questionnaire responses were captured by the registered CPUT statistician in the form of frequency distribution analyses, and these were statistically analysed by the researcher and the registered statistician.

The interpretations and findings of the statistical analyses were presented in tables and charts and were explained individually according to the statements' similarities, differences and verifications, as per the research questionnaire.

A number of recommendations emanated from the literature sources and empirical survey, followed by concluding remarks in the form of conclusions.

ACKNOWLEDGEMENTS

I wish to thank:

- Professor I. W. Ferreira (Supervisor)
- Mrs C. Uys (Resident CPUT Statistician)
- Mrs S. Sulayman (Language Editor, CPUT)
- My mother, Aziza Swartz for her love, motivation and continuous support
- My father, brothers and friends for their support

DEDICATION

For the Almighty

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

GLOSSARY OF TERMS

ABTA	African Business Travel Association
ASTA	American Society of Travel Agents
B2C	Business to consumer
CD-ROM	Compact Disc- Read Only Memory
CPUT	Cape Peninsula University of Technology
CRO	Central Reservation Offices
CRS	Computer Reservation System
CSIR	Council of Scientific and Industrial Research
DIS	Destination Information Systems
DMO	Destination Management Organisation
DMS	Destination Management System
GDP	Gross Domestic Product
GDS	Global Distribution System
HSRC	Human Sciences Research Council
IATA	International Air Transport Association
ICT	Information Communication Technology
IOS	Inter-Organisational System
IS	Information Systems
ITN	Independent Television News
IT	Information Technology
MIS	Management Information System
MRC	Medical Research Council
PARS	Pre-arrival review system
PC	Personal Computer
PMS	Property Management System
RAND	Research And Development

SIS	Strategic Information System
SME	Small Medium Enterprise
TO's	Tour operators
TOP	Thomson open-line programme
TWA	Trans World Airlines
UCLA	University of California, Los Angeles
USC	University of Southern California
US	United States
WTO	World Tourism Organisation
WWW	World Wide Web

CHAPTER ONE

INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 INTRODUCTION

This thesis will explore the development and evolution of information technology (IT) and its impact on the tourism industry with a focus on selected tourism intermediaries (travel agencies and tour operators) in Cape Town. It will look at how information technology has developed with the purpose of making life more convenient for the operation of companies, personal living and the development of countries. While information technology may simplify life, how useful is information technology for the operation of the tourism industry? Therefore, the purpose of this thesis is to investigate the impact of information technology on the operation and profit margin of selected tourism intermediaries, looking at whether it has a positive or negative impact on the tourism industry as a whole but with special reference to travel agencies and tour operators.

On the negative side, information technology can be the downfall of the tourism industry where systems such as Computer Reservation Systems (CRSs) have been developed to exclude tourism intermediaries as travellers can communicate and purchase directly from the supplier. The Internet is used as a source of information to tourism consumers and competitors, creating competitive disadvantages.

On the positive side, information technology simplifies the operation of tourism companies, reduces costs and satisfies users, both sellers and buyers. Information through the Internet gives the tourism industry more exposure both at domestic and international levels. Computer Reservation Systems enable people all over the world to access tourism products directly and make direct bookings. Thus information technology can have a great impact on the tourism industry especially in companies such as travel agencies where tour operators are dependent on information technology. This research project will be looking at different sources where similar citations have been made. This will be discussed in the literature review and an empirical study where questionnaires will be distributed to selected tourism intermediaries in Cape Town will be expanded on.

In this chapter under each heading, a brief explanation will be provided to give clarity to the chapters that follow. This is basically a description of the project layout, the issues that will be focussed on and how the information has been gathered, sources used and how the findings will be analysed. The problem statement will pose questions associated with the topic with relevant answers to address the problem statement, where the objectives of this project is to look at the key questions and find literature related to the key questions. The chapters that will follow will discuss the topic in more detail.

Keywords of terms pertaining to this study: Tourism intermediaries, Information technology, Internet, Disintermediation, Computer reservation systems, Global distribution systems

1.2 PROBLEM STATEMENT

The development and transformation of information technology impacts negatively on the operation and profit margins of tourism intermediaries such as travel agencies and tour operators.

1.2.1 Sub-problem 1

Information technology can create financial problems for travel agencies and tour operators in the long term, which could mean the downfall of the business described as disintermediation.

1.2.2 Sub-problem 2

The efficiency, accessibility and flexibility of computer reservation systems to users and suppliers in the tourism industry and its credibility to the tourism industry in terms of employment and its operation poses a problem.

1.2.3 Sub-problem 3

Easy access for competitors to gain information about another company's products and services via the information super highway.

1.3 OBJECTIVES OF AND NEED FOR THE STUDY

The objectives are to identify the effects of information technology on selected tourism intermediaries in Cape Town with reference to travel agencies and tour

operators and its impact on the tourism industry in relation to reservations systems, booking systems, computer ticketing, Internet marketing, and so on. Also to gain knowledge and understanding of the research problem by consulting relevant literature and conducting an empirical survey in order to make recommendations to improve the impacts of IT on travel and the selected tourism intermediaries.

1.4 KEY QUESTIONS PERTAINING TO THE RESEARCH

- What is the history of information technology?
- How has the development of information technology changed or influenced the tourism industry as a whole?
- Does information technology affect mostly small or large tourism intermediaries?
- What is the effect of disintermediation on tourism distributors such as travel agents?
- Can information technology be seen as a threat to the tourism industry?
- Can information technology be seen as a strength to the tourism industry?

1.5 RESEARCH METHODOLOGY

This section describes the steps envisaged to be undertaken in terms of the literature search and the empirical survey.

1.5.1Literature search – data stream 1

Tourism literature information will be sourced from books, Internet sources, databases and other related papers. From the literature search and information thus obtained, a clear understanding of the topic will be acquired and described, reflecting knowledge of current literature pertaining to the research area. The inclusion of suppliers was deemed relevant to an evaluation of information technology and its impact on the tourism industry in Cape Town.

1.5.2 Empirical survey – data stream 2

Research on the problem statement will take place by drawing up a quantitative closed-ended questionnaire in collaboration with the resident CPUT statistician,

focusing on a specific target population, randomly selected from a previously decided on universe, or total research population.

After the responses have been received, the data will be codified in an Excel format and submitted to the statistician for professional statistical analysis, after which the results of the statistical analysis will be interpreted and described.

1.5.3 Description of the research population

The total population will include the entire tourism industry in the Cape Town. The Target research population is those working in travel agencies, tour operators, hotels and airline companies in the Cape Town, employed at all levels from the booking agent to top management. The response population is those that participated in the research questionnaire.

1.6 SUMMARY

This chapter briefly discusses the framework for this thesis, including the problem statement and sub-problems that have been identified which was extracted from the topic of the thesis. The researcher has also identified key questions relevant to the problem statement where possible recommendations will be provided in the chapters to follow to give clarity on the impact of information technology on the tourism industry with special reference to selected tourism intermediaries in the Cape Town area. Furthermore, the key questions will be expanded on in detail in the literature chapters 2 and 3. The problem statement is further explained in the methodology of the thesis in the form of a literature search and empirical survey which assist with extracting a number of normative criteria. The research population will include the total research population of which the target research population will be identified by the researcher and CPUT resident statistician followed by the response population of which are made up of tourism intermediaries and tourism suppliers who voluntarily participated in the empirical survey.

The following chapter is relevant literature sources on the development of IT and its impact on the tourism industry.

CHAPTER 2

EVALUATING INFORMATION TECHNOLOGY AND ITS IMPACT ON TRAVEL AGENCIES AND TOUR OPERATORS

2.1 INTRODUCTION

Since the development of information technology, the Internet and the World Wide Web numerous changes have occurred around the world, in organisations, in governments, in companies and around homes. This development has had a positive impact in people's lives; more so for organisations and companies, as information technology connects people from all around the globe where they have the ability to exchange and retrieve information at a high speed, more effectively and at a lower cost.

Unfortunately, this does not apply to all phenomenon. The travel and tourism industry is one sector that is negatively affected by the development of information technology, which this study aims at verifying. Tourism intermediaries, which include travel agents and tour operator are likely to be affected and even become disintermediated due to IT, the Internet and e-commerce travel services, which are taking over information distribution and travel services. Suppliers on the one hand, such as airlines and hotels enjoy benefits and opportunities by utilising e-commerce and computer reservation systems to communicate directly with consumers, thus bypassing intermediaries and saving on operating costs, while travel agencies on the other hand, suffer the consequences due to e-commerce, the Internet and CRSs causing travel agents to face elimination from the tourism industry.

The tourism industry being a diverse industry with numerous activities can be seen as being suited to e-commerce travel services but from the consumer's point of view, it is best at times to make use of traditional intermediaries as they have first-hand experience when it comes to information searches, providing travel advice and putting itineraries together on behalf of consumers.

This chapter will discuss the impact of information technology on selected tourism intermediaries in the Western Cape, but will look at and summarise similar literature that also investigates information technology and its impact on tourism

intermediaries, with regard to commission cutting, information distribution, consumer-buying behaviour, challenges and opportunities faced by travel agents and tour operators and suppliers. It will also include some strategies that can help travel agents maintain their position as intermediaries in the tourism industry, overcome disintermediation and attempt to become re-intermediated.
The normative criteria found in the literature were used to inform the questions asked in the empirical survey.

2.2 DEFINING INFORMATION TECHNOLOGY

Oz (2006: 13) defines information technology as information systems which organisations can make use of without the interference of human data entrance, yet providing timely, useful information as well as customers orders, receiving raw materials, manufacturing and shipping and transactions and collection.

According to Lewis and Talalayevski (1997: 26) information technology (IT) is creating major impacts for businesses and governments including several large organisations and over the last five years the utilisation of direct electronic communication was made possible by the Internet, online services as well as telephones.

2.3 DEFINING THE INTERNET

Stair and Reynolds (2003: 17) define the Internet as being the world's largest computer network, which is a system that exists through the capability of thousands of interconnected networks, which also provides the exchange of information throughout the network.

Oz (2006: 22) defines the Internet as a major network of computers connected all over the world, gathering and distributing information and processing.

Further expansions of the Internet have been made in the form an intranet and extranet. The intranet is utilised within companies and organisations for the purpose of simplifying the exchange of information and projects (Stair & Reynolds, 2003: 17).

The extranet gives certain outsiders who could be partner or customers the opportunity to gain access to authorised resources from the intranet within a company (Stair & Reynolds, 2003: 17).

2.3.1 Evolution of the Internet

The use of the Internet has grown significantly in the United States as stipulated by the Travel Industry Association of America. In 2003 a majority of 64 million Americans of which 30 percent of users were adults, made use of the Internet to search for information on destinations, to check prices and schedules. Forty two million of those users made online bookings (Werthner & Ricci, 2004: 101). Werthner and Ricci (2004: 101) claim that during the same period there was an increase of 44 percent in online travel purchases in the European travel market.

2.3.2 What is a Network?

Stair and Reynolds (2003: 17) define a network as a system of connected computers and equipment in an organisation, worldwide or within a country which provide electronic communications.

2.3.3 What is the World Wide Web?

The Internet has a network known as the World Wide Web (WWW), which contains a document of text, graphics, videos and sound which is made accessible in the form of information and is controlled by a multitude of computers known as a "Web server" (Stair & Reynolds, 2003: 17).

The benefit of the web is the fact that it can display text, graphics, sounds and moving images, which is the reason why many companies and organisation have expanded their business to the web (Oz, 2006: 22).

2.4 TOURISM AND THE INTERNET

2.4.1 What is Tourism?

The travel and tourism industry is defined as:

"the process where a person travels from their place of residence to a familiar destination for a period that exceeds more than one week or one month, and the activities participated in at the destination could include visiting friends and relatives,

leisure purposes, for business and recently health treatments" (Granados, 2002: 302).

When looking at this definition it is quite clear that the relevance of travelling to a new destination requires certain information and services which will be requested by the consumer and supplier utilising technology to satisfy consumers' needs (Granados, 2002: 302).

Werthner and Ricci (2004: 102) state that the tourism product is seen more as an emotional experience than just a business; therefore, the tourism industry as a worldwide industry provides the following aspects:

1) Travel and tourism contributes about 11 percent to the GDP of the world as stated by the World Travel & Tourism Council;

2) It is estimated that travel will increase by one billion international arrivals by 2010 according to the World Tourism Organisation (WTO) and it is said that the tourism industry is one of the fastest growing industries, even faster than other sectors;

3) Travel and tourism can be seen as a diverse industry by incorporating culture or sport. It can also use over 30 different types of industrial activities which can be used to serve travellers;

4) Tourism support for SME (small medium enterprises) is important as it promotes regional development;

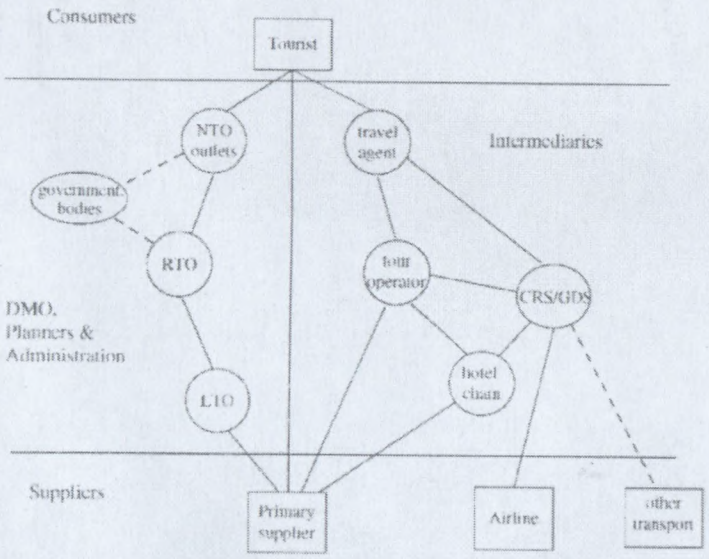
5) Both producers and distributors are dependent on one another in terms of supply and demand;

6) Travel and tourism products are perishable, meaning that if a product example a hotel bed is not sold it is a loss of profit for the supplier, therefore, information distributors are very important; and

7) A travel package is one that exists from a combination of various products to simplify complex packages which aims at consumers' needs, prices and distribution channels.

Werthner and Ricci (2004: 102) state that during the decision making process, the potential traveller will only have access to an abstract of the travel product which could be gathered from the television, brochures, word-of-mouth and the Internet, but in order to gain information on products, it is important that information is gathered from both the consumer and supply side. Figure 2.1 provides a structural view of the supply and demand market (Werthner & Ricci, 2004: 102).

FIGURE 2.1 STRUCTURAL VIEW OF THE MARKET



Source: Werthner and Ricci (2004: 102)

Figure 2.1 demonstrates the variation between the supply and demand side including its respective intermediaries such as travel agents and tour operators (Werthner & Ricci, 2004: 102). The nodes provide a link of the relevant types of tourism players in the industry, and the links indicates the relationships of information flow, where only the most important links are shown (Werthner & Ricci, 2004: 102). Werthner and Ricci (2004: 102) categorise suppliers like hotels or restaurants as "primary" players and fall in the same category as the big players like airlines. Tour operators are known as product aggregators, whilst travel agents act as information advisors of relevant information and booking services to the consumer and CRS/GDS (central reservation systems/ global distribution systems) as well provide travel and tourism

products and services such as inclusive packaged holidays (Werthner & Ricci, 2004: 102). The left side of figure 2.1 indicates tourism organisations and their relevant functions for the management, planning, and branding of a destination and do not have any relationship in the booking process (Werthner & Ricci, 2004: 102). Therefore, the upstream and downstream flow of nodes and links in figure 2.1 both act as information flows creating a tourist information network by linking all market participants and their economic relationships (Werthner & Ricci, 2004: 102, 103).

It is stated by Granados (2002: 301) that the tourism industry is a sector driven by the digital economy which is creating a change in the manner which its economic activities are carried out and have identified two common threads. Firstly, from the demand side the Internet offers consumers low cost, quality information on travel products such as destinations and tour packages and secondly, from a supply side information technology lowers transactions creating competitiveness, making it possible for new competition to enter the marketplace (Granados, 2002: 301, 302).
Granados (2002: 302) has identified the fact that due to the structural changes caused by information technology, managers in the travel industry are faced with challenges in this new era of technological revolution.
On the supply side, this can be identified as being a challenge for the tourism industry especially on traditional travel agencies and tour operators as Granados (2002: 301) established that the Internet makes it possible for consumers to be better-informed, thus forcing changes to occur in the supplier market and with the establishment of new online tourism intermediaries having easy access to tourism suppliers products and services and offering them directly to consumers at competitive rates. In the researcher's analysis it is evident that information technology is suitably fit for the tourism industry, but also has incurred challenges on tourism intermediaries and their managers.

2.4.2 Tourism and Information Technology

The tourism industry can be seen as a diverse network due to its supply chain such as hotels, airlines, and restaurants among others, and intermediaries such as travel agencies and tour operators, where each of these networks aim to produce a final product either by working in alliance or competing against one another (Granados, 2002: 302). Another characteristic of tourism is the generalisation that the consumer usually makes the purchase decision before having experienced the product itself

which is known as an "experience good" (Granados, 2002: 302). Therefore, the tourism industry can be recognised as fit to capitalise on technological revolution, which is quite evident because travel and tourism has been rated as number one when it comes to worldwide Internet transactions amongst all other industries (Granados, 2002: 302).

Due to the similarities between information technology and the travel and tourism industry, a change to the industry structure as can be noted in Table 2.1 has come about, which gives an indication of structural changes and challenges, however, Granados (2002: 302) stipulates that close attention is being given to the establishment of new cybermediaries, which can be seen as a threat to traditional travel agencies and as a result could cause disintermediation.

TABLE 2.1 TRAVEL AND TOURISM INDUSTRY: STRUCTURAL CHALLENGES

Participant	Developments	Challenges
Consumers	Lower information search costs Internet enables the consumer to participate in the product design process	Find the product with the highest value among thousands of online alternatives
Intermediaries (travel agents, tour operators)	Strategies are being re-evaluated due to their diminished role as information brokers Risk of disintermediation New technology enables flexible product configurations	Use technology to reformulate a competitive position and product strategy Expand horizontally or vertically Get access to consumer demand information for product design
Suppliers (airlines, restaurants, others)	Taking advantage of electronic markets for direct marketing Opportunity for re-intermediation Airlines and hotels are repositioning computer reservation systems in electronic markets	Take advantage of online customer data to design and market products Expand reach of electronic systems to maintain their role as the industry's transaction backbone
New entrants	Cybermediaries with new business models have appeared (e.g. Priceline.com) IT firms are entering the travel business through alliance or acquisition (e.g. Microsoft-Expedia)	Formulate survival strategies as suppliers re-intermediate Continue developing a solid position in the industry while succeeding in their core businesses

Source: Granados (2002: 302)

2.5 DISINTERMEDIATION OF TOURISM INTERMEDIARIES

2.5.1 Defining intermediaries

Lewis and Talalayevski (1997: 26) define a travel agent "as an intermediary who does business on behalf of producers (which include airlines, hotels, car rental companies) to consumers (who are the potential traveller)".

According to Lu, Deng and Wang (2007: 102) travel agencies who are also known as intermediaries provide three basic functions:

1) They provide the role of information brokers by providing travellers with information from suppliers;
2) They are responsible for processing transactions, printing tickets and forwarding money from transactions made to suppliers; and
3) They provide travel advice to travelers.

2.5.2 Defining disintermediation

Lu *et al.* (2007: 102) define disintermediation as the process where intermediaries are eliminated from the travel industry, and re-intermediation refers to the reestablishment of the disintermediated agent due to their adoption of the new environment.

2.5.3 The impact of disintermediation on tourism intermediaries

Lu *et al.* (2007: 102) argue that disintermediation occurs due to the establishment of new electronic markets which place traditional intermediaries which include retailers, distributors and brokers in a position of facing elimination. This statement is believed to be factual as individuals have the ability to access and make transactions via the Internet, thus replacing traditional intermediaries with the Internet (Lu *et al.*, 2007: 102).

According to Lu *et al.* (2007: 102) speculations were made that the development of e-commerce would create disintermediation in the tourism industry because tourism products are compatible to e-commerce. Oz (2006: 22) defines e-commerce as the process where a business can make use of information technology to buy and sell goods and services through a network of telecommunication.

Since the development of the web and the use of the Internet, companies and organisations have been able to expand their commercial activities through business-to-business and business-to-consumer electronic trade, and the Internet has made it possible for each individual and small business to conduct business due to this network (Oz, 2006: 22).

According to Werthner and Ricci (2004: 101) it has been proven that the tourism industry is experiencing a change in the way operation is conducted by adopting e-commerce by not only providing large amounts of information but also ordering services. It is evident that a new type of service provider is emerging which plays the role of a travel agent and combines personal travel packages (Werthner & Ricci, 2004: 101). Furthermore, Lu *et al.* (2007: 102) continue to argue that tourists are able to communicate directly with suppliers, which include hotels and airlines, by making use of electronic media to purchase travel products. This basically means that tourists may bypass traditional intermediaries, therefore, travel agents may no longer be necessary as tourists are becoming used to the idea of using the Internet (Lu *et al.,* 2007: 102).
However, the tourism industry has experienced re-intermediation, which refers to the creation of a new type of intermediary (Lu *et al.,* 2007: 102).

As the Internet is seen as a threat to the traditional intermediaries, the Internet can also create new intermediaries such as "cybermediaries" and they act as a distributor between the supplier and traveller, examples of cybermediaries include Orbitz.com and Travelocity.com (Lu *et al.,* 2007: 103). It has been proposed that the industry consider establishing a framework to prevent disintermediation, such as an intermediation- disintermediation- re-intermediation framework, intermediation is the process that takes place through electronic intermediaries which is the cause of travel agencies being at risk of disintermediation (Granados, 2002: 303). According to Granados (2002: 303) tourism suppliers have taken into consideration re-intermediation by incorporating assets and economies of scale to alter the Internet channel.

2.6 THE IMPACT OF INFORMATION TECHNOLOGY AND THE INTERNET ON TOURISM INTERMEDIARIES

It is believed that due to the Internet, more consumers' demands are changing in that they are becoming less loyal, going on frequent short- haul vacations and spending little time searching for and consuming a travel product. On the other hand the Internet has identified new ways of satisfying consumers' needs by providing them with information on a broader tourism base (Werthner & Ricci, 2004: 103). According to Lewis, Semeijn and Talalayevski (1998: 20) the travel product distributed by travel agents and the manner in which it is distributed is under future consideration due to the emerging information technology.

It has been made clear that the above has occurred due to the reduction or cutting out of commissions paid to travel agents by airlines. In addition, the development of the Internet and other online services are being used on a regular basis for travel information and airline reservations (Lewis *et al.,* 1998: 20). This however, is impacting heavily on the travel industry as consumers experience a change in demand, increasing expectations such as additional value and convenience of travel products as well as consumers who have exceptional knowledge of IT, thus, it is believed that these development are creating a change to the travel industry. As indicated, previously airlines and hotels made use of computer reservation systems to make bookings (Lewis *et al.,* 1998: 20).

As previously mentioned that the development of IT and emerging electronic markets is having an impact on travel agencies and is seen as bypassing intermediaries (Lewis *et al.,* 1998: 20). The impact of IT is examined by comparing it to what is offered by an intermediary by characterising the transactions between IT and tourism intermediaries to establish whether intermediaries will be enhanced or diminished (Lewis *et al.,* 1998: 20).

The rapid development of the Internet and online services including worldwide use of computers by businesses and consumers has seen the uprising of electronic commerce in the world economy and because of this new electronic commerce marketplace, it is expected to replace what is known as paper- based transactions (Lewis *et al.,* 1998: 20). Also with regard to IT buyers and sellers have the opportunity to come into direct contact with one another through data- rich and

information channels in the form of company websites, the Internet,etc (Lewis *et al.,* 1998: 20). It is suggested according to Lewis *et al.* (1998: 20) that the type of travel product offered by the travel industry is quite suitable for electronic commerce due to the ease and commodity-like nature of describing travel products and services, for example airline seats or hotel rooms.

When consumers purchase travel products they usually make use of one or a limited number of travel agents, whereas travel agents will distribute all suppliers' travel products and services (Lewis *et al.,* 1998: 21).

Lewis *et al.* (1998: 21) argue that the travel agent industry is under immense pressure as they are under attack due to suppliers wanting to gain direct access to their customers as identified by the airline industry. For example Southwest Airlines distribute their tickets directly to consumers thus bypassing travel agents (Lewis *et al.,* 1998: 21). Other airline companies like American and United Airlines sell their tickets through direct channels such as online services and the Internet (Lewis *et al.,* 1998: 21).

One benefit which the provider enjoys when conducting travel-related reservations online, is that they save on fixed and variable costs as they do not have to operate through the middleman (which is the travel agent or airline employees or ticket office) thus reducing costs which could be the main reason why airlines offer discounted fares to consumers who purchase tickets online as a means of promoting online ticketing and purchasing methods (Lewis *et al.,* 1998: 21).
The question here is whether the prospective traveller will make use of a travel agent when making travel arrangements depends on the nature of the product they want to purchase (Lewis *et al.,* 1998: 21). For example a simple business round trip itinerary can be arranged directly with an airline, however, when booking a tour package this can be seen as more complex in terms of content and price as the tour package is combined from different suppliers (Lewis *et al.,* 1998: 21). Therefore, the use of a travel agent would be much needed when considering booking a tour package (Lewis *et al.,* 1998: 21). Lewis *et al.* (1998: 21) state that consumers will continue making use of traditional or online intermediaries as they offer a multitude of travel products from various suppliers.

Finally, it is believed that trust and social contact between the agent and consumer is still viewed as important when purchasing travel products (Lewis *et al.,* 1998: 21).

2.6.1 The role of information

Lewis *et al.* (1998: 21) explain that for some people, making use of computer reservation systems is still a difficult process, therefore, people were forced to make use of intermediaries. However, the industry has experienced a shift in two dimensions as stated by Lewis *et al.* (1998: 21):

1) Consumers have become more educated in terms of travel; and
2) Access to IT has become much easier and more improved.

This has enabled consumers and providers to establish direct relationships and cost saving transactions (Lewis *et al.,* 1998: 22).

It is believed that through the use of the Internet, intermediaries can be bypassed as their services of coordinating and managing information is seen as not being necessary and due to disintermediation profit margins are likely to change for both producers and consumers (Lewis & Talalayevski, 1997: 26).

In order for travel agents to remain and grow in the marketplace they should concentrate on providing only the best in terms of high- quality information to their consumers and if they should fail to do so it is evident that consumers and suppliers will cut out travel agents and communicate directly with each other (Lewis *et al.,* 1998: 22). By creating brand loyalty, travel agents are able to keep their customers from connecting with other agents (Lewis *et al.,* 1998: 22). Furthermore, these changes are creating challenges and opportunities for travel agents as well as for suppliers (Lewis *et al.,* 1998: 22). This will be discussed below (Lewis *et al.,* 1998: 22).

2.6.2 Airline cost control strategies

Lewis *et al.* (1998: 22) argue that airlines are at this very moment paying out $6.4 billion each year on travel agent commissions, however, there is a clear indication that commission costs are declining due to airlines paying less commissions to agencies. U.S airlines' fourth largest expenditure is commission followed by labour, fuel and maintenance (Lewis *et al.,* 1998: 22).

Consumers have become highly demanding as they expect instant information that is highly accurate which relates to different fare types and frequent- flyer programmes, while on the other hand, corporate customers aim for more detailed information so that they can better control costs and make better rate dealings which are discussed below as the two main market segments (Lewis *et al.,* 1998: 22).

Lewis *et al.* (1998: 22) introduced these business drivers for the two main market segments in the travel industry:

Leisure travellers:

Want to obtain information which is easy to access such as airline schedules and fares as well as receiving travel information from first-hand experience (Lewis *et al.,* 1998: 22); and

Business travellers:

These are customers including their employers who want to have complete control over travel costs as well as making plans with suppliers in terms of long-term pricing and to obtain information on a continuous basis (corporate travel policies) (Lewis *et al.,* 1998: 23).

When travel agents became aware of the benefits of the Internet they built their own websites bearing in mind that they can reduce costs and even have their market grow and this was when airlines decided to cut commission costs to online agencies (Lewis *et al.,* 1998: 23). Thus, there are still airlines that pay 8 to 10 percent commission to travel agents (Lewis *et al.,* 1998: 23). Airlines are using commission reduction as a strategy to control cost pressures, changing consumer trends and development of IT (Lewis *et al.,* 1998: 23).

2.6.2.1 Trends in airline distribution

Travel agencies have the role of distributing airline tickets, thus, more airline companies have been established, which created more competition and altered fare structures (Lewis & Talalayevski, 1997: 26). Therefore, passengers considered making use of travel agents in the selection of airlines and in 1976; 40 percent of U.S airline tickets were booked through travel agents and this percentage has grown to over 80 percent by 1985 (Lewis & Talalayevski, 1997: 26).

According to Lewis and Talalayevski (1997: 26) a study conducted in 1990, shows that U.S travel agencies operate on a small profit margin. An example given by Lewis and Talalayevski (1997: 26, 27) is of Delta Airlines that has cut out their commission to travel agents despite air fares and as stated by an industry observer that from what Delta is doing, it shows that it could be the end of the road for travel agents as distribution channels (Lewis & Talalayevski, 1997: 27). It is said that US airlines paid out an amount of $6.4 billion each year on travel agent commission and have considered cutting commission costs (Lewis & Talalayevski, 1997: 27). US carriers made this decision based on the fact that commission payments to travel agencies are their fourth largest operating expense followed by labor, fuel, and maintenance (Lewis & Talalayevski, 1997: 27). Lewis and Talalayevski (1997: 27) also found that commission overrides or otherwise known as bonus commissions which airlines offer to travel agents for the purpose of increasing the volume of sales are used by travel agents to cross-subsidise the sale of lower-priced tickets which has been lowered by airlines for the purpose of attracting more consumers.

Technology provides assistance to large corporations and other employers to gain access to in-house airline reservation systems in which American Airlines have taken into account (Lewis & Talalayevski, 1997: 27). However, they have reconsidered the idea as they were aware of the impact it could have on the travel agency system (Lewis & Talalayevski, 1997: 27).

Computer reservations systems (CRSs) is the main distributor of airlines and is seen as a source of creating partnerships (Lewis & Talalayevski, 1997: 27). A travel agency will experience heavy costs when changing over to CRSs as the system delivers information from carriers to travel agencies and was used throughout since the 1970s (Lewis & Talalayevski, 1997: 27). Airlines have the choice of either their bookings being made by travel agents and paying their commission or making use of CRSs to have transactions take place through a travel agent (Lewis & Talalayevski, 1997: 27).

Large airline companies control and provide CRS systems (Lewis & Talalayevski, 1997: 27). There are travel agencies that have made use of the Internet to distribute their own services but also get paid a commission by airlines, but there is still the concern of security issues when making transactions online (Lewis & Talalayevski, 1997: 27, 28).

2.6.3 Travel agent industry challenges and emerging roles

According to Lewis *et al.* (1998: 23) there are three important roles for which travel agents are responsible:

- They distribute information between buyers and suppliers;
- Cost transactions and processing tickets; and
- They provide travel advice.

It is quite evident that the first two roles may be affected by IT, thus forcing travel agents to pay close attention to the third role, which is to provide travel advice (Lewis *et al.,* 1998: 23). However, travel agencies can make use of IT to simplify the complexity of the marketplace on behalf of consumers (Lewis *et al.,* 1998: 23).

The travel agent industry has experienced a relative decline as many agents are independent, small agents who receive majority of their revenue from commissions (Lewis & Talalayevski, 1997: 26). When a consumer purchases a travel product they would deal directly with the travel agent and will receive personal professional service, which means the travel agent is selling travel products for the provider but also provides a service to consumers (Lewis & Talalayevski, 1997: 26). An example given by Lewis and Talalayevski (1997: 26) is that a travel agent can offer a passenger a cheaper airline ticket, which will also get them at the destination much faster than the airline which the passenger suggested in the first place (Lewis & Talalayevski, 1997: 26).

As stated by Lewis *et al.* (1998: 23) there are a number of travel agencies that have built up their own websites in order for travellers to look at different flight schedules and fares from various airlines. This can be seen as travel agencies establishing themselves as electronic intermediaries (Lewis *et al.,* 1998: 23).

Travel agents are faced with the problem related to commission cutting, whilst at the same time labour, IT and administrative costs are increasingly making it difficult for agencies to enter into the electronic marketplace (Lewis *et al.,* 1998: 23).

Computer reservation systems are so costly for travel agents to maintain as agents must pay a regular monthly fee for using the CRS and for every transaction made by the travel agent, a cost is also charged to the agency (Lewis *et al.,* 1998: 23, 24). Therefore, in order to invest in IT, companies are likely to experience heavy

expenditures and because of this development, it is evident that travel agencies could face closure or consolidation (Lewis *et al.,* 1998: 23, 24). Small travel agencies will need to become aware of airline commissions that will no longer cover their costs of issuing tickets and to make up for this loss, agents will need to focus on tours and cruises to cover the cost of reduced commissions, and travel agencies are now charging for the transaction of low- cost flights as the demand grows each day (Lewis *et al.,* 1998: 24).

According to Lewis *et al.* (1998: 24) using the Internet to book online travel products and services can be a complex process in the consumer decision-making process because of the various options consumers can choose from, which also places consumers at risk when making these choices. As one industry observer notes:

> *"By the time you get your PC booted up, log into an internet provider, sign up for a Web site, figure out how to use the search engine, and sort out the airport codes, you may need a vacation. Unless you're a do-it- yourself type who enjoys playing around online, you'll probably want to rely on a travel agent to hammer out the details- provided yours is knowledgeable. In the not-so-distant future though, online agents may gain the edge. Imagine watching videos of beach resorts you're considering for a vacation and getting a look at the room you want to book, or receiving a single weekly bulletin alerting you to last-minute bargains at airlines and hotels that are trying to shed unsold inventory".*

As travel agencies disappear from the tourism industry they will need to reposition themselves by differentiating their offerings by making use of strategies that aim at putting together cost advantages, product leadership and customer focus (Lewis *et al.,* 1998: 24).

According to Lewis and Talalayevski (1997: 29) travel agents offer consumers services that are useful and a necessity which are provided by producers and with the continuous development of IT. It is likely that travel agencies can become consolidated due to their low profit margins and cutting out of commission costs (Lewis & Talalayevski, 1997: 29). Although travel agencies may expect travellers to make use of the Internet to gain access to services of which they may not receive directly from airlines (Lewis & Talalayevski, 1997: 29). It is suggested that further

research be conducted on what the consumers' perspective are, including those of carriers, with regard to electronic markets (Lewis & Talalayevski, 1997: 29).

2.6.3.1 Emerging roles

What has been mentioned previously indicates that travel agents might have to close their business and if they prefer to continue operating, they should focus on doing what they do best by providing corporate travel policy information, individual travel services and client travel history (Lewis & Talalayevski, 1997: 28). Another reason as to why consumers would prefer travel agents is because they would not want their travel information to be available to airlines, as quoted by Lewis and Talalayevski (1997: 28) *" the travel agent aims at serving the prospective traveller but at the same time they must abide by the producers' conditions when issuing tickets".* Furthermore, travellers prefer making bookings with travel agencies as they provide travel products of more than one supplier (Lewis & Talalayevski, 1997: 28).

One major factor contributing to the consolidation of travel agents is due to the cost of IT as the larger travel agents can afford to sign onto all major computer reservation systems, while smaller travel agencies have access to limited computer reservation systems (Lewis & Talalayevski, 1997: 28). Travel agents, however, have been given the opportunity by IT to develop new services such as a software programmes that update frequent flyers as soon as the passenger qualifies (Lewis & Talalayevski, 1997: 28).

When the traveller contacts the travel agent, they expect the agent to gather information on their request including the products that will satisfy individual needs (Lewis & Talalayevski, 1997: 28). At the same time travel agents market the producers' products and services as a traveller would know about a discounted fare if it was not marketed by a travel agent (Lewis & Talalayevski, 1997: 28).

According to Lewis and Talalayevski (1997: 28) CRSs make it possible for agents to search for the best flights, which will satisfy individual needs. Also travel agents are responsible for distributing information about suppliers, in which consumers are not interested, such as special discounted fares (Lewis & Talalayevski, 1997: 28, 29). Thus travel agents are seen as intermediaries that are responsible for keeping the

relationship between producer and consumer and if agents should fail this role, they are likely to lose their suppliers and clients (Lewis & Talalayevski, 1997: 28, 29).

Lewis *et al.* (1998: 24) claim that the travel agency industry is one that offers a variety of travel products and services, however, it is believed that the industry is going through tremendous changes, which can be the result of IT which is affecting distribution channels (Lewis *et al.,* 1998: 24). Travel agents are seen as providers of services for both suppliers and travellers by catering for the needs of both and by offering value-added services to leisure and corporate customers but because of the rising competitiveness in the industry and the cutting out of airline commissions, travel agencies are faced with consolidation (Lewis *et al.,* 1998: 24). Travel agents are being given the opportunity to take advantage of IT to face challenges by providing information which places them at the forefront of competitive advantage (Lewis *et al.,* 1998: 24, 25). In order to achieve this travel agencies will need to gain the market's loyalty, provide travel information including value-added services and establishing top of the market product strategies enhanced by information technology (Lewis *et al.,* 1998: 24, 25).

Several small businesses can market their companies via the use of the Internet which is seen as being inexpensive and also providing them with electronic commerce placing these small businesses on the same level as larger businesses, an example given by (Lewis and Talalayevski, 1997: 29). Travel agents have the benefit of establishing their own websites at a fair cost which gives consumers the opportunity to gain access to their services at any time or place (Lewis & Talalayevski, 1997: 29).

Online users searching for travel products, services and information by themselves should be given a special cost as they are doing the travel agents' job, for example travellers making their own transactions but using agents to draw up more complex itineraries by contacting the agent via telephone, fax or mail (Lewis & Talalayevski, 1997: 29).

The role that the travel agent plays as an intermediary for both producer and consumer should continue as they are recognised as an integral part of the travel

industry regardless of technological developments that are seen as an impact (Lewis & Talalayevski, 1997: 29).

2.7 CASE STUDY - THE IMPACT OF THE INTERNET ON TRAVEL AGENCIES IN TAIWAN

The following is an academic paper focussing on travel agencies in Taiwan, researched by Marion M. Bennet and Chi-Wen Kevin Lai. Marion M. Bennet specialises in research topics associated with information technology, marketing distribution and aviation and she is currently lecturing tourism and marketing at the University of Surrey (Bennet & Lai, 2005: 8).

Chi-Wen Kevin Lai studied in the tourism field at the University of Surrey and was a Masters Degree student (Bennet & Lai, 2005: 8).

According to Bennet and Lai (2005: 8) travel and tourism products and services go hand-in-hand with the Internet as travel and tourism products and services create the highest revenue on the Internet. The rate at which the Internet is growing has a considerable impact on tourism intermediaries especially travel agents who may potentially be disintermediated (Bennet & Lai, 2005: 8). Bennet and Lai (2005: 8) state that most travel agencies have utilised the Internet to conduct business as well as to introduce e-commerce services via the Internet. Although travel agencies have identified the threat of commission cutting by suppliers, they have been unaware of disintemediation which could occur, therefore, this research done by Bennet and Lai (2005: 8) aims to assist travel agents identify two major future roles:

1) The need for travel agents to expose or introduce themselves as travel consultants; and
2) The need for travel agents to establish themselves more technologically.

Bennet and Lai (2005: 8) also suggest seven key strategies for travel agencies in Taiwan to survive, which will be discussed later in this case study (Bennet & Lai, 2005: 8).

As an introduction to their research paper, Bennet and Lai (2005: 9) continue to argue that the ongoing development of the Internet providing both distribution and

commerce has brought up numerous speculations of the impact the Internet has on travel agents, where it is said that travel agents' roles are being overridden by new e-mediaries including principals making use of the Internet to sell directly to consumers. What is quite noticeable is that the global manifestation of the Internet is creating an influence on the distribution of the travel industry due to the fact that the Internet is bringing about new players, causing others to reposition their roles (Bennet & Lai, 2005: 9). According to Bennet and Lai (2005: 9) Taiwan reached 10th place on the list of 55 countries who are at the forefront of technological development and economic growth in 2002, as indicated by the 2002 World Times Information Society Index.
To date the challenges and opportunities brought about by the Internet, have led to discussions that have taken place as to the potential impact on travel agents and their future operations; however, not enough research has been undertaken with regard to primary data collection on what travel agencies may perceive (Bennet & Lai, 2005: 9). Thus, Bennet and Lai (2005: 9) aimed their research at investigating the gap between the Internet and the distribution of travel services and whether travel agencies in Taiwan have been influenced by this new emergence.

2.7.1 The Internet and the travel industry

As mentioned previously by Bennet & Lai (2005: 9) the Internet and travel industry go hand- in- hand as well as the nature in which service distribution is conducted in a intangible and perishable manner revolves around the manner in which information is communicated as highly important. The Internet in this case provides the same role by providing instantaneousness, increased availability and accessibility and the ability to provide similar information at a relatively cheaper cost (Bennet & Lai, 2005: 9).
Bennet and Lai (2005: 9) define the Internet as "a global network, a network of networks that links millions of computers all around the world".
But it is also said to be a major source of information (Bennet & Lai, 2005: 9). Apart from the previous mentioned statement the Internet can also be seen as a marketing and distribution tool which makes it possible for travel suppliers to communicate directly with their customers and at the same time gives travel suppliers a competitive advantage (Bennet & Lai, 2005: 9, 10).

According to research conducted by Nortel networks, they estimated the value of the Internet economy would reach $2.8 billion in 2003, making up for 7 percent of global GDP (Bennet & Lai, 2005: 10). It is stated that out of every fourth travel sales made,

the Internet would account for one and also that in 2007, online air tickets and e-ticketing will be recognised as a major distribution channel worldwide (Bennet & Lai, 2005: 10).

Therefore, Bennet and Lai (2005: 10) predict that online travel business will continue growing in the following years.

2.7.2 Disintermediation

Disintermediation according to Bennet and Lai (2005: 10) is defined as the process, where intermediaries are cut out from the distribution channel due to the emerging of electronic means which gives consumers the advantage to access and transact directly with suppliers and destinations.

On the other hand, the supplier views disintermediation as a motivating factor because they have the advantage of cutting out intermediaries, which increases their costs and efficiency (Bennet & Lai, 2005: 10). Therefore, suppliers in the travel industry are now saving on most of their costs, where one quarter of their operating costs was spend on marketing and distribution (Bennet & Lai, 2005: 10).With the benefits of suppliers making use of the Internet, their costs are instantly reduced as the Internet lowers bookings and distribution costs, such as airlines that save on additional costs through e- ticketing instead of printing and distributing tickets (Bennet & Lai, 2005: 10).

An example given by Bennet and Lai (2005: 10) American West which is a medium-sized domestic airline added by stating that in 1999, their direct distribution costs was estimated to reduce from $23 to $6 per online ticket sales.

Therefore, airlines have identified that by transferring half of agents' sales, which amounts up to 70- 80 percent of their total sales to the internet, they would reduce their distribution costs (Bennet & Lai, 2005: 10).

Hotels have also experienced the benefits from the Internet, which provides them with the opportunity to cut out intermediaries by making use of a direct booking facility via their website (Bennet & Lai, 2005: 10).

A research institute undertook research, where they found that through disintermediation suppliers can save costs by rooting a booking through an online

agent, however, there can be a further decrease in cost savings if bookings are made through the company's website (Bennet & Lai, 2005: 10).

The argument advanced by Bennet and Lai (2005: 10) is that by replacing physical agents with virtual ones does not necessarily mean that the Internet will remain at a low cost because with the continuous use of the Internet's increased servicing and multiple channel support, electronic costs could potentially increase.

From a marketing point of view, the development of the Internet and e-mediaries creates additional exposure for suppliers in a cost- efficient way (Bennet & Lai, 2005: 10, 11). Suppliers are also advantaged to gain access directly to customer data for marketing purposes and also to gain and improve on customer loyalty; furthermore, the Internet provides suppliers with effective distribution by means of video clips, virtual tours and images which forms part of standard information (Bennet & Lai, 2005: 11).

From the consumers' point of view, the Internet offers 24/7 accessibility to information, products and services online, empowers consumers who have knowledge of products and prices, where information is less easy to access than through a travel agent (Bennet & Lai, 2005: 11). Even though consumers make use of the Internet to search for information or travel products, they still prefer to make the booking with a travel agent as consumers are concerned over credit card security purposes (Bennet & Lai, 2005: 11).

2.7.3 From disintermediation to re-intermediation

While many discussions on disintermediation emphasise the demise of travel agents, according to Bennet and Lai (2005: 11) the Internet can also be seen as an opportunity for travel agents to reposition their roles in the distribution chain. Travel agents are believed to have a certain strength, which sets them apart from the Internet, namely, their ability to collect, organise and interpret large numbers of information and provide it to customers in a single package (Bennet & Lai, 2005: 11). Hence the Internet or web is no match compared to first- hand experience of a travel agent (Bennet & Lai, 2005: 11).

Re- intermediation or cybermediation as defined by Bennet and Lai (2005: 11) refers to the utilisation of ICT (Information communication technology) and the Internet to replace intermediaries with new intermediaries to operate the tourism distribution channel where the Internet is producing new e-mediaries.

Re- intermediation introduces new electronic intermediaries such as Expedia, Yahoo Travel and Travelocity, which bypass many economies of scale and take the value-added service directly to the consumer by also offering discounted fares and a 24/7 online reservation service (Bennet & Lai, 2005: 11).

2.7.4 Methodology

Bennet and Lai (2005: 12) undertook the research with the aim of investigating the effect of the Internet and e-commerce travel services on travel agencies in Taiwan as its focus point.

The field research consisted of a quantitative questionnaire and personal in-depth interviews (Bennet & Lai, 2005: 12, 13). The sample size consisted of 438 members of Taipai Association of Travel Agents, and the response rate for the questionnaires was 136, where 133 were usable (Bennet & Lai, 2005: 12, 13). The personal interviews were conducted with the president or higher level management of travel agencies (Bennet & Lai, 2005: 13).

2.7.5 Findings

2.7.5.1 Internet usage by travel agencies

The results from the questionnaire indicate that 64 percent of respondents already established their own websites, where 77 percent from the remaining 36 percent have considered establishing their own websites in the future, thus indicating that travel agencies are becoming aware of the emergence of the Internet in the travel industry (Bennet & Lai, 2005: 15).

Furthermore, it is revealed that 68 percent of travel agents use the Internet for information distribution; 68 percent as an advertising medium as well as for the company's profile and business (Bennet & Lai, 2005: 15). This indicates that 26 percent of the travel agent respondents made use of the Internet for direct reservation purposes, which means that the Internet is mostly used for information

distribution purposes instead of e-commerce and travel services (Bennet & Lai, 2005: 15).

2.7.5.2 Internet effectiveness and the impact of e-commerce travel services on travel agencies

According to Bennet and Lai (2005: 16) travel agents stated that the use of the Internet can be seen as an effective measure to increase their business, whilst 78 percent claimed that due to the Internet, there has been an improvement in the company's performance, and another 61 percent claimed that the Internet has increased the company's turnover. None of the travel agents suggested that the Internet has caused any decrease in sales turnover (Bennet & Lai, 2005: 16).

The in-depth interviews resulted in interviewees agreeing to the abovementioned questionnaire results, stating that the Internet assists with the company's performance as well as an increase in sales (Bennet & Lai, 2005: 16).

Furthermore, interviewees do not see the Internet as a future impact, instead they view the Internet as a distribution channel for marketing and promotions mechanism (Bennet & Lai, 2005: 16). Some interviewees mentioned that sales turnover is limited as the Internet only contributes to a fraction of their total business (Bennet & Lai, 2005: 16).

Interviewees from large class general travel agents stated that due to online travel companies, the competitiveness has increased which is putting traditional distribution channels in a position where they will have to alter their prices (Bennet & Lai, 2005: 17).

Interviewees from small class travel agencies felt that they are under threat due to e-commerce travel services but that the impact is limited because of the small population (Bennet & Lai, 2005: 17). One interviewee, whose travel agency operates without an Internet site mentioned that majority of their customers is from the older market therefore the company was not being impacted by e-commerce travel services (Bennet & Lai, 2005: 17). The interviewee argues that too many travel agency websites have been established increasing competition amongst travel agencies and also that small agencies cannot afford the costs of joining website portals (Bennet & Lai, 2005: 17). The interviewee continued to argue that Taiwan

believes in the importance of social interaction as an economic activity and culture thus making it difficult for the Internet to take over (Bennet & Lai, 2005: 17).

2.7.5.3 Perception of travel agencies towards Internet- based travel usage

Bennet and Lai (2005: 17, 18) took nine advantages and eight disadvantages of making use of Internet- based travel services from the in-depth interview and presented it to travel agencies, where they could give their view by stipulating it on a five point Likert scale. Table 2.2 lists the advantages when utilising internet-based travel services as a travel agent with the rating ranging from 3.1756- 3.7405, highest to lowest rating (Bennet & Lai, 2005: 18).

TABLE 2.2 ADVANTAGES OF PROVIDING INTERNET- BASED TRAVEL SERVICES

Advantages	Mean	Standard deviation
Increase speed of service	3.7405	0.79021
Lower information distribution cost	3.7176	0.82532
24- hour operation	3.6974	0.92730
Save personnel cost	3.6489	0.88512
Increase sales turnover	3.5878	0.73244
Improve company's operation	3.4733	0.84424
Reduce communications cost	3.4656	0.94704
Provide customers with better and lower prices	3.3740	0.90584
Improve service quality	3.1756	0.96461

Source: Bennet and Lai (2005: 18)

The interviewees rated increased speed of service, lower information distribution cost and 24-hour operation as the most important advantages, while improved service quality was viewed as the least important (Bennet & Lai, 2005: 18). Thus they feel that personal travel service is still more important than Internet-based service quality (Bennet & Lai, 2005: 18).

In table 2.3, the rating is between 3.5191 and 3.9389 for the disadvantages of travel agencies providing Internet-based travel services (Bennet & Lai, 2005: 18).

TABLE 2.3 DISADVANTAGES OF PROVIDING INTERNET-BASED TRAVEL SERVICES

Disadvantages	Mean	Standard deviation
Large- scale restructuring and re-engineering	3.9389	0.69896
Difficulty in recruiting skilful labour with both IT and travel knowledge	3.9313	0.78633
Products limited to those which are simplified and standardised	3.9008	0.83071
Customers limited to those who use the Internet	3.8855	0.81939
High capital cost	3.7710	0.80922
Insecure data transfer	3.6870	0.87779
Impersonal service	3.5191	0.93110
Conventional staff are maladapted to the operation with new technology	3.5115	0.88027

Source: Bennet and Lai (2005: 18)

The interviewees rated large scale restructuring and re-engineering as the highest disadvantage, with difficulty in recruiting skilled labour with IT and travel knowledge and products limited to those which are simplified and standardised also included as a major disadvantage, therefore, restructuring and re-engineering is seen as being too costly for small travel agencies to maintain (Bennet & Lai, 2005: 18, 19).

The results from the qualitative research indicate that interviewees agree on the advantages that come from providing Internet-based travel services, however, the disadvantages are greater, the one key disadvantage being identified as the amount of time a worker of an online agent spends on handling customer complaints because of information being distributed incorrectly on the Internet (Bennet & Lai, 2005: 19).

Another problem identified during the interview was that workers in the Taiwanese travel industry have more knowledge of travel than of IT and those with IT knowledge have little or no travel knowledge, thus resulting in more costs going out on Internet-based travel services because of the amount of time spent on communications (Bennet & Lai, 2005: 19).

2.7.5.4 Travel agency perceptions towards the future role of travel agents in Taiwan

Bennet and Lai (2005: 19, 20) made use of the five point Likert scale to identify ten roles, which travel agents perceived could impact their future. This is indicated in Table 2.4 in a range from 209850- 4.0301 (Bennet & Lai, 2005: 19, 20).

TABLE 2.4 FUTURE ROLES OF TRAVEL AGENTS IN TAIWAN

Roles	Mean	Standard deviation
Careful in the selection of partners	4.0301	0.66218
Back to roots- focus on personal and humanised service	3.9925	0.72296
Become more technologically orientated	3.9624	0.59551
Identify and serve niche markets	3.9248	0.71376
Move towards vertical integration and strategic alliance to increase market share	3.8974	0.80963
Develop online travel services	3.7820	0.66672
Attempt to institute fees and levies instead of depending on commissions	3.7218	0.92403
Reposition as information brokers or consultants	3.7068	0.84191
Know the tools and use them effectively	3.7068	0.71544
Travel agents will be disintermediated and the role of middlemen will disappear	2.9850	1001493

Source: Bennet and Lai (2005: 19)

With the lowest rating being travel agents will be disintermediated, the role of the middleman will disappear (Bennet & Lai, 2005: 20). The highest rated roles include care in the selection of partners, focus on personal and humanised service, becoming more technologically orientated, identify and serve niche markets and lastly development towards vertical integration and alliance to increase market share (Bennet & Lai, 2005: 20). It is evident that small travel agencies have a limited life cycle and are seen as suppliers on behalf of business services, therefore, it is much clearer as to why choice of partners and development of integration and alliance is the most important future role (Bennet & Lai, 2005: 20). Interviewees also identified the importance of becoming more technologically orientated as noted by one interviewee " Taiwanese consumers are becoming more modern and have become aware of the Internet this shows a change in buying behaviour and for travel agencies to increase their market adopting to technology has become important" (Bennet & Lai, 2005: 20).

According to Bennet and Lai (2005: 20) the qualitative research has established strategies for travel agents to ensure survival:

- To identify and serve a niche market;
- To adopt vertical integration and strategic alliances;
- Decrease operating costs;
- Improve service quality and staff; and
- Take into account both the Internet and traditional distribution channels.

Although respondents are aware of the threat of commission cutting by suppliers, they argue that their professionalism in the manner in which they communicate information can be seen as a time saver for consumers as well as containing insecurity issues associated with travel (Bennet & Lai, 2005: 20). A general statement made by Bennet and Lai (2005: 20) is that the Internet and traditional distribution channels are two different travel services and in order for disintermediation to take place, consumers would have to change their buying behaviour.

2.7.6 Discussions of findings

Bennet and Lai (2005: 21) through their findings in their research study on the impact of the Internet on travel agencies in Taiwan found that travel agencies have become aware of using the Internet, where most respondents have already established their own websites or other respondents that have considered establishing theirs in the future and see the Internet as a source of information distribution (Bennet & Lai, 2005: 21).

The quantitative and qualitative research revealed that similar results were received from the respondents, where it is evident that the disadvantages are greater than the advantages, therefore, three major problems have been identified in using Internet-based travel services in Taiwan (Bennet & Lai, 2005: 21). Firstly, the costs required regardless of how many bookings are made; secondly, the problem of employing staff that have IT and travel knowledge and lastly, that the Internet can only be used for simplified and standardised travel products (Bennet & Lai, 2005: 21).

One of the major objectives for the purpose of this research being undertaken according to Bennet and Lai (2005: 21) was to establish and investigate if the Internet and e-commerce travel services have an impact on travel agencies and if it affects travel agencies depending on the company size (Bennet & Lai, 2005: 21).

From the primary research it proves that the Internet can be seen as a potential threat to travel agents; however the effects are not yet major (Bennet & Lai, 2005: 21).

What has been found from the qualitative research is that respondents argued on the statement of disintermediation, where some interviewees see commission cutting as a problem (Bennet & Lai, 2005: 21). All interviewees felt that disintermediation of travel agencies is not likely to occur, and according to one interviewee who disagrees with disintermediation states that the Taiwanese major travel market consists of group tours, which require a personal service (Bennet & Lai, 2005: 21). Interviewees further argue that the Internet and traditional distribution channels are aiming at targeting different markets; however, one interviewee stated that travel agents who operate as booking offices could become disintermediated (Bennet & Lai, 2005: 21).

In terms of the future roles of travel agents, Bennet and Lai (2005: 22) discussed two key roles: firstly, travel agents should concentrate on their main business, which includes personal service, offering professional travel advice and quality service, and secondly, travel agents should consider adopting technology in their business, which will open doors to opportunities and benefits (Bennet & Lai, 2005: 22).

As there is an uncertainty in the future of Taiwan's travel agencies, the research conducted by Bennet and Lai (2005: 22) have led to seven strategies to ensure survival:

1) Establish a reliable brand to gain more customer loyalty;
2) Adopt vertical integration and strategic alliances to maintain a strong market share;
3) Lowering costs of operating to increase productivity;
4) Improve service quality and staff performance in order to provide professionalism;
5) Identify and provide service to a niche market;
6) Take into account both the Internet and traditional distribution channels; and
7) Take careful consideration of the selection of partners especially to ensure the security and steadiness of the business.

In their concluding, remarks Bennet and Lai (2005: 22) conclude by stating that the development of the Internet has changed the operation of organisations and also recognised that the Internet and e-commerce travel services are impacting on tourism distribution. In order for travel agencies to remain in the marketplace they should take into account the advantages and disadvantages of e-commerce services, therefore, combining the Internet with traditional channels could ensure survival (Bennet & Lai, 2005: 22). However, it is said that further research should be done with regard to suppliers' and consumers' perceptions on the impact that the Internet has on tourism intermediaries (Bennet & Lai, 2005: 22). Such research can assist with a more in-depth understanding of how the Internet is impacting on travel agencies (Bennet & Lai, 2005: 22).

2.8 SUMMARY

Disintermediation is a process that occurs when a tourism intermediary such as travel agents face consolidation due to the Internet, information technology and e-commerce travel services, which are creating a new type of intermediary such as computer reservation systems, cybermediaries and e-mediaries. The tourism industry is one that is diverse and because of its economic activities, travel products and services are best suited to the Internet and e-commerce travel services, which now act as an information distributor on behalf of suppliers, who are now due to this development bypassing travel agents.

Strategies have been established for the benefit of travel agents and tour operators to increase chances of survival or either become disintermediated if they do not become aware of information technology as new drivers of the tourism industry.

A case study has been included in this chapter which discussed the impact of the Internet on travel agencies in Taiwan.

Further discussions on IT and the tourism industry will be discussed in the following chapter with reference to Computer Reservation Systems and how CRSs impact the travel and tourism industry.

CHAPTER 3

INFORMATION SYSTEMS (IS) AND THEIR IMPACT ON TOURISM INTERMEDIARIES AND SUPPLIERS

3.1 INTRODUCTION

With the emergence of electronic technologies and the World Wide Web, organisations have become aware that their operational and strategic functions can no longer be implemented as previously, but that there would be a shift in future owing to technological developments. Many tourism companies are forced to utilise these new technologies in order to remain in the tourism industry. They are faced with major competition entering into the industry, which affects their operation costs. For example, the airline industry comes under heavy threat as new airlines come into existence; therefore, airlines have to find ways to remain competitive by reducing commission that they pay to travel agencies. This is just one of their ways of saving costs. Another way is for them to communicate directly with their customers. They have developed new channels in the form of websites to sell their own airline seats directly to consumers.

The tourism industry has recognized the benefits that they can gain from selling tourism products and services directly to consumers through the tourism company's websites. As mentioned in the previous chapter, the tourism industry is one that is diverse, with numerous activities, which make tourism suitable for e-commerce. Besides the benefits from electronic technologies, however, traditional travel agencies are faced with the challenge of remaining in the travel industry as they are under threat by disintermediation, including e-mediaries or cybermediaries. However, experts believe that travel agents can still succeed in the tourism industry as they know how to deal with complex transactions to simplify the consumer search experience.

A number of Information Communication Technologies have enabled tourism organisations such as airlines, hotels, tour operators and even certain travel agencies to grow and take full advantage of the technological era. The most important is the Computer Reservation System (CRS), which was introduced to the tourism industry

as the first inter-organisational reservation system. Then followed the Global Distribution System (GDS), which serves airlines, large travel suppliers and destinations around the world; Destination Information Systems (DIS) or Destination Management Systems (DMS), which promote destination amalgams; and Property Management Systems (PMS), which serve hotels.

There are also other factors, which have led to the utilisation of ICT's such as consumer demand, for example:

a) Travellers demand travel products and services to be delivered to them at top speed; and

b) They can organise their own travel arrangements at the touch of a button and with greater flexibility.

Factors, which influence travellers to make use of ICT's are the following:

- socio-economic factors, which can either lead the consumer to use or not use the Internet for travel-related products or services, depending on his level of experience with technology;
- demographic variables, which are influenced by the type of traveller such as their age, gender, family size and life-style; and
- psychographic variables, for example, where an individual is influenced to make use of the Internet to purchase travel products from what they have heard, seen or experienced through media or individuals;
- security when purchasing travel products or services via the Internet; and
- Time factors.

There are industry sectors, which have incorporated the Internet and ICT's into their operations, which include airlines, travel agencies, tour operators, hotels and destinations.

This chapter provides an in-depth discussion on how ICT has developed over the years, and how it has grown to form part of everyday operational and strategic functions within the tourism industry, thus creating opportunities, threats and challenges for tourism intermediaries, especially travel agents under threat from these new technological developments. Annexure A refers to a case study based on a Delphi study, which was conducted on e-commerce in tourism and how it could have led to disintermediation and re-intermediation effects on traditional travel agents

in the U.S and links in with this chapter based on information systems. Further predictions provide evidence of the emergent automated systems, which could in future dispose of travel agents who do not take advantage of the new electronic technological era.

3.2 DEFINING INFORMATION SYSTEMS

Fairer-Wessels (2004: 53) describes an information system as a system tool, which people can use to communicate with each other and, which is made up of channels that can be formal or informal, personal or impersonal, and public or private. The information system can be used in many different ways and combinations by various people, businesses and communities (Fairer-Wessels, 2004: 53). Furthermore, with the large quantities of information available on a global level, it has created the development of different information systems throughout various fields, especially in the tourism field where it was presented in the World Wide Web (WWW) as being a successful development (Kung, Dunzendorf & Wagner, 1999; cited in Fairer-Wessels, 2004: 53). It also made available networks, which included wide area networks, global distribution systems and the Internet, as well as the development of tourism information systems, destination systems and global reservation systems (Kung, Dunzendorf & Wagner 1999; cited in Fairer-Wessels, 2004: 53).

According to Chen and Sheldon (1997: 151), a destination information system (DIS) is an inter-organisational system (IOS), which makes available to travellers and travel suppliers easy access to a wide range, timely and accurate information about a destination's tourist facilities, and reservation options. In order for the DIS to develop extensively, it should have cooperation from all competing tourism suppliers and destination marketers from both the public and private sectors (Chen & Sheldon, 1997: 151). There are, however, challenges incurred in the design of a DIS, which includes a wide range of information content from numerous data sources, multimedia data management, interacting with global electronic markets and dealing with problems when it comes to data formats and standards (Chen & Sheldon, 1997: 151). Werthner and Klein (1999: 256) also stipulate that tourism can be identified as pioneering when it comes to top class technology such as information systems (IS),

which include Computer Reservation Systems (CRS) or Global Distribution Systems (GDS), which is internationally known inter-organisational systems.

A DIS is a system that requires coordination from numerous tourism sources and can thus be identified as an inter-organisational system (IOS) where all sources provide input of information to the DIS (Chen & Sheldon, 1997: 152). The development of a DIS is supported by the benefits that it can gain from an IOS such as cost reduction, increased revenue created owing to growing markets, new customers, wider product lines, and cross-selling, which on the positive side enables customers to make use of DIS (Chen & Sheldon, 1997: 152). According to Chen and Sheldon (1997: 152), a DIS is different from existing systems as it offers a wider range of destination information, as well as public and private tourism products from small and large tourism suppliers.

The development of a DIS has been motivated by demand and supply and was established by national, state and city tourist information offices for the purpose of managing large numbers of travellers' inquiries on information from small to medium tourism suppliers, which are not found on other inter-organisational systems (Chen & Sheldon, 1997: 154). Tourism offices and tourism suppliers found the DIS to be suitable as a marketing and destination management tool (Chen & Sheldon, 1997: 154). According to Chen and Sheldon (1997: 154, 156), it is the responsibility of government tourism offices to foresee financial resources for the establishment of a DIS.

Chen and Sheldon (1997: 156) state that a DIS is a system, which stores a wide range of destination information that ranges from attractions, events, entertainment, transportation, restaurants and accommodation, including demographic, statistical, ecological and geographical information, however, there are a number of characteristics, which differentiate a DIS from other tourism inter-organisational systems as described below.

- Users - a DIS should be available and easy to access by a large number of users such as travellers, tourism intermediaries and destination promotion agencies, including tourism suppliers and because of this a DIS has to connect to a global network in order to reach the geographical range of users.

- Information content - a DIS should be based on correct, timely and comprehensive information obtained from a wide range of tourism suppliers on travel products found in a destination, ranging from business to leisure from both public and private sectors in spite of company size and prices.
- System functions - a DIS has the major functions of seeing to all tourism market transactions, which include gathering information and settling transactions, which basically means that the DIS does travel counselling and marketing research on behalf of tourism offices for their clients.

3.2.1 Computer reservation systems (CRSs)

According to Chen and Sheldon (1997: 153), computer reservation systems (CRS) were amongst one of the first inter-organisational systems to be presented in the tourism industry. Furthermore, these CRSs were seen as a major distribution channel in the tourism industry as it provided a wider range of travel and tourism products and was thus established as global distribution systems (GDS) (Chen & Sheldon, 1997: 153). Conversely, technology makes it possible for one to access several services at the same access point, Gilbert (1990: 674, 675), for example, states that airline computer reservation systems (CRS) hold information and facilities where one can make reservations for hotels, car hire, the theatre and insurance, including airline seats.

3.2.2 Global Distribution Systems (GDSs)

Chen and Sheldon (1997: 154) state that travel agencies that conduct business online are now interacting with major GDSs for the purpose of getting consumers to forward information enquiries and booking requests directly to agents. GDSs represent airlines, large travel suppliers and destinations that are capable of paying for the fees charged by GDSs, while another characteristic of a GDS is the fact that it only lists high-priced homogenous travel products and creates consumer-perceived impressions of a destination (Chen & Sheldon, 1997: 154).

Chen and Sheldon (1997: 153) listed the following major GDS's:

- Sabre;
- Galileo/ Apollo;
- Systemane/ Amadeus;

- Worldspan; and
- Abacus.

Two of America's leading computer reservation systems has been the latest developments in technology and has caused some stir for the travel agents (Gilbert, 1990: 675). They are recognised by Gilbert (1990: 675) as PARS, developed by TWA, and SABRE (known to be the market leader in computer reservation systems). Developed by American Airlines, they have both presented commercial 'in-house' systems, which were especially designed to cater for the needs of the business world (Gilbert, 1990: 675). They are both user-friendly systems and can be compared to original computer reservation systems and even have the same features (Gilbert, 1990: 675). The in-house system contains advantages, as stated by Gilbert (1990: 675), such as time savings of up to 50 per cent, and can access information directly, which is reliable, and assists with creating the best itineraries at a reasonable cost. Both systems operate 24-hours and are accessible through public and private networks (Gilbert, 1990: 675).

A number of other important CRS systems in operation were identified by Gilbert (1990: 675) and are as follows:

- Apollo, which is the second largest computer reservation system in America, and is operated by United Airlines;
- DATAS, which is operated by Delta Airlines;
- Systems One, which is operated by Texas Air; and
- AMADEUS, which is operated in Europe.

It is said that these abovementioned systems now represent the main electronic distribution channels for travel intermediaries, as they distribute information on behalf of host airlines, a connection network to other airlines systems, hotel reservation systems, car rental reservation systems, and cruise reservation systems, including additional travel products (Chen & Sheldon, 1997: 153, 154). Consumers have also been given an opportunity to access these GDSs via online networks, for example, America On-line, Compuserve, Prodigy and the Internet (Chen & Sheldon, 1997: 154). Destinations have also been given the benefit of distributing information about their tourist facilities and activities, and events and border restrictions by making use of GDS at a fee rendered to them (Chen & Sheldon, 1997: 154). A great number of travel products from hotel chains, travel agencies, tourism suppliers and destinations

can be found on the World Wide Web, which gives consumers greater access to a comprehensive range of electronic destination information and travel products than was previously made available (Chen & Sheldon, 1997: 154). As stated by Werthner and Klein (1999: 261), online booking servers create links to many CRS's/GDS's, for example, Expedia with Worldspan, thus the CRS/GDS are systems that operate on behalf of booking servers, but at the same time they are trying to place themselves as systems on the forefront.

3.3 TOURISM AND INFORMATION COMMUNICATION TECHNOLOGY (ICT)

Gilbert (1990: 664) identifies changes that will occur in future owing to the impact of technology on the distribution of tourism products and services, and on consumer purchasing behaviour under major assumptions. Cooper, Fletcher, Fyall, Gilbert and Wanhill (2005: 704) declare that it was in the late 1990s that led to the development of Information Communication Technologies (ICT's) and the Internet in a second industrial revolution. There has been rapid growth in the development and application of computerised systems, which have assisted these computerised systems to take on a wider collection of business functions and activities, whilst allowing individuals and organisations to access a great number of multimedia information and knowledge sources, irrespective of their location or ownership (Cooper *et al.,* 2005: 704). Specialists, as cited by Gilbert (1990: 664), believed that by the early 1990s central automated systems could be cause for the removal of travel agents, however, there is not enough evidence to prove that direct sell has increased.

The World Wide Web (www) can be seen as a major cause of changes taking place in the way that tourism products are produced, distributed and consumed, which is influenced by the strongest driving force responsible for these changes, known as information and communication technology (ICT) (Werthner & Klein, 1999: 256). It is believed that both the tourism industry and ICT is growing beyond all other industries and will be the leading industries in the next century owing to their interrelationship (Werthner & Klein, 1999: 256). As stated by Werthner and Klein (1999: 258), ICT has had a major impact on the development of modern tourism where Computer Reservation Systems (CRS), which was developed and owned and used for the operation of airlines to manage and control the increasing numbers of passengers

and operational issues, was one of the first worldwide applications that was established through information technology connected to a number of participating companies through the system.

Cooper *et al.* (2005: 704) quote the following status regarding ICT's and eBusiness:

"The use of digital tools for business functions and processes".

Therefore, Cooper *et al.* (2005: 704) identify digital tools to appear as crucial fundamentals in order for organisations to achieve success in the new, Internet-ready business environment, which has forced entire economies to communicate and trade by means of electronic tools, depending on whether they are able to compete within the global economy. It is owing to the integration of information processing, multimedia and communications that brought about the 'World Wide Web' (WWW), which is known as a multimedia protocol by utilising the Internet (the network of all networks), which has also empowered the immediate distribution of media-rich documents in the form of textual data, graphics, pictures, videos, and sounds and to change the way in which computer users and servers interact (Cooper *et al.,* 2005: 704, 705).

There are four most important eras recognised by Cooper *et al.* (2005: 705, 706) that introduced ICTs' development, namely:

1. Data processing - the key purpose was to get better operational efficiency by automating information-based processes. This era began in the 1960s and it primarily made use of mainframes and mini computers;

2. Management information systems (MIS) - the aim here was to increase management effectiveness for the purpose of satisfying organisational information needs. This began in the 1970s and made use of local processes that are associated with information resources. Information systems were mainly used to attend to the needs of internal management and coordination;

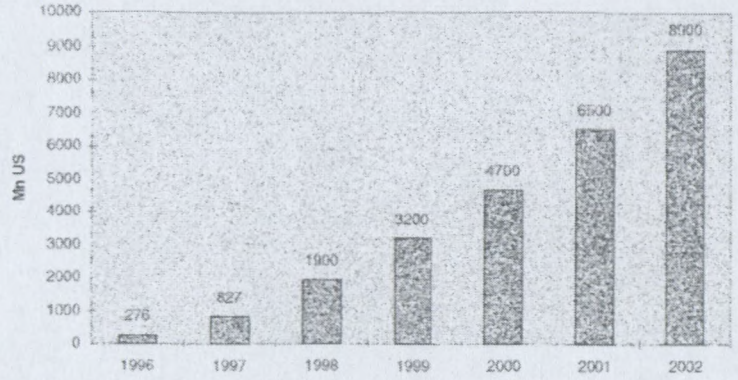
3. Strategic information system (SIS) - in the early 1980s the aim was to improve competitiveness by altering the manner in which business was conducted. Integrated ICT networks were used to accomplish the organisation's strategic

objectives, improve performance, and manage performance across efficient business unit lines, including interactions with external organisations in order to achieve a competitive advantage; and

4. Ever since the Internet was introduced in the early 1990s, it brought about a fourth and more remarkable era: the network era - where intra and inter-organisational networks expanded by making use of local and wide area networks, which included the Internet and Intranets, making it possible for efficient communication and multilevel integration. This era changed the competitive nature of organisations in the global marketplace and has affected the significance of their location and size in their product delivery processes (Robson 1994; cited in Cooper *et al.*, 2005: 706).

At present the tourism industry is one of the most well-known applications of the World Wide Web, and evidence shows that an estimated 33 per cent of Internet transactions come from tourism (Werthner & Klein, 1999: 259). Schuster 1998; cited in Werthner and Klein (1999, 259) established a Delphi study, which indicated that 40 participants from the German capital believes that in the next 10 years 30 per cent of tourism will operate via the Internet (Werthner & Klein, 1999: 259). Werthner and Klein (1999: 259) developed Figure 3.1 below which provides evidence of growth estimates of online travel from 1996 to 2002; where airline ticket sales online was 90 per cent in 1998, but was said to drop to 73 per cent in 2002, as hotel and car rental was estimated to increase. Table 3.1 shows that travel was rated second in 1997 and number one in 2000 (Werthner & Klein, 1999: 259).

FIGURE 3.1 ONLINE TRAVEL REVENUE GROWTH ESTIMATES



Source: Werthner and Klein (1999: 259)

TABLE 3.1 INTERNET REVENUE GROWTH ESTIMATES IN US$ MN

Categories	1997	2000
PC hardware and sales	863	2, 901
Travel	654	4, 741
Entertainment	298	1, 927
Books and music	156	761
Gifts, flowers and greetings	149	591
Apparel and footwear	92	361
Food and beverages	90	354
Jewellery	38	107
Sporting goods	20	63
Consumer electronics	19	93
Others (toys, home, and so on)	65	197

Source: Kadison *et al.* 1998; cited in Werthner and Klein (1999: 259)

The following reasons were given by Werthner and Klein (1999: 259) regarding the position of Internet travel revenues:

- Volume of overall revenues;
- The extent of a wide range of information available to customers;
- Tourism suppliers cater to a global market with almost every Internet user seen as a potential customer; and
- Number of competition on the web owing to new players has caused the establishment of a number of leading web sites, which offer better multimedia information and efficient transactions.

Cooper *et al.* (2005: 703) predict that the tourism industry could face dramatic changes owing to the uprising of information communication technologies (ICT's) and eBusiness developments, which in turn could either create opportunities and/or threats to both tourism organisations and destinations. Cooper *et al.* (2005: 703) believe that these developments have transformed the best operational and strategic practices for businesses globally, and have changed the way that enterprises and regions compete around the world. Larger organisations, for example, hotel chains, could benefit from ICTs as they enable them to access an international market and develop the required tools in order for them to manage their properties in other areas

or countries at the touch of a button (O'Conner, 1999; Buhalis, 2003; cited in Cooper *et al.,* 2005: 703). It was also made possible for smaller companies to develop their 'virtual size' and reach a global market to communicate their services (O'Conner, 1999; Buhalis, 2003; cited in Cooper *et al.,* 2005: 703).

According to Cooper *et al.* (2005: 703), several tourism organisations have failed because they refused to incorporate ICTs and eBusiness into their strategies and to accept changes occurring in the tourism industry structure, which was instigated by technology. It became challenging for tourism organisations to maintain their position in the global marketplace (Cooper *et al.,* 2005: 703). ICTs require hardware, software, groupware, and netware, including humanware in order to develop, program and maintain equipment (Cooper *et al.,* 2005: 704).

Buhalis 2003; cited in Cooper *et al.* (2005: 706) asserts that ICTs include 'the complete range of electronic tools, which made possible the operational and strategic management of organisations by allowing them to control the management of their information, functions and processes, as well communicating with stakeholders in order to accomplish their mission and objectives'. Furthermore, the speed at which Internet adoption is growing worldwide clearly demonstrates that ICTs and the Internet has altered the means of how we live, work, shop and play (Cooper *et al.,* 2005: 706). According to Cooper *et al.* (2005: 706), the growth of ICTs has a huge outcome on the operation, structure and strategy of how organisations operate, as they lower the costs of communication and operations, but at the same time improve flexibility, interactivity, efficiency, productivity and competitiveness. However, by not paying attention or not making use of ICTs, can be unsuccessful for the competitiveness of most tourism enterprises and destinations (Cooper *et al.,* 2005: 706). This is because ICTs are helpful by making certain that there is efficiency between internal organisations and effective communication with partners, as well as constant interactivity with consumers (Cooper *et al.,* 2005: 706, 707). According to Cooper *et al.* (2005: 707), there are certain fundamentals that are crucial in order to be successful, namely:

- Long-term planning and strategy;
- Sound management and development of hardware and software;
- Re-engineering of business processes;
- Top management assurance; and

- Training throughout the hierarchy.

Cooper *et al.* (2005: 707) state that these fundamental requirements assist with the achievement of sustainable competitive advantage and failure to attend to these issues can place at risk the competitiveness, success and even survival of tourism organisations. Cooper *et al.* (2005: 707) mention that the ICT revolution created considerable implications for the tourism sector. Poon 1993; cited in Cooper *et al.* (2005: 707, 708) predicted that:

"A whole system of ICTs is being rapidly diffused throughout the tourism industry and no player will escape ICT's impact".

This means that ICTs have grown so much within the tourism industry that it makes it difficult for the industry to survive without it.

According to Cooper *et al.* (2005: 708), ICTs and the Internet made it possible for tourism organisations to develop their processes and familiarise their management to take advantage of the up-and-coming digital tools and mechanisms to:

- Increase their internal competency and manage their ability;
- Cooperate effectively with consumers and personalise products;
- Transform tourism intermediation and increase points of sale;
- Empower consumers to communicate with other consumers;
- Maintain efficient cooperation between partners in the value system; and
- Improve operational and geographic capacity by contributing strategic tools for global development.

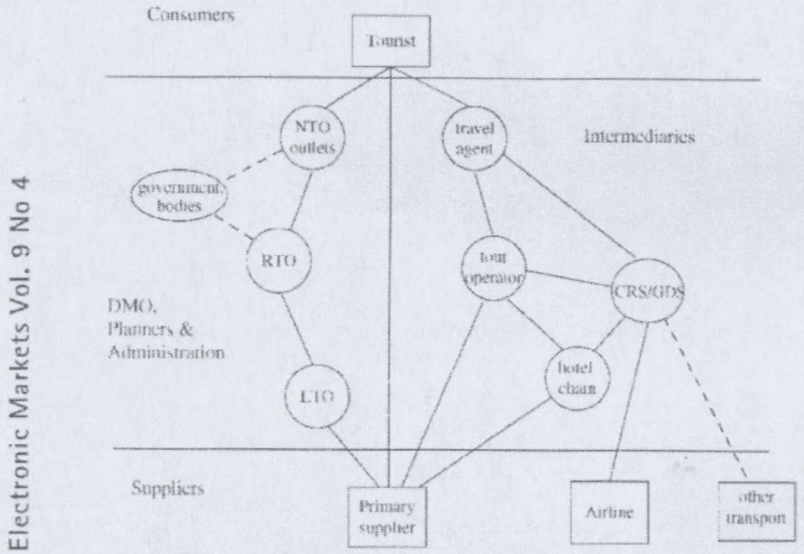
3.3.1 Travel and tourism industry structure

According to Werthner and Klein (1999: 256), the tourism industry has a major economic impact globally and locally, which has been identified by statistical evidence conducted by numerous official international organisations. Travel and tourism can be seen as a complex, but multiple industry owing to its services, which are controlled by the information industry even though the core travel product itself is a physical service because it is produced and consumed in a physical environment with human interaction, including being offered in a rich, locally coloured context

(Werthner & Klein, 1999: 256). One challenge faced by the industry is to introduce the physical service in such a manner that it is not overshadowed by the informational part, but still have the two components coincide (Werthner & Klein, 1999: 256, 257). ICT assists with the customisation of complex tourism product offerings by separating each offering with the assistance of knowledge management tools, which market each offering individually to customers (Werthner & Klein, 1999: 257).

The following Figure 3.2 indicates a functional and structural view of the travel and tourism market, which gives an explanatory view of the supply and demand side, as well as intermediaries (Werthner & Klein, 1999: 257).

FIGURE 3.2 STYLIZED VIEW OF THE TRAVEL AND TOURISM MARKET



Source: Werthner and Klein (1999: 257)

The links provide an indication of the relationship between supply and demand and intermediaries, including other governmental organisations, as well as the flow of information, whereas the nodes provide an indication of tourism players (Werthner & Klein, 1999: 257). On the supply side the nodes indicate primary suppliers such as hotels, restaurants, airlines, and so on (Werthner & Klein, 1999: 257). Primary suppliers also include cultural or sport features, which show that the diversity of

tourism and primary suppliers are usually operational regionally or nationally within a destination (Werthner & Klein, 1999: 257).

Werthner and Klein (1999: 257) define the following with regard to Figure 3.2:

- Tour operators are known as producers as they are responsible for the production of new products by also adding additional features; whereas
- Travel agents are known as information brokers by facilitating consumers with information and booking facilities; and
- Computerised Reservation Systems/ Global Distribution Systems (CRS/GDS) distribute airline products, including other tourism offerings, for example, tour packages, and other transport services. These systems are the core links to tour operators and travel agents.

The dotted lines indicate that other transport services, for example, railway companies do not have a link to CRS/GDS, but car-rental companies, however, are linked to CRS/GDS (Werthner & Klein, 1999: 257). The intermediaries on the right side of the figure indicates a professional link between suppliers and consumers, but the left side of the figure denotes financial flows, which include destination management, planning, administration, marketing and destination branding (Werthner & Klein, 1999: 257). These industry players facilitate all suppliers of a destination, which are not included in the booking process (Werthner & Klein, 1999: 257). Destination marketing and management organisations (governmental bodies) are linked with dotted lines as they fall under governmental organisations (Werthner & Klein, 1999: 257).

3.3.2 Diffusion of innovations

Rogers, 1983; cited in Suraya (2005: 78, 79), identified the theory on diffusion of innovations as adopting a new idea and placing it in a social system. Rogers, 1983; cited in Suraya (2005: 78, 79) further explains that the adoption of a new idea can be difficult at times regardless of its advantages, and that innovations require a great period of time before full adoption. The rate of adoption of innovation, as stated by Rogers, 1983; cited in Suraya (2005: 79), is determined by the following:

- Attributes of the innovation- the quality of the new idea;

- Communication channels as an information-exchange relationship about the innovation- communicating a new idea into the social system;
- Time dimension, since the innovation is introduced- the length of time that it will take to introduce the new idea to the social system; and
- Social system in which the innovation is diffused- the type of people or community in which the new idea takes place.

As mentioned before, the travel and tourism industry has suffered significantly by the fast growth of the Internet and e-business technology, thus the travel and tourism industry was noticed as being first to incorporate business electronically and succeed in online business (Suraya, 2005: 78). However, according to Suraya (2005: 78), a study showed that Malaysian travel agencies were positive to have e-business for operational purposes, but there was slow growth in the usage of Internet amongst agencies. This slow rate of Internet adoption was owing to cultural issues (Suraya, 2005: 78).

Table 3.2 below provides reasons why travel agencies chose to adopt using the Internet for their business functions (Suraya, 2005: 80).

TABLE 3.2 DECISION TO ADOPT INTERNET

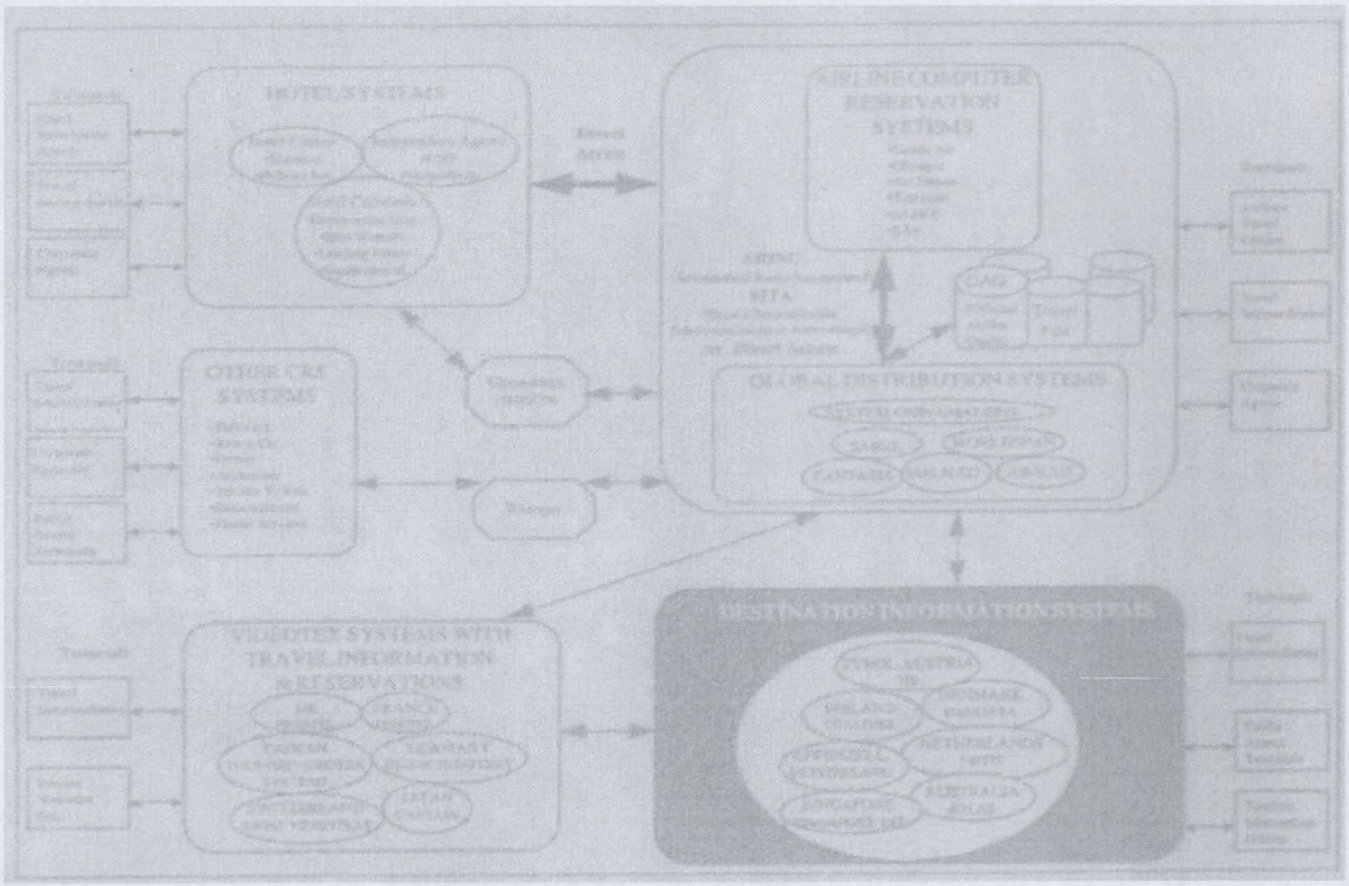
Decision to adopt Internet
Improve communication
Improve customer service
Improve business
Provide company's information
Reduce costs
Increase customers
Increase profits
Copy competitors
To survive
Reduce threats

Source: Suraya (2005: 80)

3.3.3 Tourism as information product

The decision to travel to a destination involves a process of information gathering by looking at past experiences, advertisements, travel guidebooks, brochures and videos obtained from tourism suppliers, tourist information offices and travel agents, including word-of-mouth (Chen & Sheldon, 1997: 153). This type of traditional information gathering is said to be time-consuming and costly, but can also be found to be incomplete and out-dated, which lead to dissatisfied tourists when it comes to the planning process (Chen & Sheldon, 1997: 153). Increasing competition and decreased profit margins, which the travel industry has experienced have forced them to make use of more inter-organisational systems, which provide information exchange on prices and travel products, as well as market transactions between consumers, intermediaries and suppliers (Chen & Sheldon, 1997: 153). Figure 3.3 gives an indication of how electronic tourism markets operate through a schematic view, designed on the simple structure of tourism distribution channels (Chen & Sheldon, 1997: 153).

FIGURE 3.3 ELECTRONIC MARKETS IN TOURISM



Source: Chen and Sheldon (1997: 155)

Information can be regarded as a key factor in the travel industry and the Internet has become a type of travel agent, as it illustrates how it can take products and services to the consumer directly without the interference of traditional intermediaries (Fairer-Wessels, 2004: 53, 54). It is said that the tourism product is different from other products as it holds unique features such as intangibility, for example, the experience one gets when visiting a holiday destination (Goeldner & Ritchie, 2003; cited in Fairer-Wessels, 2004: 54), and perishability, for example, where a travel product cannot be stored away until the date of use such as an airline seat or hotel room, therefore, information technology (IT) plays an extensive role in the amount of information that is produced, created and accessed on a daily basis in the tourism industry (Kung, Dunzendorf & Wagner, 1999; cited in Fairer-Wessels, 2004: 54). However, according to Fairer-Wessels (2004: 54), the Internet plays a pivotal role in omitting tour operators and travel agents, especially when it comes to promotional channels and the Internet, therefore, causing direct communication between the supplier, tourism product and consumer.

Werthner and Klein (1999: 257) identify the tourism industry as an information business, where a tourism destination can be defined as a place with unique and different characteristics from the normal everyday environment. Contrary to durable goods, intangible (cannot be touched, tasted, smelled or seen) tourism services cannot physically be placed on display or examined at the point of sale before being purchased (Cooper *et al.,* 2005: 708). These are products and services that are purchased beforehand and not at the place of consumption, therefore, it is important that the marketing of the product and service is presented and described in such a manner by the travel industry and other intermediaries that it attracts consumers, thus timely and precise information pertaining to consumers' needs is known to be the key success factor of tourism demand (Cooper *et al.,* 2005: 708).

Furthermore, with regard to the tourism product, it is also an activity that involves social interaction between the supplier and the consumer where the quality of the product is measured during the interaction (Werthner & Klein, 1999: 258). Werthner and Klein (1999: 258) also state that at the time of decision making, the tourist will only have a sample of the product, which proves that the decision making process and the purchasing process takes place at completely different times, thus information about the product, which can be distributed and, which is available

through various tourism channels and, which can be collected by the customer, is available in advance to simplify the decision making process, which is said to make the tourism product's "confidence good". A small number of other activities, as indicated by Cooper *et al.* (2005: 708), requires the production, gathering, processing, application and communication of information for operations, hence ICTs are essential in tourism. The fast growth of both tourism supply and demand makes ICTs an important partner intended for the marketing, distribution, promotion and coordination of the tourism sector (Cooper *et al.,* 2005: 708).

ICTs play an important role in the travel industry because it forces the sector to rethink its structure and the way that it organises its ICTs' business, standards, behaviour and approach that they use to educate the ICTs' workforce (Poon, 1993; Sheldon, 1997; Buhalis, 1998; cited in Cooper *et al.,* 2005: 708).

3.3.3.1 Product complexity and task ambiguity

In the previous decades, as stated by Porter and Porter; Porter and Millar, 1985, cited in Buhalis and Licata (2002: 207), it was believed that Information Communication Technologies (ICTs) affected the manner in which business was performed and the method used by organisations to compete. The travel and tourism industries were mostly affected by these technological developments and mainly their tourism products and the way that it was distributed would be affected (Poon, 1993; Buhalis, Tjoa and Jafari, 1998; Buhalis and Schertler, 1999; Fesenmaier, Klein and Buhalis, 2000; Sheldon, Wober and Fesenmaier, 2001, cited in Buhalis and Licata, 2002: 207). Traditionally, the role of travel distribution was carried out by outbound travel agencies, tour operators (TO's) and inbound travel agents, or otherwise known as handling agencies (Buhalis and Laws, 2001; cited in Buhalis and Licata, 2002: 207). Their functions were backed up by computer reservation systems, global distribution systems or tour operators' videotext systems (leisure travel networks) (Bordat, 1999; cited in Buhalis and Licata, 2002: 207). According to Karcher (1996); French (1998); Copeland (1991); Copeland and Mckenney (1988); Truitt, Teye and Farris (1991); Archdale (1996); Sheldon (1997); Hawkins, Leventhal and Oden (1996); and the WTO (1995); cited in Buhalis and Licata (2002: 207), these traditional electronic intermediaries (eMediaries), mainly GDS's, with time, formed part of four

major systems, namely SABRE, AMADEUS, GALILEO, WORLDSPAN. This was owing to the large number of existing sources of travel stock information, which was readily available, and with support from the travel suppliers that had produced and funded them (Buhalis and Licata, 2002: 207).

Jarvelainen (2007: 57) states that even traditional mediums can be tasked as dependant, as people believe that complex tasks are easier when done through traditional channels, and for simpler tasks preferring the Internet as sufficient, for example, "products that are not bought often or is expensive such as a car, house or vacation package would fall under complex tasks and users would make use of traditional mediums for assistance". Travel products have been made simpler to sell to people with less experience, but when the travel product is made up of "transport, accommodation, leisure services and meals", the travel product is considered as a complex task (Jarvelainen, 2007: 57). It is said that product complexity or task ambiguity has nothing to do with behavioural intention, as people will not know what kind of product they intend to buy in future, but when a person knows what they intend to buy, it makes it easier for that person to choose their channel choice (Jarvelainen, 2007: 57).

3.4 TRENDS IN CONSUMER BEHAVIOUR

Cooper *et al.* (2005: 709) believe that tourists have become increasingly demanding, as they demand high-quality products and value worth their money, as new/ experienced/ sophisticated/ demanding travellers depend a great deal on the Internet to search for information regarding destinations and experiences such as price and availability, while they also have an urge to communicate their needs to tourism suppliers as fast as possible. ICTs were, therefore, developed for multifaceted demand needs, fast growing expansion and sophistication of new products that were designed for the needs of niche market segments (Cooper *et al.*, 2005: 709).

ICTs have made it possible for travellers to access reliable and precise information, as well as make reservations in a short period of time where traditional methods are costly and inconvenient (Cooper *et al.*, 2005: 710), thus, one can say that ICTs create better service quality and contribute to higher tourist satisfaction. The Internet

offers access to visible and effortless related information on destinations, holiday packages, travel, lodging and leisure services, and includes up-to-date information about their prices and availability because consumers constantly make use of commercial and non-commercial Internet web sites to do their planning, searching, reserving, purchasing and altering their tourism products (Cooper *et al.,* 2005: 710). With all of this already at the touch of a button, consumers can also receive instant confirmation and speedy travel documents, which make it possible for them to book at the 'last minute' (Cooper *et al.,* 2005: 710). Experienced travellers also use ICTs to advance their personal efficiency and competencies (Cooper *et al.,* 2005: 710).

On the tourism supply side, the impacts of ICTs have become visible in the production, marketing, operational and distribution functions in both private and public sectors (Cooper *et al.,* 2005: 710). Larger organisations have realised the benefits of emerging technologies and took advantage of the opportunity, as they could afford to do so owing to the capacity of their resources (Cooper *et al.,* 2005: 711). ICTs have made it easier for these organisations to expand in terms of communication and cooperation with distant branches, destinations, principals, and agencies to manage their operational elements, whilst at the same time lowering costs and increasing their competitiveness (Cooper *et al.,* 2005: 711).

ICTs and the Internet have caused critical implications for tourism distribution, which made suppliers realise that success could be found in systems integration through GDS's (Global Distribution Systems), which allow products to be made available to consumers anywhere in the world (Cooper *et al.,* 2005: 711). This was found in the early 1990s when GDSs emerged as the most important driver of ICTs, and the strength of the tourism industry (Cooper *et al.,* 2005: 711).

Most tourism suppliers prefer marketing and distributing their products and services directly to the consumer themselves, as they feel that there is certain information that the intermediary might not be able to assist the consumer with (Gilbert, 1990: 667). Intermediaries have become aware that there is a need for them to take into consideration expertise and service improvement (Gilbert, 1990: 668). Engel (1986; cited in Gilbert, 1990: 668) identified the change from 'canned presentations' or otherwise known as preserved presentations to a more interactive and problem-

solving approach where the sales person becomes more like a consultant to the buyer, thus satisfying the consumers' needs more effectively.

Werthner and Klein (1999: 258) argue that the tourism industry is experiencing a change in consumer behaviour, as tourists are becoming more demanding as:

- They demand better service;
- Demand more specific contributions in the form of content and arrangement;
- Became more price sensitive by comparing different offerings; and
- Take shorter vacations but always decide on the last minute, which gives little time between booking and consumption.

ICT can be recognised as important when dealing with these challenges by providing unlimited tourist information, market participation, while tourists or consumers receive greater access to information with the ability to view global visibility of destinations (Werthner & Klein, 1999: 258).

3.4.1 Social influence

Travel Agency, (June, 1986; cited in Gilbert, 1990: 669) states that the lower the socio-economic community, the greater the chance of misunderstandings occurring about the travel industry. Socio-economic conditions provide an explanation between differences in product knowledge, which could lead to one needing to search for information, for example, if the socio-economic environment lacks knowledge on travel products, it is likely that the community will make use of travel agencies (Gilbert, 1990: 669). Conversely, if the socio-economic environment has greater product knowledge the consumer will most likely search for the cheapest package, thus creating cost benefits by going directly to the operator (Gilbert, 1990: 669). Peoples' perceptions of a medium can also be affected by the social environment, hence people include peers, superiors and other people who play an important role in a person's life can influence one's decision on technology (Jarvelainen, 2007: 58). According to Jarvelainen (2007: 58), what can have an influence on behavioural intention is the social environments' attitudes towards online shopping, as it is important for someone to have his or her own perceptions of technology once they have had direct experience.

3.4.2 Demographic variables

Demographic variables, according to Gilbert (1990: 669), refer to influence when it comes to buying decisions. These include family size, age, sex and life-style of the socio-economic environment, which could influence decisions when searching and booking holiday packages, especially the type of method used whether it was through the travel agency or direct-sell that can be influenced by demographic variables (Gilbert, 1990: 669). A well-known fact, as stipulated by Jarvelainen (2007: 58), is that the average Internet user has always been young educated males. However, users can be found in various demographic groups, while it is also believed that because women are seen as housekeepers and responsible for most household acts, nearly half of Internet usage are by women, thus it is proven that online shopping may be taken over by females, as well as other demographic variables, which include socio-economic groups and education could have an influence on behavioural intention (Jarvelainen, 2007: 58).

3.4.3 Psychographic variables

Psychographic variables are, according to Mill and Morrison (1985; cited in Gilbert 1990: 669), known as perception, which refers to accurate information and media influence. Psychographics define an individuals' character; and whether the individual is sociable, a traditionalist or an experimenter, these characteristics are likely to influence how the buying decision is made (Gilbert, 1990: 669). Psychographics also play an integral part when an individual has the confidence to purchase a holiday package directly from the operator, whether it is through the telephone to book or to reply to a direct mail campaign (Gilbert, 1990: 669).

3.4.4 Time factors

According to Gilbert (1990: 670) the amount of time involved in the decision-making process plays an important role when it comes to the type of medium used to purchase the travel product. If there is limited time involved when wanting to purchase and time is precious, the travel agent gains the benefit of making the purchase, then again, when there is a process of careful planning involved the

consumer may want to purchase directly and organise the holiday package components personally (Gilbert, 1990: 670).

3.4.5 External environment

Gilbert (1990: 670) implies that one cannot make tourism purchasing decisions without taking into consideration influences within the external environment. Travel and Trade (Analyst No.2, 1989; cited in Gilbert, 1990: 670) implies that wide-range travelling is inclined to be more successful during periods of economic boom, where independent travelling is more suited for times when recession occurs. Other economic variables, which include interest rates, exchange rates and inflation all have impacts on holiday decisions, although these economic variables seem to operate as one component as far as making the buying decision is concerned (Gilbert, 1990: 670).

3.4.6 Trust factors

According to Gilbert (1990: 667), consumers have been placed under tremendous pressure to change to direct buying because of the uprise of a combination of a major credit card company, named Barclaycard, a company that holds a lot of knowledge and expertise with regard to the tourism industry. One of the benefits, as acknowledged by Gilbert (1990: 667), of Barclaycard is that it insures its customers high security services and thus creates a bridge between travel agents and direct-sell. Therefore, it is believed that this technique of direct selling could cause long-term problems for the travel agent, should more people make use of it (Gilbert, 1990: 667). Security factors also play an important role in the decision making process when buying a product; through the travel agency they provide security by checking holiday expectations, which consumers might have (Gilbert, 1990: 669). According to Jarvelainen (2007: 59), the issues of trust in e-vendor, transaction safety and privacy of information have been a long and hard research topic in the e-commerce area. According to Jarvelainen (2007: 59), e-vendors have found numerous methods in order to secure online transactions:

1. Third-party trust marks;
2. Public key infrastructure; and
3. Identity federation.

Online banking transfers are known as one of the most secure e-payment methods and customers are assured that none of their personal information will be used without their permission (Jarvelainen, 2007: 59). Apart from the market-driven security measures mentioned above, Jarvelainen (2007: 59) states that there are institution-based trust antecedents such as structural assurances. Furthermore, there are legislations, which e-vendors have to abide by, which is a law that is applicable to e-commerce, which allows the consumer a 7-day return policy of the purchased products with a money-back guarantee (Jarvelainen, 2007: 59).

The variables discussed above will hardly operate independently as it operates as a combination, which will lead to the final choice or method that should be used when purchasing the holiday (Gilbert, 1990: 670). However, these variables are likely to change over time depending on variables such as the external environment, media influence or post purchase expectations (Gilbert, 1990: 670).

3.5 PERCEIVED USEFULNESS AND EASE OF USE

Jarvelainen (2007: 54) mentions a few benefits of online shopping, namely:

- Information;
- Accessibility;
- Speed;
- Inexpensive; and
- Easy purchase.

For the regular Internet user who is constantly too busy to engage in normal shopping, accessibility and speed of online shopping is seen as useful, but on the other hand for someone who is not used to online shopping, the search and seek process may be a difficult task to perform (Jarvelainen, 2007: 54, 55). In order for a system to be classified as ease of the purchase process, it should have the correct features, which consist of 'perceived ease of use, reliable system, able to find the desired product and the right price combination', therefore, the navigation, orientation and use theory must be simple enough for any individual to understand, whilst making it possible for the user to obtain the desired information, product and price even though it is more important for a website to be useful when it comes to the purchasing process than ease of use, as identified by Jarvelainen (2007: 55). In

some instances consumers still perceive the traditional channel as being the easiest and most reliable when it comes to bookings and getting the required information owing to the fact that the Internet contains an enormous amount of data, which makes the search and seek process difficult, especially when the consumer is inexperienced with online shopping (Jarvelainen, 2007: 55).

3.5.1 Experience

It is a noted fact that most people are more comfortable with face-to-face conversations, telephone conversations, group meetings and written notes (Jarvelainen, 2007: 56). Therefore, it is believed that people find traditional media appropriate to perform most tasks, thus people who tend to use traditional channels and conversations when purchasing have no intentions of utilising online booking systems and are, therefore, classified as inexperienced online shoppers (Jarvelainen, 2007: 56). According to Jarvelainen (2007: 56), making oneself experience new channels can change the previously mentioned statement on traditional channels, because the more a person experiences online shopping, the more a person grows to trust online channels and start taking into consideration the use of the Internet to perform more tasks, including those that use face-to-face communication.

3.5.2 Practical implications

According to Jarvelainen (2007: 67), it is believed that consumers with no experience of online shopping and who do not consider online channels will likely choose traditional channels once they have searched for online information. This basically means that inexperienced consumers who are not used to online shopping's quicker, cheaper and suitable methods will abandon online shopping and continue the process by using a traditional channel (Jarvelainen, 2007: 67). Because experience plays such a huge role in behavioural intention, it is important that experience is incorporated into the decisions and development of an online shopping system in such a manner that for inexperienced consumers the online shopping system should provide features that offers assistance and more information than it being designed for experienced users who can choose a quicker method for reservations (Jarvelainen, 2007: 67, 68). If consumers' first point-of-contact with the online booking system is a negative experience, it is unfortunate that the consumer will not

return to the online system again, whereas if the first experience is positive, the consumer will return to the online system (Jarvelainen, 2007: 68). Therefore, it is important for an online system to have stability, trustworthiness, usefulness and ease of use when a consumer has his/her first contact, as it influences behavioural intentions (Jarvelainen, 2007: 68). Thus, Jarvelainen (2007: 68) stipulates the importance of attracting consumers to experience online systems so that consumers will return to make use of the system in future as they have had prior experience.

3.5.2.1 Implications for travel agencies

Suraya (2005: 83) states that travel agencies have come to the realisation that by adopting the Internet to their company's business activities has enhanced flexibility and convenience, as well as savings on their cost cutting strategies. Apart from this, the Internet has enabled travel agencies to attract potential new markets by expanding their products and services domestically and internationally (Suraya, 2005: 83). Travel agencies were thus satisfied with the adoption of the Internet as it improved their business functions, while positive reactions were identified 'as the Internet provides travel agencies with access to relevant travel information, which is reliable, up-to-date and can be accessed at any time and anywhere worldwide' (Suraya, 2005: 83). This gives travel agencies an opportunity to approach a wider market owing to the Internet's ability to make available free information (Suraya, 2005: 83).

Presently, travel agencies make use of the Internet to send and receive emails, search for travel information and send mails between company, staff, partners and suppliers (Suraya, 2005: 83). However, regardless of the positive benefits that the Internet has to offer, it has only improved smaller aspects of their business tasks and responsibilities and has not proved to be a technology, which is targeted towards a business to customer function (Suraya, 2005: 83). A study that was conducted by Suraya (2005: 83, 84) identified that Malaysian travel agencies needed to acquire the knowledge and skills of technology in order for them to invest in e-commerce to change the nature of their business. However, they became positive about acquiring e-business techniques, therefore, they would have to carefully examine the pros and cons when it came to using technology (Suraya, 2005: 84). In order to adopt the

Internet, there is a starting point where travel agencies should develop a strategic plan to incorporate more ambitious applications, however, some travel agencies feel that there are risks involved in adopting e-commerce, thus travel agencies lack relevant knowledge when it comes to e-commerce technology (Suraya, 2005: 84). According to Suraya (2005: 84), travel agencies should be provided with the necessary training courses on Internet and e-commerce with relevant hands-on activities, which will give them direct practical experience, and in turn will enhance their understanding and confidence. According to Chen and Sheldon (1997: 154), it would be difficult for small tourism suppliers to keep up with electronic distribution as they do not have the technical and financial resources to establish a web server, thus affecting their chances of information quality and market efficiency. Chen and Sheldon (1997: 154) also imply that most descriptions of a destination and tourism product are in the form of hypertext-based static.

3.5.2.2 Why should the consumer use a travel agent?

Holidays, hotel accommodation and air transport are considered as high-level shopping products in the travel industry, therefore, Gilbert (1990: 671) states that they normally include the following features:

- High problem-solving activity required when searching for the availability of travel products;
- High level of information search involved;
- Offer high customer commitment;
- Low purchasing rate;
- Careful decision-making process involved when making use of travel agents; and
- High perceived risk, which includes economic, physical and social risks.

Travel agents, according to Gilbert (1990: 671), are known to be the ideal medium for holiday purchasing owing to the abovementioned characteristics. Travel agents' awareness of destinations, facilities and services are determined by information that is available to them (Gilbert, 1990: 671). Furthermore, there are risks involved in tourism as well: not gaining cost benefits (economic), creating danger to itself (physical) and peoples' decision of choice (social) (Gilbert, 1990: 671). These risks

involved with tourism product purchases are why consumers make use of the services of travel agents (Gilbert, 1990: 671). However, Gilbert (1990: 671) states that with direct mail consumers will not experience the choice of products as they are not readily available. As identified by Gilbert (1990: 671), holidays are referred to as shopping products where most buyers are likely to invest in a considerable amount of time and effort to reach a satisfactory decision. Gilbert (1990: 671, 672) anticipated that the main reasons for people to choose travel agents for purchasing are:

- Easy accessibility- ranging from brochures, the organising of visas, travellers cheques, insurance;
- Convenience- will include gaining the best information and advice on travel products, making bookings, obtaining invoices and making payments, as well as forwarding complaints and having back-ups when bookings go wrong;
- Habit- people could become used to the convenience of using travel agencies to arrange their entire holiday package, which leads to a habit, therefore, direct-sell operators could impact this habit;
- Security/risk reduction- consumers feel that they are at less risk when dealing with travel agencies for their holiday bookings. An example made by Gilbert (1990: 672) is ABTA travel agents who have created their own ABTA protection plan and have investigated the safety of their products;
- Atmosphere/image- travel agents environment creates an atmosphere that convinces people to choose a holiday; and
- Economic- travel agents often operate on prices and rates, which place them at a competitive advantage, however, there is not much difference between direct-sell operators and travel agents' pricing owing to the economy of scale.

The latest developments in technology and the move to 'hard wire' top agents that provide access to all these distribution systems at once could give one the benefit of getting hold of even cheaper, faster and better access to travel information all over the world (Gilbert, 1990: 673). Consumers will thus be influenced to make use of agents that offer the fastest level of service available; this can be seen as an advantage because consumers are able to gain full access to an enormous amount of information available at a touch of a button, which could place the travel agent in an increasingly risky position (Gilbert, 1990: 673). However, Gilbert (1990: 674) believes that technology does not always provide everything because the screen can only convey a certain amount of information, thus leaving the consumer with limited information, which they could have obtained from a travel agency.

3.6 CHANGING ROLE OF TRADITIONAL TRAVEL E-MEDIARIES

Gilbert (1990: 672) implies that the tourism industry has experienced some rapid changes over the last 10 years, especially with regard to the distribution of travel products, which was raised by the latest electronic age. Due to developments in technology, it has continued to impact on the tourism industry in a variety of ways (Gilbert, 1990: 672). According to this author (1989; cited in Gilbert, 1990: 672), the influences that electronics have on the tourism industry include 'centralised reservation systems, otherwise known as distribution systems used by hotels, airlines, tour operators, car hire, and so on, which has caused the distribution of travel products to be managed more effectively and cost-efficient'. According to Buhalis and Licata (2002: 208), the Internet is widely known as a method for delivering up-to-date data, as a result, it has caused major circumstances for the development of a wide range of new emerging tourism eMediaries. This emergence of eMediaries created an excitement in the marketplace where members became aware of the high volume of profit that they would generate by aiming at the tourism industry (Buhalis and Licata, 2002: 208). Tourism suppliers, especially airlines, car rentals and hotel chains took full advantage of the new eCommerce opportunities and designed applications that allow users direct access to their reservation systems (Buhalis and Licata, 2002: 208).

Due to the need for transformation in modern technology and the entrance of new competitors in the marketplace, it has influenced the future of traditional electronic distribution channels significantly (Buhalis and Licata, 2002: 217). Therefore, Buhalis and Licata (2002: 217, 218) believe that traditional eMediaries (such as GDS's, Viewdata, Teletext) should rethink their roles and develop new skills. GDSs, leisure travel networks and TOs make it possible to move one step closer to the consumer, because they can sell directly to them, thus, GDSs will remain suppliers of booking systems to travel agents (Buhalis & Licata, 2002: 218). However, their main competencies will experience a shift from this role (Buhalis and Licata, 2002: 218). Thus, according to Buhalis and Licata (2002: 218), the future of GDSs are positioned to provide support to future eMediaries. Their traditional procedures for record building, ticketing, income payment and distribution to suppliers are in the core of eCommerce for the tourism industry (Buhalis and Licata, 2002: 218). Jarvelainen (2007: 54) proves that B2C e-commerce is picking up pace and is becoming common, however, for established electronic commerce companies it is quite difficult

to establish the benefits of investing payback. As mentioned previously, consumers will make use of the Internet to search for information and continue the process by going to traditional channels and making reservations (Jarvelainen, 2007: 54).

3.6.1 New intermediaries- online booking servers

Werthner and Klein (1999: 260) recognise the potential danger, which travel agents are faced with owing to the growing number of online booking servers, and can be seen as virtual travel agents or travel supermarkets, which offer bookings for air, hotel, car rentals and tour packages, including offering the availability of additional information services. In the tourism value chain these online booking servers can be recognised as new intermediaries by adding an extra link of distribution between the CRS/GDS and the consumer, thus excluding the travel agent (Werthner & Klein, 1999: 260). Traditional tourism players such as SABRE with TRAVELOCITY operate these online booking servers and have attracted new players such as Microsoft with EXPEDIA, therefore, one can see from this that the tourism industry has an ability to attract other sectors, especially the media and ICT sector (Werthner & Klein, 1999: 260). The reason is that they recognise that consumers show great interest in these online tourism applications found on the Internet, and these companies aim to link consumers to different Internet services that are made available to them (Werthner & Klein, 1999: 260). Werthner and Klein (1999: 260) implies that tourism can be associated with the information business as it goes hand-in-hand with multimedia business processes, and according to these companies' point of view, they perceive tourism as an important factor to grow electronic markets.

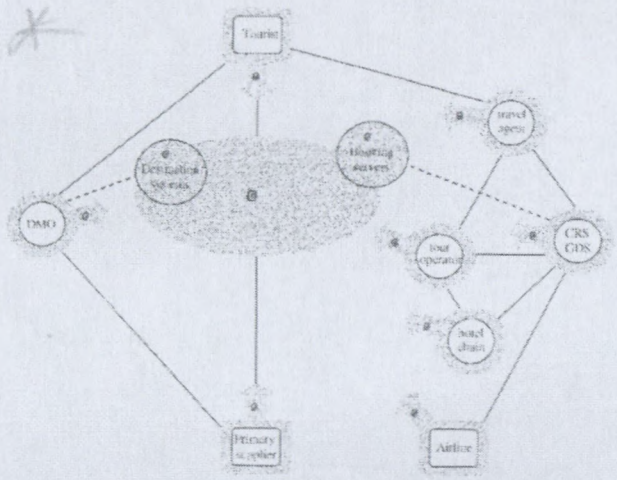
Werthner and Klein (1999: 260) list the following as top travel sites:

- Expedia [http://www.expedia.com];
- ITN [http://www.itn.net];
- Preview Travel [http://www.previewtravel.com]; and
- Travelocity [http://www.travelocity.com].

3.6.2 The new market place

According to Werthner and Klein (1999: 256), the travel and tourism industry can be identified as a core sector in both developing and developed countries owing to its ability to incorporate a multitude of features that are related to information such as globalisation, mobility and information richness. Tourism is one of those industries that combines the supplier community with consumers on a worldwide base including its physical and virtual features combining worldwide cultures and habits (Werthner & Klein, 1999: 256). According to Werthner and Klein (1999: 259), all tourism players are trying to operate their business on online market strategies, as they want to be part of the already crowded and competitive online base. Figure 3.4 shows how technology makes it possible to gain direct access to consumers via the Internet, but also facilitates internal information flow and system cooperation (Extranet) (Werthner & Klein, 1999: 259, 260). This figure also shows the development of intermediation and disintermediation simultaneously with the establishment of new Internet service providers (Werthner & Klein, 1999: 259, 260).

FIGURE 3.4- CURRENT AND FUTURE POSITION OF ONLINE SERVICES



Source: Werthner and Klein (1999: 259)

3.7 FUTURE IMPACT OF INFORMATION TECHNOLOGY ON TOURISM

Predictions have been made, as mentioned by Gilbert (1990: 677), that in future information technologies will be of greater use in the home, work-place and the community, thus it is believed that technology will become even more important as more people adapt to using technology, and because of this it is important for the travel industry to take full advantage of opportunities that are offered by new technologies. The rate at which companies adopt technology is based on competitive strategies of travel companies (Gilbert, 1990: 677, 678). Many travel companies, as recognised by Gilbert (1990: 678), have experienced that competitive advantage is achieved when one makes use of technology in order to lower the cost of distribution and to improve services, which are offered to consumers. For management in the travel industry their main objective should be to make certain that the organisation's technology takes full advantage of whatever opportunities are brought upon them in future (Gilbert, 1990: 678). In order for the company to accomplish this, Gilbert (1990: 678) specifies that technology should be at the forefront of the travel company and not as a supportive or service role, but should be placed at front-line marketing level so that it can achieve an advantage over competitors.

In 1999 the World Tourism Organisation (WTO) estimated that there would be a number of global technology trends in the decades to follow (Fairer-Wessels, 2004: 56, 57). According to Fairer-Wessels (2004: 56, 57), some technology trends have already had an impact on the South African tourism industry, which include:

- Online booking systems via the Internet, which was introduced globally;
- E-ticketing procedures, which are used by airlines;
- CD-ROMS, which act as electronic brochures thus reducing the production of paper brochures;
- Internet video telephony, which can be seen as a method whereby prospective consumers can experience a prospective holiday by viewing pictures and videos of hotels, restaurants, clubs, holiday destinations, and so on;
- Plastification of travellers' cheques where a consumer makes use of a smart card technology when purchasing travel products; and
- Artificially intelligent computer programmes, which consist of pre-entered information, which displays observed behaviours in order for the user to make a decision instead of surfing the Internet for long hours.

3.7.1 Advantages of Internet distribution for travel companies

The advantages of Internet distribution for travel companies, as stated by Buhalis and Licata (2002: 210) are as follows:

- Greater flexibility and convenience for customers to search and book travel products via the Internet;
- Increased penetration of consumers and reach of customer base;
- Lower distribution costs owing to CRS's, GDS's and eMediaries;
- Increased customer interaction through direct communication;
- Easier to identify and target customer base when consumers go on-line for travel products;
- Globalisation of travel and tourism products promoted through the Internet; and
- Use of multimedia as a distribution channel directly to consumers.

Evidence now proves, as stated by Chen and Sheldon (1997: 152), that tourism has grown tremendously over the years and is seen to be the world's largest industry, whilst this pattern continues. According to Chen and Sheldon (1997: 152), it was stipulated by the World Tourism Organisation that the tourism industry will employ at least one out of nine people and generate $4.3 trillion Gross Domestic Product by 2000. There has been a considerable change in world tourism supplies and demand owing to the complexity and growing competition numbers in the industry, including change in consumer trends in terms of diversity and high expectations from travellers, which resulted in critical destination information management tasks for all tourism stakeholders (Chen & Sheldon, 1997: 152). Chen and Sheldon (1997: 152) state that studies were conducted to prove that information made available to travellers can also affect their destination choice, satisfaction and future returns to the destination, therefore, it is important for destinations to consider offering easy, comprehensive and timely access to information about their destination in order to remain competitive in the environment. Destination Information Systems (DIS) are said to be a new application in the information technology industry and as defined earlier, the DIS is an inter-organisational database system, which makes available a wide range of information about the destinations' tourist facilities and tourism products, which is easily accessible for travellers and tourism suppliers within the destination or worldwide and caters for travellers' needs when it comes to vacation

planning, trip organisation and travel transactions, including reservations (Chen & Sheldon, 1997: 152).

3.8 UTILISATION OF THE INTERNET AND ICT's BY TOURISM INDUSTRY SECTORS

As stated by Cooper *et al.* (2005: 716), it is owing to the advancement of the Internet and ICTs that forced a 'paradigm shift' causing all practices and processes to change significantly, and affecting the way the industry operates. eTourism made available opportunities such as business growth in all geographical, marketing and operational aspects (Cooper *et al.,* 2005: 716, 718). However, Cooper *et al.* (2005: 716, 718) indicates that there are several key factors that make ICTs an essential part of the tourism industry, namely:

- Economic necessity, as competition on a global level requires maximum effectiveness;
- Fast developments in technology, which offers new marketing opportunities;
- A lack in barriers, which allows entry of many new entrants to the market;
- Better prices in ICTs: performance percentages, which produce better productivity for capital employed in ICTs; and
- Increasing consumer expectations, as they become more demanding and understanding of advanced products and expect better quality of the appearance of products and services.

According to Cooper *et al.* (2005: 718), it is because of Internet developments that there has been numerous new players entering the tourism marketplace. The biggest change was the rise of no-frills airlines that made use of the Internet to distribute their products and services through the use of direct sales (Cooper *et al.,* 2005: 718). However, this educated consumers, hence they could only access the cheapest fares if they go directly to the carrier online, thus causing a threat to traditional/ flag carriers, as well as their whole distribution system (GDS's and travel agencies) (Cooper *et al.,* 2005: 718). Cooper *et al.* (2005: 718) describe in-depth analyses of the various sectors of the tourism industry, which reveal the main developments, and how ICTs and the Internet have influenced their stakeholders, which include their

internal organisation, relationships with partners and communication with consumers and stakeholders.

3.8.1 Airlines

According to Cooper *et al.* (2005: 718), airlines became early aware of the need for efficient, rapid, inexpensive and precise control of their inventory and internal organisation owing to the complicated nature of their operations. They operated on a manual basis where reservations were made on manual display boards, which listed passengers, and travel agencies had to find the best routes and fares in a manual method and then check availability whereafter reservations were made by phone, before ticket are issued manually (Cooper *et al.,* 2005: 718). Due to the growth of air traffic and air transportation deregulation, as mentioned by Cooper *et al.* (2005: 718), it caused the expansion of CRSs to huge computerised networks. As prices, schedules and routes became more modern, airlines had the right of way to change them indefinitely, whilst new airlines entered the market (Cooper *et al.,* 2005:718). CRSs made it possible for airlines to compete by adjusting their schedules and fares to suite consumer demands (Cooper *et al.,* 2005: 718).

Airlines developed the 'hub and spoke' system in order to enhance competitiveness, while at the same time their pricing became complex and flexible (Cooper *et al.,* 2005: 718). CRSs moved onto developing global distribution systems (GDSs), thus re-engineering the entire marketing and distribution procedures of airlines (Cooper *et al.,* 2005: 719). By 2004 most airlines had incorporated interest in GDSs empowering them to operate as independent distribution companies (Cooper *et al.,* 2005: 719). Therefore, in this day and age ICTs and internal CRSs are profoundly used to support Internet distribution of airline seats, hence these systems are vital for the operational and strategic schedules of airlines (Cooper *et al.,* 2005: 719). This is mostly in the case of smaller and regional carriers, as indicated by Cooper *et al.* (2005: 719), including no- frills airlines that cannot afford the cost of GDS fees and aim to sell their seats at competitive rates. Cooper *et al.* (2005: 719) states that this has obligated even traditional/ full-service/ flag airlines, for example, British Airways to identify a need to re-engineer their distribution methods, costs and pricing structures and, therefore, made use of the Internet for the following:

- Improving interactivity and creating relationships with consumers and partners;

- Online reservations selling directly;
- Electronic ticketing for consumers;
- Profit management for the purpose of controlling costs;
- Electronic auctions to sell off last-minute available seats;
- Disintermediation and restructuring of agency commission arrangements; and
- Making the most of the new electronic distribution media (Buhalis, 2004; cited in Cooper *et al.,* 2005: 719).

3.8.2 Hotels

According to Cooper *et al.* (2005: 719), hotels made use of ICTs to advance their operations, control their inventory and capitalise on their profitability. Their systems assist with both in-house management and distribution through the use of electronic media, while hotels manage their front office, sales, planning and operational functions through the use of **"Property Management Systems"** (PMSs), where they control and manage hotel inventory (Cooper *et al.,* 2005: 719). In addition, PMSs incorporate the 'back' and 'front' of house management and improve overall administration functions such as accounting and finance, marketing research and planning, forecasting and profit management, payroll and personnel, and purchasing (Cooper *et al.,* 2005: 719). Hotel chains can achieve more benefits from PMSs, as they can introduce a combined system for planning, budgeting and controlling and coordinating their properties on a central level (Cooper *et al.,* 2005: 719, 720). Apart from PMSs, hotels also make use of ICTs for the purpose of distribution and marketing functions (Cooper *et al.,* 2005: 719, 720). It is important for hotels to have a sense of global presence in order for them to enable both individual customers and the travel trade to have access to accurate and timely information on availability, including easy, well-organised, inexpensive and reliable techniques of making and confirming reservations (Cooper *et al.,* 2005: 720). Even though central reservation offices (CROs) presented central reservations in the 1970's, one could say that it was owing to the developments of airline CRSs and the latest IT developments that encouraged hotels to incorporate their ICTs and develop hotel CRSs in order to increase their distribution, improve efficiency, simplify control, authorise profit management, reduce labour costs and support fast response time to both customers and management requirements (Cooper *et al.,* 2005: 720). The Internet has offered

more benefits in the form of reducing capital and operational costs, which are required to represent and promote hotels (Cooper *et al.,* 2005: 720).

Since the development of hotel CRSs by most hotel chains, there was a concern of interconnectivity with other CRSs and the Internet, which arose (Cooper *et al.,* 2005: 720). However, because a majority of hotels are small and medium sized, independent, seasonal and family enterprises, it became difficult for them to utilise ICTs (Cooper *et al.,* 2005: 720) for the following reasons:

- Lack of capital to acquire hardware and software;
- Lack of standardisation and professionalism owing to hotel capacity;
- Inadequate marketing and technology training and understanding;
- Small size, which proliferates the administration needed by CRSs to deal with each property; and
- The reluctance of owners to lose control over their property.

According to Cooper *et al.* (2005: 720), small hotels are always placed at a major disadvantage owing to the fact that it is difficult for them to be represented in the electronic marketplace, which jeopardises their future existence. However, they should not allow this disadvantage to hold them back from rapid developments of ICTs and, therefore, they should take full advantage of the growing ICTs' opportunities and increase their competitiveness (Cooper *et al.,* 2005: 720). Thus, by distributing their products through GDSs and the Internet, it makes it possible for them to access their target markets quite easily and at an affordable cost in order to achieve benefits (Buhalis, 2003; cited in Cooper *et al.,* 2005: 720).

3.8.3 Tour operators

According to Cooper *et al.* (2005: 721), leisure travellers usually purchase packages comprising of charter flights and accommodation, put together by tour operators where these products are pre-booked and distributed through brochures presented in travel agencies. Up until today, tour operators control the leisure market, and airlines, while hotel CRSs were hardly ever utilised for leisure travel (Cooper *et al.,* 2005: 721). It was recognised in the early 1980s by Cooper *et al.* (2005: 721) that tour operators recognised the benefits of ICTs to organise, promote, distribute and coordinate their travel packages. The first computer-based central reservation office

was introduced in 1976 and was called the Thomson Open-line Programme (TOP) (Cooper *et al.,* 2005: 721). It made available direct communication with travel agencies in 1982, and proclaimed that reservations for Thomson Holidays could only be accessed through TOP in 1986, which created a serious point for changing the communication processes that exist between tour operators and travel agencies (Cooper *et al.,* 2005: 721). Every major tour operator progressively acquired databases and recognised electronic links with travel agencies in order to reduce their information handling costs and to increase the speed of their information transfer and retrieval (Cooper *et al.,* 2005: 721, 723). This has enhanced their productivity and capability of management, whilst at the same time increased their services to agencies and consumers (Cooper *et al.,* 2005: 721, 723).

Tour operators also used CRSs for market intelligence to simplify their supply to demand fluctuations, and to monitor the progress of bookings and the efficiency of travel agencies (Karcher, 1996; cited in Cooper *et al.,* 2005: 723). Tour operators have taken into consideration ICTs throughout their strategic planning, therefore, successful operators have proven that up to 25% of their travel packages are booked directly by consumers online (Cooper *et al.,* 2005: 723) and this provides them with an opportunity to focus on niche markets by:

- Offering personalised travel packages;
- Updating their brochures on a regular basis;
- Cutting commission costs and saving on the 10-20% commission, as well as reducing incentives, bonuses and educational trips' costs of travel agencies; and
- Saving on the costs of developing, printing, storing, and distributing conventional brochures.

Strategically, Internet developments and self-motivated packaging cause a threat to tour operators, as it is clear that disintermediation is inevitable (Cooper *et al.,* 2005: 723). However, tour operators could still have enough market share in the industry if they can add value to the tourism product and deliver state-of-the-art, personalised and competitive holiday packages (Cooper *et al.,* 2005: 723). ICTs will predict the future competitiveness of the industry, while the distribution channel processes of tour operators may be challenged with the entrance of new channel members or newcomers that use ICTs successfully to package and distribute either unique or

cheaper tourism products than existing operators (Cooper *et al.,* 2005: 723). Cooper *et al.* (2005: 723) assert that most key companies already began to disintegrate their packages and sell travel components individually to consumers directly with the intention of re-intermediating by offering their products and services to vast networks of suppliers by communicating through their channels.

3.8.4 Travel agencies

Cooper *et al.* (2005: 723) mention that ICTs are believed to be an irreplaceable tool, which is used by travel agencies because it provides information and reservation facilities, and supports intermediation between consumers and suppliers. Travel agencies operate different types of reservation systems, which primarily gives them an ability to check for the availability of tourism products, before they make reservations for the tourism products (Cooper *et al.,* 2005: 723). Therefore, one can say that ICTs, and especially GDSs are seen as critical systems for business travel agencies because of their ability to access information and make reservations on scheduled airlines, hotel chains, car rentals and a selection of ancillary services (Cooper *et al.,* 2005:723). GDSs simplify the construction of complicated itineraries, whilst at the same time provide up-to-date schedules, prices and availability information, including effective reservation techniques (Cooper *et al.,* 2005: 723). A majority of leisure travel agencies all over the world utilise 'videotext networks' (Cooper *et al.,* 2005: 724), which is a system that is used to access tour operators and reservation systems of other suppliers. Cooper *et al.* (2005: 724) state the following concerning the videotext network: *"On the positive side, videotext systems are not expensive to purchase and operate, less training and expertise needed and are quite reliable whereas on the negative side, they are relatively slow, data that already exists on the network have to be retyped on a regular basis for each individual database searched and thus makes it difficult to take full advantage of the emergent ICT's".* Therefore, it depends on the type of clientele and agency in order to determine the type of ICTs that are utilised (Cooper *et al.,* 2005: 724). Typically, business travel agencies rely more on GDSs and leisure agencies and holiday shops to make use of videotext systems (Inkpen, 1998; cited in Cooper *et al.,* 2005: 724).

According to Cooper *et al.* (2005: 724), the Internet has changed the travel agency industry dramatically, as agencies are now able to access travel inventory directly

without having to operate through GDSs. They can also search and book tourism products from suppliers online such as airlines and hotels, and at the same time sell their own services and promote their organisations (Cooper *et al.,* 2005: 724). However, Cooper *et al.* (2005: 724) state that travel agencies have been hesitant to take full advantage of ICTs, mostly because:

- They have limited strategic choice;
- Lack in ICTs expertise and understanding;
- Low profit margins, which prevent investments; and
- They prefer to focus on human interaction with consumers.

Cooper *et al.* (2005: 724) further assert that this has caused travel agencies to acquire a low level of acceptance of ICTs and capitalise on the Internet's potential. Hence many agencies have limited access to a wide range of information and reservation facilities that are readily available to consumers and this results in them not having credibility in the marketplace and may risk their ability to remain competitive and as a result they could be threatened by disintermediation (Cooper *et al.,* 2005: 724). There are several factors that intensify this threat, as identified by Cooper *et al.* (2005: 724):

- Consumers increasingly rely on the Internet to search for information and make reservations online;
- Suppliers aim to control distribution costs by cutting out travel agencies in order to communicate directly with consumers and by developing customer relationship management;
- Commission cuts by suppliers through direct selling online; and
- Travel agencies lack expertise as they employ personnel with inadequate training.

According to Cooper *et al.* (2005: 725), location may not be as significant as it used to when electronic travel agents dominated global travel trading, thus the future of travel agencies will be determined by their ability to take advantage of ICTs to increase the value of their products and services to the final tourism product and to serve their customers. Agencies that only operate as booking offices for tourism products will face severe financial difficulties in future; in contrast, agencies with knowledge and innovation to take on the entire range of technologies in order to

deliver suitable combined tourism solutions will enhance value to the experience, and hence increase their competitiveness (Cooper *et al.,* 2005: 725).

3.8.5 Destinations

Cooper *et al.* (2005: 725) define a destination as a combination, which consists of tourism products, facilities and services, which combine together entire tourism expertise under one brand name. Usually destinations are planned, managed and coordinated by either the public sector (national, regional or local organisations) or between organisations and stakeholders of the local tourism industry (Cooper *et al.,* 2005: 725). Cooper *et al.* (2005: 725) outline these organisations as the following:

- Responsible for providing information and carrying out some marketing activities through mass media advertising;
- Provide consultative services to consumers and the travel industry;
- Manage the design and distribution of brochures, leaflets and guides; and
- Organise local initiatives in the form of resources, activities and services.

ICTs were never considered as critical for the development and management of destinations, however, on a large scale 'destination management organisations' (DMOs) make use of ICTs to assist with the tourist experience before, during and after the visit, as well as to manage all stakeholders that are involved in the production and distribution of tourism (Cooper *et al.,* 2005: 725); DMOs have various functions that they attempt to provide such as information distribution and accepting reservations for local initiatives, as well as managing facilities, but ICTs are also used to promote their tourism policy, coordinate operational functions, increase tourist expenditure and improve multiplier effects in the local economy (Cooper *et al.,* 2005: 725). There has been quite a number of planned Destination Management Systems (DMSs) failing in their development phase, as mentioned by Cooper *et al.* (2005: 726) primarily owing to:

- Insufficient funds for financial support;
- Deficiency to oversee the long-term vision of developers;
- Minimal understanding of industry mechanisms and stakeholders;
- Dealing with technological results are costly and inappropriate; and
- IT always at the forefront of tourism marketing.

This has unfortunately discouraged DMO managers to look further into the development of appropriate systems (Buhalis, 1997; cited in Cooper *et al.,* 2005: 726). However, by 2004 a great number of destinations around the world recognised the importance of the DMS model and incorporated some sort of system, which offers information about their region (Cooper *et al.,* 2005: 726).

3.9 SUMMARY

This chapter proved that the tourism industry can be well recognised as the leading industry when it comes to using the World Wide Web application. However, the tourism industry has been heavily affected by ICTs and owing to this it is quite evident that tourism is faced with opportunities and threats in both organisational and destination contexts. On the positive side, ICTs have made the distribution of information accessible, accurate, timeouslly, costly and reliable for travellers, as well as for tourism organisations, which automatically shifts them from traditional intermediaries. Even though ICTs have created challenges for the tourism industry, they should not bypass the advantages of utilising technology to gain long-term benefits, as this responsibility should be placed on managements in the travel industry.

To conclude this chapter, it is important to mention that travel agents should take into account their long-term existence in the tourism industry by considering the negative and positive impacts of Information Technology, and comparing it with their traditional business methods, whilst considering how other industries have succeeded owing to utilising IT. Therefore, travel agents are encouraged to either adapt to these new technologies or be faced with the consequences. There are industry sectors, including airlines, hotels, tour operators, travel agencies and destinations, which have incorporated the Internet and ICTs into their operations, each creating opportunities for these sectors in terms of business growth such as marketing and operational aspects.

The following chapter describes the research design and methodology that were used for this thesis.

CHAPTER 4

RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION

Research design and methodology are defined and explained in this chapter, as too many definitions exist, which can become complex for many people to understand. The meaning of research design and methodology, as well as the reasons why people conduct research, and the type of institutions and organisations that make use of research to establish either a solution to a problem or to find out about new phenomenon, are all discussed in this chapter.

Research itself is such a broad topic owing to the fact that it has three perspectives that it falls under, which comprise **application, objectives and inquiry mode,** and are discussed further in this chapter. A good research design explains what the research is about and how it was conducted from start to end; as well as the results obtained; from choosing a problem and topic in an area of interest; sources used to obtain information from various organisations, universities, scientific institutions, and so on as a start off point; whether it be from previous or current literature sources; methods used to collect data such as an empirical survey, which for this thesis took the form of a close-ended quantitative questionnaire; the target population, which is the entire tourism intermediary community affected by the growing information technological developments; and the response population used to collect data for the empirical survey, which include tourism intermediaries and tourism suppliers such as travel agencies, tour operators, hotels and airline companies that voluntarily participated in this research.

This chapter provides a broader understanding of how this thesis was conducted from beginning to end and the methods that were used during the literature and empirical study.

4.2 RESEARCH DESIGN

According to Altinay and Paraskevas (2008: 26), a good research paper is one, which includes a chapter that explains how the researcher went about conducting the research. This chapter outlines the methodology or research design, and includes the researcher's research strategy and methods, which were used such as the research population; who the sample population comprises of; how and why the researcher chose a specific sample out of the research population; from who and how the data was collected; how the researcher went about interpreting and analysing the data and methods used; and what conclusions the researcher drew (Altinay & Paraskevas, 2008: 26). An important point to note is that the research design provides explanation of the author's reason for choosing the research design and the methods for a specific topic (Altinay & Paraskevas, 2008: 26).

A research design can be classified as a plan, structure and strategy for the purpose of investigation in order to obtain answers to certain research questions or problems; the plan incorporates the complete outline of the research and also includes a framework of what the researcher plans to do from start to finish, which includes writing the hypotheses and their operational implications up until the final analysis of data (Kerlinger, 1986; cited in Kumar, 2005: 84).

A traditional research design is a blueprint or proposal of how the researcher should go about completing the research study by operationalising variables that should be measured, which is done through a selection of interest groups to study and collect data that will be used to test hypotheses, and analyse the end results with the help of information that is collected by the interest groups (Thyer, 1993; cited in Kumar, 2005: 84).

Altinay and Paraskevas (2008: 5) state that 'a good beginning is half the battle' and can be applied to research projects. Any research project should have a research idea, which can be seen as the start-off point of the research, but the problem lies with finding an idea to start the research (Altinay & Paraskevas, 2008: 5). Nevertheless, Altinay and Paraskevas (2008: 6) suggest a few techniques that could be of assistance when generating ideas for research, selecting a topic of interest and articulating research questions such as:

- Identifying what your personal goals are;
- Using what you have learned from the industry;
- Looking at industry developments;
- By going through existing sources; and
- Seeking advice from someone who has knowledge, for example, an active researcher.

Once the researcher has identified an area of interest, the next step is to decide on a research topic in that specific area (Altinay & Paraskevas, 2008: 7). This is one of the most important decisions to be made, as all the steps to follow in the research process will be affected by this (Altinay & Paraskevas, 2008: 7). As a final point, a topic should investigate previous understandings and findings that do not have that interrelationship anymore, and find what is missing, which may be discovered by conducting correct methods of research (Altinay & Paraskevas, 2008: 8).

4.3 DEFINITIONS OF RESEARCH

Goddard and Melville (2001: 1) define research not only as a process where information is gathered, as it is well known for, but instead provides answers to unanswered questions or creates ideas of that, which at this time does not exist. Therefore, Goddard and Melville (2001: 1) state that research is known for the purpose of expanding the limitations of one's ignorance. As people become more aware of the unknown, they educate themselves by discovering useful things, thus, everything we have acquired up till today was discovered by someone at some time (Goddard & Melville, 2001: 1).

As described by Leedy 1989; cited in Goddard and Melville (2001: 1), the discovery and the foundation of knowledge derives from the heart of research, or as quoted by Leedy (1989; cited in Goddard and Melville, 2001: 1), research is 'a systematic quest for undiscovered knowledge'. In other words, good research is 'systematic' owing to the fact that it is planned, organised and has a specific goal that it wants to achieve (Goddard & Melville, 2001: 1). Furthermore, it is also an on-going process for the reason that discoveries and creations lead to new discoveries and new creations (Goddard & Melville, 2001: 1).

As defined by Walliman (2006: 14), 'research' is referred to as an activity, which involves a multitude of actions, from collecting large amounts of information, investigating unknown theories, and bringing forth new products. The question, according to Walliman (2006: 14), is how do we truly define 'scientific' research?

According to the encyclopedic Oxford English Dictionary, it defines research as:

An ordinary investigation, which has to do with the study of materials, sources, and so on for the purpose of establishing facts in order to reach new conclusions; an attempt to find new or compared old facts, and so on for the purpose of scientific study of a research topic or for the purpose of investigating a critical study.

In Leedy (1989; cited in Walliman, 2006: 14) research is defined from a more practical perspective:

Research is carried out in order to find a systematic answer, but with the help of evident facts, to reach the answer to a question as well as resolve a problem.

Kerlinger (1970; cited in Walliman, 2006: 14) provides a more technical explanation to define research as:

Research is a process that involves methods, is controlled, and observed and the critical analysis of assumptions about a recognised situation between natural phenomena.

When one undertakes a research study for the purpose of finding answers to a question, Kumar (2005: 6) suggests the following process:

- Research is done within a structure that follows a set of ideas;
- Involves procedures, methods and techniques that were tested in order to see if it meets certain criteria such as validity and reliability; and
- Research should be designed in a way that is not biased/ unfair and objective.

Altinay and Paraskevas (2008: 1) define research as a systematic investigation, which is a benefit towards gaining knowledge and is also an important factor when it comes to understanding different phenomenon, which people and organisations face in their everyday lives. Altinay and Paraskevas (2008: 1) assert that research can be investigated by a wide range of individuals, teams, organisations and institutions. People use research for the purpose of collecting information about a certain topic or

item that they are interested in such as buying a new car or a house; market research undertaken by companies to test the validity of their products; pharmaceutical laboratories use research to develop and test new medicines; and political parties make use of research to examine peoples' reactions towards them (Altinay & Paraskevas, 2008: 1).

The purpose of this research is to investigate the development of information technology and its impact on tourism intermediaries in Cape Town by making use of existing sources from previous researchers who undertook the same research in order to find new outcomes or to compare findings. The findings collected from a sample population are used to resolve the problem that is under investigation, including the literature sources that provide assistance to answer some of the questions. This research followed scientific procedures by choosing the problem area, deciding on a topic, the literature review, methods of data collection, research population, statistical analysis and findings and recommendations for the research topic.

4.4 PURPOSE OF RESEARCH

According to Lewis and Smith (1993; cited in Altinay and Paraskevas, 2008: 4), 'higher order thinking is when one uses new information and existing information and connects and/ or changes the collected data and adds more information in order to achieve a purpose or just for the pure reason of wanting an answer to a confusing situation'. However, Marcel (1923; cited in Altinay and Paraskevas, 2008: 4) states the following: 'the real voyage of discovery consists not in seeking new landscapes, but in having new eyes'. This basically means that when conducting research it should be done to gain new insight (Altinay & Paraskevas, 2008: 4). Research involves careful planning and completion in order for the researcher to find answers to complicated situations that are studied, and these questions usually begin with Why and How (Altinay & Paraskevas, 2008: 4).

Cooper *et al.* (1996; cited in Altinay and Paraskevas, 2008: 5) argue that 'research should be distinguished as a benefit not only to gain knowledge in a certain field or topic, but also to improve one's personal development and career paths of people interested in research'.

Asking why people embark on research is in many ways the same as asking why people ask 'why?' about the world we live in (Goddard & Melville, 2001: 2). According to Goddard and Melville (2001: 3), there are two types of research, which is either labelled as pure or applied research:

- Pure research is known as research done for the single goal of gaining knowledge; and
- Applied research, which would be the most suitable one to be used in research to solve a specific practical problem and the significance of this type of research is the goal of the research, and any theory included would be an added bonus.

Therefore, Goddard and Melville (2001: 3) stipulate a connection between pure and applied research, which is clearly evident, since all research today includes both pure and applied features to any research that is conducted.

The main reason for conducting this research is an interest in developing Information technology and how it has changed the tourism industry as a whole from e-ticketing, e-mediaries, suppliers communicating directly with consumers via booking servers, Central Reservation Systems and Global Distribution Systems. This research can also provide knowledge for those in future who might be interested in investigating the same topic or simply as a guide for tourism intermediaries if they make use of the information and recommendations in this thesis to stay ahead in the ever-changing technological environment.

4.5 PLACES WHERE RESEARCH OCCUR

According to Goddard and Melville (2001: 3), research takes place at museums, universities, technikons, industry research laboratories, councils, which include the Council of Scientific and Industrial Research (CSIR), the Human Sciences Research Council (HSRC) and the Medical Research Council (MRC), as well as several state departments. The title of the Human Sciences Research Council expresses the fact that 'all research is scientific', and 'all researchers are scientists', no matter in what field of work they may be (Goddard & Melville, 2001: 3).

This research was conducted for the purpose of achieving a Master's Degree in Tourism and Hospitality Management at the Cape Peninsula University of Technology (CPUT), as well as to gain knowledge about the research topic. The university reserves the right to publish the completed and successful thesis in a hardcopy form, and to display it on their library shelves for use by undergraduates when doing assignments on a related topic, and for use by future tourism and hospitality postgraduates wanting to undertake similar research topics.

4.6 TOOLS USED BY RESEARCHERS

According to Leedy (1989; cited in Goddard and Melville, 2001: 3, 4), research consists of the following basic tools used by the researcher:

- Library and information resources- this assists researchers to find out what information already exists in the field;
- Measurement techniques- this assists researchers with experimentation of new theories (hypotheses) by using the data already collected;
- Statistics- this assists with evaluation of the results; and
- Facility with language- this is used to introduce the results to the scientific community.

4.6.1 Sources of information

Goddard and Melville (2001: 19) state that it is of utmost importance to first find out what other people have researched and discovered about the field and about the specific topic, in particular before embarking on one's own research. A literature study is regularly used to define the process of finding out about work that was previously researched from a range of sources (Goddard & Melville, 2001: 19). According to Goddard and Melville (2001: 19), any good research includes two individual types of literature study, namely:

- A preliminary literature study- here the researcher is given a chance to feel the topic and the issues involved, and an understanding of how the proposed research would relate to them (Goddard & Melville, 2001: 19). This takes place as preparation for research, and should be done before any written proposal is conducted (Goddard & Melville, 2001: 19). There is one important outcome for

a preliminary study and that is finding out about further sources that can be referred to in the full study (Goddard & Melville, 2001: 19).

- A full literature study- forms part of a broader study of the research process and normally occurs after the preparation for research (Goddard & Melville, 2001: 19). A majority of this study should be completed before embarking on experimentation or data collection; the reason is so that the results of the full literature study can be applied during these activities (Goddard & Melville, 2001: 19). However, an important point to note is that whilst conducting the research the researcher should 'top up' on knowledge of recent developments by reading recent publications (Goddard & Melville, 2001: 19).

For this thesis a preliminary study was conducted for the purpose of finding out what information already exists on the impact of information technology on tourism intermediaries. The reason for conducting a preliminary study was to see if it would be an acceptable research topic, and if the problem that was investigated existed in other previous sources as guidance for this thesis.

After conducting the preliminary study and once sufficient information was collected from various sources, the full literature study could take place, which went into more detail on information technology and its impact on tourism intermediaries in Cape Town. The full literature study uses the collected information and describes what was found in that information on similar problem areas, how those researchers went about finding a solution to the problem and the methods that they used for data collection. Both the preliminary and full literature study played an important role in this thesis as it provided guidance from finding out what was already stated about the topic, and previous solutions to the problem area and from the information collected for the full literature study in this thesis, which can be of assistance when it comes to drawing up the questionnaire, choosing the target population, evaluating the statistical analysis and finding recommendations.

The following are the main sources of information, which are readily available for researchers, as identified by Goddard and Melville (2001: 19).

- Textbooks- textbooks are referred to as the starting point for finding out about a specific new field (Goddard & Melville, 2001: 20). The amount of data available in a full-length book is far more useful than that available in a ten-page journal article or conference paper (Goddard & Melville, 2001: 20).

Textbooks, however, are noted to have an inherent disadvantage owing to the fact that it contains out-of-date information, since it can take up to a year for the book to be completely finished from when the first words are written to the time that it is published (Goddard & Melville, 2001: 20). An example given by Goddard and Melville (2001: 20) is a textbook, which was published in 1999 could possibly contain information that is five-years-old from the time that the first word was written. Making use of the current edition of a book might prevent this problem from occurring (Goddard & Melville, 2001: 20).

- Articles in scientific journals- journal articles are known to be the bread-and-butter of scientific reporting (Goddard & Melville, 2001: 20). There are thousands of journals that exist worldwide, each containing new work published in a specific scientific field (Goddard & Melville, 2001: 20). Most journals experience the process of peer-review, which simply means that the scientific work is sent to a journal, where accredited journal experts in the field review the submission in order to see whether the work that is reported is effective and useful (Goddard & Melville, 2001: 20). If the work is regarded as valid, the manuscript is published in the form of a paper or article (Goddard & Melville, 2001: 20). According to Goddard and Melville (2001: 20), articles that are published in reliable journals provide two advantages, which can be helpful as sources of information:

1. These types of articles are normally significant and reliable, as they have been peer reviewed;
2. Journal articles contain more recent work than that of textbooks, thus, the textbook may be used as a source of information in the field, and meanwhile a journal article has up-to-date information from the time that new results are reported.

- Conference proceedings- this is the gathering of researchers who study in a particular field and introduce their scientific work on paper (Goddard & Melville, 2001: 21). Conferences give potential researchers an opportunity to interact and discuss the rapid distribution of the most recent results of research in their field (Goddard & Melville, 2001: 21). Goddard and Melville (2001: 21) state that most conferences issue proceedings that are taken from the work presented at conferences, while proceedings are believed to be a

valuable source of information, as it resides from the most recent work. Conversely, there is a drawback to conference proceedings, since the work that is published is not peer-reviewed, as journals are, which is why the articles may contain information that is not reliable (Goddard & Melville, 2001: 21).

- Thesis and dissertations- this is the final product or scientific work of a masters and doctoral candidate (Goddard & Melville, 2001: 21). Some institutions refer to a 'thesis' as work of a masters report and 'dissertation' to that of a doctoral one (Goddard & Melville, 2001: 21). These master's and doctoral theses/ dissertations are shelved in the institutions' libraries where the candidate studied at, and can also be accessed via Interlibrary Loans (Goddard & Melville, 2001: 21). In order to use these reports for reference work, it is important for postgraduate students to check if that same topic has been researched before (Goddard & Melville, 2001: 21).

- Company reports- numerous companies assign scientific research when they experience practical problems (Goddard & Melville, 2001: 21). The results of such research are found in a company report, which the researcher has prepared for the company and, which may contain valuable information that can be of good use, should the company be willing to share the information- normally they prefer not to divulge this information owing to commercial or security concerns (Goddard & Melville, 2001: 21).

- People- according to Goddard and Melville (2001: 21, 22), an important fact to remember here is that when using people as a source of information, ensure that they understand the topic at hand and are experts in the field.

- Magazines and newspapers- some magazines such as National Geographic are believed to be a good source of reliable reporting, but the same cannot be said about others, which are less reliable (Goddard & Melville, 2001: 22). Magazine and newspaper reports are not often used in research, but only as a stepping-stone when wanting to find more reliable information (Goddard &

Melville, 2001: 22). When using the first publication of a scientific result in a magazine or newspaper, one should pay attention to the information that is available as there are risks involved (Goddard & Melville, 2001: 22).

- The Internet- Goddard and Melville (2001: 22) define the Internet as a global network of computer networks, which comprise of millions of files of data that is available worldwide, and also contains books, articles, reports and results. The Internet can be used as a great source of information, however, there can be uncertainty regarding the correctness of the data found on a site and, therefore, the Internet itself should not be used on a large-scale as a source of information (Goddard & Melville, 2001: 22).

Goddard and Melville (2001: 19) suggest the first four items on the list above as being most reliable as a source of information, and are commonly used as reference in scientific reporting.

Sources of information used for the literature study for this thesis came from journal articles, which were published in the tourism and hospitality field, which related to this research topic on Information Communication Technologies and the various impacts that they have on tourism intermediaries. These journal articles were collected from ejournals on the campus library website (CPUT), and are recently published journal articles. The information that was used from the journal articles are effective as it contains previous research that was conducted, which includes practical investigations, as well as statistical analysis and findings, which could be compared to the statistical analysis and findings of this thesis. Books on research methodology were also used, but mainly for the research methodology chapter to provide a brief explanation of research design and methodology, and how it was incorporated into the entire thesis from the problem area, research topic, literature search, empirical study, statistical analysis, interpretation and articulation of the findings resulting from the questionnaires and sample population.

4.7 TYPES OF RESEARCH

According to Kumar (2005: 8), research can be identified under the following three perspectives:

1. Application to conduct research study;
2. Objectives of the research; and
3. Inquiry mode used in the research study.

4.7.1 Application

When undertaking a research from an application point of view, Kumar (2005: 9) identifies two broad categories, namely pure research and applied research. According to Bailey (1978; cited in Kumar, 2005: 9):

- Pure research has to do with the development and testing of theories and hypotheses that create challenges for the researcher, but there is no say that it contains practical application currently or in future. Pure research also involves the development, examination, authentication and improvement of research methods, procedures, techniques and tools, which are included in the body of research methodology (Kumar, 2005: 9). Any knowledge gained through pure research is pursued for the main reason of being added to the current body of research methods for the purpose of knowledge (Kumar, 2005: 9).

- Applied research involves research techniques, procedures and methods that are combined together to form the body of research methodology, and these functions are applied to the collection of information that is gathered regarding several characteristics of a situation, issue, problem or phenomenon that can be used again for other purposes (Kumar, 2005: 9).

Both pure and applied research methods are evident in this thesis, as any information that was collected from literature sources for the thesis was to gain knowledge and improve on existing sources of information on the development of information technology and the challenges that it holds for tourism intermediaries. This information was then applied to drawing up the closed- ended questionnaire for the statistical analysis, which led to the final results of the thesis. The application of both pure and applied research for this thesis makes it possible for future researchers or

organisations seeking knowledge or guidance on a similar topic to make use of this research for their own purposes.

4.7.2 Objectives

According to Kumar (2005, 10), a research study viewed from the point of its objectives is known as descriptive, correlational, explanatory or exploratory.

- Descriptive research involves scientific explanation of a study, with reference to a situation, problem, phenomenon, service or program, or introduces information about a specific matter, for example, the livelihood of a community, or peoples' attitudes regarding a matter (Kumar, 2005: 10). Such studies are undertaken for the purpose of describing the importance of an issue/ problem that is investigated (Kumar, 2005: 10).

- Correlational research involves the study to determine what the relationship/ association/ interdependence is between more than one aspect of a situation, which is studied (Kumar, 2005: 10).

- Explanatory research is undertaken in order to explain why and how a relationship occurred between two aspects of a situation (Kumar, 2005: 10).
- Exploratory research occurs when the researcher's reason for undertaking such a study is to find out about a topic or area where the researcher has no knowledge about or for the simple reason of investigating a particular interested research study (Kumar, 2005: 10). Kumar (2005: 10) also implies that when a certain topic is studied, it is done to determine if the study has feasibility, which is known as a feasibility study. This type of study normally occurs when a researcher wants to take on an area of study of which they have little or no knowledge about (Kumar, 2005: 10). It is also undertaken to develop, improve and/ or experiment with measurement tools and procedures (Kumar, 2005: 10).

The objective of this research study can be described as descriptive and explanatory research. Firstly, this research recognised the problem between on-going

developments of information technology in the tourism sector and whether the impact could actually be negative or if there would be possible positive impacts between information technology and the tourism sector. Hence an investigation was undertaken to determine what impacts exist between the two aspects. Secondly, information technology and tourism are two completely different variables, but according to the literature sources that were collected and analysed, it was quite evident that technology has begun to alter the tourism sector as it forced suppliers such as hotels and airlines to develop their own direct distribution systems, mainly for cost savings and consumer control purposes. This research aims to clarify the relationship between information technology and tourism, and whether the impacts are negative or positive.

4.7.3 Inquiry mode

This process is used when a researcher is in need of finding answers to research questions and, therefore, Kumar (2005: 12) suggests two approaches, namely:

- The structured approach; and
- The unstructured approach.

Kumar (2005: 12) categorises the structured approach to inquiry mode as quantitative research and the unstructured approach mode as qualitative research.

Qualitative research is conducted mainly to refer to a situation, phenomenon, problem or event, while this information is collected by making use of variables that have been measured on nominal or ordinal scales, which is the procedure that is used in qualitative measurement scales (Kumar, 2005: 12).

Quantitative study is when the researcher wants to quantify the variation (difference) that occurs in a phenomenon, situation, problem or issue, and if the method used to gather information was mostly quantitative variables, and if the study is geared towards making sure that there is a degree of variation achieved (Kumar, 2005: 12).

Kumar (2005: 13) states that it depends on the research problem itself to determine if the researcher will conduct a study by using quantitative or qualitative methods. It is said, however, that both qualitative and quantitative approaches carry their own strengths and weaknesses, and advantages and disadvantages; and 'the one is not

known to be superior to the other in many respects' (Ackroyd & Hughes, 1992; cited in Kumar, 2005: 13).

This research study made use of a quantitative study approach in order to determine how serious the impact is on the tourism sector regarding the on-going development of technological developments amongst tourism intermediaries and tourism suppliers such as hotels, airlines, travel agencies and tour operators. The results obtained from the statistical analysis will provide answers to the problem statement and explain the importance of why this specific research topic was chosen for this thesis.

4.8 COLLECTING DATA USING PRIMARY SOURCES

When it comes to the selection of data collection, it is important to know the socioeconomic-demographic characteristics of the study population: get to know as much as possible about characteristics, for example, education levels, age groups, socioeconomic status and ethnic background (Kumar, 2005: 119). Another helpful hint is to have knowledge about the study population's interest in, and attitude towards, contributing to the research study because for some reason certain populations may not feel comfortable with a particular method of data collection whether it be being interviewed or expressing thoughts in a questionnaire (Kumar, 2005: 119).

Furthermore, as stated by Kumar (2005: 119), there are people who are less educated who may misunderstand the research study and, therefore, their response may be different to certain methods of data collection compared to well-educated people.

Another important factor to take into consideration when it comes to the quality of data, is the manner in which you introduce your study and the importance thereof when explained to potential respondents (Kumar, 2005: 119). It is important for researchers to understand that whichever method of data collection they may use, all respondents must clearly understand the purpose and importance of the study (Kumar, 2005: 119). It is especially important when questionnaire methods are used to collect data as the researcher is not present during the time that the respondent completes the questionnaire, and will not be able to assist the respondent with

certain questions that they may have, whereas with interviews the researcher is able to answer their questions (Kumar, 2005: 119).

4.8.1 Questionnaires

A questionnaire consists of a list of questions on a certain topic that respondents are asked to answer by participating (Goddard & Melville, 2001: 47). It may be easy to set up a questionnaire; but impossible to ensure that it is effective (Goddard & Melville, 2001: 47). Effectiveness means that the questionnaire is planned carefully in advance in order for the data to be objectively analysed afterwards (Goddard & Melville, 2001: 47). Researchers can make use of open questionnaires as a preliminary study or to get a sense of knowledge for the subject (Goddard & Melville, 2001: 47, 48). This is where respondents are able to answer questions in their own words where closed questionnaires can be used to collect large-scale data (Goddard & Melville, 2001: 47, 48). With closed questions respondents have to select from a collection of options, which can either be true or false or allocate a numerical score or ranking (Goddard & Melville, 2001: 48). Goddard and Melville (2001: 48) provide an example of a closed questionnaire question and imply that it is used in a four-point scale as follows:

Strongly disagree ☐ Disagree ☐ Agree ☐ Strongly agree ☐

According to Goddard and Melville (2001: 48), a good questionnaire comprises of the following:

- Is thorough and the researcher gets all the data that they require;
- Is short, which basically means that it does not take up the respondents' time or concentration;
- Asks only questions, which are applicable;
- Provides respondents with clear instructions;
- Contains questions that are accurate, clear and understandable;
- Has unbiased questions, which does not force answers;
- Starts off by asking general questions;
- Questions are asked appropriately;
- Sensitive questions are asked at the end of questionnaire; and
- Most questionnaires are designed to be closed-ended with a four-point scale.

According to Goddard and Melville (2001: 48), respondents are not likely to be totally honest, or some might not care to answer a question or attempt to provide a 'socially correct' answer. Therefore, Goddard and Melville (2001: 48) suggest that by making the questionnaire easy, the researcher can avoid these problems, and also clarify the purpose of the research to respondents.

One of the major problems, as mentioned by Goddard and Melville (2001: 48), is non-returned questionnaires. Goddard and Melville (2001: 48) state that if 800 questionnaires are completed and returned from 1000 that were distributed (which is seen as a high return rate), what happens to the other 200 that were not returned? The researcher cannot make use of only the 800 responses to form a big enough sample owing to bias (Goddard & Melville, 2001: 48). There are certain reasons involved when it comes to bias and why people refuse to return the questionnaires, which can be because they are confused, lazy, find the questions offensive, questions too difficult to understand, or their area never received the questionnaire (Goddard & Melville, 2001: 48).

The empirical study for primary data collection was conducted in the form of a closed-ended questionnaire. In order to set up the questionnaire, enough information and knowledge about information technology impacting on tourism intermediaries had to be gained, as the journal articles used from previous research studies during the literature study, which focused on the same problem area guided the questionnaire design as per Likert scale. The questionnaire was aimed at travel agencies, tour operators, hotels and airlines. Each question/statement is explained in such a manner that it is understandable for participants to complete, and to be fair to participants, no bias existed in the questions/statements. The target population consisted of people who work in the tourism sector either at travel agencies, tour operators, hotels and/ or airlines and have relevant experience, knowledge and understanding of the topic. A cover letter was included at the beginning of the questionnaire as a guideline for participants, which explains the purpose of the study and importance of participating in the research study. The questionnaire design and questions/statements had to be approved by the supervisor and registered campus statistician with assistance from them to ensure an effective and easy questionnaire. Once the data was collected, the responses from the questionnaire were typed onto an Excel spreadsheet, and then using a registered statistician, the frequency distribution analysis was done, which provided statistical analysis of the final results

of the findings. The questionnaire was designed in such a manner that it does not occupy much of the participants' time to complete and the cover letter assured them that it will take up to 10-15 minutes of their time. The questionnaire consisted of three sections, namely:

Section A - for tourism intermediaries (travel agencies, tour operators);

Section B - for tourism suppliers (hotels, airlines); and

Section C - for both sections A and B, as it consisted of independent variables (such as years employed, job title, and so on).

4.9 DESCRIPTION OF THE RESEARCH POPULATION

This section contained three categories of the research population, which is referred to as the total research population, target research population and response population.

4.9.1 Total research population

The research population included the entire tourism sector, whether smaller companies or huge corporations, including travel agencies, tour operators, hotels and airlines in Cape Town. They were all targeted as possible participants for the empirical study as they possess enough knowledge about the travel industry and ever-changing technological developments, which impact on their operations on a daily basis. There is an understanding that it is practically impossible to include the total population in the data collection process, either because of a lack of knowledge about the research topic; no interest in what is researched; they could find the questionnaire or research topic biased or too personal; or they have moved to other industries by the time that the questionnaire reached their companies or organisations.

4.9.2 Target research population

Once the total research population was identified, the target population was drawn from the entire population. These include a number of 400 that were targeted to participate in the empirical study. As mentioned before, it would be impossible to

include the total population; the target population was used to represent the entire tourism sector. Another reason for choosing a target research population was to obtain a bigger response rate, should an accurate number of participants respond to the questionnaire. Time constraints was another reason for not targeting the entire tourism supply and intermediary sector, as the tourism sector operates in on-and off-peak seasons, hence during the time of on-peak seasons the response rate was low as the tourism industry was at its busiest. The target population was chosen from experts in the tourism industry who all had the same knowledge and experience regarding Information technology and tourism, and whether they were employed in the tourism supply or tourism intermediary sector. By making use of the target population, focus remained on the research topic.

4.9.3 Response population

The response population included those participants from the target population that were approached and responded to the questionnaire. The statistical analysis was derived from the response population and provided the final findings and recommendations concerning whether information technology impacted negatively or positively on tourism intermediaries (travel agents and tour operators) including the impact on tourism suppliers (airlines and hotels). The inclusion of tourism suppliers in Cape Town in the sampling process was to establish whether these suppliers are aware of the technological impacts of information technology on tourism intermediaries in Cape Town as well as for the researcher to establish if these tourism suppliers gain advantages from using CRSs/GDSs, the Internet, electronic e-commerce, etc. which the researcher has analysed in the literature review. A total of 130 responses were collected from both suppliers and intermediaries. From the percentages obtained from the frequency distribution analysis, statistical analysis was conducted and the findings, recommendations and conclusion would provide answers to the research questions, problem statements and topic under investigation.

Figure 4.1 is a graph, which describes the total research population, the target population and the response population. The graph provides a clear indication of 400 targeted participants from the total research population, where 130 responses were collected from the 400 targeted. A total of 270 responses were not returned, and one of the reasons for this was that the questionnaires were distributed during the tourism

peak season of December/ January. The questionnaires were re-sent once the peak season had come to an end. Another reason was that many of the respondents changed or lost their email addresses, as the researcher received undelivered response mail back, and because a few of the travel agencies, tour operators, hotel or guest houses were smaller companies and ceased to exist. The following provides the total number of tourism intermediaries and tourism suppliers responses:

- Travel agencies= 37
- Tour operators= 35
- Airlines= 9
- Hotels= 49

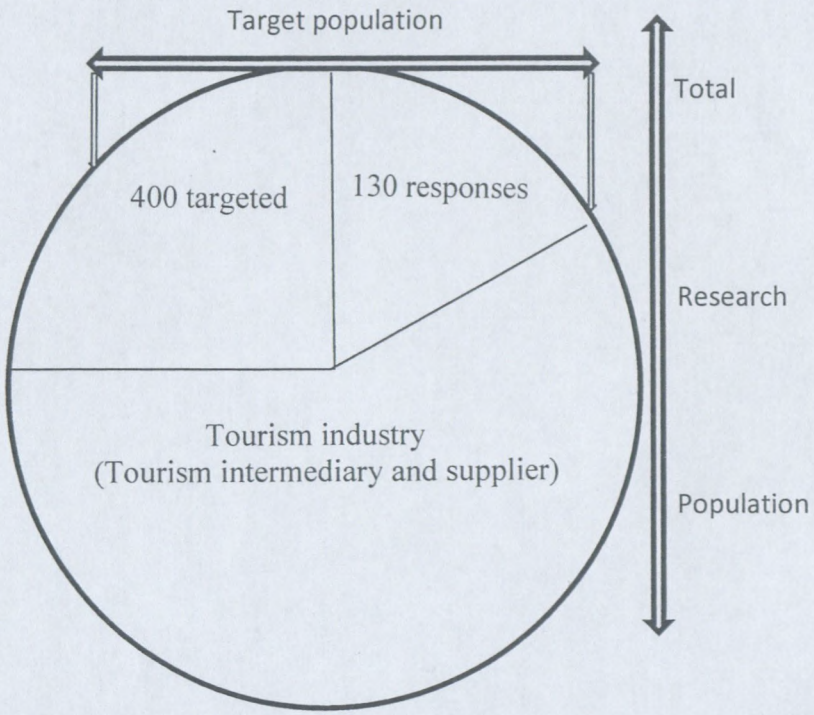


FIGURE 4.1: RESEARCH POPULATION GRAPH

4.10 SUMMARY

This chapter assisted towards understanding the purpose of research and the research methodology that was used during the research study. Definitions of research were included in this chapter in order to clarify the importance of understanding why research is conducted and what it means in terms of defining research. Any research is critical when conducting a thesis because the main purpose is either to gain knowledge or to solve a problem, which could not previously be solved, or simply for academic reasons. There are steps involved in research, which are vital as it can lead to a significant outcome of the problem statement such as the literature sources used; types of research methods applied to the research study; which the researcher used whilst conducting the research study; and an empirical survey in the form of a closed- ended quantitative questionnaire. The total research population was identified by the researcher and the resident CPUT statistician, while a target research population was drawn from the total population; and the response population comprised those who participated in the empirical survey.

The following chapter describes the findings, interpretations and statistical analysis of the study, and gives the results of the questionnaire according to each response from the research population.

CHAPTER 5

FINDINGS, INTERPRETATIONS AND STATISTICAL ANALYSIS OF THE RESEARCH RESULTS

5.1 INTRODUCTION

The objective of this study was to determine whether the development of information technology has a negative or positive impact on the tourism industry, whilst mainly focusing on tourism intermediaries in Cape Town (travel agencies, tour operators). The findings, interpretations and statistical analysis normally arise from the data collection obtained from responses in the questionnaires, which were distributed to the response population. The data that was collected was analysed by means of a frequency distribution analysis, which was conducted by the registered CPUT statistician, which allowed for easier interpretation of each statement/ question from the objectives that the researcher aimed to obtain from the research. It is important that the researcher is satisfied with the frequencies in order to continue to reach interpretations. Respondents had to select from a five point likert scale, which was presented as:

- Strongly disagree;
- Disagree;
- Undecided;
- Agree; and
- Strongly agree.

This chapter presents respondents' perceptions and attitudes towards the impact of information technology on selected tourism intermediaries in Cape Town. These are shown in tabular and chart form as per the statements in the questionnaire from Appendix B where the discussions and findings were interpreted for statistical analysis purposes. Due to the close relationship between strongly disagree and disagree and agree and strongly agree, responses were grouped to reach an accurate and more understandable result.

5.2 PRESENTATION AND INTERPRETATIONS OF FINDINGS

A total of 400 questionnaires were distributed to the target research population, which are selected tourism intermediaries and tourism suppliers. A number of 130 completed questionnaires were collected, of which there were three sections. Section A, which refer to tourism intermediaries such as travel agents and tour operators; section B, which refer to tourism suppliers such as hotels and airline companies and; section C, which refer to the respondents' employment details (Appendix B). The questionnaire was designed as a closed-ended questionnaire where respondents were asked to select a number between 1 to 5. Statements are analysed and discussed in sequence as per the research questionnaire and are presented in tables and graphs.

5.2.1 Frequencies of statement 1.1- negative, positive and no impact of tourism intermediaries such as travel and tour operators

	Negative		Positive		No impact	
Strongly disagree	8	6.2%	6	4.6%	19	14.6%
Disagree	19	14.6%	8	6.2%	8	6.2%
Undecided	6	4.6%	8	6.2%	9	6.9%
Agree	11	8.5%	33	25.4%	2	1.5%
Strongly agree	14	10.8%	39	30.0%	2	1.5%
Total that answered this question	58	44.6%	94	72.3%	40	30.8%
Total no Respondents	130		130		130	

Table 5.1

Table 5.1 determines between three impacts, negative, positive and no impact of information technology on tourism intermediaries in Cape Town

Each column in Table 5.1 comprises of a frequency of the number of respondents and the percentage comprises of the total responses from tourism intermediaries who strongly disagree, disagree, are undecided, agree and strongly agree.

The frequencies for the negative impacts indicate that 58 respondents replied to the statement on the negative impacts out of the 130 returned questionnaires, where the percentage, which is 44.6% derive from the 58 responses.

The frequencies for the positive impacts indicate that 94 respondents replied to the statement on the positive impacts out of 130 returned questionnaires, where the percentage, which is 72.3% derive from the 94 responses.

The frequencies on no impact indicate that 40 respondents replied to the statement on no impact out of 130 returned questionnaires, where the percentage, which is 30.8% derive from the 40 responses.

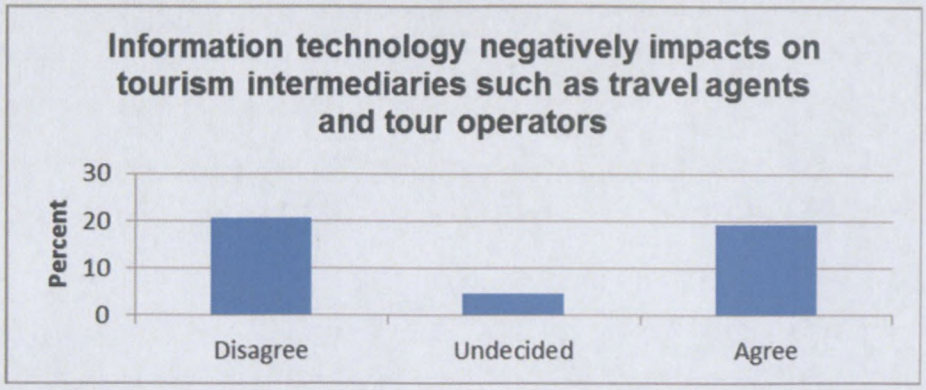


Figure 5.1

5.2.1.1 Discussion of the negative impacts

Figure 5.1 shows whether there is a negative impact of information technology on tourism intermediaries in Cape Town. According to the frequency provided, most respondents do not agree with the statement as 20.8% of respondents chose to disagree. A total of 19.3% agreed that it is evident that negative impacts have occurred amongst tourism intermediaries. A small number of respondents were undecided at 4.6%. This shows an uncertainty of people who work in the tourism intermediary sector about the negative impacts of information technology on travel agents and tour operators.

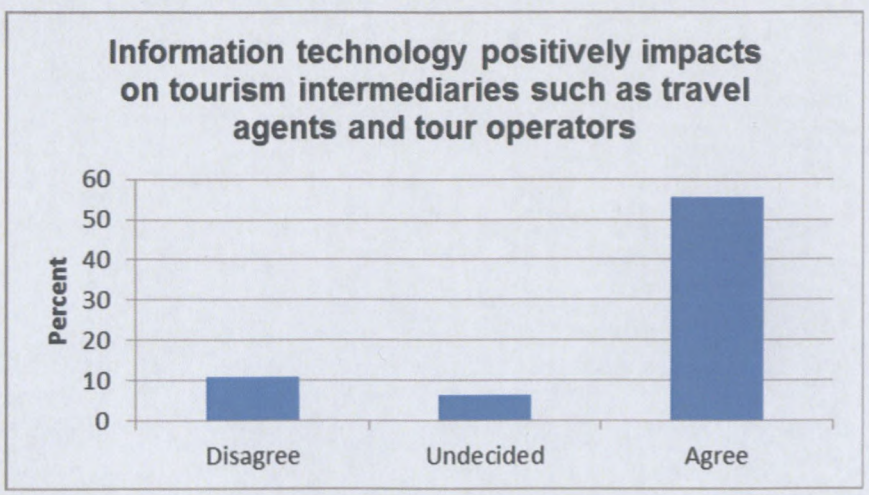


Figure 5.2

5.2.1.2 Discussion of the positive impacts

Here a total of 55.4% strongly agreed with the statement of information technology impacting positively on tourism intermediaries. The rest of the respondents, namely 10.8% disagreed with the statement and felt that there is no positive impact on

information technology amongst tourism intermediaries in Cape Town. A total of 6.2% were undecided regarding the positive impacts.

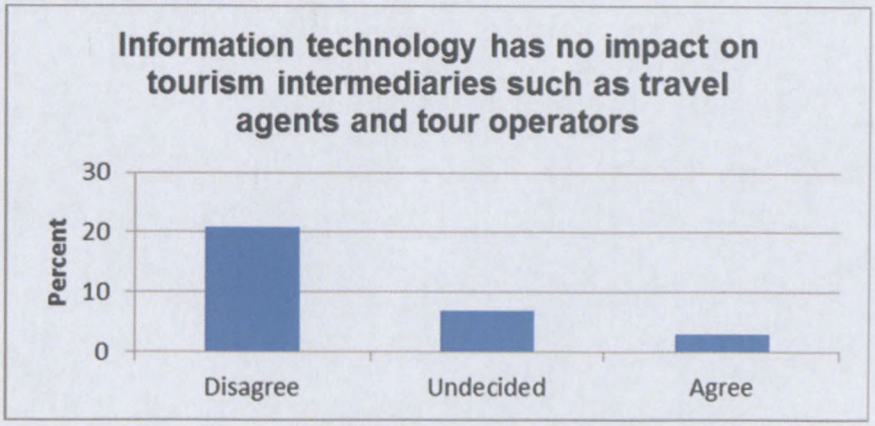


Figure 5.3

5.2.1.3 Discussion of no impact

A majority of respondents strongly disagreed with the above statement, as 20.8% stated that information technology has no impact on tourism intermediaries; 6.9% was undecided and a small number of 3%, namely 4 respondents, agreed with the statement.

5.2.1.4 Findings regarding statement 1.1- negative, positive and no impact

The statistics show that there is vast uncertainty about the level of negative impacts of information technological developments on tourism intermediaries owing to the closeness of the percentages in the statistics. This indicates that much more research is required in order to arrive at an accurate answer concerning whether there are actual negative impacts that could derive from information technology, which could affect the tourism intermediary sector. Technological developments are believed to impact positively on tourism intermediaries, as shown by the statistical analysis. Respondents that answered this statement work in the tourism intermediary sector, and operate under either travel agents or tour operators and can positively relate to this statement, as their businesses have grown to an extent where technology is essential in order to remain competitive in the tourism environment. Previous literature sources explained the importance of having a competitive

advantage over other tourism business and in order to remain at the top, it is important to consider information technology as part of business operations. If information technology has no impact on tourism intermediaries and their business functions, then there would be no need for competition amongst tourism intermediaries. However, because so many travel agencies and tour operators have built their own tourism websites to attract a massive market, it would be impossible for any other tourism intermediary to survive without the use of technology throughout their business functions. These technological developments include global distribution systems, central reservation systems, e-commerce, Internet direct services, online booking services, and so on.

5.2.2 Frequencies of statement 1.2- positive, negative and no impact on the growth of IT on the financial status and profit margin of tourism intermediaries

	Positive		Negative		No impact	
Strongly disagree	4	3.1%	3	2.3%	14	10.8%
Disagree	14	10.8%	21	16.2%	9	6.9%
Undecided	20	15.4%	15	11.5%	14	10.8%
Agree	37	28.5%	10	7.7%	2	1.5%
Strongly agree	20	15.4%	4	3.1%	2	1.5%
Total that answered this question	95	73.1%	53	40.8%	41	31.5%
Total no Respondents	130		130		130	

Table 5.2

Table 5.2 aims to establish the positive, negative and no impact of IT growth on the financial status and profit margin of tourism intermediaries in Cape Town.

For each column in Table 5.2, which categorise positive, negative and no impact comprises of a frequency of the number of respondents and the percentage comprises of the total responses for which the intermediaries had to select between strongly disagree, disagree, undecided, agree and strongly agree.

The frequencies for the positive impacts indicate that 95 respondents replied to the statement on the positive impacts out of the 130 returned questionnaires, where the percentage, which is 73.1% derive from the 95 responses.

The frequencies for the negative impacts indicate that 53 respondents replied to the statement on the negative impacts out of 130 returned questionnaires, where the percentage, which is 40.8% derive from the 53 responses.

The frequencies on no impact indicate that 41 respondents replied to the statement on no impact out of 130 returned questionnaires, where the percentage, which is 31.5% derive from the 41 responses.

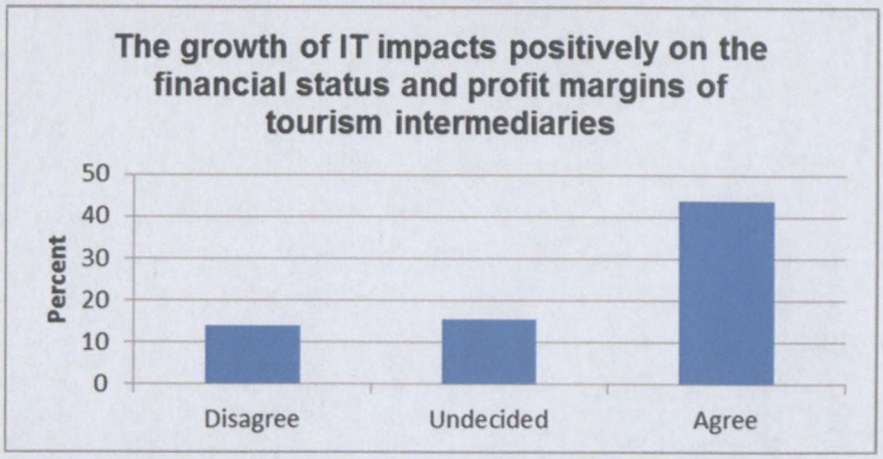


Figure 5.4

5.2.2.1 Discussion of the positive impacts

A total of 43.9% of respondents agreed with the statement that IT has positive outcomes on the financial status and profit margins of tourism intermediaries. A total of 15.4% was undecided and 13.9% disagreed with the statement.

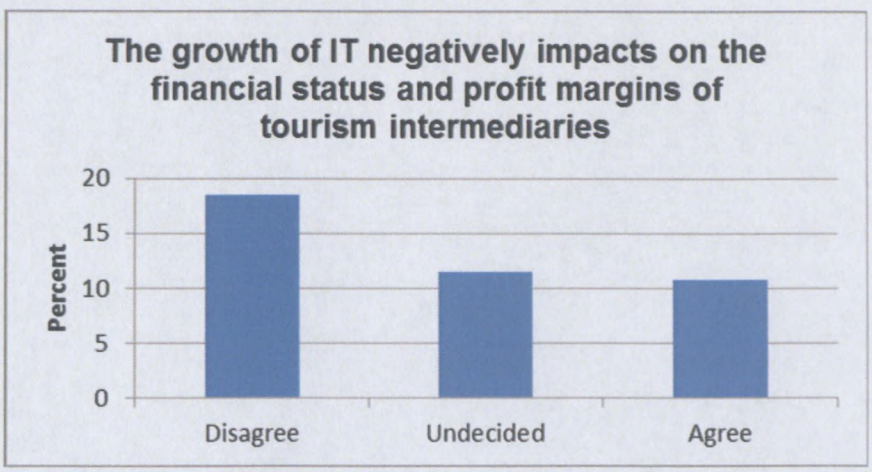


Figure 5.5

5.2.2.2 Discussion of the negative impacts

A total of 18.5% disagreed that there is a negative impact of IT on tourism intermediaries' financial status and profit margins. A small number of 10.8% of respondents agreed with the statement, and 11.5% was undecided regarding the financial status of the company in relation to IT.

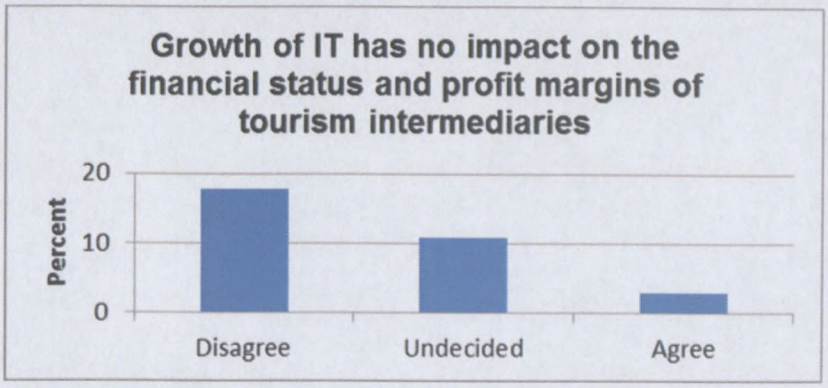


Figure 5.6

5.2.2.3 Discussion of no impact

A total of 17.7% strongly disagreed with this statement, while 10.8% was undecided as to whether there is no impact on the financial status of tourism intermediaries being affected by IT. Only a small number of 3%, namely 4 respondents agreed with the statement.

5.2.2.4 Findings regarding statement 1.2- positive, negative and no impact

A majority of respondents agreed that IT has positive impacts on the financial status and profit margins of tourism intermediaries, if intermediaries can realise the importance of utilising IT in their operational functions. It is not to say that without IT the tourism intermediary will experience a great loss, but that an increase in their financial status would be evident if their attitude towards the impacts of IT growth changes positively. Again the researcher realised, as with statement 1.1, the discussion and findings concerning the negative impacts of information technology on tourism intermediaries, that much more research is required owing to the closeness of the percentages, which could be because of an uncertainty regarding whether the impacts are negative. The same is proposed for this statement too because the percentages are in close proximity with only 8% the difference between the response rate from those who chose to agree and disagree. Further research would assist with achieving a more accurate outcome on the negative impacts of IT growth affecting the financial status and profit margins of tourism intermediaries.

The respondents who voluntarily participated in the completion of the research questionnaire are employed at travel agencies and tour operators in Cape Town, and they were asked to complete section A (travel agents and tour operators only) (refer

to appendix B). Their knowledge of IT and the effects of IT growth on their financial status, and the fact that they provided a low percentage level for the negative impacts, could be owing to a lack of knowledge concerning whether technological developments have assisted with their existence in the competitive tourism environment, or because of their hands-on service that they offer to consumers either directly or via their websites. It is quite evident that respondents who chose to strongly disagree with the no impact of IT growth on tourism intermediaries' financial status and profit margin have either experienced the impacts of technological developments on their business operations, or could have had a negative experience with the usage of IT. Therefore, the researcher strongly agreed with the 17.7% of respondents that IT growth will always create either a negative or positive impact for travel agents and tour operators, but there will never be "no impact" caused by information technological developments.

5.2.3 Frequencies of statements 1.3 and 1.4

The frequencies column for Table 5.3 and Table 5.4 indicates that out of 130 returned questionnaires 114 respondents replied to statements 1.3 and 1.4, and the percentage column indicates that 87.7% is the total received out of the 114 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

New technological developments such as IT, the Internet and computer reservation systems could mean the downfall of tourism intermediaries

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	18	13.8	15.8	15.8
	Disagree	37	28.5	32.5	48.2
	Undecided	15	11.5	13.2	61.4
	Agree	31	23.8	27.2	88.6
	Strongly agree	13	10.0	11.4	100.0
	Total	114	87.7	100.0	

Table 5.3

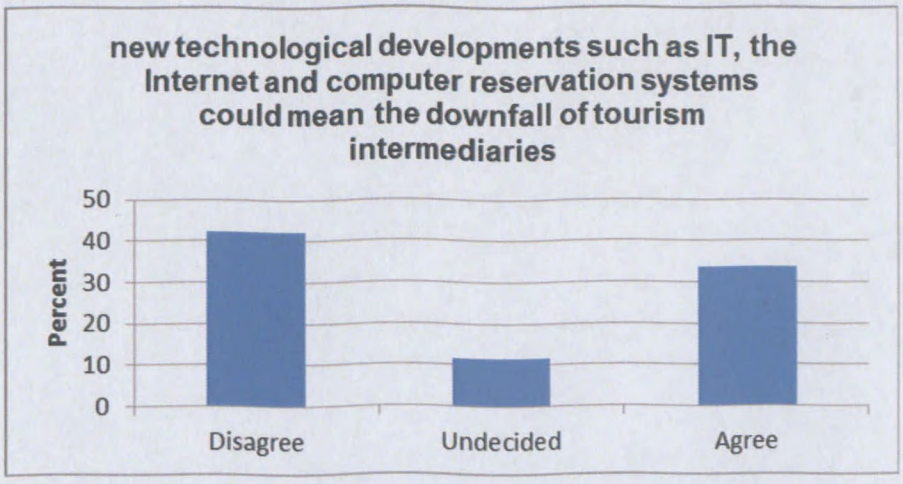


Figure 5.7

5.2.3.1 Discussion of statement 1.3

Concerning new technological developments in IT, which cause the downfall of tourism intermediaries, a total of 42.3% of respondents disagreed with this statement, and a further 33.8% agreed with the statement, while 11. 5% was undecided.

Travel agencies and tour operators have become aware of disintermediation in the industry owing to information technological developments in the tourism industry

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	3	2.3	2.6	2.6
	Disagree	3	2.3	2.6	5.3
	Undecided	32	24.6	28.1	33.3
	Agree	57	43.8	50.0	83.3
	Strongly agree	19	14.6	16.7	100.0
	Total	114	87.7	100.0	

Table 5.4

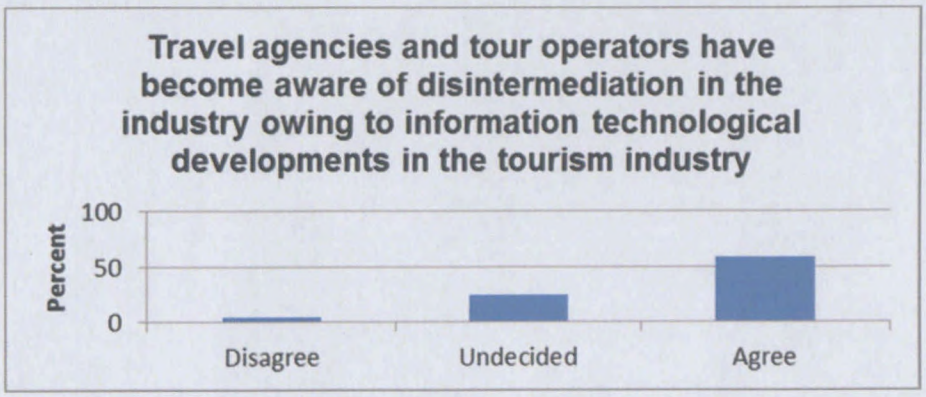


Figure 5.8

5.2.3.2 Discussion of statement 1.4

This shows that respondents have become aware of disintermediation in the industry, as 58.4% agreed with the statement. A relevantly small percentage of 4.6% disagree with this as only 6 responses were collected from this statement and a considerable amount of 24.6% of respondents are undecided as to whether the industry is aware of disintermediation caused by technological developments.

5.2.3.3 Findings regarding comparison between statements 1.3 and 1.4

Regarding the comparison between statements 1.3 and 1.4, it is evident that tourism intermediaries are aware of disintermediation in the tourism industry, especially amongst travel agents and tour operators. However, a majority of the respondents did not agree with IT developments creating a down fall for tourism intermediaries. Disintermediation refers to when a business is worked out of an industry by some sort of threat. According to respondents' views, a majority agreed that they are aware of disintermediation by technological developments, hence they disagreed that technological developments cause problems for tourism intermediaries. The researcher notes inconsistency between statements 1.3 and 1.4.

5.2.4 Frequencies of statements 1.5 and 2.4

The frequencies column for Table 5.5 indicate that out of 130 returned questionnaires 114 respondents replied to statement 1.5, and the percentage column indicates that 87.7% is the total received out of the 114 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Commission reduction by suppliers creates financial problems for travel agents

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	4	3.1	3.5	3.5
	Disagree	15	11.5	13.2	16.7
	Undecided	31	23.8	27.2	43.9
	Agree	45	34.6	39.5	83.3
	Strongly agree	19	14.6	16.7	100.0
	Total	114	87.7	100.0	

Table 5.5

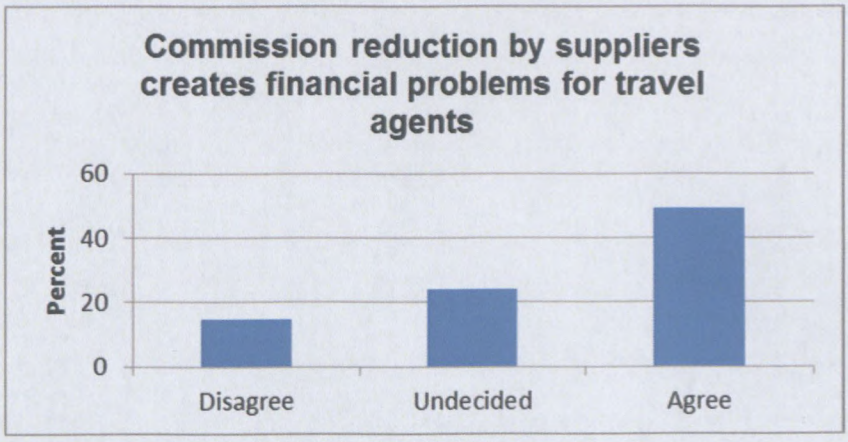


Figure 5.9

5.2.4.1 Discussion of statement 1.5

A total of 49.2% of respondents agreed that commission reduction by suppliers are creating financial instability for travel agents. A total of 23.8% was undecided regarding this statement, while 14.6% disagreed that there are no financial problems owing to commission reduction by suppliers.

The frequencies column for Table 5.6 indicate that out of 130 returned questionnaires 94 respondents replied to statement 2.4, and the percentage column indicates that 72.3% is the total received out of the 94 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Commission reduction by suppliers creates financial problems for travel agents

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	1	0.8	1.1	1.1
	Disagree	16	12.3	17.0	18.1
	Undecided	21	16.2	22.3	40.4
	Agree	41	31.5	43.6	84.0
	Strongly agree	15	11.5	16.0	100.0
	Total	94	72.3	100.0	

Table 5.6

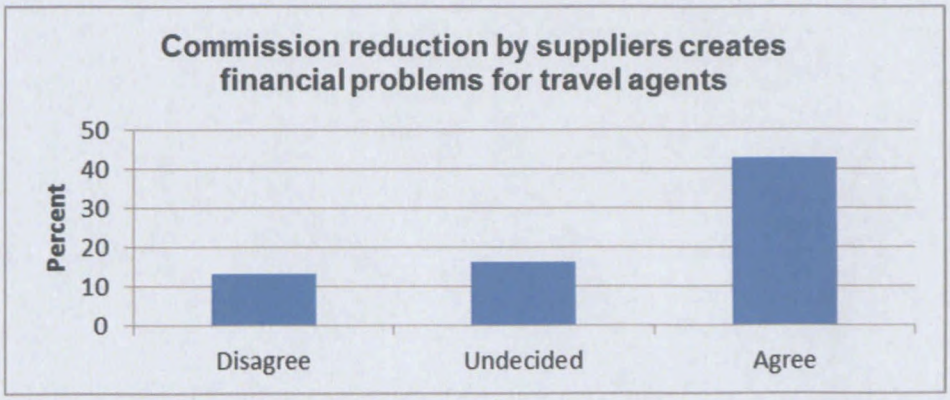


Figure 5.10

5.2.4.2 Discussion of statement 2.4

According to the above graphics, 43% agreed that travel agents suffer financially from commission reduction by suppliers, while 16.2% was undecided, and 13.1% disagreed with this statement.

5.2.4.3 Findings regarding differences between statements 1.5 and 2.4

The statistics indicate the differences between statement 1.5 with reference to section A compared to that of statement 2.4 with reference to section B of the research questionnaire. There is a close comparison between the percentages from both travel agents and tourism suppliers, as both sectors strongly agreed that tourism suppliers are reducing commission payments to travel agencies, because tourism suppliers aim to control their cost pressures and have included commission reduction as one of the measures.

5.2.5 Frequencies of statements 1.6 and 1.11

The frequencies column for Table 5.7 and Table 5.8 indicate that out of 130 returned questionnaires 114 respondents replied to statements 1.6 and 1.11, and the percentage column indicates that 87.7% is the total received out of the 114 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Information technology is changing constantly thus influencing tourism operations

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	5	3.8	4.4	4.4
	Disagree	8	6.2	7.0	11.4
	Undecided	13	10.0	11.4	22.8
	Agree	54	41.5	47.4	70.2
	Strongly agree	34	26.2	29.8	100.0
	Total	114	87.7	100.0	

Table 5.7

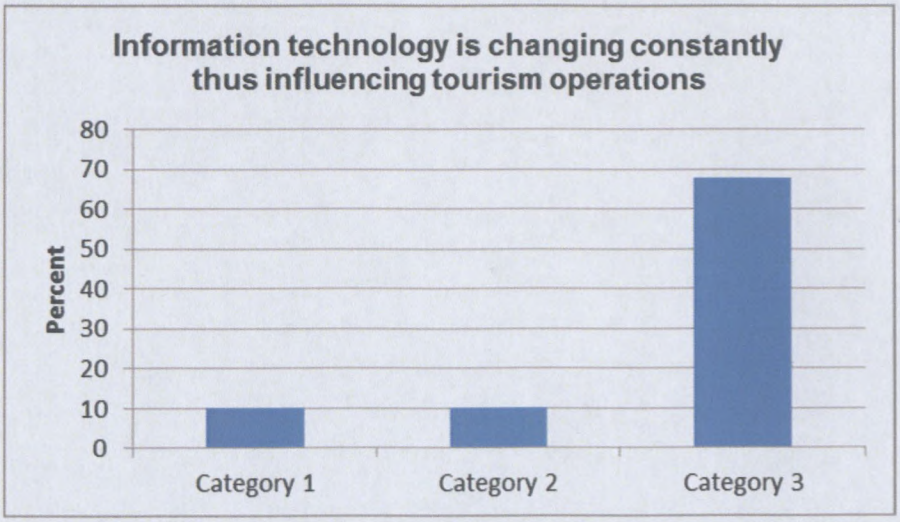


Figure 5.11

5.2.5.1 Discussion of statement 1.6

There is a strong belief that the constant changing of information technology is influencing tourism operations, as 67.7% agreed with the above. Only 10% was unsure about this statement, with 10% also disagreeing that there is no impact on tourism operations with the constant changing of IT.

Managers in the travel industry are faced with challenges in the new technological era

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	6	4.6	5.3	5.3
	Disagree	16	12.3	14.0	19.3
	Undecided	22	16.9	19.3	38.6
	Agree	54	41.5	47.4	86.0
	Strongly agree	16	12.3	14.0	100.0
	Total	114	87.7	100.0	

Table 5.8

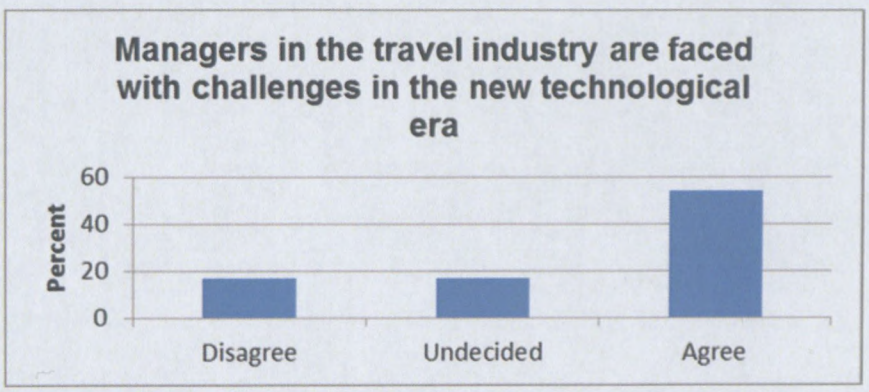


Figure 5.12

5.2.5.2 Discussion of statement 1.11

A majority of respondents agreed with the statement, since 53.8% believe that management in tourism certainly faces challenges when it comes to new technological developments. A total of 16.9% was undecided and a similar figure of 16.9% disagreed stating that there are no challenges that tourism managers face in respect of the technological era.

5.2.5.3 Findings regarding statements 1.6 and 1.11 by association

From the data presented above, it is quite evident that with continuous technological changes taking place, it creates operational difficulties for tourism management as they have to continuously educate themselves with new technology that could currently and in future assist with the operations of their tourism businesses. Any tourism intermediary that currently makes use of computer reservation systems or operate their own websites, should keep in mind that these computer reservation systems are constantly going to be updated to simplify the system for usage. And if it is a website owned by a travel agency or tour operator, then the website should also be constantly updated, cleared of viruses and changed in order to attract and accommodate its users.

The researcher decided to explain these two statements, 1.6 and 1.11, as inter-related because of the closeness of their nature, which involves tourism operations and challenges faced by tourism managers owing to constant changes and new technological developments in this new technological era.

5.2.6 Frequencies of statements 1.7 and 1.8

The frequencies column for Table 5.9 and Table 5.10 indicate that out of 130 returned questionnaires 114 respondents replied to statements 1.7 and 1.8, and the percentage column indicates that 87.7% is the total received out of the 114 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Information technology impacts mostly on large tourism intermediaries in Cape Town

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	11	8.5	9.6	9.6
	Disagree	33	25.4	28.9	38.6
	Undecided	38	29.2	33.3	71.9
	Agree	23	17.7	20.2	92.1
	Strongly agree	9	6.9	7.9	100.0
	Total	114	87.7	100.0	

Table 5.9

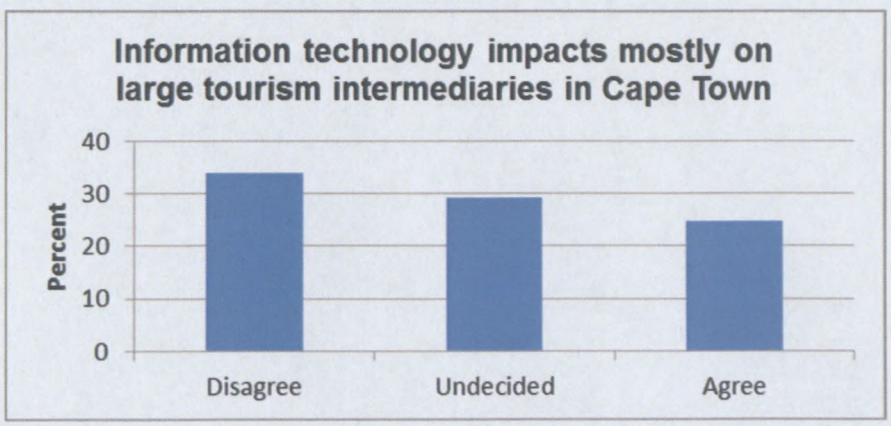


Figure 5.13

5.2.6.1 Discussion of statement 1.7

A considerable total of 29.2% was undecided as to whether large tourism intermediaries in Cape Town are impacted by information technology. A total of 33.9% of respondents disagreed with this statement, believing that there is no impact on large tourism intermediaries, while 24.6% agreed.

Information technology impacts mostly on small tourism intermediaries in Cape Town

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	13	10.0	11.4	11.4
	Disagree	40	30.8	35.1	46.5
	Undecided	33	25.4	28.9	75.4
	Agree	19	14.6	16.7	92.1
	Strongly agree	9	6.9	7.9	100.0
	Total	114	87.7	100.0	

Table 5.10

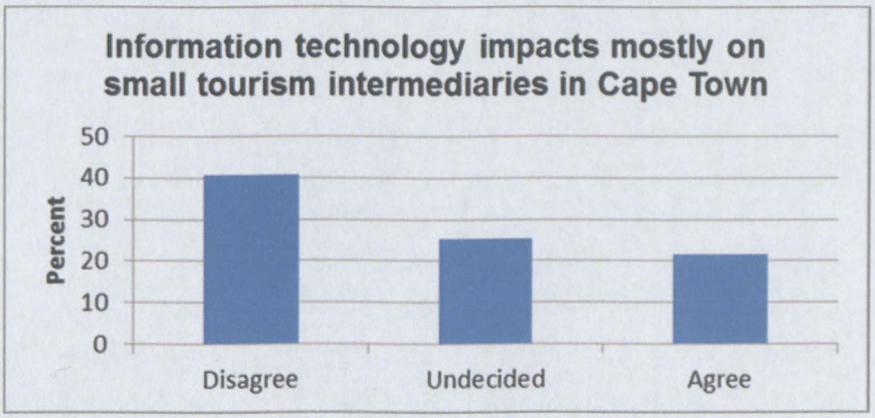


Figure 5.14

5.2.6.2 Discussion of statement 1.8

40.8% of respondents disagreed with this statement. A total of 25.4% was undecided and 21.5% agreed that small tourism intermediaries are mainly impacted by IT. There is quite a big difference between those respondents who disagreed and agreed with the statement.

5.2.6.3 Findings regarding statements 1.7 and 1.8

The statistics presented above evaluates whether or not IT has more of an impact on large or small tourism intermediaries. The researcher identified that respondents disagreed that there is no impact caused by IT on large tourism intermediaries, but because of the close similarity between the percentages of the respondents who disagreed and those that were undecided, it is evident that there could be an uncertainty from respondents regarding statement 1.7. In terms of small tourism intermediaries, a majority of respondents were positive that IT has no impact, and this can be noted by the 40.8% who disagreed that IT mostly impacts small tourism intermediaries. This could be owing to tourism intermediaries offering a multitude of travel-related products and services, and presenting themselves as travel consultants. Hence it would be impossible for IT to negatively impact on large and small tourism intermediaries.

For a better understanding of the impact of IT on large and small tourism intermediaries further research is suggested on whether the impact could be either negative or positive.

5.2.7 Frequencies of statements 1.9 and 1.10

The frequencies column for Table 5.11 and Table 5.12 indicate that out of 130 returned questionnaires 114 respondents replied to statement 1.9 and 1.10, and the percentage column indicates that 87.7% is the total received out of the 114 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Information technology is seen as a strength for the tourism industry

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	5	3.8	4.4	4.4
	Disagree	6	4.6	5.3	9.6
	Undecided	14	10.8	12.3	21.9
	Agree	62	47.7	54.4	76.3
	Strongly agree	27	20.8	23.7	100.0
	Total	114	87.7	100.0	

Table 5.11

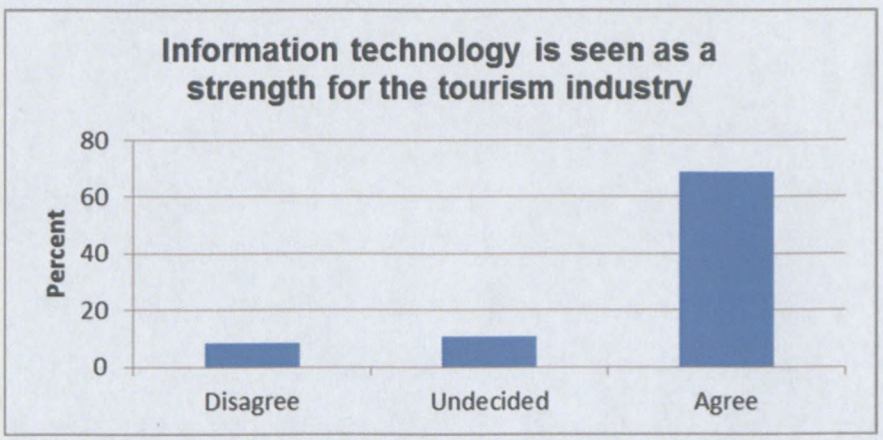


Figure 5.15

5.2.7.1 Discussion of statement 1.9

Respondents felt strongly that information technology is a strength for the tourism industry, as a considerable 68.5% agreed with this. A total of 10.8% was undecided, and a small figure of 8.4% disagreed with the statement.

Information technology is seen as a threat for the tourism industry

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	28	21.5	24.6	24.6
	Disagree	45	34.6	39.5	64.0
	Undecided	14	10.8	12.3	76.3
	Agree	19	14.6	16.7	93.0
	Strongly agree	8	6.2	7.0	100.0
	Total	114	87.7	100.0	

Table 5.12

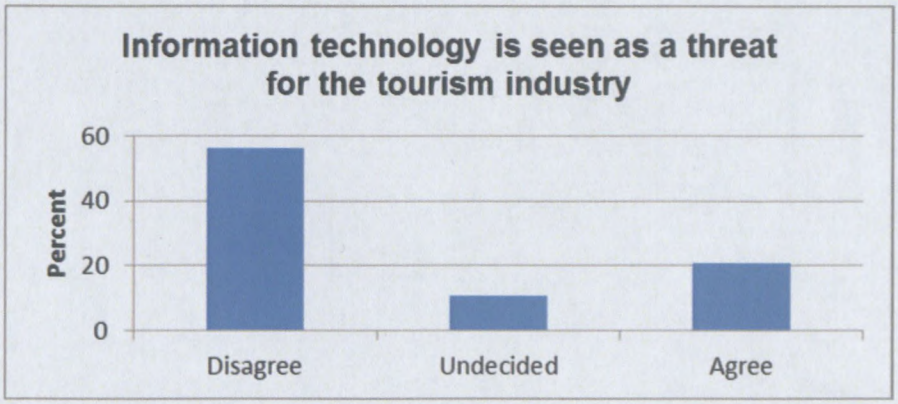


Figure 5.16

5.2.7.2 Discussion of statement 1.10

Regarding the statement that information technology is seen as a threat to the tourism industry, 56.1% of respondents did not agree with the statement, and do not believe that IT developments pose a threat. A total of 20.8% of respondents do believe that there is a threat created by IT developments, as they agreed with the statement, while 10.8% was undecided.

5.2.7.3 Findings regarding statements 1.9 and 1.10

The researcher concludes this section by stipulating that information technology developments have been designed to assist the tourism industry's growth, and not to create threats, but to otherwise strengthen tourism operations. The statistics provide enough evidence that tourism intermediaries have no reason to regard IT developments as a threat, but to take advantage of what IT has to offer for their tourism businesses. Unless tourism intermediaries have no intention of incorporating IT into their daily business functions, IT will become a threat, which can lead to disintermediation for tourism intermediaries.

Recommendations, which are provided in the following chapter will provide more details why tourism intermediaries should consider IT in their business functions in order to survive and to re-consider IT as a threat.

5.2.8 Frequencies of statements 1.12 and 1.15

The frequencies column for Table 5.13 and Table 5.14 indicate that out of 130 returned questionnaires 114 respondents replied to statements 1.12 and 1.15, and the percentage column indicates that 87.7% is the total received out of the 114 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

The tourism industry can be recognised as being fit to capitalise on the technological revolution as it has been rated as number one with respect to worldwide Internet transactions

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	1	0.8	0.9	0.9
	Disagree	6	4.6	5.3	6.1
	Undecided	35	26.9	30.7	36.8
	Agree	57	43.8	50.0	86.6
	Strongly agree	15	11.5	13.2	100.0
	Total	114	87.7	100.0	

Table 5.13

Figure 5.17

5.2.8.1 Discussion of statement 1.12

With regard to the tourism industry capitalising on the technological revolution owing to the fact that it has been rated as number one when it comes to worldwide Internet transactions, 55.3% of the responses agreed with the statement, while 26.9% was undecided, and a relevantly small figure of 5.4% disagreed with the statement.

Development of e-commerce can create disintermediation in the tourism industry because travel products are compatible with e-commerce

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	7	5.4	6.1	6.1
	Disagree	18	13.8	15.8	21.9
	Undecided	43	33.1	37.7	59.6
	Agree	37	28.5	32.5	92.1
	Strongly agree	9	6.9	7.9	100.0
	Total	114	87.7	100.0	

Table 5.14

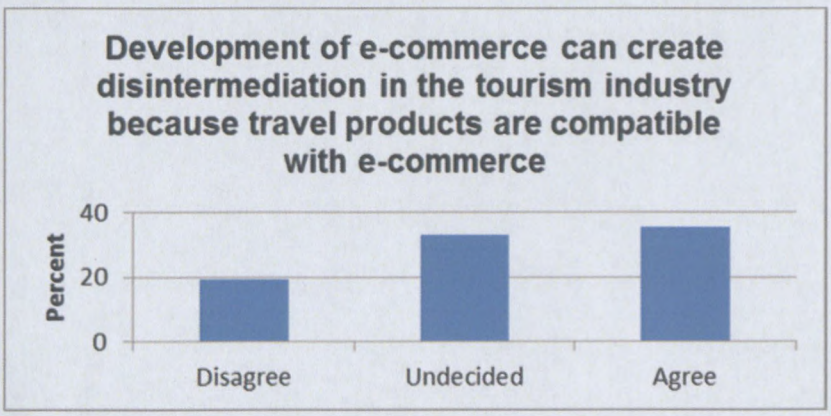


Figure 5.18

5.2.8.2 Discussion of statement 1.15

With regard to e-commerce creating disintermediation in the tourism industry because travel products are compatible with e-commerce, 43 (33.1%) of respondents were undecided, which could be owing to a lack of understanding of e-commerce and how travel products are suited to e-commerce. A total of 35.4% agreed with the statement, while 19.2% disagreed.

5.2.8.3 Findings regarding interpretations of statements 1.12 and 1.15

The above reveals that the tourism industry forms part of the technological revolution as it has been rated number one when it comes to worldwide Internet transactions. A reason for this is because customers are able to do travel related bookings online and at the same time purchase the travel products and services through Internet transactions. This can further be related to e-commerce and its compatibility with travel products, as the Internet and computer reservation systems have simplified the booking process for customers who have knowledge of the Internet and reservation systems' usage. E-commerce has been classified as a threat, which causes disintermediation for tourism intermediaries, as more people make use of technology in today's busy lifestyle when they are in need of making travel arrangements by the touch of a button.

5.2.9 Frequencies of statements 1.13 and 1.14

The frequencies column for Table 5.15 and Table 5.16 indicate that out of 130 returned questionnaires 114 respondents replied to statements 1.13 and 1.14, and the percentage column indicates that 87.7% is the total received out of the 114 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

The establishment of new cybermediaries can be seen as a threat to traditional travel agencies

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	1	0.8	0.9	0.9
	Disagree	16	12.3	14.0	14.9
	Undecided	44	33.8	38.6	53.5
	Agree	44	33.8	38.6	92.1
	Strongly agree	9	6.9	7.9	100.0
	Total	114	87.7	100.0	

Table 5.15

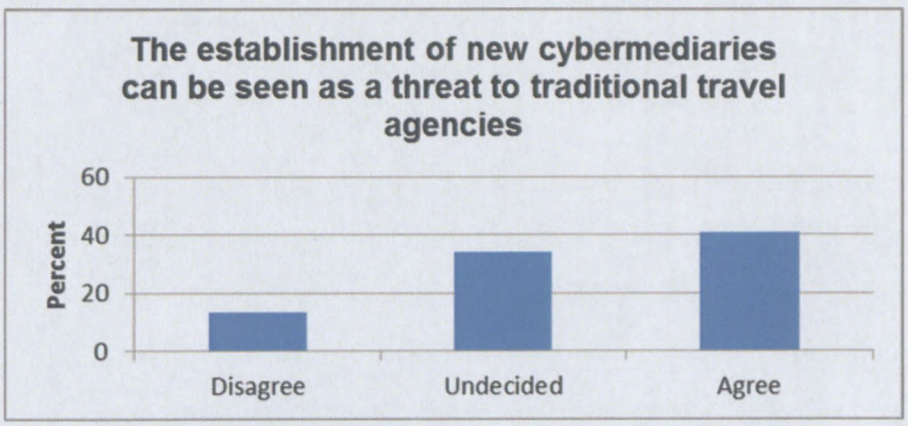


Figure 5.19

5.2.9.1 Discussion of statement 1.13

Regarding this statement, 33.8% of respondents were undecided. However, a total of 40.7% agreed with the statement and 13.1% disagreed that cybermediation being seen as a threat to traditional travel agencies.

Travel agents and tour operators can be re-intermediated into the new technological environment

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	3	2.3	2.6	2.6
	Disagree	9	6.9	7.9	10.5
	Undecided	29	22.3	25.4	36.0
	Agree	59	45.4	51.8	87.7
	Strongly agree	14	10.8	12.3	100.0
	Total	114	87.7	100.0	

Table 5.16

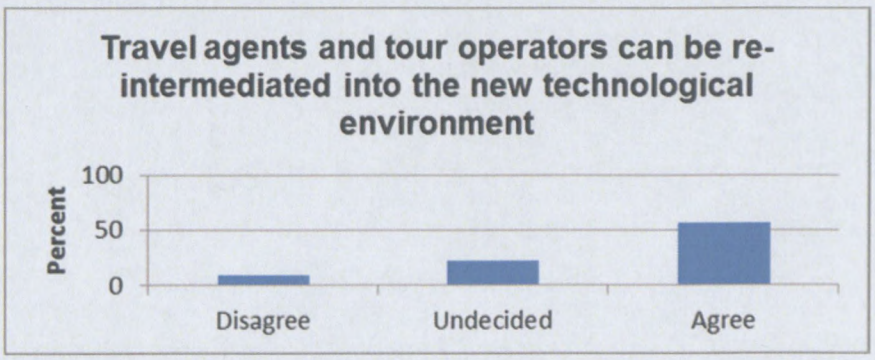


Figure 5.20

5.2.9.2 Discussion of statement 1.14

There is a definite strong believe to this statement as a majority of respondents agree with this statement with a 56.2%. A total of 22.3% were undecided to the believe that travel agents and tour operators can be re-intermediated into the new technological environment, and a total of 9.2% disagreed to re-intermediation.

5.2.9.3 Findings regarding verification of statements 1.13 and 1.14

The term cybermediary refers to intermediaries who have established themselves technologically. They have done this by incorporating e-commerce, global distribution systems, central reservation systems and websites into their business operations. The rationale for statement 1.13 is the realisation of new entrants into the tourism industry and is, therefore, known to be a threat to traditional tourism intermediaries. Tourism intermediaries, especially traditional travel agencies, have to be forced to incorporate technology in their operations in order to survive in the new technologically developed tourism industry. Tourism intermediaries can re-intermediate themselves by using e-commerce, computer reservation systems and websites if they want to compete in this complex technological environment, which has taken over the tourism industry, as shown by the percentage (56.2%) provided by statement 1.14.

5.2.10 Frequencies of statements 1.16 and 1.17

The frequencies column for Table 5.17 and Table 5.18 indicate that out of 130 returned questionnaires 114 respondents replied to statements 1.16 and 1.17, and the percentage column indicates that 87.7% is the total received out of the 114 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Tourists are bypassing traditional intermediaries as they make use of the Internet to purchase directly from suppliers

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	3	2.3	2.6	2.6
	Disagree	12	9.2	10.5	13.2
	Undecided	17	13.1	14.9	28.1
	Agree	65	50.0	57.0	85.1
	Strongly agree	17	13.1	14.9	100.0
	Total	114	87.7	100.0	

Table 5.17

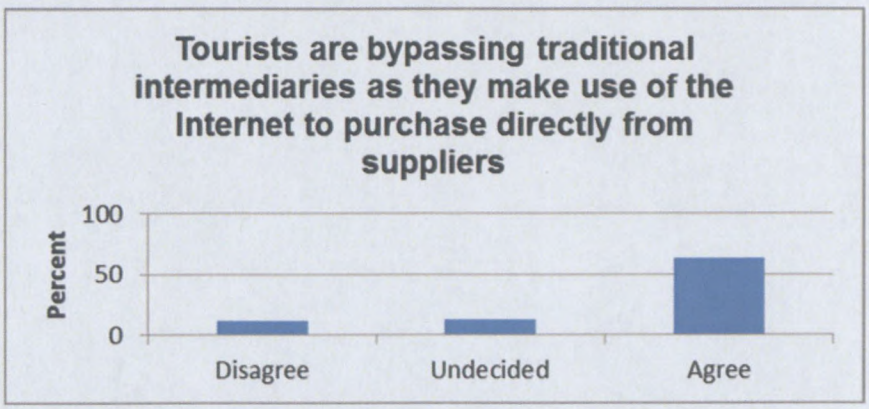


Figure 5.21

5.2.10.1 Discussion of statement 1.16

A majority of respondents, namely 63.1% agreed that traditional intermediaries are being bypassed for Internet direct services from suppliers. A total of 13.1% was undecided and 11.5% disagreed with the statement. One can note a considerable difference between those respondents who agreed and disagreed with the statement, as more respondents agreed that disintermediation is caused by direct Internet services, which are offered by suppliers.

The Internet is changing consumer demand/ behaviour

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	3	2.3	2.6	2.6
	Disagree	12	9.2	10.5	13.2
	Undecided	8	6.2	7.0	20.2
	Agree	53	40.8	46.5	66.7
	Strongly agree	38	29.9	33.3	100.0
	Total	114	87.7	100.0	

Table 5.18

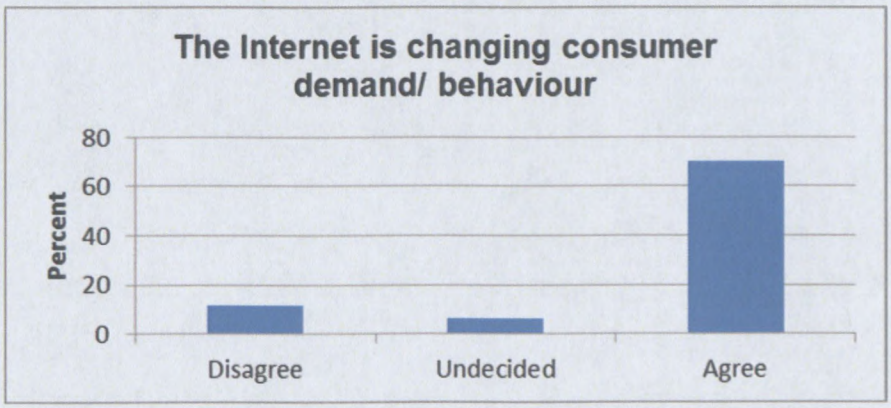


Figure 5.22

5.2.10.2 Discussion of statement 1.17

It is a known fact that consumer demand/ behaviour is changing owing to the Internet, as a majority of the respondents, namely 70% agreed with this. A small number of 11.5% disagreed, and only 6.2% was undecided. Here again there is a considerable difference between respondents who agreed and disagreed, as most of the respondents agreed that consumers are becoming aware of the Internet to purchase travel related products.

5.2.10.3 Findings regarding statements 1.16 and 1.17

The rationale for this section illustrates that there is a close correlation between statements 1.16 and 1.17 owing to the high percentage rates for both statements. Responses indicate that traditional tourism intermediaries are being bypassed, which may be caused by the Internet. Tourists have chosen to communicate directly with tourism suppliers, as they purchase travel products and services via the Internet's direct services. Peoples' knowledge of the Internet increases on a daily basis, and they have now become their own intermediaries. It is a known fact that when making bookings and wanting information about a certain travel product or service, the supplier can provide more details at times than tourism intermediaries, as proven by Gilbert (1990: 667) most tourism suppliers prefer marketing and distributing their products and services directly to consumers, as they feel that there are certain types of information that the intermediary might not be able to assist the consumer with. The Internet has undoubtedly changed the way that consumers think and do things, which has become much more simplified and less time consuming, and efficient, as consumers can search and find exactly what they desire and are able to compare prices and services from different tourism suppliers via the Internet. The researcher concludes this section by stating that the Internet has undoubtedly changed consumer demand and behaviour.

5.2.11 Frequencies of statements 1.18 and 2.9

The frequencies column for Table 5.19 indicate that out of 130 returned questionnaires 114 respondents replied to statement 1.18, and the percentage column indicates that 87.7% is the total received out of the 114 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Suppliers are dependent on travel agents to distribute and market their products and services to consumers

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	4	3.1	3.5	3.5
	Disagree	38	29.2	33.3	36.8
	Undecided	18	13.8	15.8	52.6
	Agree	43	33.1	37.7	90.4
	Strongly agree	11	8.5	9.6	100.0
	Total	114	87.7	100.0	

Table 5.19

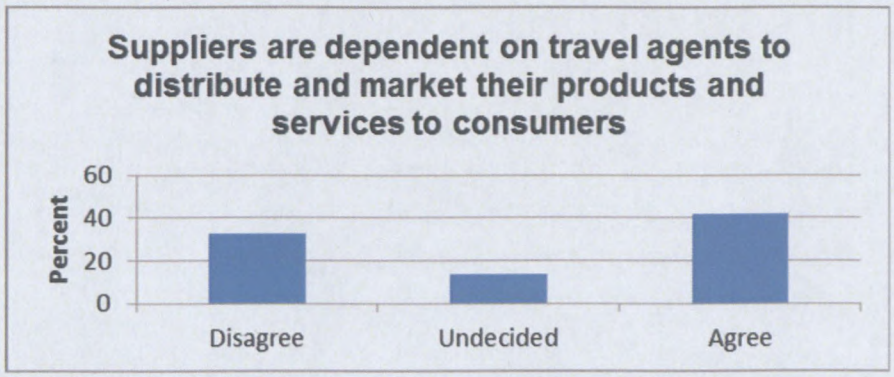


Figure 5.23

5.2.11.1 Discussion of statement 1.18

A total of 41.6% agreed that suppliers are in need of travel agents to distribute and market their products and services to consumers, whereas 32.3% disagreed with this statement, while 13.8% remained undecided. There is not much difference between those respondents that agreed and disagreed, hence more information or research is required for an accurate outcome of this statement.

The frequencies column for Table 5.20 indicate that out of 130 returned questionnaires 94 respondents replied to statement 2.9, and the percentage column indicates that 72.3% is the total received out of the 94 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Suppliers are dependent on travel agents to distribute and market their products and services to consumers

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	6	4.6	6.4	6.4
	Disagree	19	14.6	20.2	26.6
	Undecided	28	21.5	29.8	56.4
	Agree	33	25.4	35.1	91.5
	Strongly agree	8	6.2	8.5	100.0
	Total	94	72.3	100.0	

Table 5.20

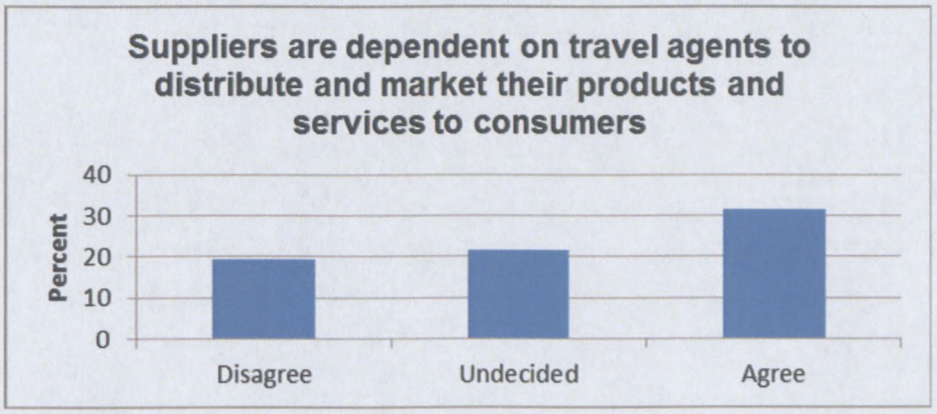


Figure 5.24

5.2.11.2 Discussion of statement 2.9

The respondents here agree that suppliers are in need of travel agents to distribute and market their products and services to consumers as 31.6% have agreed. 21.5% of respondents are undecided and 19.2% disagree that suppliers do not have to depend on travel agents to distribute and market their products.

5.2.11.3 Findings regarding comparison between statements 1.18 and 2.9

The above statistics for both statement 1.18 and 2.9 indicate that tourism suppliers will always be dependent on travel agents when having to distribute and market their products and services. Regarding statement 1.18, a higher percentage of 41.6% was revealed, as these respondents believe that travel agents should be given the responsibility of distributing and marketing tourism suppliers' offerings, as they have always done so over the years. A difference of 32.3% disagreed, as they believe that tourism suppliers are capable of distributing and marketing their own offerings to consumers, and have started to incorporate IT into their daily operations such as e-commerce, their own websites, computer reservation systems and Internet direct services.

According to tourism suppliers, they also agreed that they are certainly dependent on travel agents, but their response rate (31.6%) was not as high as that of the tourism intermediaries. It has always been in the tourism suppliers' nature to gain assistance from travel agents to sell their travel products and services, and tourism suppliers pay the travel agent a commission for their service offered.

Due to the levels of percentages provided from the statistics for both statements 1.18 and 2.9, it would be advised that further research should be conducted to clear the uncertainty on the part of both tourism suppliers and tourism intermediaries. However, respondents from both tourism intermediaries and tourism suppliers agreed that travel agents should always be given the responsibility of assisting tourism suppliers to distribute and market their products and services regardless of tourism suppliers having the resources to do it on their own.

5.2.12 Frequencies of statements 1.19, 1.20 and 1.24

The frequencies column for Table 5.21, Table 5.22 and Table 5.23 indicate that out of 130 returned questionnaires 114 respondents replied to statements 1.19, 1.20 and 1.24, and the percentage column indicates that 87.7% is the total received out of the 114 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

The prospective traveller will make use of a travel agent when making complex travel arrangements

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	2	1.5	1.8	1.8
	Disagree	13	10.0	11.4	13.2
	Undecided	16	12.3	14.0	27.2
	Agree	62	47.7	54.4	81.6
	Strongly agree	21	16.2	18.4	100.0
	Total	114	87.7	100.0	

Table 5.21

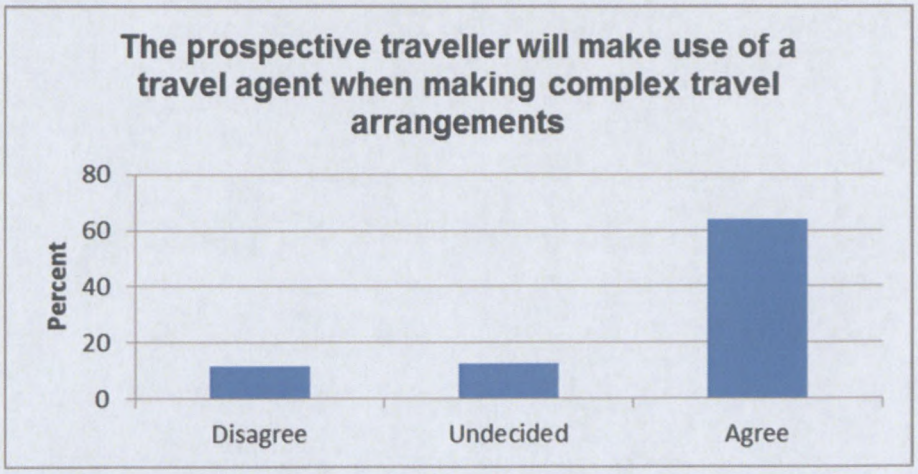


Figure 5.25

5.2.12.1 Discussion of statement 1.19

It is quite evident that a prospective traveller will go via a travel agent to book complex travel arrangements, as a considerable majority of 63.9% of respondents agreed with this statement, while 11.5% disagreed and 12.3% was undecided.

Consumers will continue to make use of traditional intermediaries as they offer a multitude of travel products from various suppliers

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	4	3.1	3.5	3.5
	Disagree	13	10.0	11.4	14.9
	Undecided	30	23.1	26.3	41.2
	Agree	63	48.5	55.3	96.5
	Strongly agree	4	3.1	3.5	100.0
	Total	114	87.7	100.0	

Table 5.22

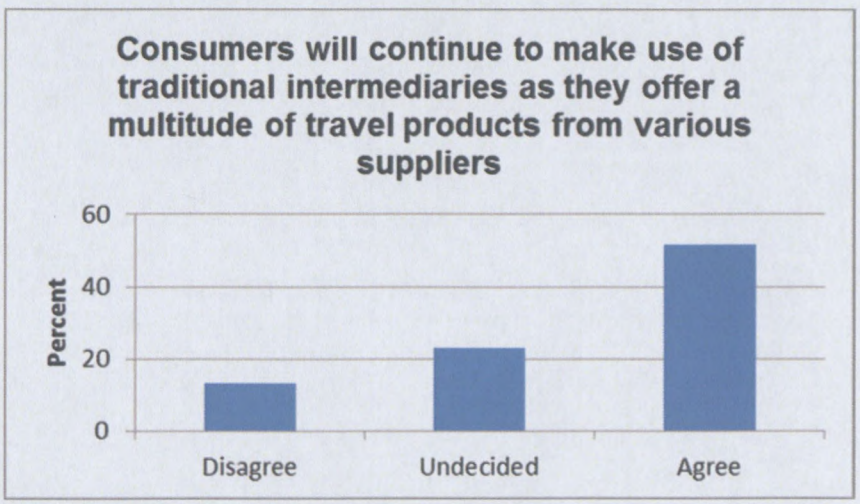


Figure 5.26

5.2.12.2 Discussion of statement 1.20

A total of 51.6% of respondents agreed that most consumers will book with traditional intermediaries because of the multitude of travel products that they can gain from various suppliers. A total of 23.1% was undecided, and 13.1% of respondents disagreed with the statement that consumers will utilise traditional intermediaries because they offer a range of travel products from various tourism suppliers.

Consumers do not trust online transactions

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	7	5.4	6.1	6.1
	Disagree	28	21.5	24.6	30.7
	Undecided	33	25.4	28.9	59.6
	Agree	30	23.1	26.3	86.0
	Strongly agree	16	12.3	14.0	100.0
	Total	114	87.7	100.0	

Table 5.23

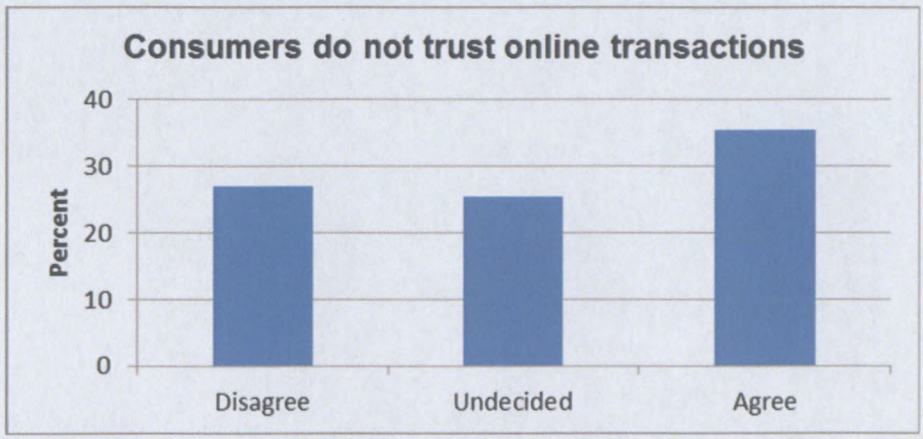


Figure 5.27

5.2.12.3 Discussion of statement 1.24

Online transactions' security concerns is another risk factor when it comes to Internet direct services, thus 35.4% of respondents agreed that consumers do not trust online transactions, while 26.9% disagreed with the statement. There is not much difference between the percentages of those respondents who agreed and disagreed, and the 25.4% who was undecided shows that there is an uncertainty as to whether online transactions are safe or not to use in terms of purchasing online travel products.

5.2.12.4 Findings regarding verification of statements 1.19, 1.20 and 1.24

There is enough evidence from the statistical data to prove that consumers will use travel agencies to assist with complex travel arrangements (63.9%) as per the percentage rate. The type of travel package that the consumer books will depend on whether they prefer to use travel agencies and tour operators. Travel agencies and tour operators are known to be experts in the field of arranging complex travel bookings, as they have the resources to do so. The Internet, e-commerce, global distribution systems and central reservation systems have been developed, which enable consumers to search for and book their own travel products, but not all people have the knowledge and skills to use these advanced technology, hence they will make use of travel agencies and tour operators. Complex travel products can include business travel, holiday travel or simply travelling elsewhere, but should include all aspects of travel such as accommodation, air, rail cruise or road transport, restaurants, events and entertainment.

This section of statement 1.20 goes hand-in-hand with statement 1.19, which refers to consumers who use traditional tourism intermediaries because of the multitude of travel products and services that they offer, which tourism Intermediaries would gain from various tourism suppliers. The tourism intermediary would compile a package according to the consumers' needs, which can also be known as complex travel arrangements as the package includes all the components of travel, as mentioned earlier in this section. As consumers do not want to book their travel components individually via the Internet, they would prefer to use intermediaries that have the resources readily available and compile the travel packages themselves, hence the consumer should only provide the details of their travel requirements.

Apart from the consumer using travel agents and tour operators to do their search and bookings, another factor, which could draw the consumer to tourism intermediaries is the online transaction trust issue. The statistical data for statement 1.24 reveals that it is a fact that consumers do not trust online transactions, but owing to the similarity in the percentages provided for those respondents who disagreed (26.9%) and were undecided (25.4%), it may be noted that there is uncertainty regarding this issue. Further research should be conducted on the trust factor for online transactions, regardless of previous research that has been conducted on this topic before.

This section identifies that consumers will continue to make use of tourism intermediaries (travel agencies and tour operators) because they can offer the consumer exactly what they need for travel, which the consumer might not be able to gain via the Internet, from complex travel arrangements to a multitude of travel products, and there is no need for consumers to stress over online transactions when booking with tourism intermediaries.

5.2.13 Frequencies of statements 1.21 and 1.27

The frequencies column for Table 5.24 and Table 5.25 indicate that out of 130 returned questionnaires 114 respondents replied to statements 1.21 and 1.27, and the percentage column indicates that 87.7% is the total received out of the 114 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Certain people will find computer reservation systems difficult to use and are thus forced to make use of intermediaries

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	3	2.3	2.6	2.6
	Disagree	14	10.8	12.3	14.9
	Undecided	17	13.1	14.9	29.8
	Agree	64	49.2	56.1	86.0
	Strongly agree	16	12.3	14.0	100.0
	Total	114	87.7	100.0	

Table 5.24

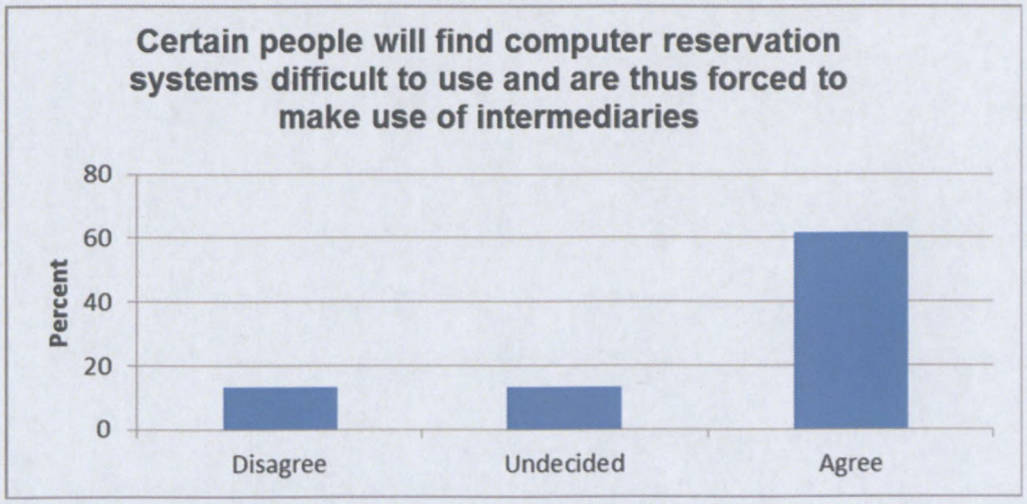


Figure 5.28

5.2.13.1 Discussion of statement 1.21

A considerable majority of 61.5% of respondents agreed with the statement, as it is a known fact that if consumers are unable to use or have a lack of knowledge of computer reservation systems, they would likely book via an intermediary. A total of 13.1% disagreed with this statement, as a total of 13.1% was undecided about whether consumers will make use of intermediaries if they cannot use computer reservation systems themselves.

Travel agents should present themselves as travel consultants

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	4	3.1	3.5	3.5
	Disagree	6	4.6	5.3	8.8
	Undecided	27	20.8	23.7	32.5
	Agree	54	41.5	47.4	79.8
	Strongly agree	23	17.7	20.2	100.0
	Total	114	87.7	100.0	

Table 5.25

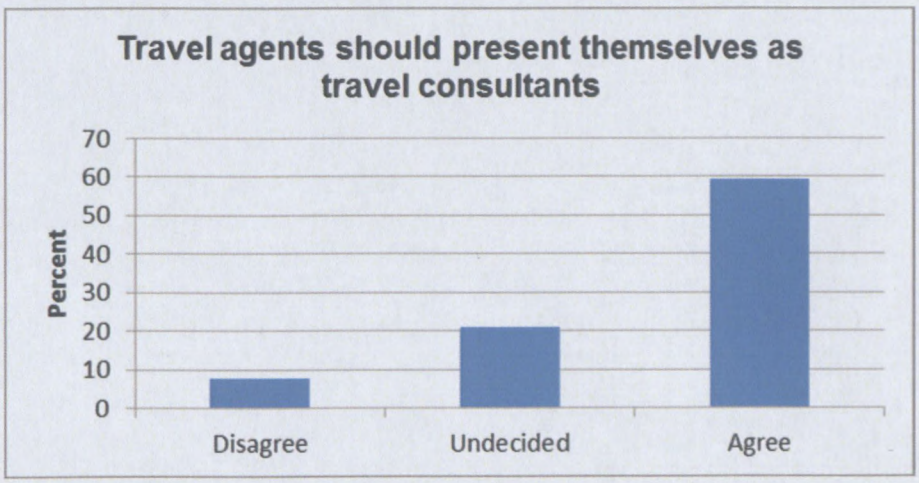


Figure 5.29

5.2.13.2 Discussion of statement 1.27

A total of 59.2% agreed that travel agents are and always will be known as travel consultants. A total of 20.8% was undecided and a relatively small number of 7.7% disagreed with the statement. This shows that travel agents should present themselves as travel consultants, which is an incapability of the Internet.

5.2.13.3 Findings regarding verification of statements 1.21 and 1.27

A majority of respondents believe that with little or no knowledge and skills concerning computer reservation systems and the Internet, people will in fact make use of tourism intermediaries. This is where tourism intermediaries have an advantage over technology, but incorporating IT into their daily operations could place them in the forefront as they would do the job by using computer reservation systems that the consumer could not do themselves. With reference to statement 1.27, a considerable number of respondents believe that travel agencies should always present themselves as travel consultants, as they have in previous years, as they create a benefit for themselves if they do this and have an advantage over technology. This is not to say that travel agencies should not use IT in their business functions, but that they should make use of their interpersonal skills and combine it with IT.

Recommendations will provide solutions in terms of how travel agencies can use their interpersonal skills and combine it with IT later in the next chapter.

5.2.14 Frequencies of statements 1.22 and 1.23

The frequencies column for Table 5.26 and Table 5.27 indicate that out of 130 returned questionnaires 114 respondents replied to statements 1.22 and 1.23, and the percentage column indicates that 87.7% is the total received out of the 114 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Travel agents have become aware of the benefits of the Internet

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	2	1.5	1.8	1.8
	Disagree	6	4.6	5.3	7.0
	Undecided	4	3.1	3.5	10.5
	Agree	67	51.5	58.8	69.3
	Strongly agree	35	26.9	30.7	100.0
	Total	114	87.7	100.0	

Table 5.26

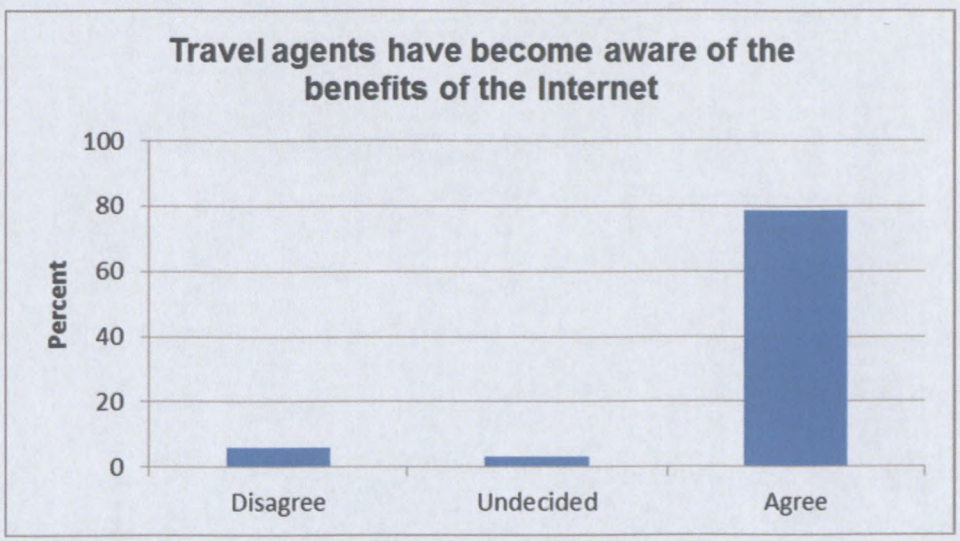


Figure 5.30

5.2.14.1 Discussion of statement 1.22

According to the percentage given in the frequencies regarding the fact that travel agents have certainly realised the benefits of using the Internet, a vast majority of 78.4% of respondents agreed with this statement, while 6.1% disagreed and 3.1% was undecided.

Travel agents have built their own websites in order to reduce costs and increase their markets

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	2	1.5	1.8	1.8
	Disagree	4	3.1	3.5	5.3
	Undecided	12	9.2	10.5	15.8
	Agree	65	50.0	57.0	72.8
	Strongly agree	31	23.8	27.2	100.0
	Total	114	87.7	100.0	

Table 5.27

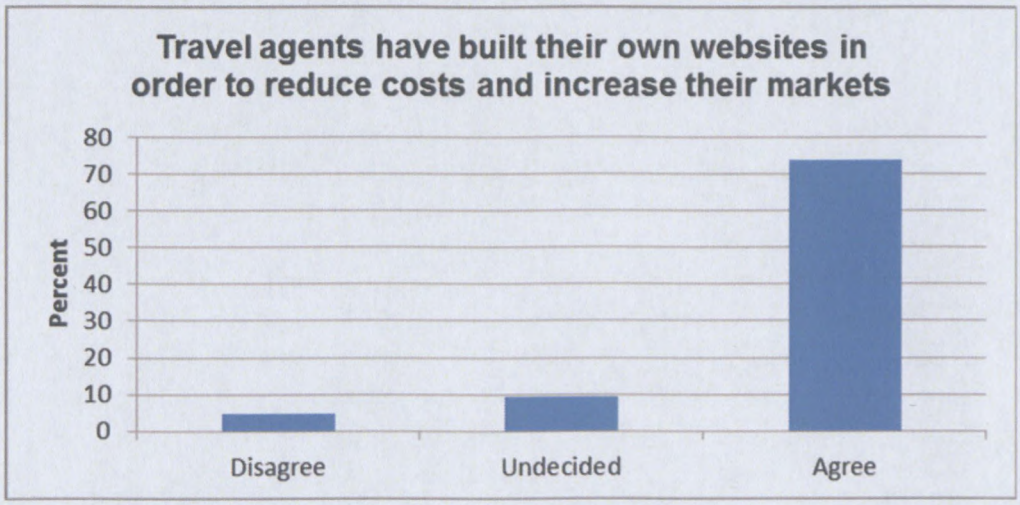


Figure 5.31

5.2.14.2 Discussion of statement 1.23

A total of 73.8% of respondents agreed that travel agencies have designed their own websites for the purpose of saving costs and increasing their markets, while 9.2% was undecided and 4.6% (6 responses) disagreed with the statement. This shows that a majority of the respondents agreed that travel agencies and tour operators benefit by creating their own websites in terms of profits and markets.

5.2.14.3 Findings regarding statements 1.22 and 1.23

Statistics from the above section reveals that a significant number of respondents agreed that travel agents' awareness of the Internet and IT is relevantly high, and that they have realised the benefits of using IT and the Internet and reservation systems in their daily operations mainly because they are able to reduce their operating costs and increase their target markets. It can thus be noted that travel agencies have developed their own websites because of their realisation of using the Internet and IT-related functions, which can be seen as an advantage if they want to compete in the tourism industry. Travel agencies are currently experiencing cost pressures as one of their main forms of income is from commission payments by tourism suppliers, and suppliers have decided to cut the commission by half a percentage and now only pay 8% to 10% on commission to travel agencies. The findings further indicate that with travel agencies having their own websites, they can offer consumers the best services, travel products, information search, and best prices for travel. From this the researcher concludes by stipulating that travel agents are highly aware of the benefits of the Internet and by having developed their own websites, they are more in control of their financial status and costs and can target a multitude of market segments.

5.2.15 Frequencies of statements 1.25 and 2.7

The frequencies column for Table 5.28 indicate that out of 130 returned questionnaires 114 respondents replied to statement 1.25, and the percentage column indicates that 87.7% is the total received out of the 114 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Computer reservation systems are too costly for travel agents and tour operators (intermediaries) to maintain

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	16	12.3	14.0	14.0
	Disagree	34	26.2	29.8	43.9
	Undecided	40	30.8	35.1	78.9
	Agree	22	16.9	19.3	98.2
	Strongly agree	2	1.5	1.8	100.0
	Total	114	87.7	100.0	

Table 5.28

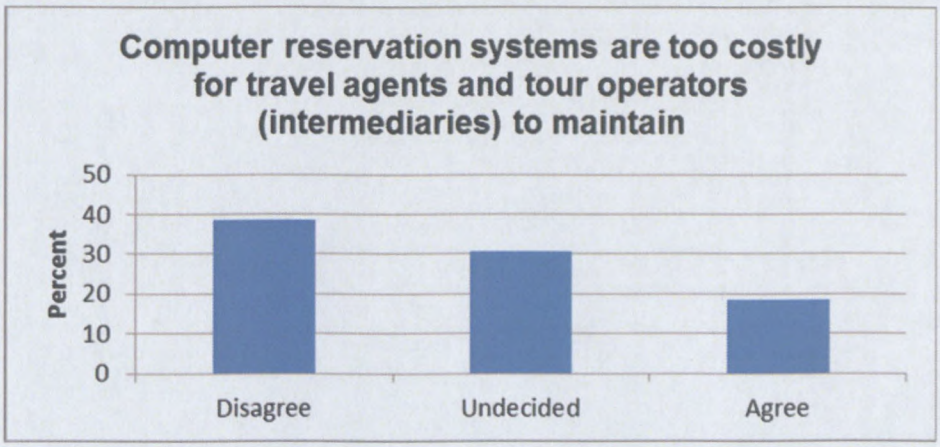


Figure 5.32

5.2.15.1 Discussion of statement 1.25

A total of 40 respondents (30.8%) were unsure as to whether computer reservation systems are too costly for intermediaries to maintain, which could be because these respondents have not experienced any cost implications or do not use CRSs. A total of 38.5% disagreed that CRSs are too expensive for intermediaries to maintain, while 18.4% agreed with this statement, thus it is evident that CRSs are not too costly for intermediaries to maintain.

The frequencies column for Table 5.29 indicate that out of 130 returned questionnaires 94 respondents replied to statement 2.7, and the percentage column indicates that 72.3% is the total received out of the 94 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Information technology lowers transaction costs making it possible for new competition to enter the marketplace

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	2	1.5	2.1	2.1
	Disagree	7	5.4	7.4	9.6
	Undecided	25	19.2	26.6	36.2
	Agree	45	34.6	47.9	84.0
	Strongly agree	15	11.5	16.0	100.0
	Total	94	72.3	100.0	

Table 5.29

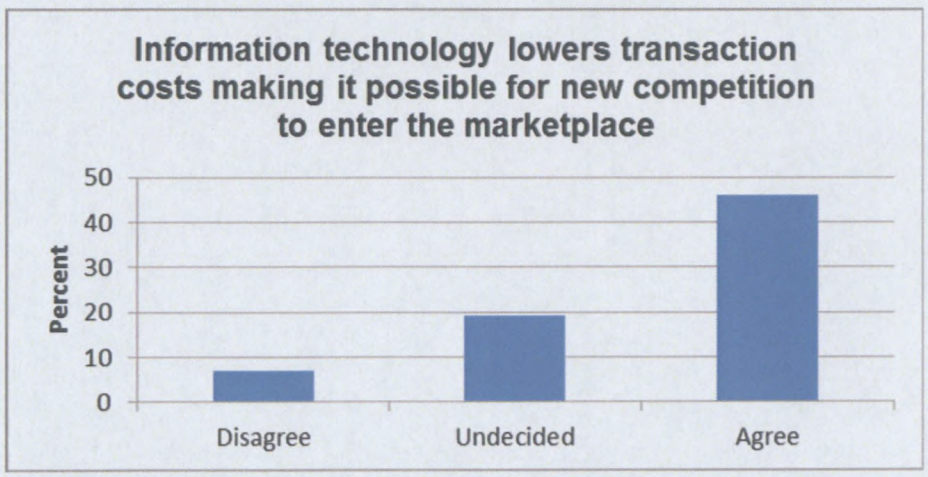


Figure 5.33

5.2.15.2 Discussion of statement 2.7

The tourism industry is seen as a competitive industry and with information technology lowering transaction costs, it is easy for new competition to enter the marketplace. A total of 46.1% of respondents agreed with this statement, and 19.2% of them were undecided. A smaller figure of 6.9% of respondents disagreed.

5.2.15.3 Findings regarding statements 1.25 and 2.7

The above statistics led the researcher to the finding that tourism intermediaries have no cost impacts when it comes to the cost of maintaining CRSs, but owing to the close percentage rates of respondents who disagreed and those who were undecided, shows that there could be an uncertainty. This could be because these respondents already use CRSs in their businesses and have not experienced any cost implications, but it also depends on the size of their business, small or large organisation, or they have not yet incorporated CRSs into their businesses and are not aware if there would be cost impacts. The statistics also prove that IT lowers transaction costs and is responsible for the entrance of new competition. Hence anyone with easy access to IT and the Internet, and who has enough skills and knowledge about IT, the Internet, developing websites, and using CRSs, can become a cybermediary and establish themselves online. Anyone with the capability to do this has an advantage of attracting customers away from existing tourism intermediaries and tourism suppliers. This topic is discussed later in the study in the recommendation section regarding solutions for this problem.

5.2.16 Frequencies of statement 1.26

The frequencies column for Table 5.30 indicate that out of 130 returned questionnaires 114 respondents replied to statement 1.26, and the percentage column indicates that 87.7% is the total received out of the 114 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Tourism intermediaries should establish themselves technologically

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	8	6.2	7.0	7.0
	Disagree	6	4.6	5.3	12.3
	Undecided	16	12.3	14.0	26.3
	Agree	53	40.8	46.5	72.8
	Strongly agree	31	23.8	27.2	100.0
	Total	114	87.7	100.0	

Table 5.30

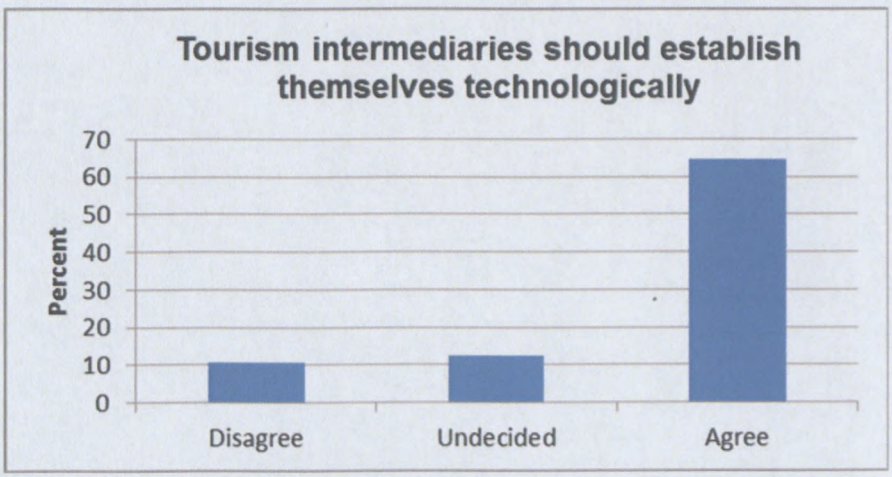


Figure 5.34

5.2.16.1 Discussion of statement 1.26

According to the frequencies provided above, 64.6% agreed with the statement that intermediaries should market themselves via the Internet, while 12.3% was undecided and 10.8% disagreed that intermediaries should use technology to market themselves.

5.2.16.2 Findings regarding statement 1.26 with reference to statements 1.6 and 1.27

From the statistics provided for this statement it is clear that respondents reached agreement in terms of tourism intermediaries establishing themselves technologically. The data collected for statements 1.6 and 1.27 shows that the tourism industry has been affected by IT because of constant changes that it creates for the tourism industry, and thus tourism operations are influenced. Respondents believe that tourism intermediaries, especially travel agencies, should take full advantage of their interpersonal skills as travel consultants. To conclude this section, tourism intermediaries should establish themselves technologically in order to compete and survive in the ever-growing and changing technological era, which has commanded the tourism industry, and expanding their services as travel consultants over the World Wide Web, would be advantageous.

5.2.17 Frequencies of statements 2.1 and 2.5

The frequencies column for Table 5.31 and Table 5.32 indicate that out of 130 returned questionnaires 94 respondents replied to statements 2.1 and 2.5, and the percentage column indicates that 72.3% is the total received out of the 94 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Suppliers (hotels, car rentals and airlines) would have a competitive advantage if they access their consumers directly

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	6	4.6	6.4	6.4
	Disagree	3	2.3	3.2	9.6
	Undecided	9	6.9	9.6	19.1
	Agree	54	41.5	57.4	76.6
	Strongly agree	22	16.9	23.4	100.0
	Total	94	72.3	100.0	

Table 5.31

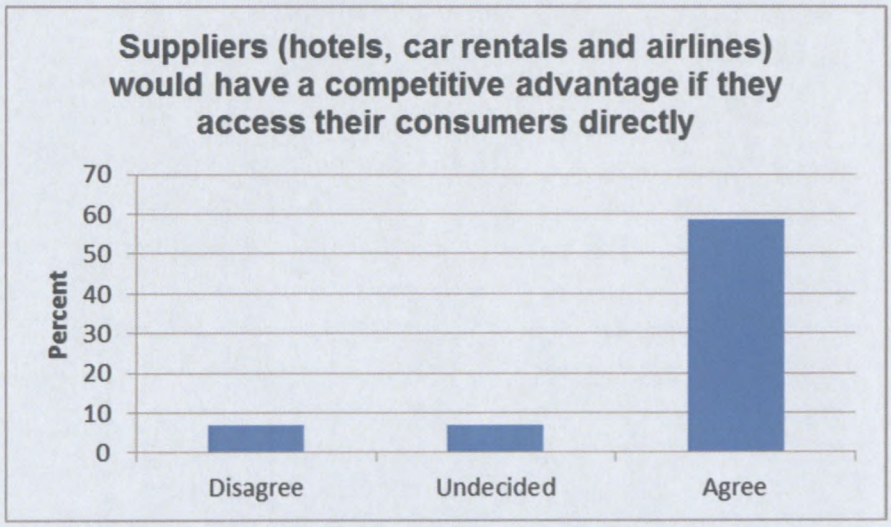


Figure 5.35

5.2.17.1 Discussion of statement 2.1

A total of 58.4% of respondents agreed that suppliers would have a greater competitive advantage if they access their consumers directly without the use of intermediaries (travel agencies, tour operators). A total of 6.9% of respondents disagreed, while 6.9% was undecided. Most respondents agreed that tourism suppliers would gain a greater competitive advantage through direct access to their consumers.

Suppliers are using commission reduction to control cost pressures

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	2	1.5	2.1	2.1
	Disagree	7	5.4	7.4	9.6
	Undecided	33	25.4	35.1	44.7
	Agree	46	35.4	48.9	93.6
	Strongly agree	6	4.6	6.4	100.0
	Total	94	72.3	100.0	

Table 5.32

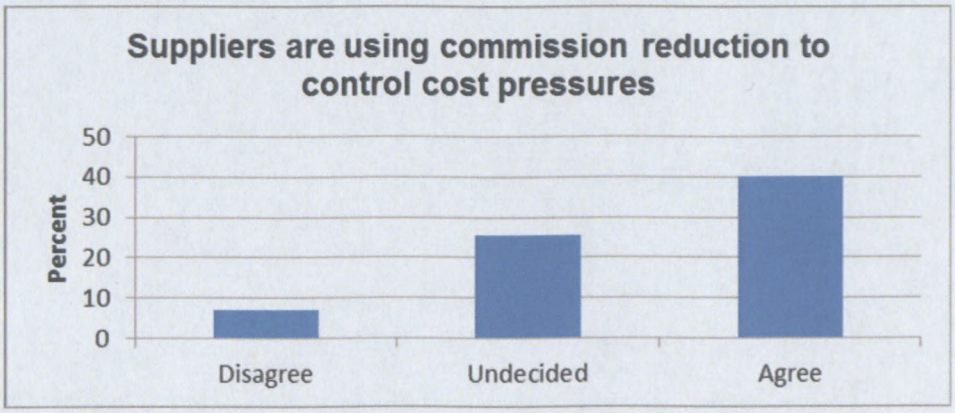


Figure 5.36

5.2.17.2 Discussion of statement 2.5

A total of 40% of respondents agreed that suppliers are cutting commission from intermediaries to control cost pressures. A significant number of 25.4% was undecided, and a slight 6,9% disagreed with the statement. Thus it is believed that suppliers are starting to cut out intermediaries (travel agencies, tour operators) in order to control their costs.

5.2.17.3 Findings regarding confirmation of statements 2.1 and 2.5

Statistics for statement 2.1 indicate that tourism suppliers would have a competitive advantage over their products and services if they access their consumers directly. This creates greater control over their target market, and tourism suppliers can expand their products and services to a greater market segment. One of the ways in which tourism suppliers have created an advantage for themselves is by reducing commission payments to tourism intermediaries in order to control their financial cost pressures, mainly their expenditure that they are able to save within the company by using direct access and by bypassing tourism intermediaries. This confirms that the statistics indicate that tourism suppliers have greater control over their products, services, consumers and expenditure costs through the use of direct access methods.

5.2.18 Frequencies of statements 2.2 and 2.3

The frequencies column for Table 5.33 and Table 5.34 indicate that out of 130 returned questionnaires 94 respondents replied to statements 2.2 and 2.3, and the percentage column indicates that 72.3% is the total received out of the 94 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Suppliers benefit from cost savings through communicating directly with consumers via reservation systems, online booking services and e-commerce travel services

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	3	2.3	3.2	3.2
	Disagree	3	2.3	3.2	6.4
	Undecided	15	11.5	16.0	22.3
	Agree	57	43.8	60.6	83.0
	Strongly agree	16	12.3	17.0	100.0
	Total	94	72.3	100.0	

Table 5.33

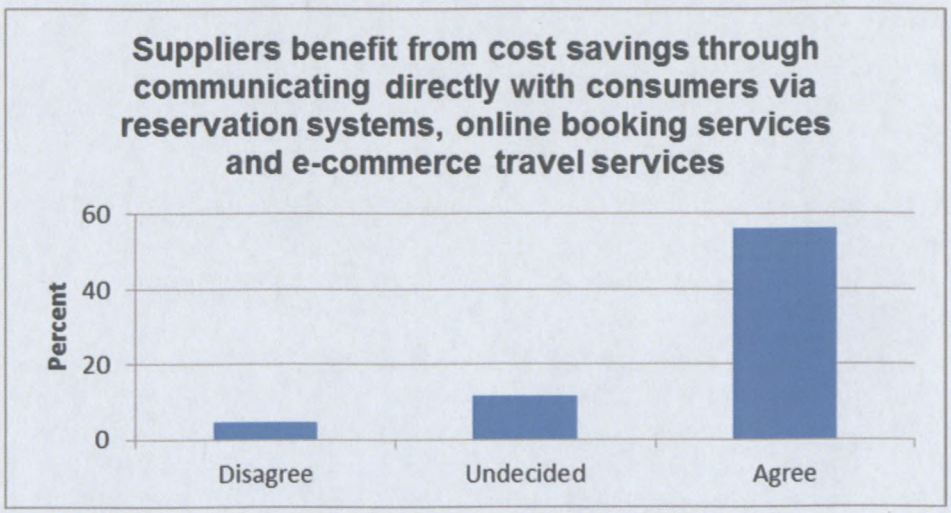


Figure 5.37

5.2.18.1 Discussion of statement 2.2

A total of 56.1% agreed that suppliers benefit financially by communicating with their consumers via reservation systems, online booking services and e-commerce travel services. A total of 11.5% was undecided about this statement and a relatively small figure of 4.6% (6 responses) disagreed with the statement. Most respondents agreed that tourism suppliers benefit significantly from direct communication with their consumers via computer reservation systems and global distribution systems.

Suppliers benefit from cost savings by selling directly to consumers via reservation systems, online booking services and e-commerce travel services

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	2	1.5	2.1	2.1
	Disagree	6	4.6	6.4	8.5
	Undecided	13	10.0	13.8	22.3
	Agree	56	43.1	59.6	81.9
	Strongly agree	17	13.1	18.1	100.0
	Total	94	72.3	100.0	

Table 5.34

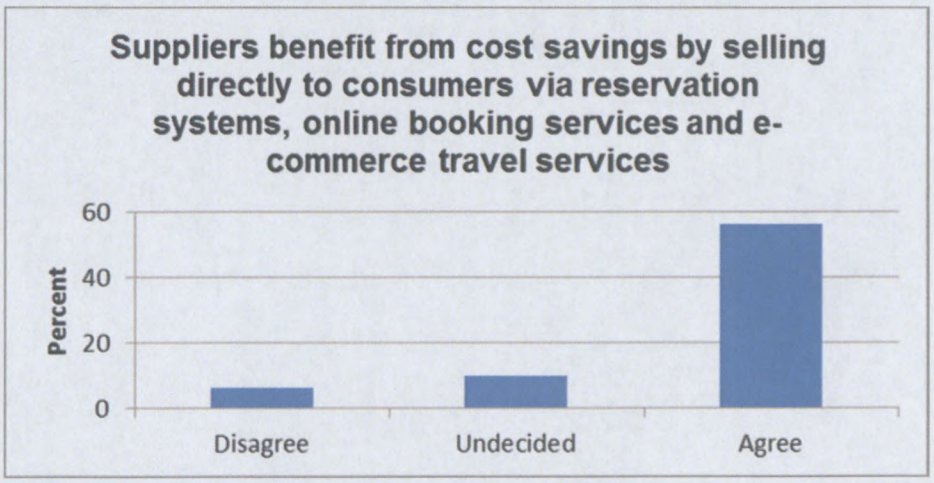


Figure 5.38

5.2.18.2 Discussion of statement 2.3

Suppliers that sell directly to their consumers via reservation systems, online booking services and e-commerce travel services without having to use tourism intermediaries create financial benefits for themselves, hence 56.2% agreed with this statement, while 10% of respondents were undecided and a small number of 6.1% disagreed with the statement. Most respondents agreed that tourism suppliers benefit financially by selling to their consumers directly via computer reservation systems and global distribution systems instead of through tourism intermediaries.

5.2.18.3 Findings regarding statements 2.2 and 2.3

Statistics presented for both statements indicate that there is a close similarity between statements 2.2 and 2.3 owing to the close percentage rates. This shows that respondents are positive that tourism suppliers will benefit from cost savings if they communicate and sell their products and services directly to consumers with the use of computer reservation systems, online booking services and e-commerce travel services. It is quite evident that tourism suppliers can create financial benefits for their businesses with the use of technological developments.

5.2.19 Frequencies of statements 2.6 and 2.8

The frequencies column for Table 5.35 and Table 5.436 indicate that out of 130 returned questionnaires 94 respondents replied to statements 2.6 and 2.8, and the percentage column indicates that 72.3% is the total received out of the 94 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Suppliers are using commission reduction to control changing consumer demands

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	2	1.5	2.1	2.1
	Disagree	10	7.7	10.6	12.8
	Undecided	29	22.3	30.9	43.6
	Agree	47	36.2	50.0	93.6
	Strongly agree	6	4.6	6.4	100.0
	Total	94	72.3	100.0	

Table 5.35

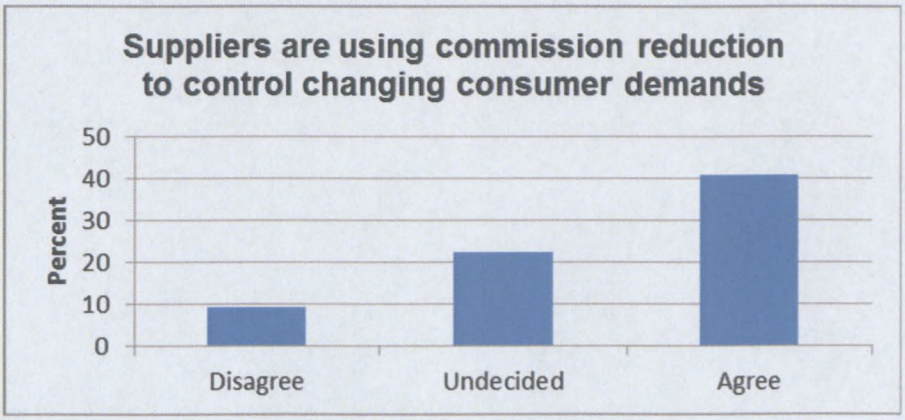


Figure 5.39

5.2.19.1 Discussion of statement 2.6

Suppliers have become aware that consumers are price sensitive and have decided that by commission reduction they are able to control changing consumer demands, according to the frequencies where 40.8% of respondents agreed with this statement; 22.3% was undecided and 9.2% of respondents disagreed.

Tourists are bypassing traditional intermediaries as they make use of the Internet to purchase directly from suppliers

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	2	1.5	2.1	2.1
	Disagree	7	5.4	7.4	9.6
	Undecided	16	12.3	17.0	26.6
	Agree	47	36.2	50.0	76.6
	Strongly agree	22	16.9	23.4	100.0
	Total	94	72.3	100.0	

Table 5.36

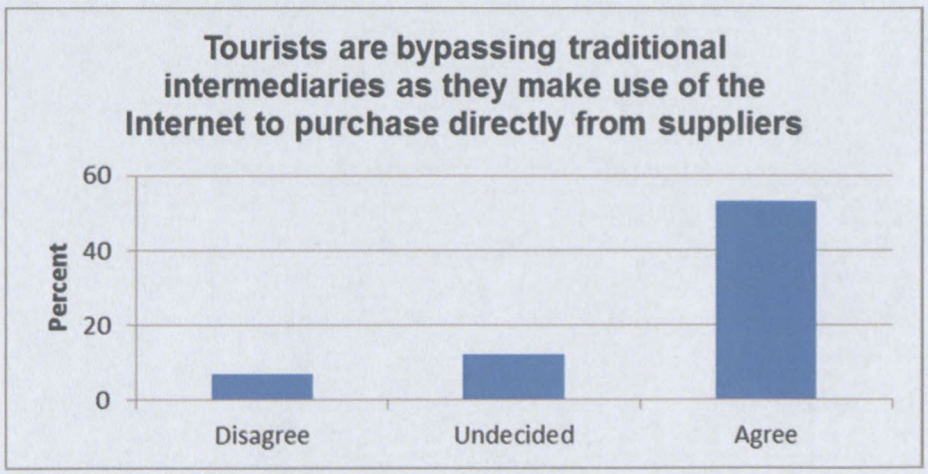


Figure 5.40

5.2.19.2 Discussion of statement 2.8

It is a known fact and quite evident that tourists/ consumers are bypassing traditional intermediaries as they prefer to make their travel arrangements themselves by making use of the Internet to purchase travel-related products from suppliers directly. A total of 53.1% agreed with this statement, while 12.3% was undecided and 6.9% disagreed with the statement. This proves that consumers are in fact bypassing traditional intermediaries and are using the Internet to search and book their travel arrangements.

5.2.19.3 Findings regarding clarification of statements 2.6 and 2.8

The researcher found that tourism suppliers are in fact using commission reduction to control changing consumer demands, since consumers are becoming more demanding and more price sensitive. Hence, if tourism suppliers are able to control their cost pressures, they are able to control the prices of their travel products and services. This is made possible as tourism suppliers do not add on any extra costs. It may be noted that tourists/ consumers would prefer to book their travel arrangements via the Internet instead of using a travel agent or a tour operator, as it gives the tourist/ consumer more control over the product and service that they seek. It is a fact that consumers are price sensitive, but yet they expect the best from the products and services, which is why they use the Internet to search and book their own travel arrangements for the most affordable prices and the best travel related packages. The only disadvantage that tourists/consumers will have is that they will have to search and book their travel arrangements separately, whereas with a tourism intermediary they will receive a travel package comprising all their travel needs in one package, but the consumer will pay the extra costs that the tourism intermediary adds on in the price of the package.

5.2.20 Frequencies of statement 2.10

The frequencies column for Table 5.37 indicate that out of 130 returned questionnaires 94 respondents replied to statement 2.10, and the percentage column indicates that 72.3% is the total received out of the 94 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Suppliers benefit when conducting travel-related reservations online as they do not have to operate through middlemen such as travel agents and tour operators

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Strongly disagree	3	2.3	3.2	3.2
	Disagree	13	10.0	13.8	17.0
	Undecided	24	18.5	25.5	42.6
	Agree	40	30.8	42.6	85.1
	Strongly agree	14	10.8	14.9	100.0
	Total	94	72.3	100.0	

Table 5.37

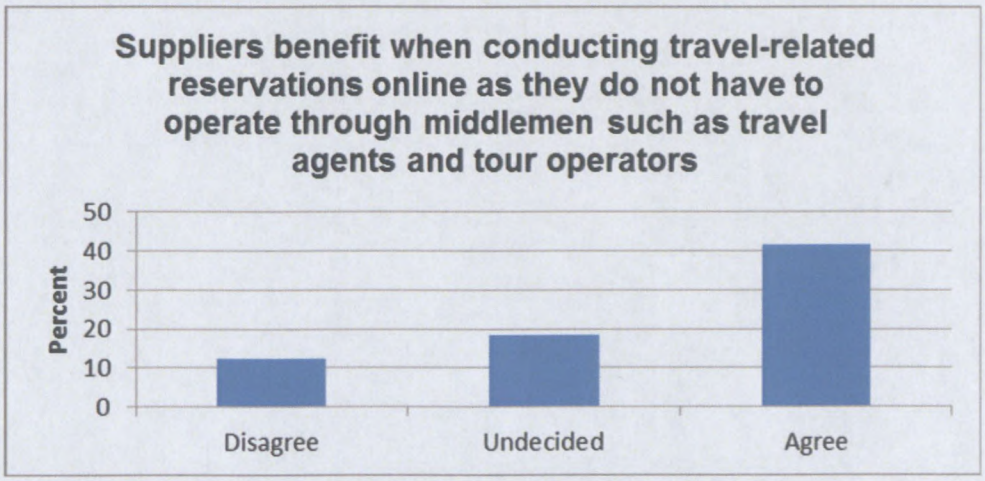


Figure 5.41

5.2.20.1 Discussion of statement 2.10

A 41.6% of respondents agree suppliers have a greater benefit if they conduct their online travel-related reservations without having to operate through the middlemen (intermediary). 18.5% are undecided and 12.3% disagree as their opinion on this statement is that suppliers will not benefit if they do not operate through the middlemen to distribute and sell their travel-related products online.

5.2.20.2 Findings regarding statement 2.10 with reference to statements 2.5, 2.6 and 2.8

The findings discussed above has led the researcher to the conclusion that in terms of statement 2.10, tourism suppliers would have significant benefits for their businesses by conducting their travel-related functions online through various online methods such as the Internet, e-commerce, websites, CRSs and GDSs. Statements 2.5, 2.6 and 2.8 indicate a link amongst one another, namely commission reduction to control cost pressures; commission reduction to control changing consumer demands; and tourists bypassing traditional tourism intermediaries, as they do their own bookings online via the Internet. All three statements' statistical data showed close percentage rates, which could mean that respondents are confident that tourism suppliers have an advantage by conducting their operations online. With no tourism intermediaries involved they are more in control of the distribution and sale of their products and services, which place tourism suppliers in control of their financial status, profit margins and operations.

5.2.21 Frequencies of question 3.1

The frequencies column for Table 5.38 indicate that out of 130 returned questionnaires 130 respondents replied to question 3.1, and the percentage column indicates that 100% is the total received out of the 130 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Industry sector

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Travel agent	37	28.5	28.5	28.5
	Tour operator	35	26.9	26.9	55.4
	Airline company	9	6.9	6.9	62.3
	Hotel	49	37.7	37.7	100.0
	Total	130	100.0	100.0	

Table 5.38

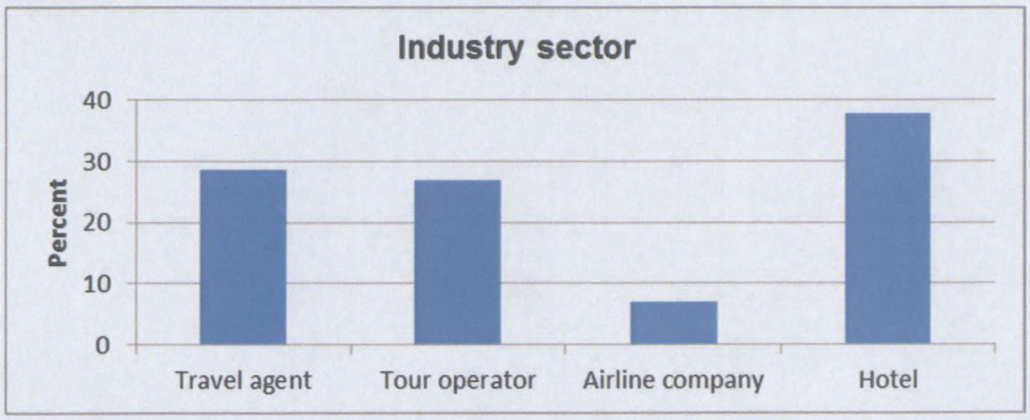


Figure 5.42

5.2.21.1 Discussion of question 3.1

In order to receive an accurate number of responses from both tourism suppliers and tourism intermediaries, it was important to distribute questionnaires equally amongst these respondents. Another reason for respondents to indicate their industry sector was because the questionnaire was mainly designed to receive feedback from travel agents, tour operators, airline companies and hotels. The aim of this section was to gain information from industry experts who have knowledge about the industry and how the industry is coping with all the new technological developments and its impacts. The response rate as per industry sector is as follows:

- 28.5% (37) are employed at travel agencies;
- 26.9% (35) are employed at tour operators;
- 6.9% (9) are employed at an airline company; and
- 37.7% (49) are employed at hotels.

5.2.21.2 Findings regarding question 3.1

Industry experts were asked to assist voluntarily with the completion of the questionnaire. In order to obtain a professionally acceptable outcome, it was important to distribute an acceptable number of questionnaires that would reach an accurate outcome and provide accurate statistical data. The time or month of the year when the questionnaires were distributed also played an important role in terms of whether it was during peak or off-peak season. Hence, if it was during peak season participants would not be able to participate in the completion of the questionnaire owing to the influx of travellers during that time, and would fall under a busy season for both tourism intermediaries and tourism suppliers. The researcher found that by distributing the questionnaires during off-peak season, the response rate was greater. The researcher also realised that a number of tourism intermediaries and tourism suppliers had not received the questionnaire via email, as their email addresses had either changed or no longer existed. Also, a majority of small to medium sized tourism intermediaries and suppliers had closed down and no longer formed part of the tourism industry. These industry experts would have been able to assist with the research topic as they would have had previous IT impacts or currently experience either negative or positive impacts of IT within their tourism companies.

5.2.22 Frequencies of question 3.2

The frequencies column for Table 5.39 indicate that out of 130 returned questionnaires 130 respondents replied to question 3.2, and the percentage column indicates that 100% is the total received out of the 130 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Industry experience

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	1- 2 years	59	45.4	45.4	45.4
	3- 5 years	44	33.8	33.8	79.2
	6- 10 years	15	11.5	11.5	90.8
	More than 10 years	12	9.2	9.2	100.0
	Total	130	100.0	100.0	

Table 5.39

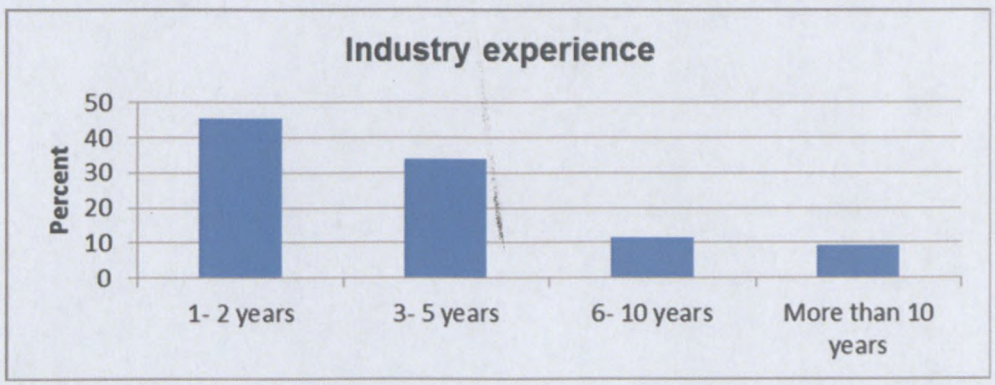


Figure 5.43

5.2.22.1 Discussion of question 3.2

The statistical data presented in this section indicates the number of years that respondents have been employed in their current job at the specific tourism company in tourism intermediaries or tourism suppliers. The main reason for this question was to evaluate experience levels of respondents and their knowledge regarding the new technological era and IT developments in the tourism industry. The response rate as per number of years employed is as follows:

- 1-2 years- 45.4% (59);
- 3-5 years- 33.8% (44);
- 6-10 years- 11.5% (15); and
- More than ten years- 9.2% (12).

5.2.22.2 Findings regarding question 3.2

This section aimed to evaluate respondents' level of knowledge about their tourism companies' operations and awareness regarding IT developments and their impacts on the tourism industry. The statistical data shows that junior to middle level employees were given the responsibility of responding to the research questionnaire, as senior employees hold the least percentage rate for responses. Employees with 1-2 years of work experience would have gained experience of how the company operates, with just enough knowledge to participate in the research; employees with 3-5 years and 6-10 years are regarded as middle level employees, hence their knowledge and awareness of IT developments would be significant as they would know about e-commerce, the Internet, CRSs and GDSs, as well as other online reservation methods. They would also be aware of disintermediation occurring amongst travel agencies and tour operators. Senior employees are known to have the most knowledge about the company's operations, its customer base, tourism intermediaries and tourism suppliers and the financial status and profit margins. However, senior employees were the least of who participated and their input would have assisted hugely with discovering if the tourism company is affected financially by IT. Nonetheless, middle level employees of whom a significant number participated in the questionnaire, would also have knowledge about the company's operations, financial status and profit margins, and whether they are being impacted negatively or positively by IT, thus their input contributed greatly.

5.2.23 Frequencies of question 3.3

The frequencies column for Table 5.40 indicate that out of 130 returned questionnaires 130 respondents replied to question 3.3, and the percentage column indicates that 100% is the total received out of the 130 responses. The valid percent column indicates 100%, which derive from the 130 returned questionnaires.

Employees

		Frequencies	Percent	Valid percent	Cumulative percent
Valid	Less than 5	21	16.2	16.2	16.2
	5- 15	42	32.3	32.3	48.5
	16- 20	15	11.5	11.5	60.0
	More than 20	52	40.0	40.0	100.0
	Total	130	100.0	100.0	

Table 5.40

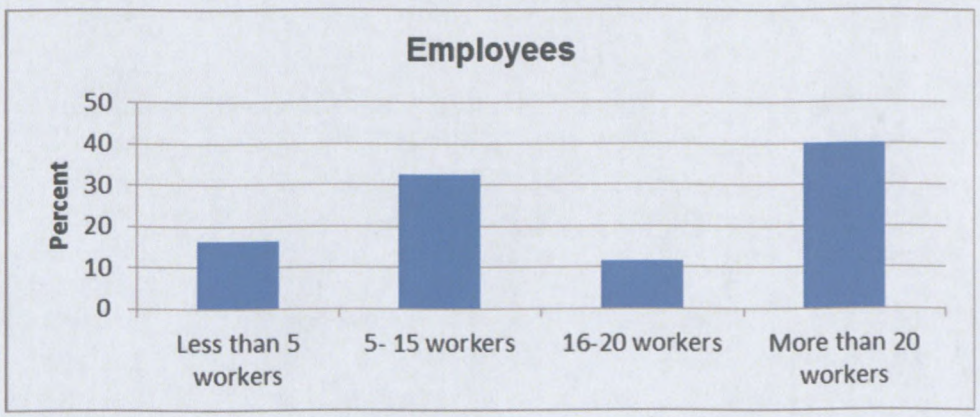


Figure 5.44

5.2.23.1 Discussion of question 3.3

Data that was collected for this section was to identify the size of travel agencies, tour operators, hotels and airlines, depending on how many employees work at the tourism companies. This provided input regarding the negative or positive impacts of IT developments on their operations, customers and financial status.

Response rate as per number of employees at the tourism company:

- Less than 5 employees- 16.2% (21);
- 5-15 employees- 32.3% (42);
- 16-20 employees- 11.5% (15); and
- More than 20 employees- 40% (52).

The statistical data presented above shows that a majority of respondents are employed at medium to large tourism companies, which can be either tourism intermediaries and tourism suppliers. There is also quite a considerable number of smaller tourism companies, and most of the responses were from respondents that have more than 20 employees. This indicates that 16-20 employees and more than 20 employees are categorised as medium to large tourism companies and 5-15 employees, and less than 5 employees are categorised as medium to small tourism companies.

5.2.23.2 Findings regarding question 3.3

The statistics provided in this section indicate the size of the tourism intermediaries and tourism suppliers, which range from small, medium to large tourism companies. The aim here was to identify the negative or positive impacts of IT developments regarding the size of the company, as the effects can differ depending on the size of the tourism company in respect of operational impacts, consumer demand or financial implications. This section is further discussed in the next chapter which will provide recommendations regarding the impact of IT developments.

5.3 SUMMARY

The findings, analysis and interpretations of the research study were presented in this chapter in the form of tables and charts, while each statement from the questionnaire was explained individually from the respondents' perspectives. A total of 400 questionnaires were distributed to the total response population, and 130 questionnaires were returned. These responses provided answers as to whether the development of information technology has a negative or positive impact on tourism intermediaries in Cape Town, and if there are threats or strengths associated with these technological developments in the tourism industry. The researcher can now compare the findings from the literature chapters with that of the statistical analysis in order to achieve an accurate outcome for the research objectives.

The following and final chapter provides recommendations and concluding remarks to assist with finding answers to the research problem, which was investigated in this study.

CHAPTER 6

RECOMMENDATIONS AND CONCLUDING REMARKS

6.1 INTRODUCTION

The purpose of this thesis was to evaluate the impact of information technology on the tourism industry, with tourism intermediaries as the main focus of this research topic. The objectives of this study was to determine whether IT developments have negative or positive impacts on the tourism industry as a whole; whether IT creates threats or is regarded as a strength for tourism operations; and whether IT impacts on the financial status of tourism intermediaries. The literature sources that were used for this thesis were used as means to confirm that IT developments in the tourism industry have created numerous negative impacts on tourism intermediaries around the world and have also introduced strategies that can be used by tourism intermediaries to avoid disintermediation, improve their operations and increase their profit margins.

The researcher embarked on an empirical survey by means of a research questionnaire where the total research population was identified as the entire tourism sector in Cape Town. A target population was then drawn from the total population, which included tourism intermediaries. The researcher has included tourism suppliers in Cape Town as part of this research study for the purpose of gaining a broader insight from a supplier's point of view, which was determined by the resident CPUT statistician and the researcher. The response population comprised 130 respondents from the 400 questionnaires that were distributed to the target population. The results of the returned questionnaires were analysed by the resident CPUT statistician who compiled a frequency distribution analysis and the results that were obtained were interpreted by the researcher, while the findings and interpretations were presented in Chapter 5 of this thesis.

This chapter comprises a number of recommendations that were identified for this research thesis, as well as concluding remarks in the form of a conclusion for any future research purposes.

6.2 RECOMMENDATIONS

Recommendations for this chapter were derived from the problem statement and sub-problems, which were described in Chapter 1.

6.2.1 Recommendation 1

The researcher recommends that further research should be conducted on the financial status of tourism intermediaries and tourism suppliers, especially from senior employees, as they possess more knowledge about the company's finances. The purpose would be to gain more information as to whether the impacts of IT are positive or negative on the profit margins of tourism intermediaries such as travel agencies as the main focus of the research objectives.

6.2.2 Recommendation 2

A major factor, which can assist tourism intermediaries is if they can design their own websites to establish themselves on the global network. This would allow them to make up for the loss of commission by replacing those costs with online transactions, thus reducing distribution costs. Section 5.2.18.2 in Chapter 5 reveals that travel agencies have incorporated their own websites as a way of reducing operational costs and to increase their markets.

6.2.3 Recommendation 3

If smaller tourism intermediaries are not able to afford using GDS and CRS, they have the advantage of using their own websites to market themselves, as the Internet provides a more fare cost of operating through the web and by distributing their offerings and services via their company websites. Regarding the cost of maintaining CRSs and GDSs, further research should be conducted to achieve an accurate outcome for this, depending on the size of the travel agency and tour operator. There could be a potential increase in electronic costs as more tourism intermediaries and tourism suppliers use Internet services and multiple channel support, which means that more maintenance should be done on the Internet.

6.2.4 Recommendation 4

There are numerous ways for tourism intermediaries to avoid being disintermediated from the tourism industry. It is up to these intermediaries to take full advantage of what IT has to offer their business on an operational basis. There are websites that they can incorporate into their daily functions, which simplify their operations. A benefit of the web is the fact that it can display text, graphics, sounds and moving images, which is why many companies and organisations have expanded their business to the web (Oz, 2006:22). This recommendation derives from the findings in section 5.2.18.1 and 5.2.18.2 in Chapter 5.

6.2.5 Recommendation 5

The tourism supplier will always depend on the tourism intermediary as they have been doing the job of marketing, distributing and selling suppliers' products and services. A reason is that tourism intermediaries are capable of selling a product better than what the tourism supplier can sell their own products, as intermediaries possess skills for distribution to various consumers. This recommendation derives from the findings in section 5.2.15.1 and 5.2.15.2 in Chapter 5.

6.2.6 Recommendation 6

Travel agencies should realise that their place in the ever-changing tourism industry plays an important role mainly because they are known as distributors of travel products and services. Their roles include providing information, processing transactions and tickets, forwarding suppliers' money from transactions and, most important of all, they are known for providing the best travel advice to consumers.

6.2.7 Recommendation 7

In order for tourism intermediaries to remain in the competitive tourism industry, which is impacted heavily by IT, labour and administrative costs as stated by Lewis *et al.,* (1998: 23), it is important for travel agents to find strategies to remain in the electronic marketplace. Tourism intermediaries are at risk of disintermediation, however, they can make use of the following strategies introduced by Bennet and Lai (2005: 19, 20) to remain in the industry.

6.2.7.1 Recommendation 7.1

Technology to formulate new product concepts to be re-intermediated into the industry.

6.2.7.2 Recommendation 7.2

With the use of technology intermediaries will be able to expand their businesses into the global market.

6.2.7.3 Recommendation 7.3

Technology to gain information about potential customers' needs and wants and offer those products and services to potential customers.

6.2.7.4 Recommendation 7.4

Focus on targeting a niche market in order to establish their own client base.

6.2.7.5 Recommendation 7.5

Take into consideration service quality and improve on staff performance to deliver a professional service.

6.2.7.6 Recommendation 7.6

Travel agents should by now have realised the importance of incorporating IT into their daily operations, as they would have the benefit of combining IT with their traditional distribution methods.

6.2.7.7 Recommendation 7.7

Travel agents should establish fees and taxes to make up for the loss of commission from suppliers.

6.2.7.8 Recommendation 7.8

Become educated about IT and the use of CRS, GDS, e-commerce and online booking servers, know how it is used, find out about the costs involved in maintaining these IT developments, and conduct research to find out if tourism intermediaries will be impacted negatively, should they consider using any of these computer reservation systems.

6.2.8 Recommendation 8

Granados (2002: 303) proposes that the industry should consider establishing a framework to prevent disintermediation such as an intermediation- disintermediation-re-intermediation framework. Intermediation is the process that takes place through electronic intermediaries, which is the cause of travel agencies being at risk of disintermediation.

6.2.9 Recommendation 9

Travel agents can also take advantage of the fact that they are able to compile complex travel packages, which normally exists for different types of transport (car, rail, air, cruises), accommodation, entertainment, events, tours, and so on, whereas the consumer does not have the skill or capability to compile a complex package on their own. Consumers will also be able to book directly through the Internet whereas with a tourism supplier they are only able to book a single component from different tourism suppliers, which take up more time and money. Thus, travel agents have an advantage over technology when it comes to compiling travel packages. This recommendation derives from the findings in section 5.2.16.1 in Chapter 5.

6.2.10 Recommendation 10

Tourism intermediaries, as interpersonal information and service providers, should take into consideration that they could be first choice over the Internet, computer reservation systems and websites owing to the social and trust factor when it comes to online bookings for consumers. It is believed that trust and social contact between the agent and consumer is still viewed as important when purchasing travel products (Lewis. *et al.,* 1998:21). From the statistical data presented in section 5.2.16.3 in Chapter 5, regarding the topic of online trust factors, a majority of respondents agree consumers do not trust online payments for bookings. However, the percentage rates in section 5.2.16.3 in Chapter 5 indicate a close similarity amongst respondents who agree, disagree and are undecided, which could mean that there is uncertainty when it comes to consumers and online transactions. It is suggested that further research should be conducted on this issue in order to gain better understanding of whether online transactions do indeed affect consumers or not.

6.2.11 Recommendation 11

Computer reservation systems make it possible for consumers to get hold of a comprehensive range of travel products and services directly from tourism suppliers, but this process is not as simple for some people who do not have knowledge when it comes to using technology such as the Internet and computer reservation systems. These people are then forced to use travel agents and tour operators, hence tourism intermediaries might not be bypassed. Section 5.2.17.1 in Chapter 5 proves that people will make use of tourism intermediaries if they are unable to use computer reservation systems themselves.

6.2.12 Recommendation 12

Travel agents possess the interpersonal skills of communicating with consumers and providing them with services and products that consumers desire, which technology is not able to offer to their online consumers. It is important that the role of travel agents as travel consultants do not diminish from the tourism industry, as they are well known for this. Section 5.2.17.2 in Chapter 5 shows the results, which indicate that travel agents should present themselves as travel consultants. The ability of travel agents to collect, organise and interpret large amounts of information for consumers and then present it to them in one single package, is what sets travel agents apart from IT.

6.2.13 Recommendation 13

Travel agents should remember that they should offer the best high quality information to consumers at a fare cost, which would satisfy the consumer. They should create brand loyalty for themselves in order to stand out from the next best travel agencies, and by incorporating IT to enhance their business functions, they will be able to compete in the marketplace. Lewis and Talalayevski (1997: 28) imply that larger travel agents can afford to sign onto all major computer reservation systems while smaller travel agencies have access to limited computer reservation systems. However, travel agents have been given an opportunity by IT to develop new services such as a software program that updates frequent flyers as soon as the passenger qualifies. This recommendation derives from the findings in section 5.2.19.1 in Chapter 5.

6.2.14 Recommendation 14

Travel agents should maintain a strong relationship with their suppliers if they want to remain a distributor of travel products and services on behalf of tourism suppliers or else they stand to lose suppliers and their consumers. Therefore, the role of intermediaries (middlemen) will always be seen as an important part of the tourism industry regardless of the negative impacts of technological developments.

6.2.15 Recommendation 15

It is important for managers in the tourism industry to pay close attention to changes, which are taking place in the industry, especially if it can affect their operations. The technological era keeps creating changes for the tourism industry, therefore, managers in the tourism industry should be well aware of these changes and ensure that they take into consideration any technological developments, which could assist in their daily operations and cost pressures, if they want to succeed amongst other tourism organisations. This recommendation derives from the findings in section 5.2.9.1 and 5.2.9.2 in Chapter 5

6.2.16 Recommendation 16

Direct communication simplifies consumers' lives, as they are now able to search and book their own travels from the comfort of their home and office. With enough knowledge of how to operate the Internet, consumers are able to access global computer reservation systems and gain direct access with tourism suppliers' products and services. This provides consumers with the benefit of searching for the highest quality travel products and services at the lowest costs available at the touch of a button.

6.2.17 Recommendation 17

Consumers can now become their own tourism intermediaries as they are able to bypass traditional tourism intermediaries. Consumers who are well educated when it comes to travel and the use of IT will benefit significantly, as IT has made it much easier. Hence, consumers and tourism suppliers are given an opportunity to communicate directly with one another and to establish cost saving transactions via online reservation systems.

6.2.18 Recommendation 18

The Internet offers consumers the benefit of lower information search costs on all travel products, and consumers can become part of product design strategies catered to their needs. The only challenge for online consumers is finding high quality products amongst the millions of tourism suppliers on the World Wide Web.

6.2.19 Recommendation 19

Due to rapid IT developments in the tourism industry, consumer demands and behaviour have changed dramatically over the years bringing about direct communication methods such as the Internet, e-commerce, GDS, CRS, and so on. It is believed that owing to the internet, more consumers' demands are changing, as they have become less loyal, go on frequent short- haul vacations and spend little time searching for and consuming a travel product. Conversely, the Internet has identified new ways to satisfy consumers' needs by providing them with information on a broader tourism base (Werthner & Ricci, 2004:103). According to the statistical data presented in sections 5.2.14.1 and 5.2.14.2 in Chapter 5, consumers have become quite independent as they use online booking methods to arrange for their own travel needs. The researcher recommends that consumers should become more educated in terms of using information technology so that they are able to control their price sensitivity and the value of information that they are searching for on travel products and services.

6.2.20 Recommendation 20

Consumers can take advantage of what IT has to offer by classifying themselves into categories in order to receive only the best travel products and services.

6.2.20.1 Recommendation 20.1

Leisure travellers should demand information on the best quality holiday packages, which is easily accessible by making use of GDSs and CRSs.

6.2.20.2 Recommendation 20.2

Business travellers should demand complete control over their travel costs and organise long-term relationships with tourism suppliers (airlines, hotels, car rental) for special frequent customer pricing and continuous updating of special offers.

6.2.21 Recommendation 21

Consumers are faced with online security challenges, as stated by Bennet and Lai (2005:11). Even though consumers make use of the Internet to search for information or travel products, they will still prefer to make the booking with a travel agent, since consumers are concerned about credit card security purposes. According to the statistical data presented in section 5.2.16.3, there is uncertainty owing to the closeness of the percentage rates of respondents who agreed, disagreed and were undecided concerning the issue of online consumer transactions, but the highest percentage revealed that most respondents agreed that consumers do not trust online transactions. According to Jarvelainen (2007: 59), e-vendors have found numerous methods to secure online transactions such as third- party trust marks, public key infrastructure and an identity federation, including legislations, which e-vendors have to abide by such as the seven-day return policy. An investigation should be conducted in relation to consumers' perspectives around the issue of online transactions in order to achieve accurate results.

6.2.22 Recommendation 22

Both tourism suppliers and tourism intermediaries should take into account their dependence on one another in terms of supply and demand. Travel and tourism products are known to be perishable, which means that if a product, for example, a hotel room or airline seat is not sold, it creates a loss of profit for the suppliers, therefore, tourism intermediaries are used to help with the distribution process. The statistical data in sections 5.2.15.1 and 5.2.15.2 indicates that from a tourism intermediary and tourism supplier point-of-view that suppliers will make use of an intermediary for marketing and distribution purposes.

6.2.23 Recommendation 23

Tourism suppliers should take advantage of computer reservation systems for direct distribution and marketing purposes, as they are able to create re-intermediation for themselves and to gain information from an online customer database, which can assist tourism suppliers with product design and distribution providing them with a competitive advantage. This recommendation derives from the findings in section 5.2.21.1 in Chapter 5.

6.2.24 Recommendation 24

Direct communication creates benefits for tourism suppliers as they bypass tourism intermediaries and sell their travel-related products and services to consumers via the Internet, e-commerce distribution systems, GDSs and CRSs. Tourism suppliers should realise that by doing this their profit margins are likely to change for the good, as they save on online transactions and on fixed and variable costs. This recommendation derives from the findings in sections 5.2.21.2, 5.2.24.1 and 5.2.23.2 in Chapter 5.

6.2.25 Recommendation 25

Further research is suggested in terms of what tourism suppliers' perspectives are when it comes to electronic markets, as the main focus of this research study is on tourism intermediaries and their perspectives of IT developments. However, the research questionnaire for this study included responses from both tourism intermediaries and tourism suppliers in order to compare and differentiate the responses.

6.2.26 Recommendation 26

Tourism suppliers will benefit by communicating and selling directly to consumers via the Internet, GDSs, CRSs and online reservation systems, as it offers consumers instant, increased availability and accessibility, including information at a relatively cheaper cost for both consumers and tourism suppliers. Tourism suppliers are also able to increase their effectiveness in the distribution of their products and services by offering their consumers only the best in terms of a broader information search and better clarification of their travel-related products and services. This recommendation relates to the findings in sections 5.2.22.1 and 5.2.22.2 in Chapter 5.

6.2.27 Recommendation 27

Tourism suppliers such as airlines can cut costs with the use of the Internet, as it lowers bookings and distribution costs because airlines distribute e-tickets via email instead of printing and distributing them manually. Hotels can also experience the same benefits by utilising the Internet for direct online booking facilities, as they are more in control of the number of rooms that they want to place on promotion.

6.2.28 Recommendation 28

Tourism suppliers, especially hotels, can take advantage of the features that the Internet can offer to them such as displaying videos, virtual tours and images of hotel rooms, including information on promotions on offer.

6.2.29 Recommendation 29

The tourism industry is well known for being part of the technological revolution owing to the type of products, services and information that are compatible with e-commerce, as well as the manner in which the transactions take place. Disintermediation is regarded as a major factor owing to the compatibility between tourism and information technology. However, tourism intermediaries and tourism managers should gain more knowledge in terms of how to avoid being disintermediated by forming an alliance with IT developments and incorporating IT into their daily operations in order to remain in the tourism industry, as well as to increase profits and gain financial stability. This recommendation derives from the findings in section 5.2.12.2 in Chapter 5.

6.2.30 Recommendation 30

The establishment of cybermediaries was created by IT developments in the tourism industry. They are normally known as online intermediaries that distribute travel products and services between tourism suppliers and consumers. All their operations take place via the Internet, websites, computer reservation systems and e-commerce. The statistical data presented in section 5.2.13.1 in Chapter 5 of the

findings indicates that cybermediaries are indeed causing a threat for traditional travel agencies. According to section 5.2.13.2 in Chapter 5, traditional travel agents and tour operators can be re-intermediated into the new technological tourism industry by a process known as intermediation- disintermediation- re-intermediation framework. By making use of this framework travel agencies and tour operators are able to re-intermediate their businesses.

6.2.31 Recommendation 31

Information technology lowers transaction costs, making it easier for any person to enter the tourism industry as new competition into the marketplace by possessing enough knowledge and skills about using IT and establishing an online travel agency and tour operation or becoming an online tourism supplier. Granados (2002: 301, 302) states that there are two common threads, firstly, from the demand side the Internet offers consumers low cost, quality information on travel products such as destinations and tour packages, and, secondly, from a supply side information technology lowers transactions creating competitiveness, which make it possible for new competition to enter the marketplace. Tourism intermediaries and tourism suppliers should create strategies that will protect their businesses from new online competitors. Strategies are listed in section 6.2.7 under recommendations of this chapter. This recommendation derives from the findings in section 5.2.19.2 in Chapter 5.

6.2.32 Recommendation 32

New competitors in the tourism industry are also faced with challenges of survival in the industry owing to traditional travel agencies, tour operators and tourism suppliers trying to eliminate cybermediation. In order for cybermediaries to guarantee survival, they should focus on maintaining a solid position in the tourism industry. The web also introduces business-to-business and business-to-consumer electronic trade of which cybermediaries, as well as small or large tourism intermediaries and tourism suppliers can make use of to avoid facing disintermediation. Another benefit of the web is that it offers consumers 24/7 access to online reservation systems for travel products, services and discounted fares.

6.3 CONCLUSION

This thesis comprised six chapters, each one representing the main focus of the study, which was to evaluate the impact of information technology on the tourism industry, with a particular focus on tourism intermediaries such as travel agencies and tour operators in Cape Town. The thesis began with an introductory chapter, followed by literature chapters, a research methodology chapter, statistical analysis chapter and the final chapter, which outlined recommendations and concluding remarks.

The first chapter represents an introduction to the research study by means of stipulating how the research would take place and the purpose of the research. The chapter included the problem statement regarding the research topic and was further categorised into three sub-problems, followed by the objectives and need of the study by identifying the effects of information technology on selected tourism intermediaries in Cape Town in terms of whether it could be negative or positive. Key questions were also identified in order to provide better clarity on the issue of information technology, while the research methodology was explained such as the literature sources that were used to obtain more information on the research topic, and the empirical study, which was conducted in the form of a quantitative closed-ended questionnaire that was distributed to the target research population. A summary at the end of the first chapter provided a brief discussion of the chapter.

The first literature chapter, Chapter 2 was an introduction to the research problem as it identified and explained the meaning of information technology, which brought about the World Wide Web, the Internet and network systems. The chapter also included a brief discussion on the tourism industry and its functions, and tourism and the Internet impacting on tourism intermediaries and tourism suppliers and the industry as a whole. The main impact was disintermediation, which was caused by information technological developments on tourism intermediaries, which impacts negatively on tourism intermediaries' operations and profit margins. The chapter revealed that the Internet and World Wide Web was also identified as creating impacts for tourism intermediaries, as it has changed consumer demand and behaviour dramatically. However, the chapter described challenges and emerging roles for tourism intermediaries to avoid elimination from the tourism industry. Included in the chapter was a case study on the impact of the Internet on travel agencies in Taiwan, which previous research conducted for the purpose of

establishing the negative impacts of the Internet on travel agencies. The researcher of this thesis used this as evidence to prove that there are in fact negative impacts on travel agencies owing to information technology, and the aim of the case study was to assist travel agencies to find ways to survive in the changing technological era. The chapter concluded with a brief summary of what was discussed in the chapter.

The second literature, Chapter 3, discussed different types of information systems and its impacts on tourism intermediaries in Cape Town. The chapter explained what an information system is, and the function thereof as a communication tool between businesses and publics. The chapter also outlined the Computer Reservation System (CRS) and the Global Distribution System (GDS), which are direct online booking systems that enable consumers to search and book travel online directly from tourism suppliers. They also enable tourism suppliers to market and distribute their travel products and services directly to consumers. This chapter also provided a discussion on information communication technologies and its impacts on tourism and on operations and profit margins by means of figures and tables that were presented. A section was included, which explained the industry structure, which provides links between tourism intermediaries, tourism suppliers, tourism and destination organisations and information systems. The development of information systems in the tourism industry has affected consumer behavior dramatically in terms of their social behaviour, demographic variables, psychographic variable, as well as factors such as time, the external environment they live in and security and trust issues. Perceived usefulness and ease of use refers to consumers' level of experience and practical implication when it comes to using online booking systems. Information systems have created e-mediaries, which are known as new online tourism intermediaries and through this a new tourism marketplace has been developed. Information technology has developed future impacts for the tourism industry, including advantages for travel companies by utilising the Internet. This chapter was concluded by specifying the utilisation of the Internet and ICTs by tourism industry sectors such as airlines, hotels, tour operators, travel agencies and destinations, while a brief summary concluded the chapter.

Chapter 4 presented the research design and research methodology that was used during the research process. The research design of the thesis involved choosing an appropriate research topic and objectives. The topic of this thesis focused on the impact of information technology on the tourism industry in selected tourism

intermediaries in Cape Town with the objective to establish whether the impacts are negative or positive; whether they cause threats or are seen as a strength. Included in this chapter are definitions from various literature sources for the purpose of establishing the real meaning of why people embark on research. The purpose of this research is for academic purposes and for the thesis to be used by tourism organisations and students for investigation and reference purposes. The tools used by the researcher for this thesis was in the form of literature sources such as books and a majority derived from journals on previous research that was done on the same topic. There are different types of research that the researcher embarked on such as pure and applied methods, descriptive and explanatory research and a quantitative approach. The primary data collection took place in the form of a closed-ended quantitative questionnaire. Description of the research population for this thesis included the entire tourism sector, but the target population comprised tourism intermediaries and tourism suppliers and the response population were those participants who participated in the empirical study. The chapter concluded with a brief summary of the chapter.

The findings, interpretations and statistical analysis were outlined in Chapter 5 of this thesis. The results were derived from the research questionnaires that were obtained from the response population who took part in the empirical study in order to get their view points on the topic of information technology impacting on selected tourism intermediaries in Cape Town. The presentations and interpretations of the findings were presented in table and chart form, followed by a brief discussion of each section of the statistical data for better understanding of the percentages from the frequency distribution analysis. The chapter was concluded by a brief overview of the chapter.

This final chapter concluded the thesis with recommendations and concluding remarks on the research topic and proposed recommendations, which were derived from the literature sources and the empirical study. The researcher found from the literature that IT developments such as the Internet, the World Wide Web, e-commerce, GDSs and CRSs, as well as other numerous online booking systems created disintermediation for many travel agencies and tour operators in terms of their operations and financial status. The empirical study provided similar results to the literature, as respondents agreed that IT developments created numerous disadvantages for the tourism industry. This is likely to continue in the future owing to ongoing developments in IT.

The researcher concludes by stating that this thesis can be used for future reference, and to conduct further research by tourism organisations, companies and tourism researchers on the impact of information technology on selected tourism intermediaries, whether it is for academic purposes, or simply to assist the tourism industry to find future strategies to deal with this issue.

BIBLIOGRAPHY

Altinay, L. & Paraskevas, A. 2008. *Planning research in hospitality and tourism.* Amsterdam: Elsevier.

Bennet, M.M. & Lai, C.K. 2005. The impact of the internet on travel agencies in Taiwan. *Tourism and Hospitality Research,* 6 (1): 8-23.

Buhalis, D. & Licata, M. C. 2002. The future eTourism intermediaries. *Tourism management*, 23 (3): 207-220, June.

Chen, H. M. & Sheldon, P. J. 1997. Destination information systems: Design issues and directions. *Journal of Management Information Systems,* 14 (2): 151-176, Fall.

Cooper, C., Fletcher, J., Fyall, A., Gilbert, D. & Wanhill, S. 2005. *Tourism principles and practice.* 3rd ed. London: Pearson.

Fairer-Wessels, F. A. 2004. Web-based information systems: The development of leisuredigest.com-A South African tourism website. *Mousaion,* 22 (1): 52- 69.

Gilbert, D. C. 1990. European tourism product purchase methods and systems. *Service Industries Journal*, 10 (4): 664-679, October.

Goddard, W. & Melville, S. ed. 2001. *Research methodology: an introduction*. Cape Town: Juta.

Granados, N.F. 2002. Information technology and tourism. *Electronic Markets*, 12 (4): 301-303.

Jarvelainen, J. 2007. Online purchase intentions: An empirical testing of a multiple-theory model. *Journal of Organisational Computing and Electronic Commerce*, 17 (1): 53-74.

Kumar, R. 2005. *Research methodology: a step-by-step guide for beginners.* London. Sage.

Lewis, I., Semeijn, J. & Talalayevski, A. 1998. The impact of information technology on travel agents. *Transportation Journal*, 37 (4): 20-25.

Lewis, I. & Talalayevski, A. 1997. Travel agents: Threatened intermediaries?. *Transportation Journal*, 36 (3): 26-30.

Lu, Y., Deng, Z. & Wang, B. 2007. Tourism and travel electronic commerce in China. *Electronic Markets*, 17 (2): 101-112.

Oz, E. 2006. *Management information systems*. 5th ed. Boston: Thomson.

Stair, R.M. & Reynolds, G.W. 2003. *Principles of information systems*: *A managerial approach*. 6th ed. Boston: Thomson.

Suraya, R. M. Y. Internet diffusion and e-business opportunities amongst Malaysian travel agencies. *Journal of American Academy of Business*, 6 (1): 78-84, March.

Walliman, N. 2006. *Social research methods*. London. Sage.

Werthner, H. & Ricci, F. 2004. E-commerce and tourism. *Communications of the ACM,* 47 (12): 101-105.

Werthner, H. & Klein, S. 1999. ICT and the changing landscape of global tourism distribution. *Electronic Markets*, 9 (4): 256-262, October.

APPENDICES

APPENDIX A: DISINTERMEDIATION AND REINTERMEDIATION IN THE U.S AIR TRAVEL DISTRIBUTION INDUSTRY: A DELPHI REPRISE

The following is a research paper that was conducted by McCubbrey and Taylor (2005: 464) on the effects of electronic commerce technologies and disintermediation and re-intermediation on the U.S air travel distribution industry, where researchers undertook a Delphi study to help to determine the effects.

1.1 ABSTRACT

According to McCubbrey and Taylor (2005: 464), a panel of Delphi researchers were employed in 1997-1998 to assist with a study that was undertaken to evaluate the effects of electronic commerce technologies and disintermediation and re-intermediation concerning the U.S air travel distribution industry. The researchers' predictions came to a major disintermediation and re-intermediation that would take place and that there is a great chance of traditional travel agents declining within five to ten years in future (McCubbrey & Taylor, 2005: 464). At the same time, the Delphi research panel forecasted numerous strategic threats and opportunities for the research participants, and as far as their predictions were concerned, by the end of 2002 the actual occurrence were close to what the research panel had forecasted (McCubbrey & Taylor, 2005: 464).

1.2 INTRODUCTION

McCubbrey and Taylor (2005: 464) state that since the development of the World Wide Web and e-commerce initiatives, many businesses have had to adapt to the idea of business operations changing. It is said that travel agents' main source of income is through commission, which they receive by selling airline tickets on behalf of supplier airlines, but because of the rise in competition throughout the airline industry, this has led to airline companies reducing costs owing to the pressure and their main aim was to target travel agents by reducing commission payments, while at the same time airline companies found new channels to sell directly to travellers by means of websites and call centres (McCubbrey & Taylor, 2005: 464). According to

McCubbrey and Taylor (2005: 464, 465), airline companies are doing everything in their power to motivate travellers to make use of their direct channels, and found a method where frequent flyer members and elite or non-elite travellers can gain free bonus miles if they purchase airline tickets through airline websites. It is quite obvious what the airlines' intentions were, namely to 'disintermediate' travel agents in order for them to stabilise and control their financial books, as well as gain customer relationship benefits through direct distribution, hence travel agents would suffer the consequences financially and on an operational level (McCubbrey & Taylor, 2005: 465).

McCubrrey and Taylor (2005: 465) identified that during the time that e-commerce was established in the mid-1990's, Internet entrepreneurs became aware that airline tickets were suitable to online purchasing as it sold effectively and profitably via the web. Hence more travel websites were developed such as Expedia, Travelocity and Priceline (McCubbrey & Taylor, 2005: 465). Already one can notice traditional travel agents being under threat by disintermediation, and are further threatened by 're-intermediation', which refers to new intermediaries established from web-based competitors or cybermediaries (McCubbrey & Taylor, 2005: 465).

According to McCubbrey and Taylor (2005: 465), a previous Delphi study was conducted where the panel made future predictions for 2002 and 2007 in order for them to establish whether the predictions that they made were accurate at the time, as the Delphi panel stated that accuracy can only be determined within a period of time.

This paper discusses more of the primary forecasts related to e-commerce direct channels such as e-tickets, and not on all predictions made by the panel (McCubbrey & Taylor, 2005: 465).

1.3 ACTUAL VS. PREDICTED RESULTS

1.3.1 Disintermediation of traditional travel agents

The study that was conducted in 1999 agreed with the predictions made by the panel and others that the chances of travel agents becoming disintermediated would occur, as shown in Table 1.1 (Topscott, 1995; Benjamin and Wigend, 1995; cited in McCubbrey & Taylor, 2005: 465, 466). The number of travel agency entities dropped

from 22,806 in 1997 to 17,030 in 2002 in the U.S (Topscott, 1995; Benjamin and Wigend, 1995; cited in McCubbrey & Taylor, 2005: 465, 466).

TABLE 1.1 ESTIMATES OF U.S TRAVEL AGENCY ENTITIES

Air Sales (Millions of $)	1993	1997	2002	2007
0-1M	14773	13408	7833	5334
1-2M	4600	5583	4267	2860
2-3M	1402	1900	1987	1933
3-4M	638	744	890	907
4-5M	316	421	633	663
5-10M	599	716	793	813
>10M	457	394	627	773
TOTAL	22785	22806	17030	13283

Source: McCubbrey, 1999; cited in McCubbrey and Taylor (2005: 466)

According to McCubbrey and Taylor (2005: 466), the predictions made by the panel was not off by much compared to the predictions of travel agency entities, however, the important point to take into consideration is that the predictions of the panel showed a major reduction between 1997 and 2007. By the end of 2002, the forecasts that were made were close to the actual occurrences (McCubbrey & Taylor, 2005: 466).

1.3.2 Did re-intermediation occur?

According to McCubbrey and Taylor (2005: 467), the 1999 study showed proof that the Delphi panel predicted a solid/ strong reduction in the total number of travel agency entities, but the reduction would not be owing to disintermediation. However, it may also have resulted from numerous other factors such as consolidation taking place in the air travel distribution industry, where larger companies absorb smaller agencies in order to take control of economies of scale (McCubbrey & Taylor, 2005: 467). In order to further investigate the question on disintermediation, as stated by McCubbrey and Taylor (2005: 467), the panel was given seven types of channels of which they had to do overall market share:

- National/ Global travel agencies;
- Independent local travel agencies;
- Airline direct services;
- Computerised reservation systems (CRS)/ Global distribution systems (GDS) direct services;
- Cybermediaries;
- Tour package specialists; and
- New competition (unspecified).

McCubbrey and Taylor (2005: 467) imply that it was possible for the panel to make accurate market share estimates of each channel in 2002 and 2007, thus the understanding would be that should the market share of airline direct services and cybermediaries increase, it would be clear that re-intermediation would take place. McCubbrey and Taylor (2005: 467) summarised the market share estimates made by the panel in Table 1.2 below.

TABLE 1.2 OVERALL MARKET SHARE ESTIMATES FOR EACH COMPETITOR (CHANNEL PARTICIPANTS) IN 2002 AND 2007

Channels	**2002**	**2007**
National/ Global travel agencies	33.5%	27.0%
Independent local travel agencies	25.4	19.7
Airline direct services	14.1	16.1
CRS/GDS direct services	5.1	6.6
Cybermediaries	11.9	17.3
Tour package specialists	5.4	6.5
New competitors (unspecified)	4.7	6.7
Total	**100%**	**100%**

Source: McCubbrey, 1999; cited in McCubbrey and Taylor (2005: 468)

According to Holly and Michels, 2003; cited in McCubbrey and Taylor (2005: 467), estimates for 2002 showed that traditional travel agencies would account for 58.9% of the total market share, whereas in 2002, 47% of air travel bookings were made through traditional travel agencies in North America. This indicates that the panel misjudged their estimates on the impact of online direct markets and cybermediaries (Holly and Michel, 2003; cited in McCubbrey & Taylor, 2005: 467).

Conversely, Table 1.3 shows an increase in the use of Internet when making travel reservations, as it increased from 5.3 million U.S adults who used the Internet to make travel reservations in 1997 to 39 million in 2002 (McCubbrey & Taylor, 2005: 468). A major reason for the increase in online bookings is owing to customer confidence in Internet transactions, which showed a considerable increase of 33% at the end of 2002, an increase from 27% the previous year thus indicating a safer consumer online purchase (Glab, 2003; cited in McCubbrey & Taylor, 2005: 468).

TABLE 1.3 TRAVEL PLANNING ON THE INTERNET

U.S adults who made travel reservations online (millions)						
	1997	1998	1999	2000	2001	2002
Online travellers	5.3	6.5	15.1	24.7	31.1	39.0

Source: Travel Industry Association of America, 2002; cited in McCubbrey and Taylor (2005: 468)

1.3.3 Which market segment would be most affected?

McCubbrey and Taylor (2005: 469) state that the 1999 study approached the panel asking them to identify market segments, which would lose the interest of traditional travel agents to either airline direct services or cybermediaries. The panel as mentioned by McCubbrey and Taylor (2005: 469) identified the following market segments:

- Large corporates;
- Small to medium-sized corporates;
- Knowledgeable business/ leisure travellers;
- Occasional leisure travellers; and
- Package/ adventure tours.

At the time that the Delphi study took place, the Internet was already a major channel for occasional/leisure travellers and knowledgeable business/leisure travellers (McCubbrey & Taylor, 2005: 469). However, in 2002 cybermediaries began to aim at the U.S corporate travel market with Expedia taking opportunities at the corporate travel section in November 2002, followed by other cybermediaries such as

Travelocity and Orbitz (Michels 2002; cited in McCubbrey & Taylor, 2005: 469). Even before Expedia opened its corporate travel section in 2002, they estimated that 15% to 20% of their bookings were from corporate travellers (McCubbrey & Taylor, 2005: 469).

1.3.4 What role does transaction complexity play?

As McCubbrey and Taylor (2005: 470) further investigated, the 1999 study came to believe that travel agents would benefit when it came to complicated transactions, whether the transactions were of a high or low frequency. Table 1.4 below provides results from the 1999 study on transaction frequency and complexity (McCubbrey & Taylor, 2005: 470).

Table 1.4 Relative competitive advantage of channel participants by transaction frequency and complexity

Complexity	Low Frequency		High Frequency	
High	Travel Agents	1.00	Travel Agents	1.00
	Airline Direct	2.20	Airline Direct	2.47
	Cybermediaries	3.27	Cybermediaries	3.20
	CRS/GDS	3.53	CRS/GDS	3.33
Low	Airline Direct	1.40	Airline Direct	1.93
	Travel Agents	1.93	Cybermediaries	2.40
	Cybermediaries	3.07	Travel Agents	2.60
	CRS/GDS	3.60	CRS/GDS	3.07

Source: McCubbrey; 1999, sited in McCubbrey and Taylor (2005: 470)

The panel's opinion on Table 1.4 was that travel agents would be at a competitive disadvantage to airline direct services and cybermediaries if transaction complexity is low regardless of whether transaction frequency is high or low, therefore, the predictions that were made were accurate based on true evidence (McCubbrey & Taylor, 2005: 470). However, according to McCubbrey 1999; cited in McCubbrey & Taylor (2005: 470), they had to prove that the predictions that were made were true, as quoted by McCubbrey 1999, cited in McCubbrey and Taylor (2005: 470):

"In 1995, after a long period of promoting partnership style arrangements with travel agents since the deregulation of the industry in 1978, the carriers imposed a cap of $50 or 10% (whichever is lower) on commissions paid for a round trip domestic flight. The previous rate of commission had been 10% with no cap. Commissions on international flights remained unchanged at 10%.

In September 1998 airlines dropped commissions to 8% for both domestic and international flights and retained the $50 cap on domestic flights. In November 1998 the airlines imposed a cap of $100 on international round trip tickets. As a result of the commission caps and reductions, many travel agents began charging their customers $10 to $15 to help make up for the lost airline commissions. To make matters worse for the travel agents, most large airlines began to encourage travellers to bypass travel agents and book their flights with the airlines directly".

Since then, airlines went on to reduce commission payments to travel agents and in March 2002 a great number of airlines cut out commission payment altogether, which caused travel agents to start charging customers a service fee, as they had no other source of revenue (McCubbrey & Taylor, 2005: 470). As discussed later with e-tickets, this made the revenue situation harder on travel agents (McCubbrey & Taylor, 2005: 470).

Furthermore, as described by McCubbrey and Taylor (2005: 471), owing to travel agents' charging service fees on airline tickets, many travellers found that there was no need for the use of travel agents when doing simple transactions, for example booking a return trip from one city to another in the same country, which raised the question: why pay a service fee to the travel agent when a ticket can be bought directly from an airline or cybermediary, as well as the benefit of doing business 24/7 when booking a ticket online of from a call centre? There is the saying that travellers perceive travel agencies as the best when it comes to customer service and being most reliable, however, as mentioned by McCubbrey and Taylor (2005: 471), cybermediaries are again believed to be the best when offering flight choices, as they are simple to use and find the lowest prices (Pfenning 2003; cited in McCubbrey & Taylor, 2005: 471).

The following statement is provided by Travelsense, which is a website maintained by ASTA, the American Society of Travel Agents, which advises consumers on the pros and cons when making air travel reservations online or not, and it contains the following statement as quoted by Travelsense 2005; cited in McCubbrey and Taylor

(2005: 471): *"The Internet can be a powerful tool for researching travel. But when you're ready to buy, the Internet can't replace the expertise of a trusted travel counsellor"*. Then later another statement states, as quoted by Travelsense 2005; cited in McCubbrey and Taylor (2005: 471): *"If you're accustomed to making all your own travel arrangements, the Internet can be a powerful tool"*. Furthermore, another industry observer gave a slightly different point of view, as quoted by Oakes 2002; cited in McCubbrey and Taylor (2005: 471):

"Over the past several years, consumers have become very comfortable purchasing tickets and completing basic bookings online. Now we're seeing the next phase where consumers turn to the web to research more complex travel needs".

Many people make use of the Internet to gather information so that when they approach a travel agent, they can control the bargain (McCubbrey & Taylor, 2005: 471).

1.3.5 How well would e-tickets be accepted?

McCubbrey and Taylor (2005: 471) finally discussed the acceptance of e-tickets as the panel was asked to predict acceptance in each market segment. According to travel agents' perspective, the problem with e-tickets is that it makes it possible for travel agents to be by-passed (McCubbrey & Taylor, 2005: 471). Table 1.5 provides a summary of the panels' predictions and the percentage of air travellers who made use of e-tickets by 2002 (McCubbrey & Taylor, 2005: 471).

TABLE 1.5 PERCENTAGES OF AIR TRAVELLERS IN EACH MARKET SEGMENT EXPECTED TO BE USING E-TICKETS BY 2002

	Large corporate	Small/medium corporate	Knowledgeable business leisure	Occasional leisure	Package/adventure tours
Percentage of travellers using e-tickets	87%	81%	83%	63%	51%

Source: McCubbrey, 1999; cited in McCubbrey and Taylor (2005: 471)

Therefore, it is believed that e-tickets would gain a great number of acceptance with all the market segments, especially in the corporate market segment and knowledgeable business/leisure market segment (McCubbrey & Taylor, 2005: 471).

Thus, the panel's predictions were on target with regard to e-tickets being popular amongst travellers (McCubbrey & Taylor, 2005: 472). The Wall Street Journal 2003b, cited in McCubbrey and Taylor (2005: 472), gave the example of American Airlines that in May 2003 cancelled the issuing of paper tickets when e-ticketing became available, as paper tickets would only be found at travel agents that would be charged a fee of $50 by American Airlines.

According to the International Air Transport Association (IATA), issuing paper tickets costs up to $10 to process, whereas e-tickets only cost $1, therefore, IATA implemented 100% issue of e-ticketing worldwide by 2007, which will in turn save costs for the air industry of $3 billion per year (International Air Transport Association 2005; cited in McCubbrey & Taylor, 2005: 472).

1.4 DESCRIPTION OF A DELPHI METHODOLOGY

According to McCubbrey and Taylor (2005: 476), the Delphi method was developed in the 1960's by the RAND Corporation. This development was owing to a problem, which the military had to deal with, where the Airforce approached a panel of experts to predict the outcome of technological developments and found that the experts acted according to the opinions of authority (most respected person in the room) (McCubbrey & Taylor, 2005: 476). The military then found that the panel only gave the opinion of one person and not different opinions brought about, and they, therefore, searched for a way where responses would be anonymous and everyone's opinions would be taken into consideration (McCubbrey & Taylor, 2005: 476). This led to Olaf Helmer of USC and Norm Dalkey of UCLA to take over the research project, which led to Delphi (McCubbrey & Taylor, 2005: 476).

RAND chose to use the Delphi method to forecast operational trends as they felt that the Delphi method was most reliable when opinions are from a group of experts (Dalkey & Helmer 1963; cited in McCubbrey & Taylor, 2005: 476).

According to McCubbrey and Taylor (2005: 476), RAND Corporation made use of the Delphi method to forecast technology, however, the Delphi method is now being used in many fields as a research tool, and there are 9 steps involved in the Delphi method, which are outlined as follows.

1. Define the problem- what is being researched and what will the results lead to;

2. Select knowledgeable participants- people who have knowledge of what is being researched by completing a questionnaire;
3. Structure the questionnaire- design of the questionnaire whether it is quantitative or qualitative, open-ended or close-ended;
4. Selecting the medium to contact participants- mail questionnaires, via email, telephone or face-to-face;
5. Distribute the questionnaire to selected participants;
6. Estimate the average percentage of the results;
7. Distribute a 2nd round of questionnaires;
8. Estimate 2nd average percentage of the results; and
9. Distribute a 3rd round of questionnaires.

1.5 SUMMARY

McCubbrey and Taylor (2005: 472, 473) mention that the reasons for conducting this paper was to compare the difference in predictions regarding what actually happened in the study on the impact of Internet technologies on the air travel distribution industry. It is, therefore, clear the panels' predictions was on target in predicting major outcomes such as the following stated by McCubbrey and Taylor (2005: 473):

- Customer acceptance of IT-enabled direct distribution;
- Customer acceptance of IT-enabled business such as e-tickets; and
- Resultant marked reductions in the number of travel agent entities.

Hence the results proved that the Delphi method worked well to predict the outcome (McCubbrey & Taylor, 2005: 473). Furthermore, McCubbrey and Taylor (2005: 473) state that travel agents who fail to recognise the impact of IT regarding the way that traditional business is operated will suffer the consequences if they do not incorporate technological trends.

APPENDIX B

Cape Peninsula
University of Technology

May 2011.

Dear Sir/ Madam

Attached is a questionnaire on an evaluation of information technology and its impact on the tourism industry, with special reference to selected tourism intermediaries in Cape Town.

As an employee, employer, owner or CEO of a travel agency, tour operator, hotel and airline company in Cape Town, you have been selected to participate in the completion of this questionnaire, which forms part of a study to investigate the impact of information technology on tourism intermediaries in association with the disintermediation (see explanation on following page), and consolidation of intermediaries in the tourism industry. Your contribution to complete this questionnaire will be greatly appreciated towards the completion of a Magister Degree study in Tourism Management.

The questionnaire has been designed to be completed in the shortest time possible. Anonymity of all respondents is assured.

Any enquiries should be sent to the researcher, Ms. Farouze Swartz, who will be able to assist with any queries related to the questionnaire at the following telephone numbers:

083 859 9959 or 021 376 5442 or Email: 204095565@cput.ac.za

Thank you for your co- operation.

Yours faithfully

Farouze Swartz (Researcher)

Supervisor: Professor IW Ferreira: Office number: 021 460 3932 or Email: ferreirai@cput.ac.za

The following terms have been referred to:

- Tourism intermediaries referring to travel agents and tour operators;
- IT – Information technology- refer to Internet, Computer reservation systems, online booking systems;
- Disintermediation refers to the process where intermediaries are eliminated from the travel industry;
- Suppliers refer to producers of travel products and services such as airlines and hotels;
- Commission refers to the percentage paid to travel agents by airlines to sell their products and services on behalf of suppliers;
- Cybermediaries refer to new intermediaries created by e-commerce travel services; and
- Re-intermediation refers to the process where the disintermediated agent becomes reestablished.

Tourism intermediaries (travel agents & tour operators) refer to section A; and

Tourism suppliers (hotels, airlines) refer to section B.

SECTION A (for travel agents & tour operators only)

Please read the following statements and select your preference according to the legend below:

LEGEND

1	2	3	4	5
Strongly Disagree	**Disagree**	**Undecided**	**Agree**	**Strongly Agree**

Please indicate with an X in the appropriate column		1	2	3	4	5
1.1	Information technology impacts on tourism intermediaries such as travel agents and tour operators:					
A	Negatively					
B	Positively					
C	No impact					
1.2	The growth of IT impacts on the financial status and profit margin of tourism intermediaries:					
A	Positively					
B	Negatively					
C	No impact					
1.3	New technological developments such as IT, the Internet and computer reservation systems could mean the downfall of tourism intermediaries.					
1.4	Travel agencies and tour operators have become aware of disintermediation in the industry owing to information technological developments in the tourism industry.					
1.5	Commission reduction by suppliers creates financial problems for travel agents.					
1.6	Information technology is changing constantly thus influencing tourism operations.					
1.7	Information technology impacts mostly on large tourism intermediaries in Cape Town.	1	2	3	4	5

1.8	Information technology impacts mostly on small tourism intermediaries in Cape Town.					
1.9	Information technology is seen as a strength for the tourism industry.					
1.10	Information technology is seen as a threat for the tourism industry.					
1.11	Managers in the travel industry are faced with challenges in the new technological era.					
1.12	The tourism industry can be recognised as being fit to capitalise on the technological revolution, as it has been rated as number one with respect to worldwide Internet transactions.					
1.13	The establishment of new cybermediaries can be seen as a threat to traditional travel agencies.					
1.14	The travel agent and tour operator can be re-intermediated into the new technological environment.					
1.15	The development of e-commerce can create disintermediation in the tourism industry because travel products are compatible with e-commerce.					
1.16	Tourists are bypassing traditional intermediaries as they make use of the Internet to purchase directly from suppliers.					
1.17	The Internet is changing consumer demand/ behaviour.					
1.18	Suppliers are dependent on travel agents to distribute and market their products and services to consumers.					
1.19	The prospective traveller will make use of a travel agent when making complex travel arrangements.					
1.20	Consumers will continue to make use of traditional intermediaries as they offer a multitude of travel products from various suppliers.					
1.21	Certain people will find computer reservation systems difficult to use and are thus forced to make use of intermediaries.					
1.22	Travel agents have become aware of the benefits of the Internet.					
1.23	Travel agents have built their own websites in order to reduce costs and increase their markets.					
1.24	Consumers do not trust online transactions.					
1.25	Computer reservation systems are too costly for travel agents and tour operators (intermediaries) to maintain.	1	2	3	4	5
1.26	Tourism intermediaries should establish themselves technologically.					

1.27	Travel agents should present themselves as travel consultants.					

SECTION B (for hotels and airlines only)

Please read the following statements and select your preference according to the legend below:

LEGEND

1	2	3	4	5
Strongly Disagree	**Disagree**	**Undecided**	**Agree**	**Strongly Agree**

Please indicate with an X in the appropriate column		1	2	3	4	5
2.1	Suppliers (hotels, car rentals and airlines) have a competitive advantage if they access their consumers directly.					
2.2	Suppliers benefit from cost savings through communicating directly with consumers via reservation systems, online booking services and e-commerce travel services.					
2.3	Suppliers benefit from cost savings by selling directly to consumers via reservation systems, online booking services and e-commerce travel services.					
2.4	Commission reduction by suppliers creates financial problems for travel agents.					
2.5	Suppliers use commission reduction to control cost pressures.					
2.6	Suppliers use commission reduction to control changing consumer demands.					
2.7	Information technology lowers transaction costs making it possible for new competition to enter the marketplace.					
2.8	Tourists are bypassing traditional intermediaries as they make use of the Internet to purchase directly from suppliers.	1	2	3	4	5
2.9	Suppliers are dependent on travel agents to distribute and market their products and services to consumers.					
2.10	Suppliers benefit when conducting travel- related reservations online, as they do not have to operate through middlemen such as travel agents and tour operators.					

SECTION C

Please complete the following about yourself:

3.1 Indicate the tourism sector in which you work		
A	Travel agent	
B	Tour operator	
C	Airline company	
D	Hotel	

3.2 Number of years employed at the company		
A	1- 2 years	
B	3- 5 years	
C	6- 10 years	
D	More than ten years	

3.3 Number of employees at the company		
A	Less than 5	
B	5- 15	
C	16- 20	
D	More than 20	