



E-Commerce as Key Factor for Tourism Development in India

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Abstract

There are a number of challenges that the travel and tourism sector in India face. The upcoming challenge is of handling the technological advancements in the commerce sector. The advanced and ever evolving trends in the electronic commerce sector has left the tourism sector a challenge, to be up to date and prepared to inculcate the new trends in order to have a healthy competition with the other sectors of commerce and management world of trading. The corporate world has taken over the majority of skilled labour providing them with the maximum salaries, hence leaving another challenge in the travel sector of rather small number of skilled labourers interested to seek employment in the field. Although there is great progress with even greater demand for tourism services in the country, the service provision to its best depends on how well the aspect of e – commerce is managed and incorporated with efficiency in the travel sector, by using advanced e-commerce practices makes them superior sector in travel industry. The paper analyses the significance of e – commerce as a key factor for tourism development in India. The paper also tries to examine the following factors.

- *Role of e – commerce in promoting tourist destination in India.*
- *The benefits of e – commerce on the number of incoming tourists and on the life of local service providers.*

Keywords: E-Commerce, Tourism.

1. Introduction

Tourism is commonly associated with international travel, but may also refer to travel to another place within the same country. According to the World Tourism Organization, tourists are people travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. Tourism has become a popular global activity for business, trade, education, medical treatments, agricultural need, raw materials, historical studies, cuisine, entertainment and many more evolving with the tick of the clock for every second. Today, tourism is a major source of income for many countries, and affects the economy of both the source and host countries; in some cases being of vital importance. Tourism is a dynamic and aggressive industry that requires the capacity to adjust continually to clients' changing needs and wishes, as the consumer loyalties, security and satisfaction are especially the centre of tourism organization. Tourism is a social, cultural and economic phenomenon which entails the movement of people from one country to another or from place to another; outside their usual environment for numerous reasons. Tourism has

to do with their activities, some of which imply tourism expenditure, advancements, trends, sustenance, history, hospitality and many more.

2. E – Commerce and E – Business

In the emerging global economy, e – commerce and e – business have increasingly become a necessary component of business strategy and a strong catalyst for economic development. The integration of information and communications technology (ICT) in business has revolutionized relationships within organizations and those between and among organizations and individuals. Specifically, the use of ICT in business has enhanced productivity, encouraged greater customer participation, and enabled mass customization, besides reducing costs.

With developments in the Internet and Web-based technologies, distinctions between traditional markets and the global electronic marketplace - such as business capital size, among others – are gradually being narrowed down. The name of the game is strategic positioning, the ability of a company to determine emerging opportunities and utilize the necessary human capital skills to make the most of these opportunities through an e – business strategy that is simple, workable and practicable within the context of global information milieu and new economic environment. With its effects small and medium scale enterprises can compete with large and capital - rich business.

It is recognized that in the information age, internet commerce is a powerful tool in the economic growth of developing countries. While there are indications of e – commerce patronage among large firms in development countries, there seems to be little and negligible use of internet for commerce among small and medium sized firms. E – Commerce promises better business for SMEs and sustainable development for developing countries.

E – Commerce – the conceptual framework Electronic commerce or E – commerce refers to a wide range of online business activities for products and services (Anita Rosen, 2000). It also pertains to “any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact”. E- Commerce is usually associated with buying and selling over the internet, or conducting any transaction involving the transfer of ownership or rights to use good or services through a computer - mediated network. A more complete definition is “ E – commerce is the use of electronic communications and digital information processing technology in business transaction to create, transform, and redefine relationship for value creation between organizations and individuals “ (Emmanuel Lallana, 2000).

The major different types of e - commerce are: business – to – business (B2B); business – to – consumer (B2C); business – to – government (B2G); consumer – to – consumer (C2C); and mobile commerce (m - commerce).

To manage the chain of networks linking customers, workers, suppliers, distributors and even competitors, an integrated or extended supply chain management solution is needed. Supply Chain Management (SCM) is defined as the supervision of materials, information, and finances as they move from supplier to manufacturer to wholesaler to retailer to consumer. It involves the coordination and integration of these flows both within and among companies. The goal of any effective supply chain management system is timely provision of goods or services to the next link in the chain.

3. Global Perspective of E – Commerce in Travel and Tourism

The travel technology is the application of Information Technology (IT) or Information and Communication Technology (ICT) in the travel, tourism and hospitality industry. One form of travel technology is flight tracking. Since travel implies locomotion, travel technology was originally associated with the computer reservations system (CRS). Travel technology may also be referred to as

e - travel: “electronic travel” or “electronic tourism”. E – Tourism can be defined as the analysis, design, implementation and application of IT and e – commerce solution in the travel and tourism industry; as well as the analysis of the respective economic processes and market structures and customer relationship management. E – Tourism can also be defined as every application of Information and Communication Technologies (ICTs) within both the hospitality and tourism industry, as well as with the tourism experiences. In other contexts , the term “travel technology “ can refer to the technology intended for use by travellers, such as light weight laptops computers with universal power supplies or satellite internet connections. The biometric passport may also be included as travel technology in the broad sense. XML – based technologies have become increasingly important for the travel industry. The biggest challenge imposed upon the tourism industry in adopting technology is the lack of accurate education of the ‘right’ technology that is suitable for their business. There is a very big gap between the tourism and technology industry. Some organizations have been able to tap into this gap and have turned them to Online Travel Agents (OTA). However, it is not needed for every tourism business to become an OTA to successfully utilize technology. Even though the growth of travellers using technology to source information is increasing at rapid pace, the business operators and workforce within the industry do not have sufficient knowledge, tools or strategy to utilize technology correctly. Other factors such as infrastructures and investments are not considered as big challenges any more, as the cost to acquire hardware and connectivity have dropped significantly over the years.

4. Technology in Travel and Tourism Sector in India

Technology assumes a critical part in the accommodation and tourism industry; both clients and organizations can profit by advances in correspondence, reservations and visitors administration frameworks. Innovation permits ceaseless corresponding and streamlines the visitors experience, from reservation to checkout. The internet has a drastic effect on accommodation and tourism.

For some organizations and areas, the experience begins much sooner than an explorer arrives it starts with the first visit to the site, where man sees photographs of the area and gets a feeling of what’s in the store. Mainly because numerous tourists companies are significant and distributed, these people make use of desktops to stay related. Personal computers allow verbal exchanges between branches and locations rendering it better to improve reservations and cross – company procedures. There are also employed in – house to help keep all the employees on a single site and make it better to gain access to data which could improve the visitor expertise: visitor personal preferences, cleaning data and booking details can certainly be managed on a single process.

5. Significance of e – commerce practice in India

E – Commerce practices in the travel and tourism sector in India is not entirely new, although fast growing in the past few years. The developments in computer and communication technologies have made it possible to have rented cars with computerized driving directions and self service, video terminals at renting counters in high traffic ports. The dawn of the age of personal computers (PCs) coupled with the advent of multimedia content, thereby spurring the interactivity between suppliers and consumers (Bubly & Bennett, 1994). The I.T. revolution has induced Business Process Reengineering (BPR) in virtually all sectors of the economy and tourism is no exception. This new application developed by the tourists in seeking services from government of India recognized service providers and receive quality and reliable services from them. The app demonstrates ministry of tourism’s commitment towards the use of technology for service delivery. Incredible India Mobile application (IMA) is available for the Android Phones on the Google Play store and for i-phones inn App Stores

Since tourism is a multi – dimensional activity, basically a service industry; it would be necessary that all wings of the central and state governments, private sectors become active partners in the endeavour to attain escalating growth in the travel and tourism sectors of India and make it to be a world players in the tourist industry, which would be possible only if the challenges are met by and solutions are arrived at to curb the situation.

6. E – Commerce in Travel and Tourism Sector

The growing technology and the information technology sector has taken the commerce and management sector of the world to a global perspective, to generate a simplified yet adversely challenging tech knowledge and advancement of each other sector with reference to trade and commerce. The travel and tourism sector is also a part of this global phenomenon. The tourism industry contributes a rather heavy chunk of the GDP to every nation. It would contribute over 75 % of the GDP over the next decade. There are many advances booking e – commerce systems that are unaware of by the small travel business opportunities to the global travel and tourism industry. Tourism – related institutions and internet companies are joining to tap the potential market created by e – commerce.

E – Commerce being an efficient portal to sell tour products has lead to complications such as fraud and fake identities. E – Commerce has reduced the success rates of small travel agencies. E – Commerce ha lead to the demand for the tourism employees to be well versed in the advancements in technologies. Although this being a good factor which would develop the nations employee skills; in India most tourism staff of minimum qualification require monetary support to pursue the required education with reference to e – commerce even though their knowledge about the travel destinations and hospitality in providing best services range well above the trained staff. The easy accessibility of information with the e – commerce applications has made the present generation of travel providers narrow minded with reference to geographical knowledge. There are numerous portals that offer services in a very detailed and simplified manner that the customers prefer to make their own travel plans instead of availing tour agent’s aid. False and improper information lead to the negative experiences and wrong notions about a place.

7. Factors Impacting E – Commerce Recognition In Tourism Industry

With the expansion of the tourism industry and growing logistical complexity in reaching out to the large base of domestic and international travellers, e – commerce based on marketing through information systems can assist the tourism industry to achieve cost reductions and greater productivity (Buhlias 2011). The industry is benefiting from greater computational speeds, and depths of understanding from research supporting theories that can be modelled and implemented for social and economic development (Berne et al. 2012). The rise of business technology, according to Schneider (2008), Turban et al. (2010) and Zwass (1996), occurred in the early 1970s when the development of Electronic Data Interchange and Electronic Funds Transfer facilitated electronic commerce transactions. These earlier technologies and then the emergence f internet late in the 20th century contributed to the phenomenon of e – commerce, especially in marketing (Goel 2008, Shareef et al. 2009). Zwass (1996, p.2) defines e – commerce as ‘sharing of business information, maintaining business relationship, and conducting business transaction by means of telecommunications network’.

Nowadays, tourism is a field where new technologies are being used to a great extent. The advantages are that Internet and e – commerce offer to travellers as well as to tourism organizations have made their use very popular. Such advantages are the direct communication between tourism suppliers and travellers, the revolutionizing distribution of tourism information and sales. In addition, tourism organizations due to the use of new technologies have the potential to sell their services to customers

24 hours a day. Moreover, new technologies enable potential travellers to plan their trips according to their wishes.

8. E – Commerce as a Key Factor for Tourism Development in India

During the last two decade new technologies caused a major breakthrough in the world economy as well as in many aspects of modern life. The rapid development of the information and communication technologies (ICTs) and of the Internet has caused significant changes in the society and the business environment worldwide. As a consequence, companies were “forced” due to the changes caused by the rapid development of the ICTs and the continually growing number of internet users to redefine the procedures they use in order to perform their transactions with their customers, suppliers and the state.

As explained above the findings and suggestions with reference to the challenges faced by the travel and tourism sector in India would be to attain the objectives and turn them into real life implementation. A culmination of ideas to enhance the sector has been laid down by the government authorities as well as other tourism organisations. This can accompany by looking into the needs and measures that have to be levied to the staff and small companies. Also the present generation of students pursuing studies in the travel industry need to be enlightened in this aspect and must given the opportunity to elucidate the various practices in real life. A great point to be added to this would be that the students be given the opportunity to work and learn on the e – commerce practices during their internship projects.

The ICTs and the internet have offered and continue to offer companies and organizations facilities, new opportunities and possibilities they can exploit in order to make profit. However, new technologies have also induced new threats and risks that companies have to face in the new technological environment they conduct business in. New technologies offered significant advantages to companies; the most significant advantage is the cost reduction in transactions. E – Commerce is an important tool for the companies that effectively use it. It s said that e – commerce is one of the most important innovations in the field of the new technologies and the internet. E – commerce offered to companies the major advantage of worldwide access to international and national markets with low cost, increasing as a result their sales and consequently their profits. E – Commerce and new technologies offer to tourism companies. An advantage that customers gain is the fact that the customer is able to buy products and services at any time of the day directly from the tourism companies challenging the role of the intermediates.

Tourism companies also gain important advantages by the ICTs and ecommerce. Tourism companies offer to their customer’s information, services and products 24/7.

The function of marketing improves through cheaper and more effective advertising of products and services through the internet compared to the traditional means of advertising like television and radio. In addition, tourism companies interact directly with their customers saving time and money. However, the most important advantage that marketing gained by the new technologies and e – commerce is the personalization of services and products that the tourism companies are able to offer to their customers. The key to success is the rapid recognition of new customers through personalized and modern products and services that satisfy their needs.

9. Conclusion

The technological development that occurred due to the development of the new technologies and e – commerce changed to a great extent the market conditions in the tourism industry. The development of the ICTs and e – commerce offered new tools to tourism marketing and management. Furthermore,

new technologies enabled companies to increase their efficiency and to redesign their communication strategy with customers and suppliers. However, it must be pointed out that companies can exploit the advantage that new technologies offer to them only if managers contribute to the integration of ICTs into daily business functions until new technologies are incorporated into the business's mission.

This paper showcase an in depth view into the challenges faced by the travel and tourism sector in India and they need to be addressed immediately to make changes to see evident results in the level of progress. It is of high essence to avoid the decline of many small travel companies and to help generate more employment opportunities; hence directly more contributing t greater service providers in the field and lead to the development and progress of tourism in India with reference to service provision. The past data help analyse how the process of evolution of IT over time and how much potential it has in the future. Many of the other countries have already taken steps on this aspect, leaving the challenges in India unattended as it faces a different target market to tend. Further research analysis is required.

Finally, it worth mentioning that customers gained great power through the development of new technologies. As a result, customers can determine the elements of the tourist package they want to purchase. Moreover, the easy access to information that customers have gained through Internet, resulted in them becoming more sophisticated and experienced and therefore harder to please.

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