Chapter 5

DISCUSSION AND IMPLICATIONS
5.1. Introduction
This chapter discusses the interpretations of the findings that have been presented in Chapter IV. Being a three-part study, the research objectives have been taken up according to the parts. This format of discussion has been followed for organizing the content in a consistent style. The conceivable reasons for the findings have been presented with evidence from other research studies wherever applicable. In cases where this study has found a new link or finding, it has been mentioned that it is specific to this case or that such an attempt has not been made earlier in other studies. The implications of the findings for the Small and Medium Tourism Enterprises (SMTEs) are discussed.

5.2. Part – I: SMTE-related findings
In the space of a few years, information and communication technologies (ICT) have had an enormous impact on the tourism industry worldwide. The SMTEs need to take advantage of using the Internet to reduce their marginalization from the mainstream tourism industry and to make their products available to institutional buyers and independent tourists globally. The Internet provides them with two major opportunities: the direct customer contact and a new worldwide distribution channel. In this context, the following findings about SMTEs and their e-marketing perspectives and practices are discussed.

5.2.1. SMTE characteristics
The SMTEs were well diversified representing an amalgam of tourism products - accommodation, access, attractions and auxiliary services. Some of the surveyed SMTEs operated in more than one category. For example, a small- or medium-sized hotel offering bike rental to its customers. By virtue of the sampling criteria applied for the study, the SMTEs practiced e-marketing. Hence it can be concluded that e-marketing was practiced across all tourism product categories. Even auxiliary services like tourist wedding photography (such as www.mauritiuswedding.com) and souvenir
businesses (such as www.mauritiusshipmodels.com) had well-designed websites and successful e-marketing programs.

The annual sales (including online sales) turnover of a majority of SMTEs fell in the range of Rs.2-4 million. SMTEs in Mauritius and Andaman Islands, India experienced seasonal demand, by virtue of their geography and topography. The off-season was characterized by poor occupancy rates (in accommodation sector) or load factors (in access sector) and subsequently there was lot of promotional pricing to stimulate demand. Off-season promotions were used to attract the domestic segment also.

Concerning e-marketing tenure, there were more late entrants (e-marketing tenure < 2 years) than early adopters. As is the case with the diffusion of any technology, the early adopters were few in number. Many of them were using other forms of electronic communication tools such as e-mail prior to having their own websites. Later those tools were integrated into their websites. The SMTEs had also revamped their websites since the launch, adding functionality and updating contents.

In respect to the pay-off from e-marketing, majority of the SMTEs attributed 10-20 per cent of their sales to e-marketing. In moving from a brick-and-mortar format to a bricks-and-clicks format, the offline sales continue to bring in a major portion of the revenue. The sales revenue attributed to e-marketing show a steady though slow rise. Since the external drivers such as customer acceptance and readiness are high for the online mode, the percentage contribution of revenues through e-marketing is bound to increase. An SMTE with high e-marketing pay-off is dependent on the Internet as a major marketing channel for communication, transaction and distribution.

When questioned on 'how critical is e-marketing to succeed in the marketplace?' the access and attractions categories expected e-marketing to be more critical as compared to other categories. It may be because of their intermediary and dependent status in the industry. For example, a tour
operator may feel threatened by a hotel using e-marketing to reach the customers directly. Moreover, once on the destination, the hotel may have a strong influence on the tourist activity. To counter the disintermediation threat facilitated by the Internet, these categories need to re-invent themselves (say, as infomediaries and e-marketers) and avail the opportunities on the Internet.

5.2.2. E-marketing activities
SMTEs involved in e-marketing activities like communication, transaction and planning. Online customer communication emerged as the most popular activity. A recent United Nation’s study (UNCTAD, 2005b) reports that the distribution of tourism information and products over the Internet is the main area where technological innovation has had the most profound impact on tourism enterprises and thus supports this finding.

Activities such as market research and intelligence gathering, generally considered being of strategic significance, suffered poor patronage from the SMTEs. This may be due to a myopic view of the Internet as a popular media and not as a strategic tool. This finding is in conformance with previous studies (Morrison et al., 1999; Franch et al., 2003; Buhalis, 2003a; Collins et al., 2003) which had concluded that till now the Internet has not been an enabler of processes for structural, managerial or commercial reorganization for SMTEs. In spite of a positive perception of the usefulness of new technological tools such as email and websites, these technologies have been used only to conduct traditional business in a new way, bringing advantages in terms of efficiency and efficacy, but not being used to redesign the internal management and organisational structure nor the network of relations with local partners within the value chain. But technology can offer significant advantages in operational (for example, property management systems), tactical (for example, yield management) and strategic management (for example, decision support systems) of SMTEs (Hewson, 1996).
The accommodation, access, attraction and auxiliary service business did not differ in their level of involvement in different e-marketing activities. They used e-marketing for customer communication and to carry out marketing transaction and planning. As a result, it emerges that though the perceived criticality of e-marketing differs among them, their involvement in e-marketing activities does not differ. Perceived criticality may be considered as a function of a firm’s position in the industry structure. Hence intermediaries such as the access category perceive e-marketing to be more critical in the light of the disintermediation threat.

5.2.3. E-marketing motivators and inhibitors
Wymer and Regan (2005) pointed out that a common thread throughout much of the SMTEs e-marketing research is the study and application of variables that either act as barriers (inhibiting adoption and use) or incentives (promoting adoption and use). A number of research studies (Buhalis and Main, 1998; Caldeira and Ward, 2002; Buhalis and Deimezi, 2003; Soliman, 2003; Al-Qirim, 2004; Magnusson, 2004) have attempted to group these variables into categories, but there is much inconsistency. These variables varied considerably in different models and research methodologies. This research also makes a point concerning the e-marketing motivators and inhibitors.

5.2.3.1. E-marketing motivators
From the survey with SMTE e-marketing decision-makers, ‘convenience to customer’ and ‘access to new markets’ were found to dominate an exhaustive list of perceived benefits. It represents the customer orientation and growth aspiration of the SMTEs. B2B e-commerce benefits and the mass customization ability of the Internet did not seem to be appreciated much.

A factor analysis yielded four dimensions of e-marketing motivators. The customer benefit factor implied better quality of service, improved information access and wider product/supplier choice. The transactional
benefit factor referred to improved efficiency in interacting with trade partners as well as savings in transaction cost and time. The growth benefit factors indicate huge potential in terms of access to new markets and reaching new customers and trade partners. E-marketing opens a world of opportunities for the SMTEs. E-marketing practices like collaborative/affiliate marketing have promising prospects for SMTEs. Buhalís (1996) had strongly argued for SMTEs cooperation at the destination level in order to increase their total competitiveness as a destination (or as the total tourism product) against substitute tourism and leisure products or factors that reduce their profitability or market share. SMTEs' often myopic perception of competition that concentrates exclusively on neighbouring similar enterprises should be reconsidered. For example, a tourism producer may find it advantageous to establish and broaden its online offer by including booking for other local producers in an effort to offer consumers a comprehensive tourist product. The operational benefit factors entailed better quality of marketing communication and simplified marketing practice. Frangialli (1998) pointed out that Information Technology (IT) can enable the delivery of seamless tourism experiences through networks of small providers facilitated by an amalgamation of independently-produced products.

5.2.3.2. E-marketing inhibitors
Inhibitors like 'lack of confidence' and 'lack of awareness' ranked the highest. It may be summarized that scepticism about the potential benefits of e-marketing is the biggest hindrance to the SMTEs' e-marketing initiatives. Lack of knowledge indicated a lack of know-how of e-marketing. Initial set-up cost and system integration difficulties also figured among the top five barriers. Initial set-up cost refers to the one-time cost of designing a website and hosting it through a web hosting service provider. System integration refers to aligning the new e-marketing system with its existing terrestrial counterpart.
This finding differs from the earlier studies that had identified the following variables as key inhibitors: lack of resources and small size (Werthner and Klein, 1999); security aspect of Internet access, reliability of communications, lack of interest in e-commerce opportunities, insufficient e-commerce skills as well as initial and continuing costs of the Internet, telecommunication costs (Buhalis and Deimezi, 2003); data-security concerns, network reliability and bandwidth (Soliman, 2003). Some of the earlier studies had identified inhibitors such as negative attitude towards ICT (Evans and Peacock, 1999) and fear of losing control by depending on external ICT expertise (Anckar and Walden, 2001) among the proprietors of SMTEs.

The e-marketing barriers emerging from this study may be classified into four categories according to their nature:

- confidence-related barriers (such as lack of confidence, fear of change, ‘it-won’t-work’ attitude and lack of awareness),
- ability-related barriers (such as lack of knowledge and integration of the old and the new systems),
- resource-related barriers (such as non-availability of skilled human resources, poor technology infrastructure and no support from the government) and
- cost-related barriers (such as initial set-up cost human resource cost, training cost and running cost).

Interestingly, the human resource-related barriers such as human resource availability and training cost do not figure as key barriers at all. It may refer to the availability and affordability of human resource with the necessary technical skills to implement e-marketing.

From the findings of this study, the need to educate the SMTEs about e-marketing arises. Destination Marketing Organizations (DMOs) and trade associations have a responsibility in educating and training SMTEs on e-marketing. Case studies of SMTEs (such as www.wildorchidandaman.com
demonstrating a high e-marketing pay-off will serve to alleviate the inhibitions and provide confidence and motivation for other SMTEs to follow suit. Marketing has generally been a weakness for the SMTEs. But e-marketing can take them to a level-playing field.

5.2.4. First-mover advantage among e-marketers

Two key findings emerge from this study. SMTEs with longer e-marketing tenure perceived e-marketing to be more critical to their success when compared to SMTEs with shorter e-marketing tenure. Early adopters reaped a higher pay-off from their e-marketing initiatives when compared to the late entrants. As a result, there is a justifiable first-mover advantage for the SMTEs with a long e-marketing tenure. This may be explained by their seriousness and approach in e-marketing. They probably had a better e-marketing plan compared to the late entrants among whom a lot of 'me too'-ism prevails. Being first-to-the-market offers opportunities to garner a greater share of the mind or market. It is more so in the online marketplace as evidenced from the success of online brands such as Amazon, Yahoo! and Google all of whom were first-movers in their respective e-commerce categories, namely e-retail, online portal and search business.

The first-mover advantage can be explained by the entry-barriers created by the first-moving SMTE for the followers. For example, trade partnerships and affiliate marketing agreements may not be available for the followers. Among the worldwide customer base, first-mover brands quickly achieve ubiquity through word-of-mouth and word-of-mouth. Biswas (2004) has suggested that recognised brands and customer loyalty are related to such an extent wherein the customer is more willing to pay a premium. This may be one explanation for Amazon’s continuing domination of their market, despite the fact that it is not necessarily the cheapest vendor on the Internet.
The above finding does not support the wait-and-watch policy of the overcautious SMTEs. Now is the time to take the plunge else it may be too late for them. SMTEs are strongly recommended to have a web presence at least on a small scale if not on a large scale. Recent trends in the use of ICTs in general and particularly for travel and tourism show that the more online experience consumers have, the more likely they are to look for tourism information and buy tourism products online. Being a first-mover gives an edge in e-marketing.

5.2.5. Critical success factors of e-marketing

The factor analysis yielded four dimensions that were labelled as: relationship factor, resource factor, demand-supply factor and synergy factor. The relationship factor implied connection, communication, acceptance and trust in both B2B and B2C contexts. In the e-commerce research area, trust in online purchasing has captured a central part of academic interest. Several studies (Lewis and Semeijn, 1998; Jarvenpaa et al., 2000; Reichheld and Schefter, 2000; McCole and Palmer, 2002; Grabner-Kraeuter, 2002; Gefen et al., 2003) have identified trust as a critical success factor in online transactions. This finding reinforces the earlier findings on this relationship factor. But a unique relationship factor emerges in this study – the relationship with business partners. Tourism is a networked industry that bundles elements provided by different types of suppliers, mostly SMTEs and it is based on cooperation in the creation and distribution of the product. Hence the relationship with business partners is crucial to succeed in e-marketing. The prosperity of the destination and SMTEs are closely interrelated, as the fortune of one heavily depends upon the management and competitiveness of the other (Buhalis, 1994). As a result, even DMOs actively participate in this network.

The resource factor referred to external sources that facilitate a SMTE’s e-marketing. SMTEs are limited by their resources. At the
destination level, the support of the government and the guidance of the DMO are essential for the success of SMTEs.

The demand-supply factor indicated the need for sustainable supply to meet the demand. The challenge for SMTEs in developing nations is to meet the demand of the customers from developed nations. E-marketing can suffer from the digital divide in the global economy wherein the SMTEs have to deal with Internet-savvy tourists from the developed nations. In order to be appealing, the SMTEs have to provide the best possible online customer interface (that is, the website) for that is where the demand is met with supply in the marketspace.

The synergy factor pointed to an integrated marketing at the firm level and collaborative marketing at the industry level. Integrated marketing refers to coordinating the offline and online marketing initiatives to provide a unified view of the firm. In the networked tourism industry, ICT provides unprecedented opportunities for the coordination of SMTEs; enables SMTEs to provide a seamless tourism product in order to enrich the total customer satisfaction; enhances business efficiency; and empowers organizations with economies of scope. Buhalis (1996) has effectively argued for SMTEs to operate as a network and shed a very narrow view of competition. SMTEs should aim to increase the ‘size of the pie’ rather than the ‘size of the slice’. E-marketing practices like affiliate marketing have tremendous potential for SMTEs.

5.2.5.1. Importance and incidence of critical success factors
SMTEs’ performance on the critical success factors was different from what was desired. It leaves a gap for the SMTEs to address and redress. The largest gaps existed for the following factors: user-friendly online interface (considered as supply to meet the online demand), developing specific tourism products for the online market and integration with the existing system. Several studies (Keller and Staelin, 1987; Huizingh, 2000) have addressed the effectiveness of an e-commerce website with reference to the
site content and design. The usefulness of a website not only depends on the information content but also on the tools (for example, decision aids such as currency converter) provided for navigating through and evaluating the use of the information.

As per the importance-performance matrix, two critical success factors are identified for the SMTEs to work upon. They are: developing specific tourism products for the online market and integrating e-marketing with the existing system. Interestingly both these factors complement each other. Since the online and offline customer motives are not the same, specific offerings (by modifying the marketing mix) may be developed for the online market. For instance, the delivery of seamless tourism experiences by networks of small providers is possible more easily online than offline. The difficulty for bricks-and-clicks enterprises is systems integration. For instance, if the customer finds a disparity between the online and offline interfaces, it could lead to a confused positioning. Systems integration should include both the front- and back-end systems to present a consistent, unified view of the marketing system.

5.3. Part – II: SMTE website-related findings

There are not many studies focussing on the effectiveness of SMTE websites. This research may take credit for findings hitherto not envisaged concerning the design of online customer interfaces of SMTEs. From several website evaluation frameworks (such as Doolin et al., 2002; Ditto and Pille, 1998; Wan, 2002; Mich and Franch, 2000) available, one with a marketing orientation (Rayport-Jaworski’s 7Cs framework, 2002) was chosen and applied. The findings have significant implications for SMTEs. Linking website design elements with e-marketing pay-off brings helps to identify the best practices from high-performing SMTE websites. This study did not consider the specifics of website effectiveness such as technical performance and it is outside the context of this study.
5.3.1. Best practices in SMTE website design

SMTEs in accommodation, access, attraction and auxiliary service categories do not differ in their website design. That is, the website design elements of a hotel are not necessarily different from, say a car rental company. In spite of the diversity of operations, the SMTE structure and the similarity in tourist information requirements when visiting a site contribute to a consistent approach to website design. Moreover, to provide a seamless tourism experience through a network of suppliers consistent interfaces are helpful so as not to distract the customers.

However, some studies (Beldona et al., 2005; Werthner and Klein, 1999) have suggested providing different interfaces depending on the complexity of the product. For instance, booking on a car rental site is considered less complex than booking a tour package on a tour operator website. Therefore perceived ease of use from the customer's point of view is an issue for the SMTEs to consider. The aspects of the website that relate to perceived ease of use are the information, features and functionality available on the site. This is especially the case with complex products such as tours, packages and cruises, where consumers seek exhaustive information before making the purchase decision. The need for assistance in travel reservation task increases when the complexity of product is high and the knowledge of the customer is low. One solution for the SMTEs is to offer different approaches for tasks (for example, a ‘walk-me-through’ approach for complicated tasks and a ‘click-through’ approach for simple tasks) on their website. Moreover, the online shopping motivators may vary depending on the type of tourism product bought. In such a case, a consistent website design among the SMTEs offering different tourism products is not recommended.

5.3.1.1. Association between website design and e-marketing pay-off

The search for best practices in the design of online customer interfaces highlighted certain differences between the websites of SMTEs with high e-
marketing pay-off and those with low e-marketing pay-off. The SMTEs who enjoyed a high pay-off from their e-marketing initiatives had web design elements such as content, communication and connection (from among the 7Cs) working for them. Commerce is conspicuous by its absence.

While commerce is the end, content, communication and connection represent the means to that end for a website. The transaction needs follow the information needs. The content indicators such as essential information, itineraries/tour/product information, maps, security/privacy statement, quality assurance and price information represent the information needs of website visitors. Connection indicators such as useful links and affiliate links offer a directed flow of navigation with business opportunities. For the e-marketer, it offers scope for up and cross selling. For the visitor/customer, it offers continued and purposeful flow of navigation and convenience. Communication indicators such as FAQs, email form, opt-ins (for example, online registration), helpline and offline contact details offer interactivity (from limited to real-time interactivity) in communication with the visitors.

The association between content and high e-marketing pay-off only reinforces the Internet adage – ‘content is king’. A website is first a tool for marketing communication and then for marketing transaction. In summary, the SMTEs expecting rewards from their e-marketing initiatives need to pay special attention to content, communication and connection elements of their website design. This finding does not negate the importance of the other 4Cs – community, customization, commerce and context but only suggests that content, communication and connection characterize the top dog SMTE websites.

5.3.1.2. Correlation among the customer interface design elements
The content and customization dimensions correlate positively with the overall score of all the dimensions put together. The implication for the e-marketer is simple: visitors come for content and they would like to view it
the way they like. This customization may be user defined or marketer defined. Mohammed et al. (2002) describe the former as personalization and the latter as individualization or customization. Either way, it means giving it the way the visitor wants. The content must be broad enough to offer different unique views to the visitors. SMTEs should develop content which would appeal to a broad spectrum of audience and provide customization.

The SMTE websites are found to be wanting in community aspects (such as customer postings and user-to-user interaction) of the website design. Accommodating user-generated content (such as travel experiences and travel tips) can add value to an SMTE website. The growing number of social networking sites and blogs speak in favour of user-generated content that has credibility attached as a desired characteristic. It may be difficult for SMTE websites to host all the user-generated content, but they can always link (if required, as an affiliate) to the customer blogs as more and more travellers maintain their own blogs.

A negative correlation emerged between content and context. This may be explained as SMTEs balancing between providing cognitive benefits (for example, an objective transactional benefit such as a quality assurance certification) and affective benefits (for example, a multimedia virtual tour of the hotel and the destination) to the website visitors. Striking this balance is key for an SMTE website.

5.4. Part – III: SMTE tourists-related findings
This section discusses the demographic and behavioural (including the online consumer behaviour) characteristics of the SMTE tourists. Several studies (Burke, 1997; Buhalis, 1998; Palumbo and Herbig, 1998; Emmanouilides and Hammond, 2000; Heung, 2003) have attempted to profile the online customers. But one must consider the rapid pace of technological change that according to researchers such as Grewal et al., (2004) and Limayem et al., (2000) is causing online shopping to move very
quickly through adoption cycles of introduction to growth and eventual maturity. This would suggest that research based on consumer attitudes of 2000 may not accurately reflect behaviour of online consumers in 2005. A good example of this problem is illustrated by research into the issues of trust in e-commerce, where much of the background data is based on consumer attitude surveys done in 2000 or earlier (some as far back as 1997) and may not really take into account how those attitudes and subsequent behaviour may have changed since then. For example, online auctions via eBay, before 2000 considered a somewhat fringe activity, have according to the BBC (2004a) become the most popular form of consumer-based e-commerce and security issues virtually unheard-of in 2000 such as ‘phishing’ are now the subject of mainstream news stories (BBC, 2004b). Therefore it is not unreasonable to conclude that the consumer’s expectations of e-Commerce have altered in the past few years.

5.4.1. SMTE customer profile
The SMTE customers are profiled on the basis of their demographic (such as age, level of education and living area) and behavioural (such as Internet user status, purpose of visit and annual travel- and tourism-related spending) data. The online consumer behaviour data comprises of the sources of information/awareness about SMTE websites, popular websites (top-of-the-mind recall), on-site behaviour (website features noticed and used), purchase decision-making process and tourism products bought online.

5.4.1.1. Characteristics of Internet and non-Internet users
Internet and non-Internet users differed in terms of travel purpose. Further investigation revealed that the honeymoon travellers and adventure tourists (for activities like SCUBA diving, snorkelling, wind surfing, parasailing, big game fishing and so on) were typically Internet users. This has implications for SMTEs (in all tourism product categories) who need to have a well-defined target segment for their e-marketing initiatives. The
specific customer needs can be derived from such a target plan and these needs have to be addressed by the SMTEs. Moreover, e-marketing collaboration is possible. For example, a small or medium hospitality enterprise would do well to place an affiliate link in an adventure tourism site such as www.diveindia.com, which may be a right place to meet a customer. SMTEs need to cooperate at the destination level in order to increase their total competitiveness as a destination or as the total tourism product (Buhalis, 1996).

Though previous studies (notably, Palumbo and Herbig, 1998 and Burke, 1997) had identified the demographic traits (such as young, affluent, well educated and so on) of a typical Internet user, this study found no other significant difference in the demographic characteristics between Internet users and non-Internet users among the respondents.

Among the reasons given by non-Internet users for not having accessed the Internet at all for any tourism-travel-related search were reasons like ‘unfamiliar technology’, ‘Internet is too crowded’, distrust for online information and comfort level with the regular offline options. Some of these reasons can be addressed by SMTEs through well-integrated marketing communications. Though the Internet is very crowded with more than a billion websites, an SMTE website can still show up at the customer’s computer through pull or push measures such as a well targeted email campaign, contextual advertising, search engine optimization and search engine marketing. The distrust for online information can be overcome by establishing quality and credibility through regulatory agency certification and self-enforced online security and privacy policies. The SMTE website domain name also needs to be advertised in the offline media to create awareness.

5.4.1.2. Online consumer behaviour

Few important findings emerge from the study of online consumer behaviour. Among the online sources of information about SMTE websites,
search engines ranked first, followed by links in other websites, online ads and word of mouse. As a result, it becomes imperative for an SMTE website to go for search engine optimization (to appear among the top ‘free search’ results) and search engine marketing (to show up as a ‘paid search’ result). In a study of SMTE’s e-marketing pay-off, the search engine optimized websites provided better returns on investment (Anandkumar, 2006). It also helps to be ‘connected’ to other related websites to avail redirected site traffic. Word of mouth/mouse and tourist guide books were popular sources concerning Andaman Islands whereas online ads and hyperlinks were popular concerning Mauritius.

In terms of the top-of-the-mind awareness about tourism-travel-related websites, the popular travel portals scored high followed by special interest sites such as www.scubadiving.com. SMTEs would profit much by participating in the affiliate network of such special interest sites. For example, www.mauritiusswedding.com is a niche site offering wedding photography services to tourists visiting Mauritius for their wedding and honeymoon. A small or medium enterprise in the accommodation sector will do well to place a link in this site and be found by a honeymooner.

The on-site behaviour of the tourists revealed that the multimedia mix elements enjoyed a higher noticed-to-used ratio compared to offering mix and appeal mix elements. It is a valuable finding for the SMTEs on website content. This pattern reinforces the popular use of the Internet as a communication and distribution channel than as a transaction channel (Peterson et al., 1997). Intriguingly, features like intra-site search and online ads received very little attention. The on-site activities reveal a goal-directed behaviour since ‘places to see’ or ‘things to do’ ranked high on both noticed and used website features. Informational features dominate over the transactional features on a website. Based on the post-search behaviour, it is recommended that a website be part of the SMTE’s integrated marketing communication as a visitor may follow up an online
search by establishing an offline contact directly or indirectly (say, through the DMO contact office).

Many studies (Oliver, 1999; Betts, 2001; Mayer, 2002) have mentioned that there is a vast amount of window shopping taking place online but the number or the rate of surfers who turn into shoppers is very low. While several reasons are attributed to this behaviour, lack of consumer intention to purchase an offering from the online environment is cited as a common reason. The findings of this study seem to reinforce this. It was found that the websites of attractions category of tourism business (such as those SMTEs offering adventure tourism activities like SCUBA diving and game fishing) had a higher purchase-to-visit ratio. The visitors to this category websites are more focussed (since these websites are not general purpose websites) and with an intention to purchase.

Among the tourism products purchased online, the accommodation sector ranked first, followed by the ‘access’ and ‘attractions’ sectors. An SMTE in the accommodation sector can create cross-selling opportunities with other sectors. In this research, access does not include travel to and fro the destinations since the service providers do not fit into the SMTE criteria. In studies (eMarketer, 2004; UNCTAD, 2005a) assessing the overall business-to-consumer (B2C) e-commerce scenario, travel industry represents the largest source of B2C revenues. But in this SMTE-specific study, accommodation sector emerges as the largest.

Since there is an association between the type of tourism products bought online and the tourists’ destination, the SMTEs at the two chosen destinations have to follow different strategies. The higher online purchase of attractions in Andaman islands may point to serious adventure tourists as the key tourist segment for this destination. Steps must be taken to find (push) or to be found by (pull) this segment online by various strategies such as email marketing, contextual advertising, targeted promotions, search engine optimization, search engine marketing and leveraging from
social networking sites (such as the special interest sites and SCUBA blogs). Similarly, the higher online purchase of access and auxiliary services in Mauritius may point to holidaying or leisure tourists as the key tourist segment for this destination. Apart from the general e-marketing strategies, this segment may be reached through affiliate marketing initiatives by collaborating with pure-click travel portals, island tourism-specific sites and through offline measures such as travel fairs and advertising in travel-related literature.

5.4.2. Online search and shopping motivators and inhibitors

5.4.2.1. Online search motivators

The motivators of online search emerging from the study are explained below along with the implications for SMTEs. They appear in the descending order of their ability to motivate tourists to use the Internet to search and to plan their travel.

a. Ease of information gathering – Search engines have made online information search easy. A tourist can easily obtain precise and accurate search results using meta search engines (such as www.dogpile.com) and travel-specific search engines (such as www.mobissimo.com). The ease of searching for information emerged as the top motivator to rely on Internet for information search.

b. ‘To look for cheaper deals’ – The tourists’ perception that cheaper deals may be available online drives them to use the Internet for information search. Many vendors do price their offerings cheaper online than offline. Several e-business models are based on the Internet’s ability to dis-intermediate and connect directly by which the cost and possibly the price of the offerings are reduced.

c. ‘To find out the weather information’ – Tourism destinations tend to be seasonal in their demand depending heavily on the weather conditions. Tourists consider bad weather as a risk in their travel and
holiday plan. Hence they minimize this risk by finding out the weather information (such as ‘best months to dive’, ‘best months for game fishing’, cyclone seasons and so on) concerning their destinations.

d. ‘To have more choices/variety’ – Searching on the World Wide Web offers wide results. Tourists like to have more choices of destinations and more variety of product offerings. Online search provides them with the choice and variety thus creating fragmented markets.

e. ‘Internet is practical for searching’ – The way information is organized on the World Wide Web makes the Internet very practical for searching. Search engines (such as Google) can take in a variety of search queries and parameters and come up with an incredible amount of search results. Even on a specific website, site search utilities are available.

f. Intermediary avoidance – Many tourists mentioned that tourism and travel intermediaries rip them off with high service charges. The intermediaries are looked up as agents trying to ‘push a particular deal’ rather than as objective, reliable, independent middlemen. Hence, given a chance, many tourists would like to by-pass them and the Internet provides the opportunity to avoid the intermediaries and contact the tourism service provider directly or at least the independent, third parties.

g. ‘To find out the price information’ – The Internet leads to a democratization of knowledge and provides a greater degree of transparency. Many tourists search the Internet to find out the price-related information.

h. ‘To know about the place of visit’ – The tourists while trying to maximize on their holiday experience, are keen to know what to do at the destination. While the information found offline (say, in brochures) is limited in scope and content, online information is
posted on a website is trustworthy. Some websites overcome this limitation by displaying their quality certification or consortium membership prominently on the website. This may serve to reduce the search dissonance temporally. Searching online sounded impersonal for the tourists who preferred a personal touch in their information search. Therefore, they contacted intermediaries (such as DMOs and travel agents) offline. Intermediaries can lend a high degree of personal touch in the travel decision-making process. Their expertise, credibility and customer relationship developed over a period of time retains them as the preferred source of information for tourists looking for a personal touch in the Information Age.

5.4.2.3. Online shopping motivators
The leading motivator to shop online was the convenience factor provided by the online shopping experience at every stage of the tourists’ decision-making process. The Internet’s anytime-anywhere convenience enhanced by information ubiquity and information processing tools make it an attractive marketing channel option. This finding is in conformance with several earlier consumer behaviour studies (Swaminathan et al., 1999; Heung, 2003; Starkov and Price, 2003; (Beldona et al., 2004) in the travel and tourism industry context.

The second motivator to shop online was finding cheaper deals online compared to offline channels. As explained earlier, the disintermediation effect and direct contact with the service provider result in the possibility of cheaper deals. Apart from these, several Internet resources and utilities assist the tourists to verify and compare prices before the purchase decision.

Werthner and Klein (1999) suggested that tourism may be considered to be a ‘confidence good’ since the tourists must be confident that the experience purchased will materialize and satisfy their expectations. Internet inspires this confidence in the tourists and it emerges as the next
leading motivator to shop online. The transparency and the assurance in dealing directly with the service provider and not through any intermediary provide confidence to the tourists to shop online. The credibility of the online vendor established by quality assurance measures (say, online payment verification by VeriSign) also contribute to this consumer confidence. Tourists were motivated to shop online by the efficiency of the Internet as a medium and as a channel. Online interactivity, quick response time, real-time communication possibilities, ability to pay electronically (say, through a credit card), almost nil transaction errors coupled with the speed and accuracy of information systems make online shopping very efficient.

Tourists are also motivated by the Internet’s utility in travel and holiday planning. Many tourism sites offer suggestions, recommend itineraries, provide lot of additional information, link to relevant and useful websites (by which they shape the website visitors navigation as purposeful yet comprehensive) and deliver visitor interest-based content on subsequent visits.

5.4.2.4. Online shopping inhibitors

The following list explains the online shopping inhibitors found out in the study. Their implications for the SMTEs are also mentioned therein. Several studies (Lewis and Semeijn, 1998; Weber and Roehl, 1999; Jarvenpaa et al., 2000; Grabner-Kraeuter, 2002; Gefen et al., 2003; Järveläinen and Puhakainen, 2004) have identified transaction risks (such as security, privacy and trust) as the online shopping inhibitors. Apart from these reasons, this study has identified certain shopping experience factors (such as ‘wanted personal contact’ and ‘wanted more interactivity’) as online shopping inhibitors.

a. Privacy and security reasons – Online shopping transactions require customers to disclose personal information such as credit card details. The surveyed respondents expressed apprehensions about the
safety of such disclosure. They were worried that their personal information may be misused and their online privacy may be lost. Many SMTEs address this issue by posting their online privacy and security policy. Many online scams and credit card frauds inhibit the tourists from purchasing online.

b. Wanted ‘personal’ contact – The surveyed tourists referred to the absence of ‘personal touch’ in an online shopping transaction as an inhibitor to purchase online. The impersonal nature of online transactions can be mechanical, unfriendly and very programmed whereas personal interactions with a salesperson can be warm, friendly, helpful and quite reassuring. It may be viewed as a matter of current perception as the online consumer behaviour evolves over time.

c. ‘Offline transactions are more interactive’ – The online shopping transactions are very limited in terms of interactivity between the website and customer. Tourists may therefore shy away from purchasing online and prefer offline transactions that are more interactive. For a customer seeking additional information during a transaction, offline transactions may prove to be more satisfactory than online shopping interactions.

d. Not trustworthy – The surveyed respondents who did not shop online cited that SMTEs may not be trustworthy in their e-commerce initiatives. The size and brand obscurity does not help to inspire confidence. It was a judgement of their e-commerce abilities, more specifically, their online payment systems. This perception also had to do something with the overall destination’s e-commerce infrastructure and its credibility. The SMTEs in Mauritius addressed the issue of trust and enhanced their credibility by signing-up with the centralized electronic payment system operated through the DMO website (www.mauritius.net).
e. SMTE websites are not e-commerce enabled – Many of the SMTE websites are not e-commerce enabled. They are more intended for information sharing and at the most, accept online reservations, but not for online shopping transactions. It may relate to the scale and affordability of some of the Internet technologies. Also, the SMTEs themselves have their own security concerns in offering online shopping. A tourist wanting to purchase online may be turned off by a site that does not offer online shopping. SMTEs can consider a collaboration mechanism such as coming together in a destination portal or in a centralized electronic payment system as described earlier. This helps them attain a virtual size to afford and apply the relevant technologies.

f. Fear of hackers – Many of the e-commerce sectors are hindered by hackers. The surveyed tourists sighted the fear of hackers (that is, those who steal online information such as password or credit card details and misuse them for a fake id or committing a fraud) as an inhibitor to shop online. Several hack-proof measures and mechanisms are available. SMTEs need to avail them to boost their online security and instil confidence in the customers to shop online.

g. ‘Don’t know how to shop online’ – Not all tourists are Internet savvy and they do not know how to shop online. They may search online but they shop offline. SMTEs need to offer online customer assistance on ‘how to shop online’ at their websites instead of assuming that every tourist knows how to do it. Utilities such as currency converters and help facility such as Frequently Asked Questions (FAQs) will be of assistance to the customers.

h. ‘Will be tied up with a fixed itinerary’ – Most of the online shopping transactions provide little scope for change or modification in the future. They seem to favour those who book and pay well in advance in terms of heavily discounted prices. Customer-initiated changes at
a later date may be difficult to accommodate for an online vendor for reasons such as volume-based B2B deals. Therefore tourists who would prefer a very flexible itinerary shy away from shopping online.

i. ‘Someone else did the booking for me’ – There were instances when the tourist made the booking through someone else, though there was an inclination on the part of the tourist to shop online. Therefore SMTEs may need to educate the website visitors on a ‘do-it-yourself’ travel planning and purchasing.

5.4.3. Online shopping motivators across tourism product categories

A correspondence analysis indicated that the online shopping motivators for different tourism/travel products are different. Transactional objectives (such as convenience, efficiency and better prices) motivated accommodation and attractions buyers while informational uses (such as price comparison, detailed information and trip planning) motivated the access and auxiliary product buyers. Beldona et al. (2005) contend that a correspondence map delineates travel components based on consumer perceptions of situational criteria. For example, flights and car rentals are relatively more established sectors in the online travel segment. The access sector has greater price transparency, which drives consumers to seek more evaluative information on that front. On the other hand, consumers attach more importance to transaction convenience and efficiency in SMTE services (such as accommodations and attractions) that are not so established. The SMTEs offering different tourism products should be aware of these motivators and be responsive to the tourists.

5.5. Objective 4: Scope for improving SMTE e-marketing

Traditionally the vast majority of tourism suppliers are small. Hence, they have enormous difficulties in marketing their products globally and compete with larger counterparts (Frangialli, 1998). However, the
development of the Internet also empowers even tiny tourism organisations and destinations to be represented in the electronic marketplace and to network with consumers and partners alike. Specifically, the Internet empowers the marketing and communication functions of remote, peripheral and insular destinations as well as SMTEs that are enabled to communicate directly with their prospective customers and differentiate their products according to their needs. The findings of this research have certain implications for SMTEs. The following section discusses these implications and therefore, suggestions have been laid out for SMTE e-marketing.

5.5.1. Implications for SMTEs

Although technology appears to threaten the very existence of small tourism firms without resources, know-how and access to distribution channels, a more optimistic view counters that ‘competent entrepreneurs, regardless of their size or location, will take advantage of the opportunities that the Internet offers to obtain equal footage with larger companies’ (Buhalis, 2003).

SMTEs may face the problem of ‘digital divide’ since they cater to tourists who are from developed nations and likely to be Internet-savvy. It is therefore imperative for them to benchmark themselves with the best practices in the industry and follow them. This study identified certain best practices followed by SMTEs. For example, these practices included online customer interface design elements such as content, communication and connection. In the highly dynamic e-marketing environment, websites evolve through constant upgradation but care must be taken to incorporate those website elements that best characterize content, communication and connection.

There was a justifiable first-mover advantage for the SMTEs. Since the tourism market is fragmented, being first-mover need not be first to the online market but first to any of the fragmented online market segments.
SMTEs will do well to segment the online market based on demographic, behavioural and profiling information and target a segment to move in early, if not first.

SMTEs’ performance on the critical success factors is different from what is desired and thus leaving a gap. The largest gaps exist for the following factors: user-friendly online interface (considered as supply to meet the online demand), developing specific tourism products for the online market and integration with the existing system.

Tourism and technology have become inextricably linked and are changing the way tourists gather information about a destination and purchase tourism products. The tourists’ data indicate the demand-side factors that affect SMTE e-marketing. The demographic and behavioural characteristics of Internet users among the tourists help SMTEs in their segmentation and targeting. For example, based on the travel purpose, SMTEs can reach honeymoon travellers and adventure tourists online through well-targeted e-marketing campaigns.

There were several inhibitors to use the Internet to search and shop for travel and tourism products. Some of them are concerning the need to integrate e-marketing with its terrestrial counterpart. Integrated marketing communications will help to present a unified view of the enterprise by which consistency and continuity may be ensured.

Since online shopping motivators differed for different tourism products, the SMTEs must gear to provide the relevant expected benefits for the different categories of tourism products. The study revealed that transactional objectives motivated accommodation and attractions buyers while informational uses motivated the access and auxiliary service buyers.

Enhancing the ICT use of Small and Medium Enterprises (SMEs), through technology support and e-marketing training, can especially support smaller companies. The Destination Marketing Organizations (DMOs) have a role to play in providing this training. Presenting the results
of a three-year study on the usage of ICTs in a fragmented and SME-dominated European tourism sector, Evans et al. note that small tourism firms may well remain lost in the electronic marketplace, unless they are assisted in the usage of ICT tools and acquire the skills needed to participate in the digital economy (Evans et al., 2001). DMOs, through awareness creation and support, have a responsibility in taking the SMTEs to the next level of e-marketing – from operational to tactical to strategic use of the Internet.

5.5.2. Suggestions for e-marketing

While it is certain that embracing ICTs is no longer an option for the SMTEs, but a necessity (UNCTAD, 2001), what is optional is the type of information technology and the nature of use. SMTEs are strongly recommended to have a web presence in the form of a website at least on a small scale if not on a large scale. The web presence can be enhanced through e-marketing techniques such as search engine optimization that dramatically increases the chances of the website to appear among the top search results. Search engine marketing is another useful online advertising technique that helps the website to be located by a tourist searching online.

SMTEs need to realise that ICTs can be used not only for operational purposes but also for tactical and strategic management. Apart from activities that generate operational efficiency, SMTEs should use e-marketing to create competitive advantages (through cost effectiveness, differentiation, customer relationship management initiatives and cooperation with other SMTEs) or off-set their competitive disadvantages of size, resources, geographic isolation, and market reach.

SMTEs must cooperate at the destination level in order to increase their total competitiveness as a destination (or as the total tourism product) against substitute tourism and leisure products or factors that reduce their profitability or market share (Buhalis, 1996). SMTEs’ often myopic perception of competition that concentrates exclusively on neighbouring
similar enterprises should be reconsidered. Technology provides unprecedented opportunities for the coordination of SMTEs at the local level; enables SMTEs to provide a seamless tourism product in order to enrich the total customer satisfaction; enhances business efficiency; and empowers organizations with economies of scope. Collaborative e-marketing strategies such as affiliate marketing create a win-win proposition for the collaborating e-marketers in the form of redirected traffic with clear intent. Affiliate links offer a directed flow of navigation with business opportunities. For the e-marketer, it offers scope for up and cross selling. For the website visitor, it offers continued and purposeful flow of navigation and convenience. Cooperating, rather than competing, with other local entrepreneurs will enable them to develop their virtual size and compete on equal footage with some of their larger competitors. Consequently, strategic management for both destinations and SMTEs should aim to increase the ‘size of the pie’, and thus the benefits for everyone involved in the local tourism industry, rather than the ‘size of the slice’ for each individual enterprise.

In an increasingly globalized world, technology is fast emerging as the chief homogenizing agent. As tourism marketing makes use of the e-commerce technology, care must be taken to design and implement rewarding online service encounters to create moments of magic for the customer. In the online environment, the competitor is a click away and a returning customer is never by accident. Unless the websites provide a rewarding service encounter in terms of customer value and experience, they may be turning away customers.

5.6. Chapter conclusion
The key points that emerge from the discussion of the findings are: a) e-marketing is widely practiced by SMTEs across all tourism product categories mainly for marketing communication, transaction and planning; b) SMTEs need to grow in their level of e-marketing – from informational to
transactional to transformational use of the Internet; c) SMTEs need to fine tune their segmentation and targeting based on the tourists’ demographics and Internet user status; d) A first-mover advantage was noticed among SMTEs practicing e-marketing as being first-to-the-market offers opportunities to garner a greater share of the mind or market; e) SMTEs should aim to increase the ‘size of the pie’ rather than the ‘size of the slice’ using e-marketing practices like affiliate marketing; f) SMTEs expecting rewards from their e-marketing initiatives, need to pay special attention to the content, communication and connection elements of their website design; g) Based on the tourists’ post-search behaviour, it is recommended that an SMTE’s website be part of its integrated marketing communication; h) Since the online search experience of the tourists affects their decision to purchase online, the SMTEs should strive to enhance the on-site search experience by developing and organizing useful website content; i) SMTEs should be aware of and responsive to the online shopping motivators of the tourists since these motivators vary according to the tourism product bought.