E-MARKETING MOTIVATORS, INHIBITORS AND CRITICAL SUCCESS FACTORS: A STUDY OF SMALL AND MEDIUM TOURISM ENTERPRISES (SMTES) IN MAURITIUS AND ANDAMAN ISLANDS, INDIA

Thesis

submitted to Cochin University of Science and Technology in partial fulfilment of the requirements for the award of the degree of

Doctor of Philosophy

Under the

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By

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November 2007

Declaration

I hereby declare that this thesis entitled '**E-marketing motivators, inhibitors and critical success factors: A study of small and medium tourism enterprises (SMTEs) in Mauritius and Andaman islands, India**' submitted to Cochin University of Science and Technology for the award of the degree of **Doctor of Philosophy** under the **Faculty of Social Sciences**, is a record of bona fide research work done by me under the supervision of **Dr. C. A. Francis**, Professor, School of Management Studies, Cochin University of Science and Technology.

It has not formed the basis for the award of any Degree/ Diploma/ Associateship/ Fellowship/ any other similar title or recognition.

- S. Victor Anandkumar

Cochin
November 20, 2007

Certificate

This is to certify that the thesis entitled '**E-marketing motivators, inhibitors and critical success factors: A study of small and medium tourism enterprises (SMTEs) in Mauritius and Andaman islands, India**' submitted to Cochin University of Science and Technology for the award of the degree of **Doctor of Philosophy** under the **Faculty of Social Sciences**, is a record of original and bona fide research work done by **Mr. S. Victor Anandkumar** during the period 2002-07 under my supervision and guidance. The thesis is worthy of consideration for the award of the degree of Doctor of Philosophy in Social Science of the Cochin University of Science and Technology.

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Acknowledgements

'If you ever see a turtle on a fence post, you can be sure it did not get there by itself'
*(*Alex Haley in *Roots*, 1976*)*

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If I have forgotten to mention anyone here, it must be to do with my middle-age memory and not my grateful heart. **Am feeling like the turtle mentioned earlier ...**

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Cochin **- S. Victor Anandkumar**
November 20, 2007

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INTRODUCTION

1.1. Introduction

The marketing function of a business has been exposed to various changes and challenges with the introduction and diffusion of the Internet since the 1990s. As a result, the last decade of the 20th Century was a revolutionary period of time for the marketing discipline. Its subject matter did not change: marketing still pertains to the exchange of value between buyers and sellers. However, the routes and dynamics of the systems accommodating these exchange processes and transactions are challenged strongly with the 'Internet phenomenon' entering the world of businesses and the lives of consumers (Kimiloglu, 2004).

1.1.1. The Internet impact on business

The Internet is reshaping the entire marketplace, affecting every entity on both the supply and demand sides in the value chain of a business. It is changing the way customers, suppliers and companies interact, creating huge opportunities as well as unforeseen threats (Callahan and Pasternack, 2002). It has brought the businesses close to the customers, providing an interactive medium of direct contact between originally distant parties. It has become a vital tool in the gathering of market intelligence, transaction of business, distribution of products and networking of trade partners. Ultimately, firms investing in Information Technology (IT) attempt to gain a competitive advantage by lowering their cost or by improving customers' perception of the quality of their products and services, and hence differentiating their offering (Porter and Millar, 1985). The Internet impact has been felt not only by the supply side, but also the demand side. Prior to the Internet, technology had only had a relatively low-scale impact on consumer behaviour (Grewal *et al.*, 2004). The shopping trolley may have changed how much the consumer could carry, the car changed where the consumer shopped, and bar code scanning changed how vendors operated, but according to writers such as Feather (2002) the Internet promises to change the very way consumers shop. In an information-defined transaction

space, customers learn about products differently, buy them differently and have them delivered differently. As the ubiquitous Internet begins to unfold, consumers will be constantly enveloped in a digital environment and business strategies will have to change radically (Kenny and Marshall, 2000).

1.1.2. The Internet impact on marketing

While the Internet has a transformational impact on all the functions of a business, the marketing function has arguably seen the greatest change. The marketing activity of a business occurs through three types of channels: distribution, transaction and communication channels (Peterson *et al.*, 1997). The extant literature in e-commerce has documented various advantages for businesses to market directly on the Internet, which can be classified into those three channels based on the functions performed:

Communication channel (to facilitate information exchange between sellers and buyers):

- Used for accessing, organizing and communicating information
- Facilitate connectivity and improve interactivity
- Gather information about customers via surveys and monitor their online behaviour
- Use customer information for new product development and introduction, relationship building and personalization

Transaction channel (to perform sales activities):

- Improve visibility and reach a much larger customer base
- Improve revenues by exploiting cross-selling and up-selling opportunities
- Streamline transaction processing, thereby reducing task complexity, paperwork and transaction costs
- Customize promotion and sales to individual customers and improve flexibility

Distribution channel (to facilitate exchange of products/services):

- Eliminate huge inventories, storage costs, utilities, space rental and so on
- Shorten the supply chain and reduce commission and operating costs

The Internet is increasingly being recognized as an important emerging commercial medium and marketing environment. An important consideration in the business analysis of the Internet as a media and marketing environment is to recognize that it possesses unique characteristics such as interactivity in a many-to-many communications environment, flow, experiential and goal-directed behaviours (Hoffman and Novak, 1996). As a result, the Internet presents a fundamentally different environment for marketing activities compared to traditional media. In this environment, distance is dead and hence being far or near does not count; size does not matter and hence being big or small does not guarantee any advantages. The Internet creates a level-playing marketing field in which even a small and medium enterprise (SME) can compete and thrive. In fact, the Internet carries significant advantages for small businesses. Through e-marketing, they may find the opportunity to expand their businesses through online channels with very low entry barriers and reach large markets that would never be accessible to them in an offline context (Hormozi *et al.*, 1998).

Given this milieu, a study of e-marketing critical success factors for the small and medium enterprises in developing nations assumes significance. A study focussed on a growing industry such as tourism characterized by a predominant presence of SMEs could bring out the e-marketing benefits and barriers and also provide directions for e-marketing.

1.1.3 The Internet and tourism industry

The heterogeneous, intangible and perishable nature of tourism products distinguishes them from other industries and explains the importance of information in this industry. Due to the pivotal role information plays in the

description, promotion, distribution, amalgamation, organization and delivery of tourism products, the Internet technology has become a main source of sustainable competitive advantage and a strategic option. The development of tourism e-commerce can allow firms to access new customers, access remote or niche markets and offer alternative access to traditional customers.

E-marketing is attractive to the tourism industry as travel is an information-based product (Connolly, Olsen and Moore, 1998) and the Internet is full of information. Unlike durable goods, intangible tourism services cannot be physically displayed or inspected at the point of sale before purchasing. They are bought before the time of their use and away from the place of consumption. With these inherent characteristics, the tourism industry is almost entirely dependent upon information availability, representation, description and exchange to help tourists make a purchase decision. Timely and accurate information, relevant to consumers' needs, is often the key to satisfaction of tourist demand. The tourism industry is learning fast that the Internet can satisfy these marketing imperatives far better than any other existing technology. The Internet and the related ITs provide the information backbone that facilitates tourism. In few other economic activities are the generation, gathering, processing, application and communication of information as important as in tourism for day-to-day operations.

Tourism and Internet are ideal partners (WTO, 2001b). For tourism enterprises, the Internet offers the potential to make their products available to a large number of tourists at relatively low cost. It also provides a tool for integrated marketing strategy through communication and relationship development with tourism suppliers and intermediaries, as well as customers. For tourism consumers, among various channels to market, the Internet has probably received the greatest attention and produced the highest expectations of impact and adoption. As today's consumers are

more focussed on time saving and are more likely to access a greater proliferation of product information, the Internet offers several advantages for information search and online shopping. These factors have resulted in the tourism and travel sector taking a larger share of e-commerce globally.

1.1.4. Tourism in developing countries

Developing countries are major tourist destinations. They now attract 35 per cent of international travellers each year (UNCTAD, 2001). However, a large proportion of the profits from tourism drain out of the world's poorer nations and back to large travel firms, hotel chains and booking and transportation providers based in developed countries. The Internet offers a chance to change that pattern. Tourism providers in developing countries can access customers directly. Their online direct customer interfaces (that is, the websites) can offer authentic flavour, unique insights and specialized local knowledge that a big international service provider cannot. The challenge for developing countries is to reorganize their tourism marketing so that they can benefit from Information and Communication Technologies (ICTs). Well-designed websites can allow local companies to offer tourists a full package, including reservations, flights and currency exchange. Thus the profits stay at home and contribute to local economic development.

Considering the importance of the tourism economy for many developing countries, and in particular its role as an employer and earner of foreign currency, the need to maintain and increase competitiveness through adopting e-marketing best practice is acute. The main actors in the tourism industry include governments, tour operators, distributors and wholesalers, hotels, airlines and other transport operators and, most important of all, the tourists themselves. Each of these actors has a stake in the development of the electronic market. On the demand side, the trends are encouraging. The growing number of Internet users who want to obtain tourism-related information and prepare their itineraries and the growing demand for new travel experiences respectful of environmental preservation and involving

cultural, natural and social resources open up huge opportunities for developing countries (UNCTAD, 2005*a*)

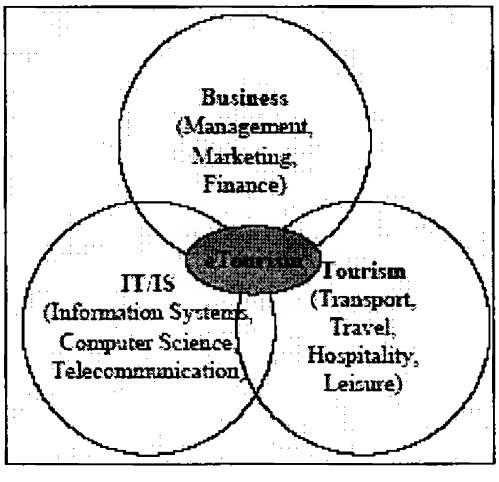
Tourism enterprises in developing countries, particularly small and medium enterprises, face challenges in taking full advantage of opportunities because of their slow adoption of ICTs. A recent UNCTAD (2005*c*) expert report stressed the current low level of development and adoption of ICTs in developing countries. Recurrent practical impediments to the e-marketing of tourism in developing countries include the low level of ICT access among tourism enterprises, particularly those in remote areas, the level of education and available human resources and the rapid evolution of technology. In addition, the expert report recognized that technology is no longer the main impediment for developing countries, as it is becoming easier to acquire.

In this context, identifying the best practices of e-marketing among the small and medium tourism enterprises (SMTEs) and also the search and shopping needs of the tourists would serve a great purpose in developing e-marketing strategies to promote the destinations in developing countries.

1.2. Statement of the problem and research framework

This is a study of interactions among business, tourism and technology as illustrated in Figure 1.1.

Figure 1.1. **Focus of the study**



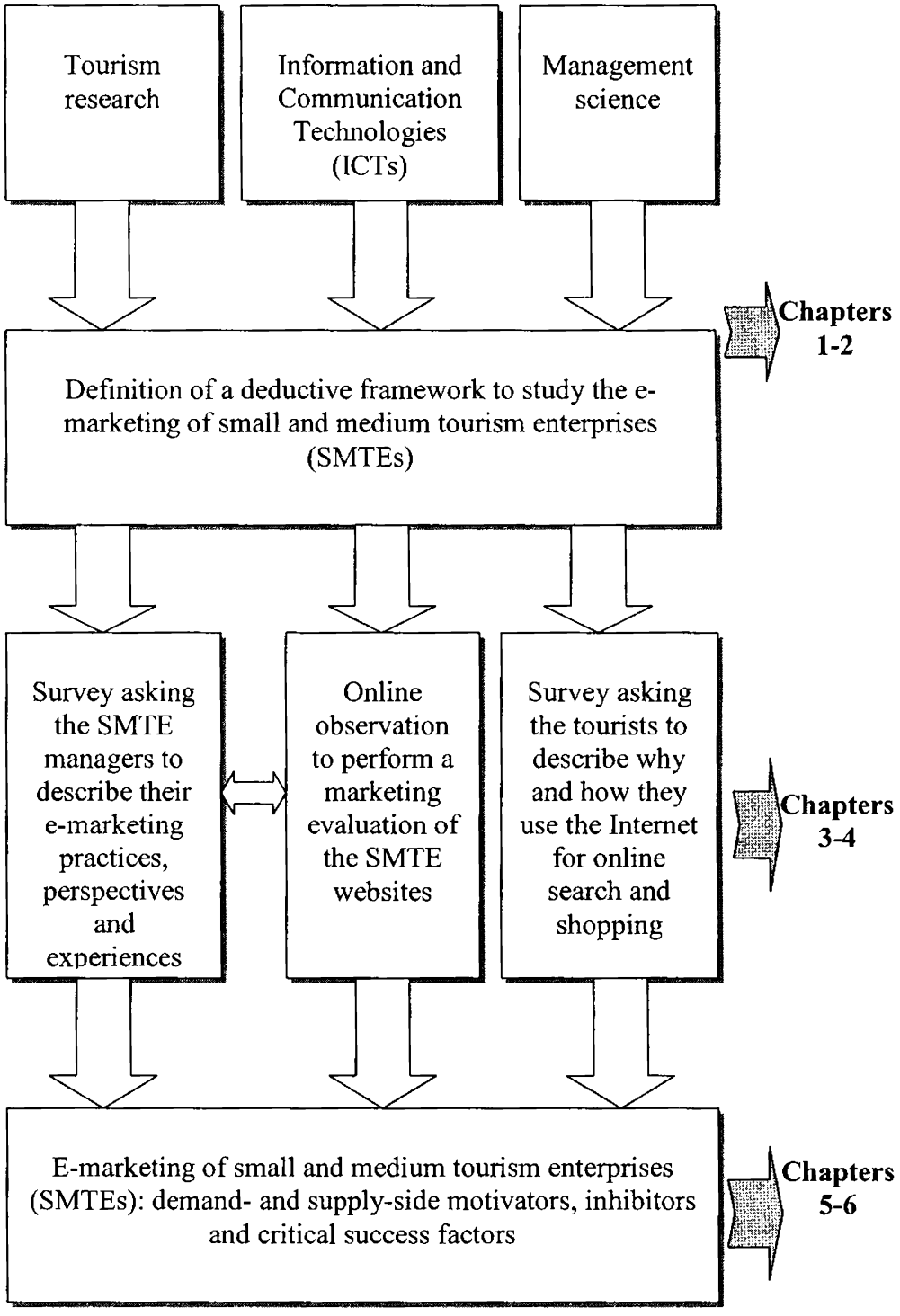
The online tourism and travel sales are a substantial and growing proportion of total sales in one of the world's largest industries. Tourism and travel industry was the largest source of business-to-consumer (B2C) e-commerce revenues with $52.4 billion in 2004, and is predicted to reach over $119 billion by 2010 (NYU/PhoCusWright, 2003; PhoCusWright, 2005; eMarketer, 2004; 2005). Despite these facts, there still exists a lack of comprehensive literature on the practice of e-marketing among the SMEs in this sector and little or no literature with a unified view, incorporating both the enterprise (supply-side) and the customer (demand-side) views. The aim of this research is to assess the e-marketing practices of SMTEs in small and developing island economies and also their customers' (that is, the tourists) e-marketing experiences.

The main research questions are: How is e-marketing practiced by SMTEs? What are the supply- and demand-side motivators of e-marketing among SMTEs? What are the supply- and demand-side inhibitors of e-marketing among SMTEs? What factors (both internal and external) contribute to the success of the e-marketing initiatives of SMTEs?

Islands are unique when compared to other geographical attractions. Island tourists are characterized by likeness in intent and oneness in activity (centred around the sun, the sea and the sand). Free from many intervening variables (such as distractions and counter-attractions), island tourism lends itself to a focussed research leading to realistic findings and plausible suggestions. Mauritius in the Indian Ocean and Andaman Islands (India) in the Bay of Bengal are the sampled island destinations for the study purpose. Endowed with similar natural resources and attractions, these remote destinations differ in terms of their tourism infrastructure development and marketing strategy and hence represent the whole spectrum of destination marketing strategies. They are dominated by SMTEs and virtually un-researched in this aspect.

This is a multi-disciplinary research involving tourism, ICT and business. The research framework is depicted in Figure 1.2.

Figure 1.2. **Research framework**



1.2.1. Why study the small and medium tourism enterprises?

1. *Dominance of SMTEs*:

Tourism destinations are traditionally dominated by SMTEs that provide an amalgam of products and services such as accommodation, catering, transportation, attractions, activities and auxiliary services. SMTEs originate a variety of benefits for the destinations by providing tourists direct contact with the local character and also by facilitating rapid infusion of tourist spending into the host community, stimulating the multiplier effects (Buhalis, 1996). They also contribute significantly to the range, variety, authenticity and quality of the 'tourism experience'.

2. *Under-researched nature of SMTEs*:

While SMTEs make up the majority of firms in the industry, little is known about their marketing approaches or activities. In the marketing literature, there has been a steady growth in interest in Small and Medium Enterprises (SMEs) since the late 1980s, but there has not been a concomitant growth in marketing-related studies. Not to mention, very few studies have addressed the e-marketing aspect of SMTEs.

3. *Weaknesses of SMTEs*:

SMTEs face unique challenges. Much like other SMEs, they tend to be time- and resource-poor, with their size being the main disadvantage. Marketing tends to be a significant weakness for most SMTEs (Buhalis, 1996). Not only are they usually unaware of the techniques and tools available but they also tend to follow a product-oriented approach. As a result, their marketing activities tend to be uncoordinated, inconsistent and ill-targeted, resulting in a fairly low effectiveness. Consequently, they are over-dependent on intermediaries for product marketing and distribution and hence have limited bargaining power in the distribution channel (Cooper and Cooper, 1998; Werthner and Klein, 1999).

4. *Opportunities for SMTEs*:

The development of the Internet empowers even tiny tourism organizations and destinations to be represented in the electronic marketplace and to network with consumers and partners alike. The information ubiquity and accessibility made possible by the ICTs and the resultant enhancement in the interactivity of principals and consumers can be very beneficial for innovative SMTEs that hitherto had little means to communicate directly with consumers.

5. *A ready demand for e-marketing*:

On the demand side, the Internet has caused an inquisitive, searching, discerning, demanding and independent tourist. It results in a do-it-yourself phenomenon wherein the offline trade intermediaries are being replaced by direct online interfaces of the service providers. One of the key Internet-initiated changes in consumer behaviour has been the transition from a passive reacting subject to the so-called 'post-modern' consumer, one who is creative and innovative and who interacts and initiates experiences, shaping their shopping experience rather than having the experience thrust upon them (McCarthy and Wright, 2004).

In the light of these reasons, an e-marketing study with a SMTE focus will be a worthy addition to the existing knowledgebase and serve as a useful frame of reference in drawing e-marketing guidelines for SMTEs and directing their e-marketing initiatives.

1.2.2. Rationale and significance of the study

While the tourism economy is one of the fastest growing activities in developed countries, the developing countries now attract 35 per cent of international travellers each year (UNCTAD, 2001). Such a growth has been determined by the rapid growth in tourism demand, both in terms of the rapidly increased number of tourists and their spending and also by the rapid response in supply to these growing tourist markets. In 2003, tourism accounted for about 11 per cent of the world's gross domestic product

(GDP) and foreign tourism earnings amounted to $523 billion with 691 million international tourism arrivals (UNCTAD, 2005*a*). This industry supported over 200 million jobs, representing about 9 per cent of the global workforce (WTTC, 2005). The number of international tourist arrivals is expected to increase by 4.1 per cent annually to reach close to 1.6 billion international arrivals by 2020 (WTO, 2001*a*). As a heterogeneous umbrella industry, it relates to many sectors such as culture or sports. Over 30 different industrial components that serve travellers have been identified and this explains the industry's heterogeneity.

The heterogeneous, intangible and perishable nature of tourism products distinguishes them from other industrial sectors and explains the importance of information and the relevance of ICTs in this industry. The international dimensions of tourism and the fact that tourism is a service industry also contribute to the central role of information. E-marketing is attractive to the tourism industry as 'travel is an information-based product and the Internet is full of information' (Connolly *et al.*, 1998).

Due to its SME structure, the tourism industry has great significance for regional development. The number of SMTEs available around the globe demonstrates their dominant role in the international tourism industry. More than 90 per cent of the accommodation establishments worldwide are small, independent, flexible, seasonal and family-managed (Buhalis, 1996). Island tourism represents the setting for this research. Islands are among the most- visited tourist destinations in the world (Fotiou *et al.*, 2002). Remoteness, perceived 'difference', smaller size, slower pace of life, distinct culture, exotic wildlife and pristine environment are some of the basic characteristics of islands (Baum, 1997; Lockhart, 1997). Tourism in these island destinations are dominated by SMTEs.

SMTEs provide an amalgam of products and services. In the Internet-enabled tourism industry, SMTEs face more stringent impediments to the adoption of new ICTs. Part of the problem relates to the scale and

affordability of some technologies as well as their awareness and understanding of e-marketing benefits. Despite these inhibitors, SMTEs with well-developed and innovative e-marketing strategies can now have 'equal Internet access' to international markets and find themselves in a level-playing field. Some of the most important characteristics of e-marketing are the opportunity and the promise it holds for SMTEs to extend their marketing capabilities and grow.

At the conceptual level, this research will be useful in developing an e-marketing model for SMTEs incorporating the best practices. At the implementation level, this study will result in the design and implementation of tourism websites and e-marketing programs that are better geared to meet the needs and wants of the online consumers. At the policy level, this research will aid the Destination Marketing Organizations (DMOs) to provide institutional direction and support for SMTEs to implement e-marketing.

1.2.3. Expected contributions of the study

1. *SMTEs Involvement in e-marketing*:

This study could be useful in identifying the common e-marketing activities of the SMTEs and the degree of involvement in these activities. The perceived benefits and barriers in their e-marketing endeavour can shed light on what to expect – be it the returns or the risks – when SMTEs take the e-marketing route.

2. *Critical success factors of e-marketing*:

While many factors – internal and external – contribute to the success of e-marketing, this study could result in identifying the critical success factors to be taken into consideration by SMTEs in their e-marketing initiatives. Such a finding would help the SMTEs focus and apply their limited e-marketing resources to maximize their e-marketing returns.

3. *Online customer interface (website) design elements*:

Generic descriptions of online customer interface design elements abound. Having established that tourism is a unique product and that SMTEs face unique prospects and hurdles, it only follows that their website design elements have to be identified carefully. This study could help compile a comprehensive list of design elements that make up an SMTE website.

4. *Best practices in SMTE website design*:

Concerns have been raised that there is a lack of understanding of the importance of websites among the SMTEs. This, together with the tendency to outsource, leads them to having websites that 'contain a lot of information, but with a large portion being poorly organised, outdated or inaccurate' (Law and Leung, 2002). This study, based on an analysis of the websites of SMTEs with successful e-marketing initiatives, could provide guidelines to design and construct effective websites.

5. *Online tourist behaviour*:

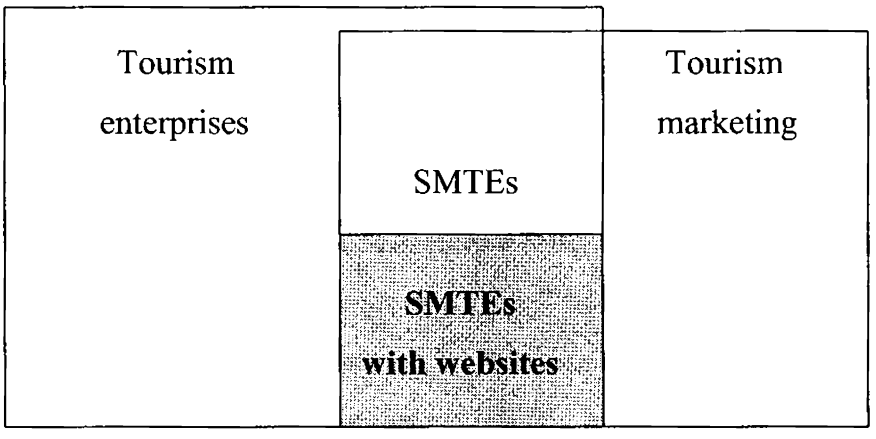
This study could provide a unified view of e-marketing by not only focussing on the supply side (that is, the enterprise perspective) but also on the demand side (that is, the customer perspective). Studying why and how tourists use the SMTE websites could highlight the specific online needs of a visitor. SMTEs, through their e-marketing efforts, can meet these customer needs.

1.3. Scope of the study

1.3.1. Location and study area definition

- Two prominent island destinations - the Andaman Islands (India) and Mauritius in the Indian Ocean - were chosen as the study locations to represent the tourism industry in developing economies.
- Figure 1.3 represents the study area definition, highlighted at the intersection of tourism enterprises that are small- and medium-sized and tourism marketing using electronic means (that is, e-marketing).

Figure 1.3. **Study area definition**



1.3.2. Sample and respondent selection

- Only the individual small and medium enterprises are taken into consideration in this study on tourism e-marketing. They represent the bricks-and-clicks model of e-commerce. Pure-click enterprises such as destination-specific travel portals are not considered.
- This study covers the popular e-marketing activities and the experience of SMTEs in the chosen island destinations. The e-marketing decision makers at the SMTEs have been considered as the key informants for obtaining the e-marketing-related information.
- This study performs a marketing evaluation of the SMTE websites to identify the online customer interface design elements. It is an attempt to assess the design based on an implementation. Moreover, the consistency and technical complexity of the website are not taken into consideration.
- The online tourist behaviour is assessed from the offline recall of perceptions and experiences of the tourists. The goal is to arrive at industry-specific rather than product-specific findings. All SMTE tourists, irrespective of their status as group or independent travellers, are included for the study.

1.4. Objectives

This is a three-part study. Part 1 deals with studying the e-marketing practices of SMTEs in Mauritius and in Andaman Islands. Part 2 deals with performing a marketing evaluation of the SMTE websites. Part 3 deals with understanding the Internet usage, search and purchase behaviour of the SMTEs customers (that is, the international tourists). Upon integrating these parts, the main objectives of the study are to:

1. study the SMTEs in terms of their demographic characteristics, e-marketing activities, customer profile and the inter-relationships existing therein;
2. analyse the critical success factors of e-marketing for SMTEs;
3. perform a marketing evaluation of SMTE websites in order to identify the best practices and
4. explore the scope for improving the e-marketing systems in SMTEs.

In order to meet the above mentioned objectives, it is imperative to:

1a. find out the e-marketing motivators and inhibitors among SMTEs;

1b. analyse if there is a first-mover advantage (in terms of e-marketing pay-off) among SMTEs with a long e-marketing tenure;

1c. identify the dominant online purchase motivations across different tourism product categories;

2a. identify the underlying dimensions of critical success factors of e-marketing;

2b. study the relationship between perceived importance and incidence of critical success factors;

3a. find out if SMTE website design elements differed across tourism product categories and

3b. study the association between online customer interface design and e-marketing pay-off.

1.5. Hypotheses

The following seven sets of research hypotheses were proposed and tested:

1. There is a difference in the level of e-marketing involvement among the SMTE categories
2. There is an association between a SMTE's e-marketing tenure and its pay-off and perceived criticality
3. There is a difference between perceived importance and incidence of e-marketing critical success factors
4. There is a difference in the website design elements among the tourism product categories
5. There is a difference in tourists' characteristics between Internet users and non-users
6. There is an association between online search/purchase satisfaction and future intention to purchase online
7. There is an association between the destinations and the type of tourism product purchased online

1.6. Research methodology

This is a descriptive research aimed at studying three sets of respondents, namely the SMTE e-marketing decision-makers, SMTE websites and SMTE customers. Both survey and observation methods were used to study different respondents.

1.6.1. Data and sources

The study was based mainly on active and passive primary data collected from the respondents and SMTE websites respectively. Secondary sources were used mainly as background material. The tourism industry communication (such as booklets and reports) and promotional literature (such as brochures and newsletters) were the secondary sources scrutinized for collecting the background data for conducting the study.

This study has two groups of respondents, namely the SMTE e-marketing decision makers (to study the e-marketing supply-side factors)

and the international tourists/customers of these SMTEs (to study the e-marketing demand-side factors) for active primary data collection. Two semi-structured questionnaires were developed after an extensive review of the relevant literature and were used for collecting data through personal interviews. For the purpose of passive primary data collection, the SMTE websites were observed continually over a period of time and data was recorded using a structured data entry table.

1.6.2. Sampling description

The SMTEs and their websites were identified through a disproportionate stratified random sampling. The details of bases of stratification, inclusion and exclusion criteria for selection of respondents are presented in Chapter III on methodological framework. The SMTE sample size was fixed as 20 per cent of the sampling frame (directory provided by the DMOs) and it translated to 40 SMTEs (20 in Mauritius and 20 in Andaman Islands) in four diverse lines of business – 'accommodation' (hotels, villas and bungalows), 'access' (tour operators, travel companies and car/bike rentals), 'attractions' (places of interest and leisure/adventure activities like SCUBA diving and game fishing) and 'auxiliary' products (wedding video/photography services, souvenirs and specialty restaurants). The tourists were identified through a judgmental sampling at the SMTE locations described above. About 200 international tourists were approached and 190 complete responses were collected. Sufficient and necessary precautions were taken to avoid sample bias in the data collected from the tourists.

1.6.3. Period of the study

The study of SMTEs and tourists in Mauritius was carried out over a period of 12 months from August 2003 to July 2004. The study of SMTEs and tourists in Andaman Islands was conducted during a 12-month period from March 2005 to February 2006. The sampled websites were visited

periodically and any design changes or new design elements were taken note of.

1.6.4. Data analysis and statistical tools used

SPSS (version 12) software was used to tabulate, cross-tabulate and analyze the data. Factor analysis was used to identify the underlying dimensions of the critical success factors of e-marketing and also of the motivators of e-marketing. Correspondence analysis was used to map the association among the variables of interest (among online customer interface design elements, e-marketing pay-offs and tourism product categories and between tourism product bought online and purchase motivation). Percentages, measures of central tendency and dispersion, the paired sample 't'-tests, Pearson chi-square test, Friedman test and one-way analysis of variance (ANOVA) were used for testing of hypotheses. Descriptive analysis using statistical measures like arithmetic mean, standard deviation and percentages were also used and the results are presented in the form of graphs and tables.

1.7. Operational definitions

Electronic market	Virtual marketplace where buyers and sellers transact electronically
e-commerce	Internet-facilitated commerce, using electronic means for promoting, selling, distributing and servicing products
Tourism industry	Describes both private firms and establishments providing facilities and services for tourists as well as the public sector authorities planning and managing tourism in a region
e-tourism	Digitalization of all processes and value chains in the tourism industry
e-marketing	The use of electronic data and applications for planning and executing the conception,

	distribution, promotion and pricing of ideas, goods and services to create exchanges that satisfy individual and organizational objectives
SMTE	Private Enterprises with an employee strength less than 25 and annual sales revenue not exceeding US$5 million
Tourism products	Various products/services offered by the accommodation, access, attractions and auxiliary product sectors in the tourism industry
Internet	Self-regulated global network of computers interconnecting independent hosts around the world
Website	The virtual location of an entity's presence on the world wide web, usually made up of several web pages and a single home page designated by a unique resource locator (URL)
e-marketing tenure	Number of years since the first e-marketing initiative
e-marketing pay-off	Percentage of sales that can be directly attributed to e-marketing
Critical success factors	Factors that are necessary and vital for a e-marketing strategy to be successful
Online search	An electronic search of databases for a particular search request/query performed by an online searcher at a destination website or a search engine website
Online purchase	Buying products or services from vendors on the Internet through online reservation/payment

1.8. Limitations of the study

This research is subject to the following potential limitations:

- It is specific to market (developing economies), place (island destinations characterized by adventure tourism) and time (the period of recovery after many impediments such as September 11, Iraq war, SARS breakup, Tsunami and global economy slow-down).
- The two island destinations differ in their positioning and hence this research may generate more specifics rather than generalizations in terms of findings.
- In the Andaman Islands, the original data collection plan had to be rescheduled in the aftermath of the December 2004 Tsunami tragedy. The increased anxiety among the tourists and the heightened concern among the SMTEs to assure the website visitors after such a large scale tragedy were evident, though they did not affect their contribution to the study.
- In the post-Tsunami recovery, lot of content on the SMTE websites was to build confidence and to dispel apprehensions. Such contents are temporal in scope and not part of the usual website content. Tsunami did wipe away a few SMTEs out of business and hence their online presence also got wiped off.
- In few cases, the e-marketing activities were outsourced and hence the ignorance and lack of knowledge on part of a section of the respondents (that is, SMTE e-marketing decision makers) might have introduced a degree of inaccuracy in the research data.
- Interview was the effective option in this setting. Hence the sample size was limited by time constraints of the researcher as well as the respondents. The study had to be conducted without hindrance to the normal functioning of the SMTEs and without inconvenience to the tourists.

- The consistency of the SMTE websites in different languages and across different browsers was not studied. All the observations made using Microsoft Explorer (version 6) browser. The consistency of the online customer interface across browsers (for example, Netscape Navigator) was not studied. Also, the site content in English language alone was taken up for observation. Tourism enterprises in Mauritius follow a multi-segment strategy with the demographics of language and nationality as common segmentation variables. Hence the generalizations may not be relevant to non-English web content.
- Since the market is fragmented, there is a need for more focussed studies on specific market segments (say, the adventure tourists or the honeymooners) with regard to their Internet usage.
- The offline study of online behaviour may suffer from data error. Hence the actual online behaviour may be studied from the web server log containing the click-stream data and be corroborated with the professed behaviour for greater accuracy.

E-marketing is still in its early stages. Challenged on one side by scarce professional research and on the other side by new and emerging technologies, this research was a journey on the road less travelled!

1.9. Brief review of literature

E-marketing-related studies are based on two broad perspectives, namely the supply-side perspective (enterprise perspective) and the demand-side perspective (customer perspective). This section presents a brief review of the studies done in the area of e-marketing with special reference to the tourism industry and the SME sector.

1.9.1. Internet and marketing

Hoffman and Novak (1996) in their seminal work on e-commerce argue that in order for marketing efforts to be successful in this new medium, a

paradigm shift is required. Sawhney (2003) suggests rethinking marketing in a connected world. Wagonfeld and Deighton (2002) view the Internet as a marketing medium not better or worse than existing media, but different.

There has been a phenomenal growth in business-to-customer (B2C) electronic commerce since the commercialization of the Internet in early 1990s. The global nature of the Internet, its vast reach and different interactive capabilities, have made it an important marketing and trading medium for many firms. It can be contended that the Internet is changing the daily lives of individuals, companies and organizations and the way they seek information. In addition, the validity of the Internet as a marketing and advertising tool has been proven (Kasavana *et al.*, 1997).

The Internet marketing environment has an interactive nature facilitating many-way communications between marketers and consumers. This is commonly mentioned as a major opportunity that enhances the value and quality of the relationships between these parties. While one-way messages that characterize broadcast marketing usually produce very little timely and meaningful feedback, the interactive marketing environment hosted by the Internet creates a continuous circle of communication and immediate response opportunity (Alba *et al.*, 1997; Deighton, 1996).

In e-marketing, the customer goes to the marketer rather than vice versa, thus, the usage of intermediaries by buyers is reduced extensively (Berthon, 1996; Choudhury *et al.*, 1998). Yet it does not result in total disintermediation. The electronic market has such an intricate structure that information management becomes just as critical as inventory management and many new forms of intermediaries supplementing the existence of online companies emerge (Quelch and Klein, 1996).

The e-marketing environment offers extensive customization and personalization opportunities. The evolution from marketing on the averages to marketing on the differences (Reitman, 1994) is a very

prominent theme and a major advantage of the electronic market compared to offline, real world environments.

Most discussions about the current and future state of e-marketing converge around one main question: What can/cannot sell online? The traditional method is to classify products by their tangibility, nature and needs, and buying behaviour (Kotler, 1997). This kind of classification may be suitable for a traditional marketing environment but does not seem as appropriate in categorizing products or services on the electronic market. According to Peterson *et al.* (1997), a better way to group products or services on the Internet is by separating them into search or experience goods. Search goods are goods that can be evaluated using external information whereas experience goods have to be personally evaluated. If a product is a search good it is more suitable and likely to be e-marketed. On the other hand, if a product is an experience good then e-marketing is less possible.

1.9.2. Internet and tourism

Technology is not a stranger to the tourism fraternity. From the first reservation systems in the 1950s to the tourist information systems like TIS and Gulliver of the 1980s (Werthner and Klein, 1999) to the enormous number of current Web activities, the tourism industry has always been one of the pioneers by using new communication and ITs (Gratzer, 2003). Buhalis (1998) traced the three main waves of technological developments in tourism enterprises, namely Computer Reservations Systems (CRSs) in the 1970s, Global Distribution Systems (GDSs) in the 1980s and the Internet since the 1990s. Although these technologies emerged with gaps of about 10 years from each other, they currently operate both separately and jointly, controlling different functions and target markets.

Tourism and travel industry is the largest source of B2C e-commerce revenues with $52.4 billion in 2004, and is predicted to reach over $119 billion by 2010 (eMarketer, 2004). In a span of four years, the number of

Internet users in the US who have booked their travel online has reached 50 per cent, compared with 30 per cent in 2000 (eMarketer, 2005). The European online travel market grew by 51 per cent to reach $23.3 billion in 2004 and is estimated to grow to $49.9 billion in 2006 (PhoCusWright, 2005). It looks like the Internet and tourism are made for each other. Gratzer (2003) and Liu (2005) contend that tourism industry is witnessing an acceptance of e-commerce to such an extent that the structure of the industry is changing, whereas other industries still have stronger hold on traditional processes.

Following the general routes of ICT penetration into business environments, several authors have demonstrated the benefits of ICTs for the operation of tourism enterprises (Poon, 1993; Sheldon, 1997; Inkpen, 1998; Werthner and Klein, 1999; O'Connor, 1996, 1999; Buhalis, 2003). Liu (2005) observes that after a little more than a decade of experience with e-commerce, the travel industry has shaken off some of the growing pains associated with childhood and is looking at tools and techniques that reflect the first steps toward adulthood. As information is the life blood of this industry (Sheldon, 1994), effective use of Internet is fundamental to the tourism sector. Therefore 'a whole system of information technologies is being rapidly diffused throughout the tourism industry and no player will escape its impacts' (Poon, 1993).

1.9.3. Tourism and e-marketing

From a services marketing perspective, tourism and travel products appear to be well suited to e-marketing because of their distinctive high-priced, high-involvement, intangible, heterogeneous, high-risk and well-differentiated characteristics (Burgur, 1997). Burgur also notes that the hypertext feature of the Internet may have been specifically designed for the tourism industry. Not surprisingly, the tourism and travel sector is rated among the top three product or service categories purchases via the Internet (Tweney, 1997; Yoffie, 1997).

The push towards networked technologies, combined with increased customer expectations, has put extraordinary pressure on the information-centric and service-based tourism industry to extend conventional distribution channels to include the Internet as a major new marketing channel (Bloch and Segev, 1997). Buhalis (1998) claims that understanding the potential of the Internet provides the tourism firms with the opportunity to adopt new marketing models and publish a broad range of marketing content.

Gratzer (2003) describes the Internet as an ICT that is a perfect platform for organizations to bring information about their products to the customers all over the world in a direct, cost-minimizing and time-effective way.

1.9.4. SMTEs and e-marketing

Keeping up with rapidly changing marketing trends is a challenge for all firms but is particularly confronting for the resource- and time-poor SMEs. Since SMEs are relatively new to the virtual world and often have neither the expertise for continuous digital brand building nor the resources for compiling a complete picture of customer tastes and circumstances, they are in danger of being isolated and out of touch with changing market dynamics (Gaulden and Jackson, 2001). Yet, the opportunities abound for the SMTEs who are willing to change. SMTEs have often used their nimble-footedness and local flavour to achieve remarkable success and dominance in the tourism sector (UNCTAD, 2000).

Although ICT 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, 1999).

Buhalis (1998) remarks that SMTEs can gain more advantages by using the Internet and the related technologies, as bargaining power is gradually relocated from institutional buyers and wholesalers to suppliers, due to the more effective and interactive communication they can achieve with their target markets.

Gathering intelligence on the industry, competitors, their strategies and potential markets, searching out information on possible products to offer, new suppliers or resources, expanding market access, creating immediate awareness of their offerings, gaining access to key decision makers by bypassing gatekeepers, positioning themselves on equal footage with large companies and serving niche markets that are usually ignored by larger competitors are only some of the most important strategic advantages SMTEs gain by becoming an electronic business (Dandridge and Levenburg, 2000). Therefore, although SMEs do not have an established place in the Internet economy yet, they are making rapid strides to become an integral part of the electronic business and marketing environment in the tourism industry.

1.9.5. Tourists and e-marketing

The Internet impact has been felt not only by the supply side but also the demand side. Prior to the Internet, technology had only a relatively low-scale impact on consumer behaviour (Grewal *et al.*, 2004), but the Internet promised to change the very way we shopped (Feather, 2002).

The e-marketing literature with a focus on the online customer can be classified into three areas, namely study of online customer profile, online intention and behaviour. Many studies have been conducted to profile the typical online user using the demographic characteristics. The typical Internet user is young, professional, time-poor but affluent with higher levels of income and higher education (Palumbo and Herbig, 1998; Burke, 1997; Heung, 2003). Studies investigating the intention of the online users in the tourism e-commerce context have led to identify certain

motivations of the users. It includes convenience, price comparison, lower prices, immediacy, rich information, more alternatives in the consideration set and ability to self-build a combination of various complementary products with relative ease (Starkov and Price, 2003; Swaminathan *et al.*, 1999; Beldona *et al.*, 2004; Clark and Wright, 2005). Despite the growing importance of the Internet as an information source for travellers, a marketing tool and a way of doing business, there is a general lack of behavioural studies on how these travellers use the Internet for information, booking and purchase of travel products and services. Studies examining the online consumer behaviour have found out that consumers gather information about products and services on the Internet and the more consequential the purchase decision, the more time and effort consumers expend to search for information that they believe will lead to a good decision (Peterson *et al.*, 1997; Beatty and Smith, 1987). The Internet makes it easy for the travellers to self-build a combination of various complementary products with relatively less difficulty when compared to the traditional context (Fesenmaier and Jeng, 2000).

Many researchers have identified the transactional and functional advantages of e-marketing. The convenience of shopping online is one of the most commonly mentioned transactional advantages of the Web market. This makes online shopping a hassle-free and time-economic activity since no shopping time constraints are imposed on the consumer (Peterson *et al.*, 1997; O'Connor, 1999). The richness and the quality of the information that can be presented to consumers through websites is another very dominant and frequently mentioned benefit of the online marketing environment. The information advantage transfers a great deal of power to consumers, forces e-retailers to continuously update themselves about customer wants and needs and, consequently, increases consumers' levels of e-satisfaction to a great extent (Bellman, 2001; Szymanski and Hise, 2000). Currently there is some evidence that consumers are substituting Internet-based information

search for traditional search and that this substitution effect will increase further over time (Klein and Ford, 2003).

Many studies (Jarvenpaa *et al.*, 2000; Reichheld and Schefter, 2000; McCole and Palmer, 2002) have proposed that one of the most important reasons for not using an online channel for purchasing is the lack of trust - unfamiliar vendors as well as insecurity of transactions and personal information.

The travel decision-making process is a complex multi-stage process layered along a hierarchical set of activities (Fesenmaier and Jeng, 2000). Here too, convenience can serve as a key driver of the travel planning process. However, the Internet can add to the complexity of the process too because of the plethora of sources needed to coordinate and piece together this process.

Many studies frequently mention that there is a vast amount of window shopping taking place online but the number or the rate of surfers who turn into shoppers are very low (Mayer, 2002; Betts, 2001; Oliver, 1999). This might happen because of the lack of consumer intention to purchase an offering from the online environment at the outset. It might also happen because of various problems that arise during online shopping driving the consumer to abandon the task in the middle.

1.10. Structure of the Thesis

This thesis titled 'E-marketing motivators, inhibitors and critical success factors: A study of small and medium tourism enterprises and tourists in Mauritius and Andaman Islands, India' has been presented in eight chapters. The organization and brief contents of the chapters are as follows:
Chapter I titled 'Introduction' presents an overview of the topic, statement of the problem, rationale and significance of the study, scope, objectives, hypotheses and methodology of the study, operational definitions of the terms used, the limitations of the study and a brief review of literature.

Chapter II titled 'Theoretical and Conceptual Framework' details the conceptual foundations as contained in the literature on e-marketing with specific reference to the tourism industry, SME sector and tourists.

Chapter III titled 'Methodological Design and Framework' brings out the nuances involved in the design and execution of such a study, including the preparation of the research instruments, data collection and sampling procedures followed and discusses the pros and cons of the various methodological issues that can influence the study.

Chapter IV is presented in three parts. 'Findings Part I: SMTE Perspectives on E-marketing' gives the findings that deal with the SMTEs e-marketing practices, motivators, inhibitors and critical success factors. 'Findings Part II: Marketing Evaluation of SMTEs' Online Customer Interfaces' presents the results of the marketing evaluation of the websites of the SMTEs. 'Findings Part III: Customer Perspectives on E-marketing' details the SMTE tourists' e-marketing experiences and their online motivators, inhibitors and website navigation behaviour.

Chapter V titled 'Discussion and Analysis' provides a unified view of the findings incorporating the enterprise view and the customer view, the interpretations of the findings and the linkage between individual findings. The implications for the SMTEs are also discussed.

Chapter VI titled 'Conclusion and Suggestions' gives a brief summary of main conclusions and suggestions based on the study results. The implications for SMTEs are discussed. Suggestions for future research have been made, keeping in view, the constraints and limitations of this study.

The 'References' section lists mainly the books, reports, journal articles, business articles, online resources and references that have been referred for the study.

The 'Appendix' contains the maps of the destinations studied, questionnaires and observation data entry table constructed for the study. The figures and detailed tables for t-tests, chi-square tests, ANOVA, factor

analysis, correspondence analysis, correlation and regression are also presented here whereas as the summary of the statistical output tables have been presented in the body of the thesis. A list of the SMTEs surveyed for this research is provided along with select SMTE homepages representing the destinations and the tourism product categories.

Chapter 2

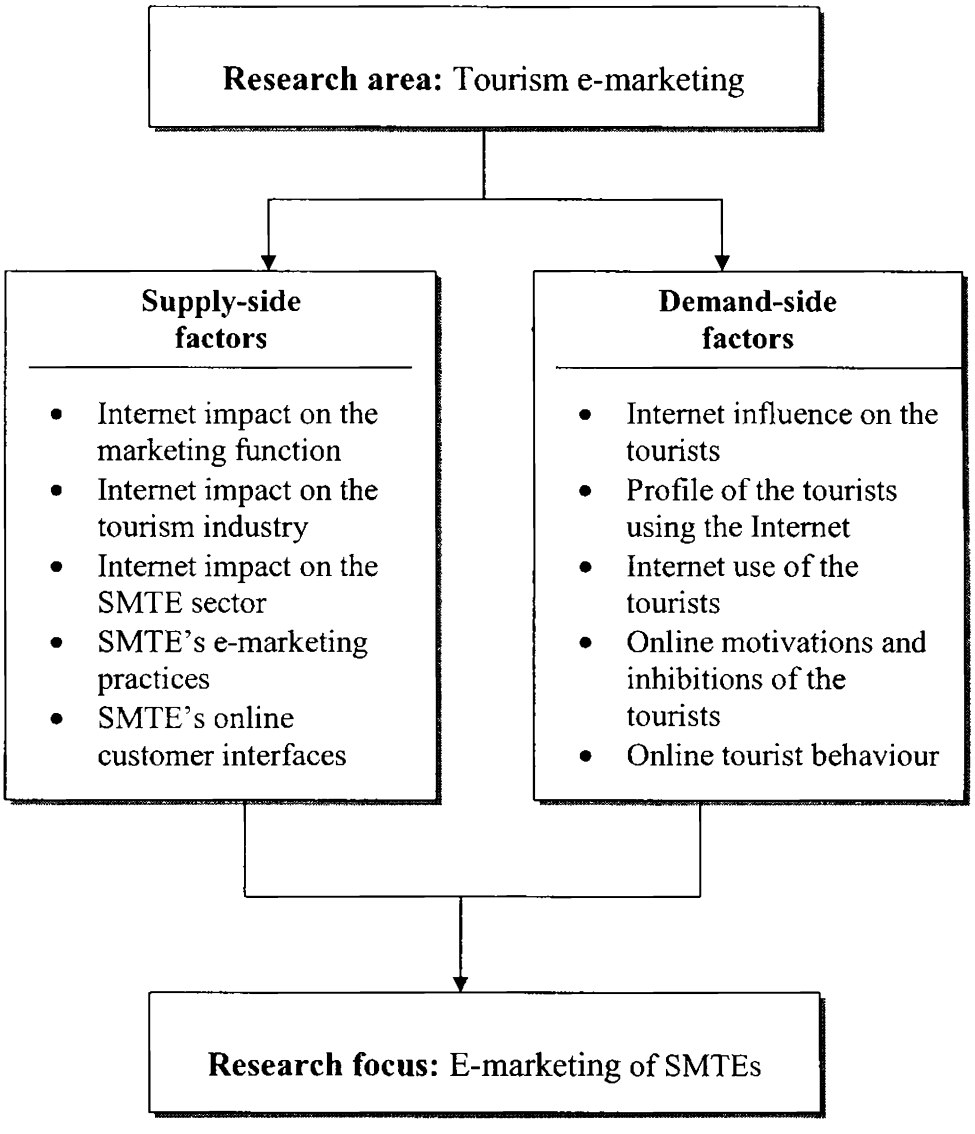
THEORETICAL AND CONCEPTUAL FRAMEWORK

2.1. Introduction

The birth of the e-marketing literature can be approximated as the early 1990s. Business articles, popular press and white papers by various vendors and consultants dominate the literature in this area, apart from serious academic research. Many articles are based on experiences of one or a few organizations and thus present a descriptive account of organizational experiences in tourism e-marketing. Articles have also focussed on reporting the current status of tourism e-commerce, forecasting future trends and providing prescriptive guidelines for e-marketing. The coverage of many studies is restricted to specific sectors of tourism, say accommodation or travel agents. The existing literature also presents a divided view in the forms of firm perspective and consumer perspective, rather than a unified view. The subjects of the research have mostly been the big and global firms whereas a few studies have focussed on SMTEs in developing markets. Another useful categorization of existing literature is in terms of the functional focus. Some of them adopted a technical approach or marketing approach. It can also be said that some of them applied an organizational approach or a function-specific approach in studying the impact that the Internet has had on the tourism industry. The relevant literature was reviewed with a deductive framework (Figure 2.1) as:

- What has happened to the marketing function with the introduction of the Internet?
- What is the resultant spill-out in tourism marketing?
- How is the tourism industry's structure affected by the Internet?
- How are the SMTEs influenced by e-marketing?
- What are the e-marketing motivators and inhibitors among the SMTEs?
- How to evaluate websites?
- What happened to the SMTE tourists with the advent of the Internet?
- Why and how the tourists look at SMTE websites?

Figure 2.1. **A deductive framework for literature review**



2.2. Characteristics of the Internet

This part of the review aims to offer an understanding of how traditional commercial activities and communication processes between businesses and consumers are challenged by the alternative nature of the virtual marketplace.

The Internet is one of the more recent developments in communications and information transfer. It is considered a technological asset because of its

ability to disseminate large volumes of information quickly and efficiently to all types of stakeholders, including employees, customers, shareholders and suppliers (Violino, 1996).

Hoffman and Novak (1997) considered the Internet as a media environment and describe its unique characteristics that distinguish it in important ways from traditional commercial environments.

- First, the Internet is a virtual, many-to-many hypermedia environment incorporating interactivity with both people and computers. Thus, it is not a simulation of a real-world environment but an alternative.
- Second, consumer capability in the virtual environment and the challenges posed by the environment introduce a competency issue that does not exist so fundamentally in the physical world. This competency issue involves flow, which is the 'process of optimal experience' achieved when a motivated consumer perceives a balance between their skills and the challenges of their interaction with the computer-mediated environment. Flow is a central construct when considering consumer navigation on commercial websites (Hoffman and Novak, 1996). In their seminal study on marketing in computer-mediated environments, Hoffman and Novak (1996) extended and developed the flow construct in the context of computer-mediated environments. They identified four properties that define flow during network navigation. Flow is: 1) characterized by a seamless sequence of responses facilitated by machine-interactivity (the clicks and keyboarding that characterize interacting with the computer); 2) intrinsically enjoyable; 3) accompanied by a loss of self-consciousness; and 4) self-reinforcing.
- Third, within this interactive virtual environment, consumers actively engage in the process of network navigation. This behaviour can be contrasted with the more passive media experience of television

viewing, for example. These active behaviours including both experiential (for example, surfing the Internet) and goal-directed (for example, online shopping) behaviours compete for consumers' attention. These two broad categories of online behaviour have important implications for the commercial development of the Web.

These new concepts (namely, interactivity in a many-to-many communications environment, flow and experiential and goal-directed behaviours) mean that the Internet presents a fundamentally different environment for marketing activities compared to traditional media.

Wagonfeld and Deighton (2002) regarded the Internet as a medium with the following useful characteristics: interactivity, addressability, searchability and direct-to-consumer broadcast channel offering selectivity of the audience. They also identified the following limitations of the Internet: While it is a useful medium, it is not as addictive as television. Hence it may results in a poor mind share. As of now it is still a tool and not a diversion or a popular entertainment; since the audience is fragmented, the Internet does not assemble large audiences.

All markets are complex, no matter what mechanisms are used by the buyer. Internet technology is based on interactivity whereby the online consumer is no longer a passive spectator. Interactivity allows for availability of information on demand, reciprocity in the exchange of information, customisation of content and real-time feedback (Häubl and Trifts, 2000).

2.3. The Internet influence on the marketing function

The marketing discipline has been exposed to various changes and strong challenges with the introduction and diffusion of the Internet phenomenon into the business arena. Several studies have been conducted to study the impact.

An important difference between traditional marketing and e-marketing is the reduced or eliminated distance between producers and consumers providing a medium of direct contact between originally distant parties. However, the issue of reduced or eliminated intermediation is not always cited as an advantage by the researchers. While the Internet can transfer title of ownership, it cannot perform physical movement (Wang *et al.*, 2002). Besides, many of the valuable functions of intermediaries cannot be replaced in the online market creating the question of how advantageous or disadvantageous disintermediation really is (Alba *et al.*, 1997).

A brief history of the Internet points to a re-intermediation in response to the dis-intermediation effect. The emergence of infomediaries in the place of intermediaries is a case in point. Actually, these Web-specific intermediaries perform such unique tasks that it is nearly impossible for an e-business to eliminate them and take on the job itself. Price search engines, comparison services, electronic malls that include many suppliers' offerings are those that directly hit the consumer's eye (Malone *et al.*, 1989; Emerick, 1996).

The Internet has made marketing more customer-centric. It flows from its interactive nature as a result of which the firms have to move from addressing mass markets to addressing segments of one (Wind and Mahajan, 2001). The Internet marketing environment offers extensive customization opportunities. Mohammed *et al.* (2002) describe the two routes of customization. Customization can be initiated by the user (personalization) or by the organization (tailoring). Computer-based information and flexible manufacturing systems, commonly called mass customization, make it possible to serve finely segmented molecular markets with tailor-made products at low costs (Kara and Kaynak, 1997).

Studies about personalization and customization opportunities rest on the assumption that consumers are willing to accept and adopt modified offerings. However, Nunes and Kambil (2001) show that individuals have a

much more positive attitude toward websites those give consumers the chance to personalize it themselves in comparison with those that tailor the content automatically. This interesting result puts a condition of voluntariness on the value of customization. In other words, personalization of offerings are valuable to a certain extent if they are consumer-initiated, but marketer-initiated modifications of the marketing mix do not influence consumers a lot.

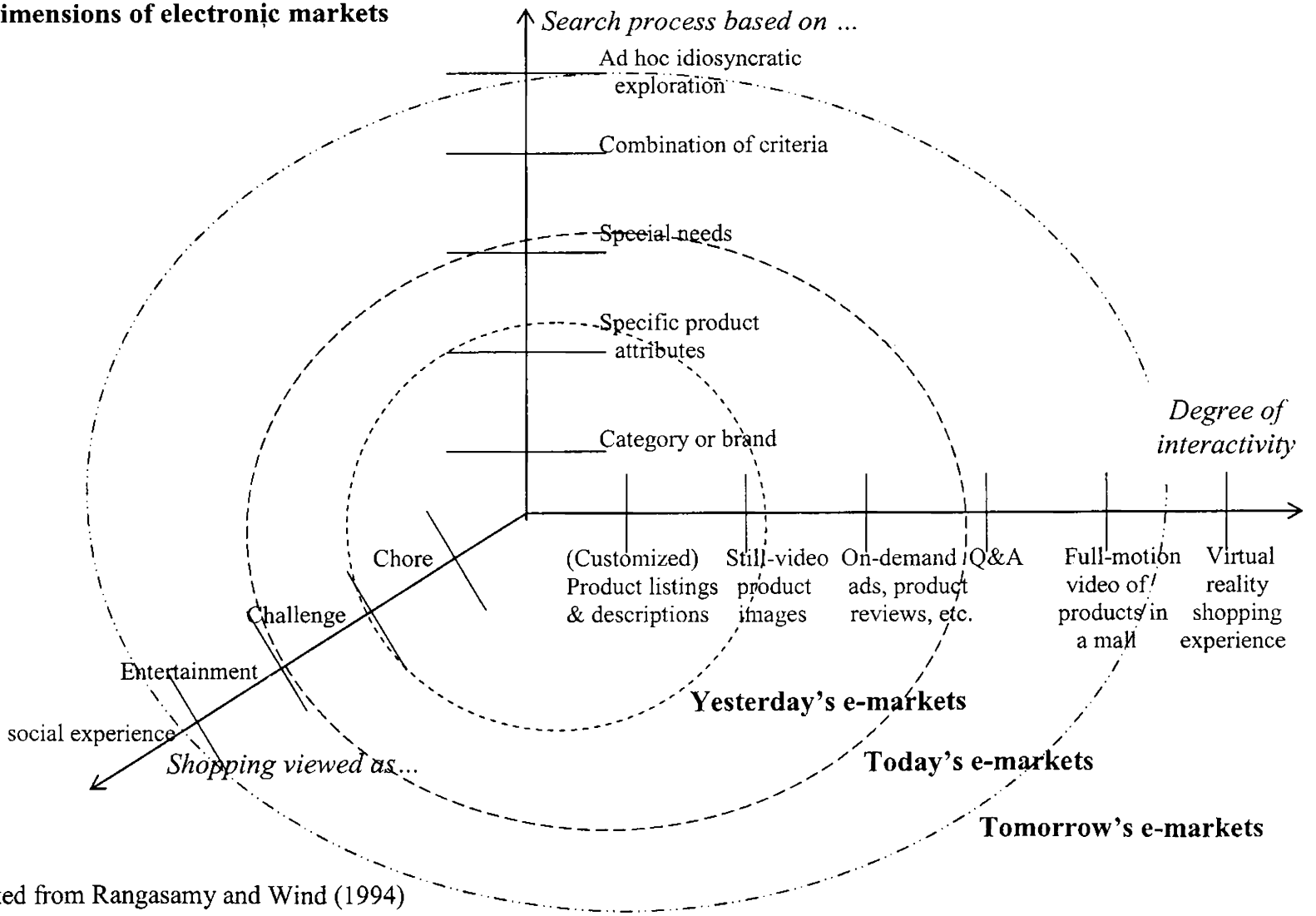
Among the transactional advantages of the online market, the convenience of shopping online is commonly mentioned. Consumers can economize on time and effort by easily locating merchants, finding items, and procuring offerings on this environment, thus maximizing their utility (Szymanski and Hise, 2000; Bhatnagar *et al.*, 2000). Many studies emphasize another advantage offered by the Internet in the form of comparative shopping. The common view is that the Internet lowers the search costs of acquiring information about products as well as the transaction costs of purchasing them (Elofson and Robinson, 1998; Bakos, 1997). In this environment, consumers can personally make price comparisons at different e-retailers. Besides, there are many websites (serving as infomediaries) that specifically extract comparative information on behalf of consumers (Bellman, 2001). At first sight, being able to compare so many alternatives seems to be very advantageous. However, as the number of choices increases to an unmanageable level, consumers might begin to become overwhelmed and comparative shopping might turn into a very stressful experience because of information overload (Li and Gery, 2000).

When buyer-seller transactions occur in an information-defined arena, information is accessed and absorbed more easily and arranged and priced in different ways. Most important, the information about a product or service can be separated from the product or service itself. In some cases, it

can become as critical as the actual product or service in terms of its effect on a company's profits (Rayport and Sviokla, 1994).

Rangaswamy and Wind (1994) summarized the overall nature of electronic markets along three dimensions of relevance to consumers: the psychological benefits associated with shopping, the degree of interactivity and the flexibility of the search process. Figure 2.2 indicates the dimensions of the electronic markets, indicating the progression along these dimensions that describe the electronic markets of yesterday, today and tomorrow. According to them, different e-marketing benefits vary by the buying situations. For example, e-marketing offers more choices in new-buy situations. As a result, a potential benefit to consumers in electronic markets is the possibility of finding the products that best meet their needs. In repetitive buying situations where consumers usually have high search and transaction costs, e-marketing offers lower costs associated with these situations.

Figure 2.2. **Dimensions of electronic markets**



Source: Adapted from Rangasamy and Wind (1994)

Internet research suggests that many people are attracted to using the Web as an information-gathering tool (Schonland and Williams, 1996; Walle, 1996) in comparison with other media. As the popularity of using the Internet increases, many companies use it for marketing activities and as a distribution and communication channel. In terms of promotion, the Internet is undoubtedly faster and provides round the clock and global services when compared with conventional marketing communication channels (Ellsworth and Ellsworth, 1996). The Internet also allows bi-directional marketing and offers wider, deeper materials and richer advertisement content. Quelch and Klein (1996) define a firm marketing its products or services through the Internet as a global firm because consumers irrespective of their geography can access it. The Internet provides a boundless platform for marketing and advertising, and even as a channel of distribution to generate additional sales.

2.4. E-marketing: pros and cons

The operational advantages of being online mentioned by many studies create an extensive list: becoming easily accessible from different parts and time zones of the world, being introduced to global business opportunities, decreased red tape in international operations, possibility to conduct personalized, effective and interactive advertising, the availability of marketing research and analysis tools, lower capital and overhead costs, lower operating costs, decreasing cost of capital, tax advantages, increased efficiency in business-to-business transactions, flexible ordering, better order tracking, levelling the playing field with other firms, enhancing the firm's image by appearing to be on the cutting edge of technology, and reaching a larger audience of prospective clients (Paul, 1996; Rosen and Howard, 2000; Rozgus, 2000; Elfrink *et al.*, 1997).

However, the disadvantages of going online are just as prevalent and, therefore, the authors of studies that discuss the pros of e-marketing have

shown an equal effort to note the negative sides of going online. Privacy and security problems, various operational, strategic and cost-based disadvantages, the difficulty of controlling online transactions and measuring outcomes, high costs of entering e-business, the difficulty of setting prices at an international level, intensified competition, cultural differences, differences in international trade laws, changes between the telecommunication infrastructure and technical standards of different countries, high costs of individual delivery, the difficulty of dealing with virtual transactions, problems about disintermediation, the fear of technology most consumers experience, the lack of socialization and tactility are only some of the most commonly encountered disadvantages of becoming an online business (Paul, 1996; Rosen and Howard, 2000). Therefore, marketers need to implement a strict structure to determine the costs and the financial outcomes of going online in order to be sure that the pros exceed the cons for their business (Zeller and Kublank, 2002).

2.5. Product characteristics and e-marketing suitability

The product characteristics play a major role in the successful marketing of a product on the Internet. Many studies have addressed the fit between product characteristics and their e-marketing suitability. The traditional method is to classify products by their tangibility, buying behaviour and nature and needs (Kotler, 1997). This kind of classification may be suitable for a traditional marketing environment but does not seem as appropriate in categorizing products or services on the electronic market. Peterson *et al.* (1997) group products or services on the Internet as search goods and experience goods. Search goods are goods that can be evaluated using external information, whereas, experience goods have to be personally evaluated.

Peterson *et al.* (1997) further categorized the products or services along three dimensions that are more relevant in the context of the Internet:

cost and frequency of purchase, value proposition, and degree of differentiation. These three dimensions constitute eight different combinations. They suggested that when products are expensive and infrequently purchased, an e-marketer is more likely to carry such a product. However, the traditional retailer is favoured when there is a need to personally inspect the product prior to purchase. When the value proposition is intangible or informational (for example, digital products), the Internet marketer is favoured. This categorization gives a clear picture of product suitability for marketing on the Internet.

Kiang *et al.* (2000) refine the classification scheme by incorporating the transaction complexity as an additional dimension. This is a critical dimension, especially in the context of e-business, where it deserves careful examination to determine whether a product or service is suited for e-marketing. The Internet can ease transaction processing, especially for handling complex orders, thereby reducing paperwork, increasing efficiency, replacing professionals' tasks and, hence, reducing the transaction cost. By using the Internet to place an order, it can not only save the processing time (hence, save the operator cost) but also reduce the chance of human error and customer dispute.

In general, travel products (for example, holiday packages) engage a higher level of involvement, intangibility and higher level of differentiation than other tangible consumer goods and therefore, are more easily sold through the Web (Bonn *et al.*, 1998). Marcussen (1999) suggested that services like travel and tourism are ideal for selling over the Internet since there are no transportation costs. The ease of description and commodity-like nature of many travel products (that is, airline seats or hotel rooms) also favour the development of electronic commerce (Lewis and Semeijn, 1998). Additionally, the structural elements of the industry also support a shift towards a more electronic means of carrying out transactions. Lewis and Semeijn (1998) indicate that the structure is currently acquiring more

decentralized market characteristics where each buyer has direct access to each seller.

2.6. Tourism and Internet: Made for each other

E-tourism refers to the use of the IT in the tourism industry that revolutionizes both economies and enterprises. ITs are defined as the 'collective term given to the most recent developments in the mode (electronic) and the mechanisms (computers and communication technologies) used for the acquisition, processing, analysis, storage, retrieval, dissemination and application of information' (Poon, 1993).

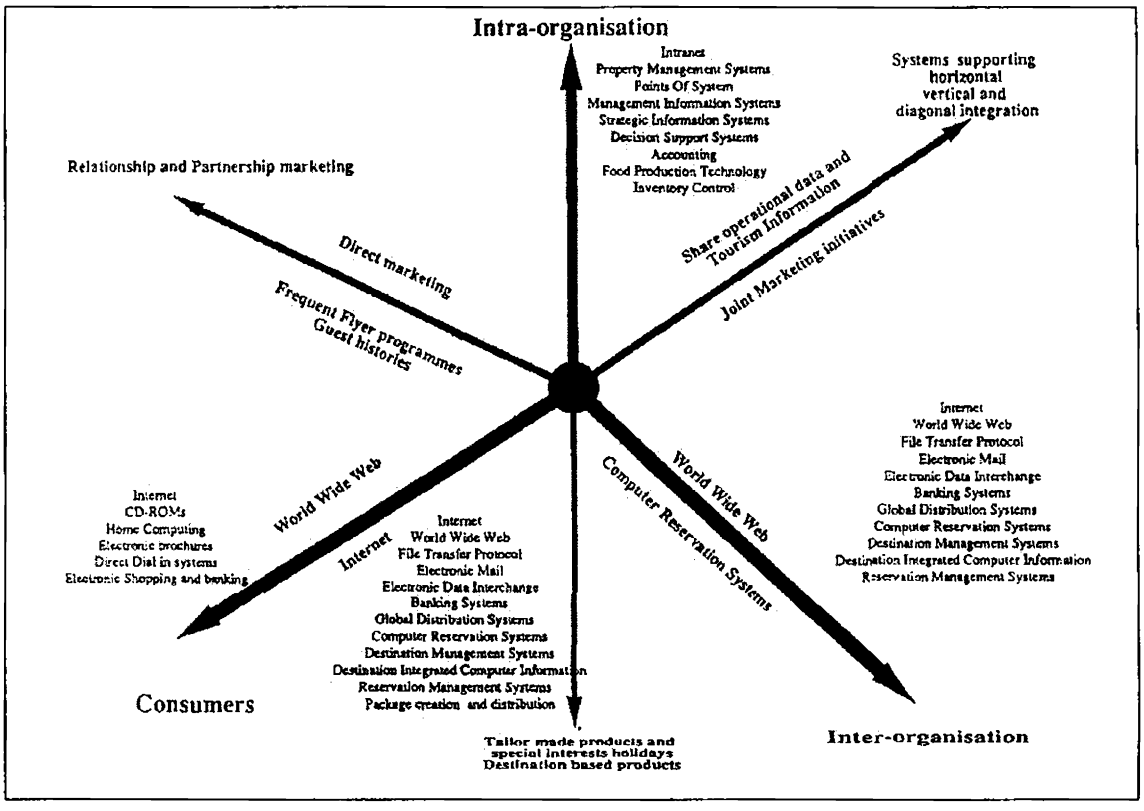
The tourism industry has always relied heavily on information. In fact, until a tourist gets to his or her chosen destination, tourism *is* information rather than a physical product. Thus, while tourism services are produced and consumed in a physical world set in a regional or local context, purchase of a tourism product is generally based on information received through direct or intermediary market channels, prior knowledge, word of mouth and perceptions of trust and service quality (Beirne and Curry, 1999).

The nature of the tourism product being information-centric makes it a search product that is evaluated by perusing product-related information. Being dependent upon effective information flows makes the tourism product a complex one, as it needs to be 'distributed and made available to both intermediaries and end consumers' (Laubenheimer *et al.*, 1999) and is almost entirely dependent upon representations and descriptions, provided by the travel trade (for example, the information brochure) to help consumers make a purchase decision (Buhalis, 1998).

As consumers become more knowledgeable, they have increasing expectations in terms of convenience, value and customisation (Wynne *et al.*, 2001). Requesting more frequent, specialised and shorter trips as a result of today's lifestyle, consumers seek global advice, service quality and market transparency (Bloch and Segev, 1996).

As information is the life blood of tourism, ITs provide both opportunities and challenges for the industry. Increasingly, organizations and destinations that need to compete will be forced to compute (Buhalis, 1998). Providing a framework for the utilization of technology in tourism by adopting a strategic perspective, Buhalis (1998) analyzed some of the most critical IT developments and demonstrated how they influence the tourism industry (Figure 2.3).

Figure 2.3. **Tourism and IT strategic framework**



Source: Buhalis (1998)

The Internet is 'an enabling technology, a powerful set of tools that can be used, wisely or unwisely, in almost any industry and as part of almost any strategy' (Porter, 2001). Companies that adopted e-commerce 'evidently expect to gain an advantage over their competitors' (Berrill *et al.*,

2004) and they will succeed in e-commerce if they use the Internet as a complement to traditional ways of competing, not setting their Internet initiatives apart from their established operations (Porter, 2001). This also applies to the tourism industry sectors (Mistilis and Daniele, 2004).

The importance of and necessity for using ICT in the travel and tourism industry is a relatively new subject in the literature. Following the general routes of ICT penetration into business environments, several authors have demonstrated the benefits of ICTs for the operation of tourism enterprises (Poon, 1993; Sheldon, 1997; Inkpen, 1998; Werthner and Klein, 1999; Buhalis, 2002; O'Connor, 1996, 1999). The book *Information Technology for Travel and Tourism* by Inkpen (1998) presents a detailed explanation of the major systems and new technologies used within the industry. One of the standard books in this field of research is *Information Technology and Tourism - A Challenging Relationship* by Werthner and Klein (1999). This book examines the interdependence between trends in tourism and developments in ICTs. It focuses on changes along the tourism value chain and addresses topics such as tourism in a digital or network economy.

2.6.1. Tourism as an information product and a 'confidence good'

Describing tourism as an information product and a 'confidence good', a UN report (UNCTAD, 2001), *E-Commerce and Development* explains the fit between tourism and e-commerce as follows:

> The tourism product has a distinguishing feature that has thrust it into the forefront of the electronic commerce revolution, that is, tourism is little more than an *information product* at the point of sale.

A consumer obtains *product information* through the media, friends or a travel agent (Werthner and Klein, 1999). The *information* provided is often based on the consumer's queries and expressions of interest, that is,

personal information. Then the consumer pays up front, or provides *information* about how to be billed or gives *credit card information*. In return, he/she receives a ticket or a booking that confirms the details of the required travel, lodging and other services. In exchange for payment, the consumer receives yet again more *information*.

During the period leading up to the time when the product is actually consumed, consumers must be confident that the experience purchased will materialize and satisfy their expectations. Therefore, tourism may be considered to be a 'confidence good' (Werthner and Klein, 1999). While the price and customer service are important competitive factors, tourism producers and intermediaries are increasingly competing on the confidence inspired in the customer directly through the *quality of information* they provide.

At delivery, the actual tourism product may have several components that are particularly *information-intensive*, such as learning about local history and interacting with local communities and culture. It is often assumed that providing this type of *information* is the focus of apex bodies such as Destination Marketing Organizations (DMOs) and National Tourism Organizations (NTOs). Finally a tourism product may be judged successful if it is unforgettable for the consumer, in a positive sense, and in particular when the consumer shares the *memories and impressions* – again more information – with family and friends, thus promoting the particular tourism product and destination. Thus the circle of *information* flows is completed.

According to the UN report (UNCTAD, 2001), the tourism industry is learning fast that the Internet can satisfy the acute need for information at all stages of the tourism product's life cycle far better than any other existing technology. The Internet, with its inherent interactivity, empowers people to find information quickly and precisely on any destination or activity that is arousing their interest. Consumers expect instant

information, and increasingly, the possibility to design or customize the tourism product sought, and to pay for it online. It is certain that embracing digital communication and IT is no longer an option, but a necessity.

2.6.2. Benefits of e-tourism

Buhalis (1994; 1997*b*) summarized the e-tourism benefits as the ability to bridge the gap between consumers and suppliers through direct communication, inexpensive delivery of multimedia information and provision of tailor-made products. But the information currently available on the Internet is often chaotic and misleading, mainly due to its immaturity and lack of any type of standardization. Several issues that need to be addressed are: security of transmissions, credibility of information, intellectual property and copyrights, bandwidth and speed limitations, user confusion and dissatisfaction, lack of adequate trained specialists and equal access and pricing.

The Internet has provided consumers with an increasing number of options for obtaining information and organizing their trips, more travel choices, and price transparency in an online highly competitive environment. Meanwhile, the Internet represents a solution for direct sellers (such as hotels and transportation companies), enabling them to enter the market without paying fees to third-party intermediaries, and search engines drive significant volumes of traffic direct to suppliers (eMarketer, 2004).

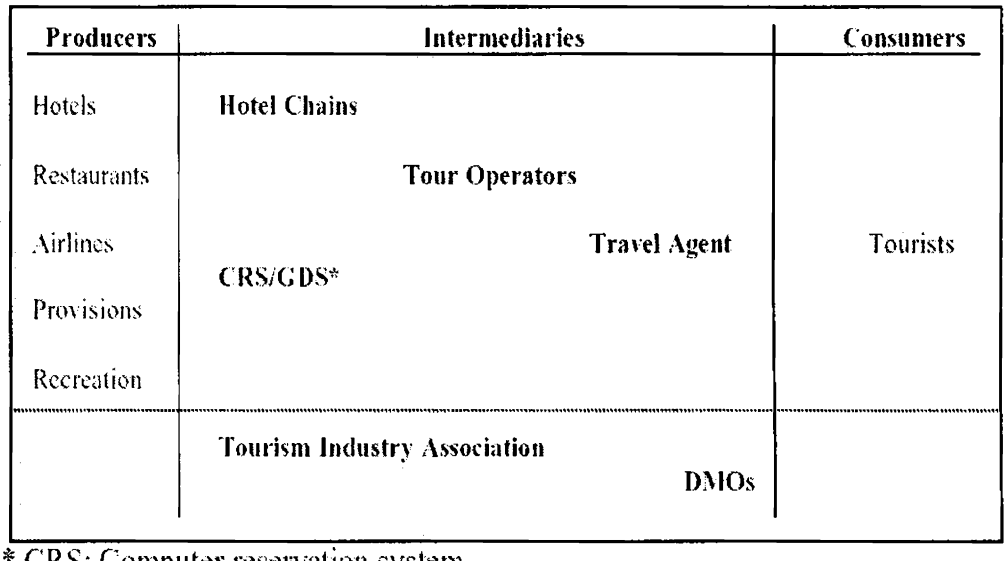
These studies have demonstrated that destinations and principals will be unable to compete effectively, unless they were able to promote themselves in the emergent electronic distribution channels. In the electronic marketplace, where access to information and ubiquity is achieved, interactivity between principals and consumers is empowered.

2.7. The Internet impact on the tourism industry structure

Collins *et al.* (2003) suggested that the advent of the Internet in the late 1990s has had a strong impact on the tourism and hospitality industry. It is due to the fragmentation of the hotel industry, which makes the Internet ideal for selling inventory online. The Internet as a channel of distribution has become one of the most successful channels used by consumers to research travel options, compare prices and make reservations for airline tickets, hotel rooms and car rental. Therefore, the provision of online travel services is the single most successful B2C segment on the Internet. Research carried out by NYU/Phocus Wright (2003) has indicated that the overall percentage of hotel rooms booked online will grow from an estimated 9 per cent in 2002 to 20 per cent in 2005. Apart from accommodations, flights and car rentals, the growth of travel offerings on the Internet now include vacation packages, cruises, events, tours and attractions. In fact, there is a gradual shift among travel technology vendors to move beyond accommodations, flights and car rentals to encompass cruises, destinations and others (NYU/Phocus Wright Report, 2003).

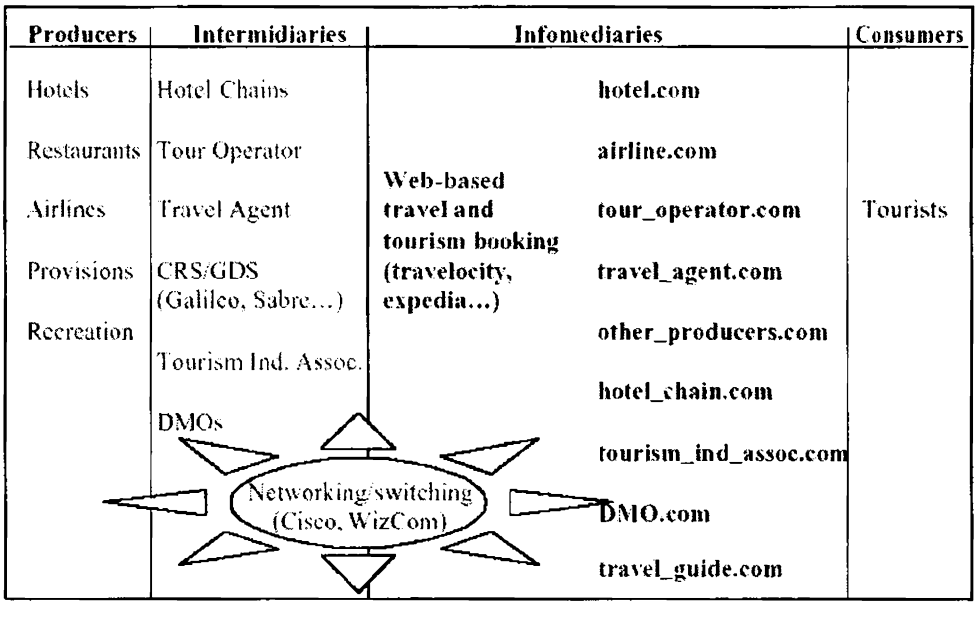
Tourism and travel industry has shown how e-commerce may change the structure of an industry and the way business is done. Whereas in other industries there is a stronger hold on traditional processes, the tourism industry is witnessing an acceptance of e-commerce to the extent that the structure of the industry is changing. Figures 2.4 and 2.5 describe the pre-Internet and Internet-enabled tourism industry respectively. Dis-intermediation and re-intermediation (in the form of infomediaries) have caused the major structural changes.

Figure 2.4. **Pre-Internet tourism**



* CRS: Computer reservation system
* GDS: Global distribution system

Figure 2.5. **Internet-enabled tourism**



Source: UNCTAD (2000)

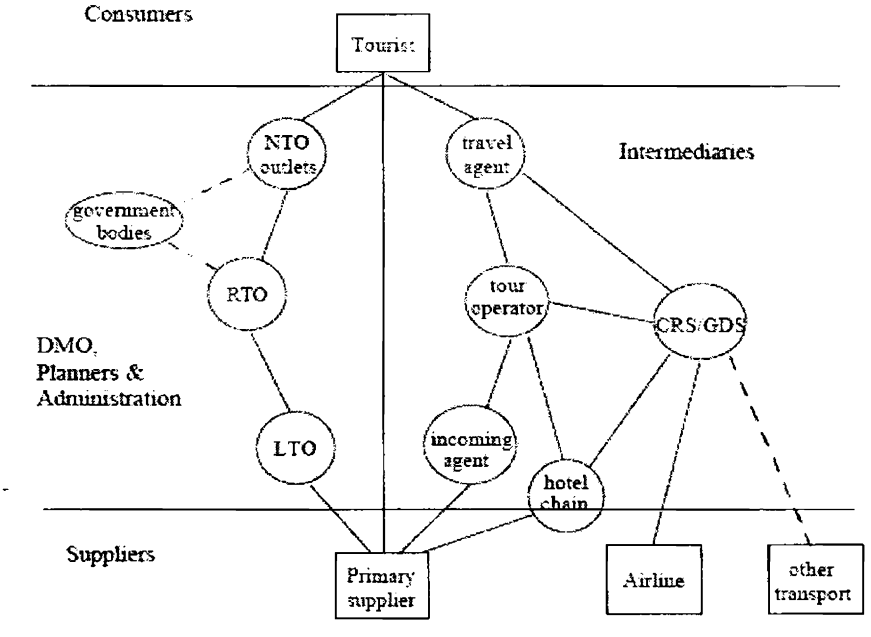
2.7.1. Tourism market structure and stakeholders

Werthner and Ricci (2004) described the structural view of the tourism market as represented in Figure 2.6. It differentiates between the supply and

demand side and the respective intermediaries. Links mark the relationships and the flow of information. It only shows the most relevant links with the nodes indicating the relevant types of players in the field.

On the supply side, enterprises such as hotels, restaurants and so on act us 'primary suppliers'. Those are mostly SMEs and their enterprises are on the same level as 'big' players like airlines, with respect to functional differentiation (Gratzer, 2003). Tour operators can be seen as product aggregators. Travel agents act as information brokers providing the final consumer with relevant information and booking facilities. Computer Reservation Systems (CRS) and Global Distribution Systems (GDS) also include other products such as packaged holidays or other means of transportation. They provide the main links between tour operators and travel agents.

Figure 2.6. **Structural view of the market**



Source: Werthner and Ricci (2004)

The intermediaries on the right-hand side (in Figure 2.6) can be seen as the 'professional' connection between supply and demand, whereas the left-hand side is relevant for destination management, planning, administration and branding of a destination. Normally, these entities have

to act on behalf of all suppliers within a destination and are not engaged in the booking process. The new players are companies within the system that use ICT to link customers and suppliers. The links to governmental bodies are dotted lines indicating that these DMOs (for example, the Mauritius Tourism Promotion Authority) are often governmental organizations. The upstream information flow towards market consists of product information whereas the downstream flow reports on market behavior and competitor performance mostly represented in terms of statistical aggregates. Both information flows create a tourist information network tying all market participants together and apparently, reflecting the economic relationships between them. This *'tourism core system'* as an umbrella industry is in close connection to other industry sectors such as ICTs, research institutions, marketing industry, culture, sports or consumer goods industries.

The Internet-enabled tourism market structure affects all the stakeholders (Gratzer, 2003):

- Tourists are addressed by more players, and they are also playing a more active role in specifying their services.
- Travel agents see a diminishing power in the sales channel; as a consequence they will put more emphasis on consulting and more complex products.
- Internet travel sites are further enhancing new market functionality and technology, focussing on personalized intelligent tools for travellers.
- DMOs are developing cooperation models within destinations, where they will occupy a new role as consolidator and aggregator.
- Tour operators will blur the boundaries between individual and packaged tour based on mass customization and flexible configurations

- . CRS/GDS will follow a collaborative marketing strategy by linking to major tourist websites for increasing their transaction volume, and they also move into direct sales for the retail segment.
- . Suppliers will increasingly form alliances and support electronic direct sales, increasing price competition as well as price differentiation, and they will redefine customer processes such as electronic ticketing or automated check-in.

This leads to an evolution of the market best described as an ongoing interaction of concentration versus the simultaneous entering of new players. The related increased complexity, however, generates the need for new services such as providing transparent access, market overview, or price comparisons. This in turn will accelerate innovation, putting even more emphasis on technical innovation.

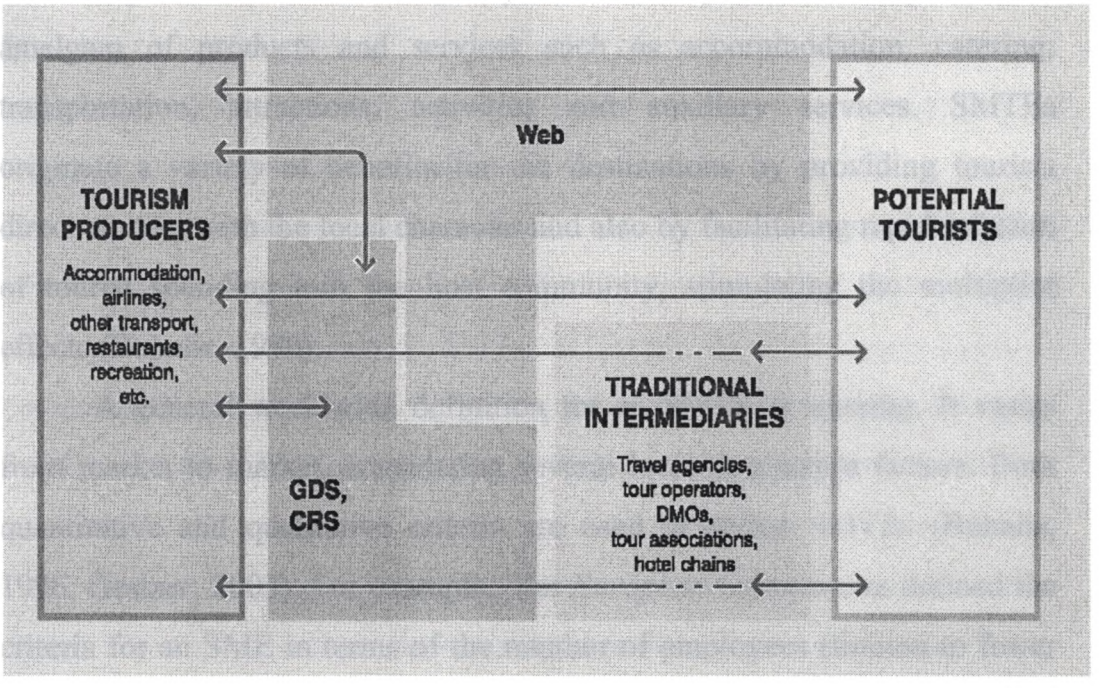
2.7.2. Tourism distribution systems

Tourism has been among the pioneers to apply interorganisational systems successfully on a large scale. The worldwide operating computer reservation systems are probably the best known and best described electronic markets. They have completely restructured the distribution channels and the way the whole industry competes. Indeed, it is not only the major airlines that have benefited but also the small enterprises: tour operators, travel agencies, local tourism organizations and others have been provided with an instrument that allows them to streamline their processes and offer their services to a worldwide audience of potential customers. Technology becomes a main source of sustainable competitive advantage and a strategic weapon, especially in the tourism and hospitality industries, owing to the pivotal role information plays in the description, promotion, distribution, amalgamation, organization and delivery of tourism products (Poon, 1993; Sheldon, 1997).

The backbone of the travel industry's growth has been its complex distribution network of suppliers and intermediaries ranging in size from SMTEs to big, global companies. Much of this growth could not have occurred without the GDS infrastructure. In the last 30 years, distribution evolved from primarily airline seats to include the various travel segments that are there today.

As detailed in Figure 2.7, many systems are now accessible to consumers through Internet gateways for airline tickets, hotels, rental cars and other services, as a result of which distribution channels are less dependent on traditional CRSs and GDSs. CRSs were originally designed and operated by airlines, and further GDSs such as Amadeus, Galileo, Sabre and Worldspan have been extended as sales channels to online travel agents such as Expedia, Travelocity and Orbitz. The first GDS, Sabre, appeared in the US in 1976 at the initiative of American Airlines to automate information systems related to flight reservations, schedules, prices and availability. For online pioneers in air transport, electronic distribution systems such as CRS and GDS have boosted competitiveness and productivity by automating processes and integrating new systems to improve business functions and reduce operating costs through yield management. Today, GDSs display airline company products over an extensive network of 500,000 travel agencies. GDSs represent an important distribution channel not only for airlines but also increasingly for hotels and car rental companies.

Figure 2.7. **Tourism distribution systems**



Source: UNCTAD (2005*a*)

Potential tourists may aggregate different tourism services through a combination of tourism providers, looking for the best value or lowest price through different channels. Each distribution channel has specific advantages in the value chain and responds to particular needs of consumers. While the advice of a traditional travel agent is still valuable when preparing composite travel, online travel agencies and tour operators offer great facilities for travel arrangements (static as well as dynamic packages); websites of direct producers offer brand guarantee and customer services; and search engines and emerging travel-specific search engines allow price comparison. Price competition is manifest across the tourism industry and consumers are attentive to price when they are preparing their travel.

2.8. Small and Medium Tourism Enterprises

Tourism destinations are traditionally dominated by SMTEs that provide an amalgam of products and services such as accommodation, catering, transportation, attractions, activities and auxiliary services. SMTEs originate a variety of benefits for the destinations by providing tourists direct contact with the local character and also by facilitating rapid infusion of tourist spending into the host community, stimulating the multiplier effects (Buhalis, 1996).

A general worldwide definition for an SMTE is missing. It varies from market to market, considering several local destination factors. Both quantitative and qualitative criteria are used to define SMTEs (Buhalis, 1996; Gratzer, 2003). For example, The *European Commission* defined the criteria for an SME in terms of the number of employees (limited to fewer than 250), functional independence (may not belong to a large company), turnover (must be less than €40 million) and the balance sheet total (must be less than €27 million). Furthermore, when accommodation facilities are classified, the number-of-beds criterion can be applied. For example, different categories of accommodation facilities such as hotels, motels, private guest houses, farmhouses, Bed and breakfast inns, villas and apartments can be distinguished based on the number-of-beds criterion (Haenssler, 2001).

In addition, a wide range of qualitative criteria can be used, such as the organisational structure; participation in hotel consortia or chains; turnover; responsibility distribution in decision making; financial strength; operational procedures; recruitment and training practices; decision-making process; entrepreneurial involvement and control; integration level; family participation in running the organization; internationalization of operation; marketing functions and managerial experience (Poon, 1989). Friel (1999) pointed out another interesting criterion to define and distinguish SMTEs. The small tourism firms, although having much in common with larger

tourism and hospitality firms, operate according to often quite different marketing imperatives. In short, there is more that differentiates small firms from large ones in terms of their marketing than size alone. Based on both quantitative and qualitative criteria, it is evident that the vast majority of tourism enterprises around the globe can be classified as SMTEs.

Small businesses such as hotels have often been excluded from global tourism distribution channels. The Internet provides unprecedented opportunities for innovative SMEs as it provides adequate tools to communicate and interact globally. In particular, SMEs that concentrate on services are liberated to access the global marketplace regardless of their location.

Before the advent of the Internet, local hotels often had no other choice than to sell their room capacity at a low price to well-known tour operators, ensuring them small but stable revenue throughout the year. Destinations marketed that way may have gained in popularity, increasingly in the form of low-price package vacations that encouraged the development of 'mass tourism', but earned very low returns. SMTEs could gain autonomy and save costs by promoting and selling products directly to consumers provided they have an effective website. ICTs are a driving force for tourism producers in managing their assets, making decisions in yield management (allowing price management and systematic inventory control), cutting down commissions to third-party distributors, collecting information on customers and designing marketing strategies for different market segments.

2.8.1. Prominence of SMTEs in the tourism industry

As a large number of SMTEs are involved in the delivery of tourism products and services, they formulate value-added networks and originate an amalgam of independently produced elements that effectively constitute tourists' total experience of the destination. However, due to their vulnerability, deficient marketing and management functions, and

dependence upon distribution channel partners they also tend to jeopardise the benefits of tourism activity for destinations and host communities. Nevertheless, the prosperity of destinations and SMTEs are closely interrelated, as the fortune of the one heavily depends upon the management and competitiveness of the other (Buhalis, 1994).

SMTEs represent an essential component of the accommodation offerings in many countries, operating alongside larger enterprises and sharing only in part the same logic and approach to the market, the same management tools and organizational models (Friel, 1999). Also the impact of ICTs on SMTEs is distinct with respect to their larger counterparts (Buhalis, 1999).

Tourism, based on cooperation in the creation and distribution of the product, is a networked industry that bundles elements provided by different types of suppliers, mostly SMTEs. In this networked industry, 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.

In general, SMEs need to take advantage of using ICT to reduce their marginalization from the mainstream tourism industry and to make their products available to institutional and independent buyers. According to Gratzer and Winiwarter (2003), the Internet provides them with two major opportunities: *the direct customer contact* and *a new worldwide distribution channel.* The SMTEs may be able to achieve competitive advantage if they manage to develop and position their niche products as unique. Enhancing the professionalism of SMEs, through marketing and management training, can especially support smaller companies.

A UN report (UNCTAD, 2000), *Electronic Commerce and tourism: New perspectives and challenges for developing countries*, highlighted the circumstances common but not exclusive to SMTEs. These circumstances

militate against their efforts to develop a strong tourism export prospect. For example:

- . SMTEs are generally in a weaker bargaining position towards international tour operators;
- . Long distances and less than acute or no competition result in high air fares to reach the destinations, especially in developing countries; and
- GDSs and CRSs are owned by large international airlines/operators.

2.8.2. Marketing and SMTEs

As individual enterprises with limited marketing budgets, most small firms fail to focus on marketing planning and market intelligence. Preoccupied with the operational running of their business, smaller operators tend to approach their markets 'less formally and more intuitively from their detailed, close contact with their guests' (Main, 1999). Since most tourism SMEs have rather limited means of marketing themselves, they are predominantly dependent on intermediaries such as DMOs for product marketing and distribution (Cooper and Buhalis, 1998; Werthner and Klein, 1999).

Despite their unmatched abilities to stimulate a rapid injection of cash into local economies and provide a feeling of welcome and character to the visitor, SMTEs are also typified by a lack of strategic vision and management expertise. Marketing also tends to be another significant weakness for most SMTEs. Not only are they usually unaware of the techniques and tools available but they also tend to follow a product-oriented approach. Lack of marketing research debilitates SMTEs' knowledge of their consumers' needs and wants and prevents them from identifying methods for improving services in order to meet consumers' expectations. Consequently, their promotional activities tend to be uncoordinated, inconsistent and ill-targeted, resulting in a fairly low effectiveness. Hence, SMTEs are over dependent on tourism intermediaries

for promoting and distributing their product. As a result, intermediaries minimize SMTEs' bargaining power within the distribution channel. SMTEs often have no other option than to accept the pressure and hand over the control of their product, marketing, distribution and pricing mixes. These weaknesses, probably magnified as SMTEs' illiteracy in IT, essentially mean that they are unable to take advantage of the emerging opportunities for improving their efficiency and promoting their enterprise in the electronic marketplace. This is already evident in the tourism industries as SMTEs underutilize IT, and remain underrepresented in most CRSs and GDSs effectively endangering their competitiveness and market share (Buhalis, 1996).

Nonetheless, the individual SME drive to use ICT as a marketing and branding enabler is increasing. In a survey study conducted among small tourism firms in England, respondents from both the macro (destination) level and micro (SMTEs) level indicated that they could see the potential benefits of using web technologies for marketing purposes (Main, 1999).

Buhalis (1996) has effectively argued for SMTEs to operate as a network and shed a very narrow view of competition. In tourism, the competitiveness of SMTEs and that of the destinations where they operate complement each other. This is because the entire spectrum of local firms and resources comprising the destination constitute the total tourism experience and ultimately the main motivation for travelling. Thus the amalgam of products and services provided by all SMTEs at the destination level should aim to maximize the satisfaction of consumers' needs and wants. In this sense, SMTEs need to 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. 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. 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.

Reengineering of the SMTEs' promotion and distribution processes and taking advantage of the emerging technologies will enable them to use their resources effectively in order to maximise profitability. A certain degree of standardization can then be achieved in order to facilitate the service delivery process as well as the interaction with partners, personnel, consumers, intermediaries, suppliers and governmental bodies. Buhalis (1996) emphasized that marketing cooperation will enable SMTEs to attract know-how and resources in order to position and promote their product effectively in the marketplace. The Internet has become an essential and growing channel of distribution where tourism providers are 'coopetitors', balancing between cooperation and competition (UNCTAD, 2005*b*).

There is a need for integrated marketing efforts by the SMTEs because merely having a website does not guarantee business. The website still has to be promoted through the conventional media options (such as information brochures). The website should also be linked to search engines so that the sites can be easily found when travellers are searching for information online. Not only does the website's Uniform Resources Locator (URL) need to be promoted, but hyperlinks to other sites could also be beneficial.

Franch *et al.* (2003) analysed the impact of ICTs on the strategic and organisational behaviour of hotel enterprises in the Dolomites, one of the main tourist areas in the Alps region of Europe. They discuss the effects of the widespread application of new technologies among small hotels, looking specifically at whether and to what degree such technologies have

supported the creation of a network among SMTEs and enabled innovative processes in marketing. They found out that the following difficulties were experienced by the SMTEs:

- Small and medium hotels showed only limited interest in using online payment systems with credit cards. The principal reason for most was not only concern regarding the security of electronic payments but also the high commissions charged by banks for the service.
- There was low propensity to make use of intermediaries, whether they were Internet operators (for example, a travel portal) or organized tour operators. This was partly due to costs, seeing that the commissions taken by large tour companies were considered prohibitive and also to the small size of the hotels themselves, which in many cases did not allow the structure to make use of larger intermediaries.
- There was a general level of dissatisfaction with links to the DMO's website, with operators indicating that it was difficult to locate their hotel among the multitude of enterprises and vast amount of information available at this site.

Franch *et al.* 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. Thus new technologies have had a typical 'veiling effect' insomuch as they have been used for traditional tasks but lack the capability to have a definitive effect on the reorganization of management processes. In this strategic and

organisational context, the Internet was used mainly as a marketing tool, mostly for promotional activities. However, the Web could provide the means for numerous initiatives able to consistently generate value added products/services for tourist destinations as a whole.

2.8.3. E-marketing drivers

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 act as incentives (promoting adoption and use). These variables varied considerably in different models and research methodologies. Most frequently, these variables are identified as either incentives (also referred to in the literature as drivers, determinants, motivators, accelerators or enablers) or barriers (inhibitors) to adoption and use. A number of research studies have attempted to group variables into categories, but once again, there is much inconsistency. For example, Al-Qirim (2004) used four categories: technological, organizational, manger/owner and environmental variables. Caldeira and Ward (2002) used the following four categories: internal context, external context, process and content. Magnusson (2004) categorized variables into the three dimensions of content, context and process. Soliman (2003) demonstrated that initial investment, operational costs, communication standards, connectivity and accessibility have a positive influence on the adoption decision. However, data-security concerns, network reliability, and bandwidth have a negative influence.

In a study of SMTEs in Greece, Buhalis and Deimezi (2003) found out that the most important barrier was the security aspect of Internet access, and in particular hacking and viruses. Second, speed and reliability of communications were problematic. A third barrier was lack of interest in e-commerce opportunities, mainly due to the scepticism about the potential benefits of e-commerce. Insufficient e-commerce skills as well as initial and continuing costs of the Internet are also featured as key inhibitors. Finally,

telecommunication costs – real or perceived – were also considered problematic due to the lack of a flat rate for Internet use.

Buhalis and Main (1998), based on a research undertaken in peripheral small and medium hospitality organizations (SMHOs) in Europe, explored the factors determining the adaptation of ITs by examining the stakeholders of small hospitality organizations, as well as the push and pull factors they exercise. Push factors are external forces which oblige enterprises to use ITs in order to avoid potential threats or jeopardize some of their functions. Pull factors provide incentives for enterprises to incorporate ITs in order to gain benefits in their operation. Several pull factors were identified, as they provide incentives for SMHOs to incorporate technology. Perhaps the most important factor is customer demand and the increasing number of computer-literate consumers who are empowered by the Internet and tend to use it for identifying and purchasing various products. Hence, SMHOs should start to realize that unless they satisfy this need they will fail to attract consumers. Thus, as SMHOs attempt to increase their market share, they would need to incorporate more technology in order to enhance their direct communication with consumers.

2.8.4. ICTs and SMTEs

Frangialli (1998) identified the changing face of the industry through the introduction of ITs in SMTEs as an important issue. As a result of these changes, a wide range of opportunities and challenges emerge for SMTEs and destinations. Traditionally the vast majority of tourism suppliers are small. Hence, they have enormous difficulties in marketing their products globally and compete with larger counterparts. Multinational organisations took advantage of the emergent technologies earlier than smaller ones and expanded their operations globally. Some SMTEs were absorbed by larger organisations or they had to develop franchising agreements with consortia,

such as the Best Western Hotels, in order to gain visibility in the marketplace.

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. ITs facilitate the amalgamation of independently-produced products. It, therefore, enables the delivery of seamless tourism experiences by networks of small providers. Evidence from recent research in Greece, England and Wales demonstrate that Internet offers a cost-effective mechanism for marketing and particularly promotion and distribution of SMTEs.

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. Increasingly the use of ITs is a major prerequisite in forming strategic alliances, particularly in the supply chain; developing innovative distribution channels and communicating with consumers and partners. Both customers and partners also tend to place greater value on organizations that utilize ITs than their competitors (Hewson, 1996).

To date, most research into the implications of the Internet for small tourism firms has focussed on the barriers to ICT adoption with a propensity towards the adoption of online booking systems (Cooper and Buhalis, 1998; Evans and Peacock, 1999). SMTEs, much like other SMEs, tend to be time and resource poor, with their size being their main disadvantage (Werthner and Klein, 1999). As a result, they are overdependent on intermediaries for product marketing and distribution and, hence, have limited bargaining power in the distribution channel (Cooper and Buhalis, 1998; Werthner and Klein, 1999). Other barriers may be technology itself, where the lifestyle choice of owner-operators often entails a negative attitude towards ICT (Evans and Peacock, 1999). There is no doubt that SMTE managers of the future will need to become familiar

and comfortable with technology if they want to exploit its potential (Buhalis, 1999). However, since proprietors of SMTEs are often dependent on external ICT expertise, they fear losing control and are therefore resistant to change (Anckar and Walden, 2001).

Presenting the results of a three-year study on the usage of and plans for ICT training in a fragmented and SME-dominated European tourism sector, Evans *et al.* (2001) 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. DMOs have a role to play in providing this assistance.

The diffusion of ICTs in the tourism industry enables SMTEs to enter tourism markets and interact directly with consumers and foreign tourism distributors, leading to a process of disintermediation. In this process, SMTEs offer their tourism products and services directly to a large number of consumers at a relatively low cost, and interact with them as well as with other tourism producers and distributors. The increasing number of consumers that use the Internet to plan leisure or business trips represents a major incentive for developing countries to organize and develop their tourism offer and its promotion over the Internet 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 (UNCTAD, 2005*b*).

ITs enhance tourism distribution to an electronic marketplace where easy access to information and ubiquity is achieved and thus the interactivity of principals and consumers is enhanced. This new potential can be very beneficial for innovative SMTEs that hitherto had little means to communicate directly with consumers as well as to defend themselves against the horizontal and vertical integration of large multinational tourism corporations (Buhalis, 1994; 1995). 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.

Despite all the benefits achieved, the Internet and new technologies have failed to make a major impact on the majority of the SMTEs in the hospitality industry. SMTEs have been slow to adopt and realise the actual benefits of applying ICT to their business (Buhalis, 2003; Morrison *et al.*, 1999). Collins *et al.* (2003) investigated the SMTEs in the European hotel sector and their utilisation of the Internet. The study demonstrated that SMTEs are not utilising information technology in their businesses to its full potential. They primarily see the Internet as a mechanism for promoting their hotels. SMTEs do not use the Internet for intra- and interorganisational purposes. SMTEs use the Internet for other purposes such as sourcing information, online buying and banking. This may be due to the lack of knowledge and skill by managers of SMTEs on how to use the Internet for intra- and interorganisational communication.

Starkov and Price (2003) reported that in order to be successful online, it is critical for hotels to have online reservations. From the qualitative survey it emerged that very few SMTEs facilitate online reservations. However, the majority of SMTEs surveyed do have booking request forms and use e-mail to communicate and provide confirmation of a reservation back to the customer.

Collins *et al.* (2003) demonstrated that the vast majority of SMTEs use the Internet as a digital brochure and promote limited information through their webpage. Interactivity is primarily through e-mail, and the content is more static than dynamic. Qualitative research also confirmed that the majority of SMTEs are unable to develop a comprehensive e-marketing strategy that would have enabled them to promote their website, ensure search engine optimisation and drive customer relationship management (CRM) to a wider and more targeted audience.

However, according to Anckar and Walden (2001), there is evidence that there are small minorities of SMTEs that are taking full advantage of the electronic marketplace and who are benefiting from the many opportunities that it provides. This in turn sends out a warning signal to SMTEs who have yet to have an online presence and urges them to use the Internet as a mainstream distribution channel and to integrate ICTs into their daily business process. Otherwise SMTEs will lose out in maximising both their performance and profitability in the long term.

2.9. Evaluation of tourism websites

Websites are essentially store houses of information that is provided in such a way that it helps the visitors and thus affect their view of the websites' effectiveness. Huizingh (2000) proposed two key characteristics of a B2C website, namely content and design. Content refers to the information, features or services offered in the website, while design is the way in which the contents are presented to customers. The contents of a B2C website play an important role in influencing the purchase decision process of a consumer. They should allow the consumers to locate and select the merchandise that best satisfies their needs. Thus, the usefulness of a B2C website not only depends on the information content but also on the tools provided for navigating through and evaluating the use of the information. The information given in a B2C website should be just sufficient for the consumers to make a decision, and care should be taken to avoid giving too much as this is likely to result in information overload (Keller and Staelin, 1987).

A consumer buying process could be viewed as a sequence of several stages, of which information search and information evaluation are two important preparatory steps. Lower cost of information search is a fundamental benefit of electronic markets (Bakos, 1991). Therefore, B2C sites that offer navigational tools which would ease the search process are

likely to be more effective. The next stage in the consumer decision process involves evaluation of alternatives before making a final purchase decision. E-retailers differ in the extent to which they facilitate the comparison of alternatives. Internet shopping has the potential to provide superior decision aids for making comparisons compared to traditional retail shopping. Research studies have also shown that decision aids have a favourable effect on the quality of online purchase decisions (Haubl and Trifts, 2000).

One of the frequently cited concerns about online shopping is the security of monetary transactions. Despite various technical advancements in Internet security, like cryptography, digital signatures, certificates and authentication, consumers are still concerned. A survey found 70 percent of the consumers expressing their fears about Internet security. Though it has been found that perceived Web security has a positive influence on the intention to purchase, security still remains one of the major barriers to online shopping (Kiely, 1997). To overcome such fears, many B2C websites offer alternative payment modes, like telephonic transactions or cheques. In order to allay the consumer concerns, many websites also offer individual accounts with a log-in ID and password.

B2C websites use a number of mechanisms to gather information about the visitors. Explicit modes of gathering (such as opt-ins, registration forms, web surveys and sign-ups) and implicit means (such as the use of cookie files and click-stream data gathering) are commonly used. Information about consumers provides crucial inputs to marketing, advertising and product-related decisions made by merchandisers. But a growing number of Internet users have expressed their concerns over potential misuse of personal information.

Website characteristics and purchase intentions are better explained under the framework of the Technology Adoption Model (TAM) (Davis, 1989; Davis *et al.*, 1989). Lee *et al.* (2001) expanded on the original TAM model and introduced an e-commerce adoption model that included

perceived ease of use, perceived usefulness, perceived risk with products/services and perceived risk in the context of online transaction. An easy-to-use travel website would imply aspects such as navigability, efficiency, consistency and compatibility (Morrison *et al.*, 1999). Another aspect of the website that relates to perceived ease of use is 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.

2.9.1. Website evaluation frameworks

Website evaluation has developed in an ad hoc way using a variety of criteria and methods. A number of researchers have examined the use of the Internet for commercial purposes. Liu *et al.* (1997) examined the websites of Fortune 500 companies to identify how they were using the web for interacting with their customers. They found that 95 percent use websites to provide information on their products and services, and about 26 percent do some kind of electronic transactions. Hoffman *et al.* (1995) provided six categories for classifying commercial websites, namely: online storefront, Internet presence, content, mall, incentive site and search agent. Most of these studies have been descriptive in nature trying to describe the existing state of affairs and industry practices.

Another group of researchers attempted to develop frameworks and models for B2C e-commerce. Liu and Arnett (1998) proposed a framework for designing quality B2C websites. Hoffman and Novak (2000) analyzed a few case studies to recommend several measures for improving B2C websites. Patrick and Joe (1998) extended the conventional model of consumer buying behaviour to online purchases and made recommendations for improving online commerce. These studies have been prescriptive in nature, offering several useful guidelines for conducting B2C e-commerce. Most studies have either adopted a technical or organizational

approach to studying B2C e-commerce. Those adopting the first approach using technology-related issues adopt the point of view of technical executives. Those following the second approach, focus on top management concerns about aligning e-commerce strategy with business strategy (Ho, 1997). In spite of a sound technical architecture and a formal e-commerce strategy derived from business strategy, a B2C website will not be effective if it fails to meet customer expectations. Hence the need arises for a marketing evaluation of the website where the service encounter happens. The evaluation of the online customer interface (that is, the website) offers significant input to tourism website designers (WTO, 2005).

Research on efficacy of websites is extensive, with many works aimed at evaluating a diverse range of providers in the hospitality industry (Kasavana, 1997; 2001; Morrison *et al.*, 1999). However, specifics of website effectiveness such as technical performance are outside the context of this study.

The accent on customers and customer service leads to models of customer service factors related to marketing on the Internet. Ditto and Pille (1998) suggested three levels for the degree of consumer impact provided by a website - *informational, transactional* and *relational* levels. The *informational* is the most basic level, with the website merely providing the same information available through traditional marketing. Here the customer can learn about the enterprise in a one-way process similar to conventional marketing that is not interactive. This is entry level for most firms. The *transactional* level enables communication with the customer, who identify with the site via options such as a 'virtual tour'. There is two-way communication albeit with the purpose of the customers contacting the enterprise by email, telephone or post. At the *relational* level the enterprise can develop interactivity with a customer enabling the development of a continuous relationship from the original transaction, via the Internet. This may be through such means as the creation of e-groups and e-boards to

support virtual communities representing customer groups with similar needs or interests. Higher connectivity is expected to enhance this level of activity. In order to create a website working at the relational level, an SMTE will need to see the Internet not in terms of technology or marketing alone but as a key factor in the management of the enterprise.

Mich and Franch (2000) used seven Loci or dimensions to constitute a general framework of the quality models that is independent of the sites under analysis. The first dimension, *identity*, regards the image that the organization projects and therefore all elements that come together in defining the identity of the owner of the site. The second and third dimensions – *content* and *services* – refer, respectively, to the information and services available for users. The *content* is particularly important because it directly influences the perceived image of the destination and creates a virtual experience for the consumer. The fourth dimension, *location* regards the visibility of a site; it also refers to the ability of the site to offer a space where users can communicate with each other and with the organization. The fifth dimension, *maintenance* comprises all activities that guarantee proper functioning and operability of the site. The sixth dimension, *usability* determines how efficiently and effectively the site's content and services are made available to the user. The seventh dimension, *feasibility* includes all aspects related to project management. The seven Loci meta-model supports a systemic approach to evaluating website quality that takes into account these diverse components coming together at a site and the importance of satisfying the needs of all actors. In fact, it strongly influences both the efforts (cognitive and operative) and the resources (time and finance) needed for the evaluation projects.

Doolin *et al.* (2002) have used the extended Model of Internet Commerce Adoption (eMICA) to benchmark the relative maturity of websites used in the tourism industry. Their work highlights the utility of

using interactivity to measure the relative maturity of tourism websites. The eMICA model proposes a staged approach to development of websites. It consists of three stages, incorporating three levels of business process - online *promotion, provision* of information and services, and transaction *processing*. The stages of development provide a roadmap that indicates where a business or industry sector is in its development of Internet commerce applications. Together with the levels of functionality of tourism websites identified in this study, the eMICA model offers a useful tool for individual organisations to evaluate and monitor their 'Net-readiness' over time. As sites move through the stages of development from inception (promotion) through consolidation (provision) to maturity (processing) layers of complexity and functionality are added to the site. This addition of layers is synonymous with the business moving from a static Internet presence through increasing levels of interactivity to a dynamic site incorporating value chain integration and innovative applications, thereby adding value through information management and rich functionality (Timmers, 1998). The results of the study (Doolin *et al.*, 2002) suggest that in the tourism industry major milestones in e-commerce development are:

- moving beyond a basic web page with an email contact, to providing links to value-added tourism information and the use of web-based forms for customer interaction;
- offering opportunities for the consumer to interact with the website through (a) value-added features such as sending electronic postcards or recording their experiences and reading others' experiences in online guest books and (b) the provision of online customer support via internal site search engines and searchable databases;

- the beginnings of e-commerce transactions with the acceptance of online bookings for accommodation, travel and other tourism services; and
- full adoption of e-commerce, where consumers are able to complete transactions online through secure channels.

Wan (2002) evaluated theweb sites of international tourist hotels and tour wholesalers in Taiwan. The evaluation system uses content Analysis to evaluate the websites and consists of three general user criteria: user interface, variety of information and online reservation. The methodology adopted in this study is the value-added model based on information systems. The key elements of this model are user interface (accessibility, formatting, help and flexibility) and system quality (simplicity, currency and comprehensiveness).

Ranganathan and Ganapathy. (2002) examined the key characteristics of a B2C website as perceived by online consumers and derived four key dimensions of B2C websites: information content, design, security and privacy. Though all these dimensions seem to have an impact on the online purchase intent of consumers, security and privacy were found to have greater effect.

The website evaluation frameworks mentioned above do not offer a comprehensive evaluation framework to evaluate the websites. They all place a stronger emphasis on one dimension or the other (for example, interactivity, utility, quality, content and so on) and as a result fail to capture the marketing evaluation of the websites and to analyze the online service encounters. In this context, the Rayport-Jaworski's (2002) *7Cs* framework is found to be appropriate for the task. Table 2.1 highlights the different website evaluation frameworks along with the key dimension emphasized by them.

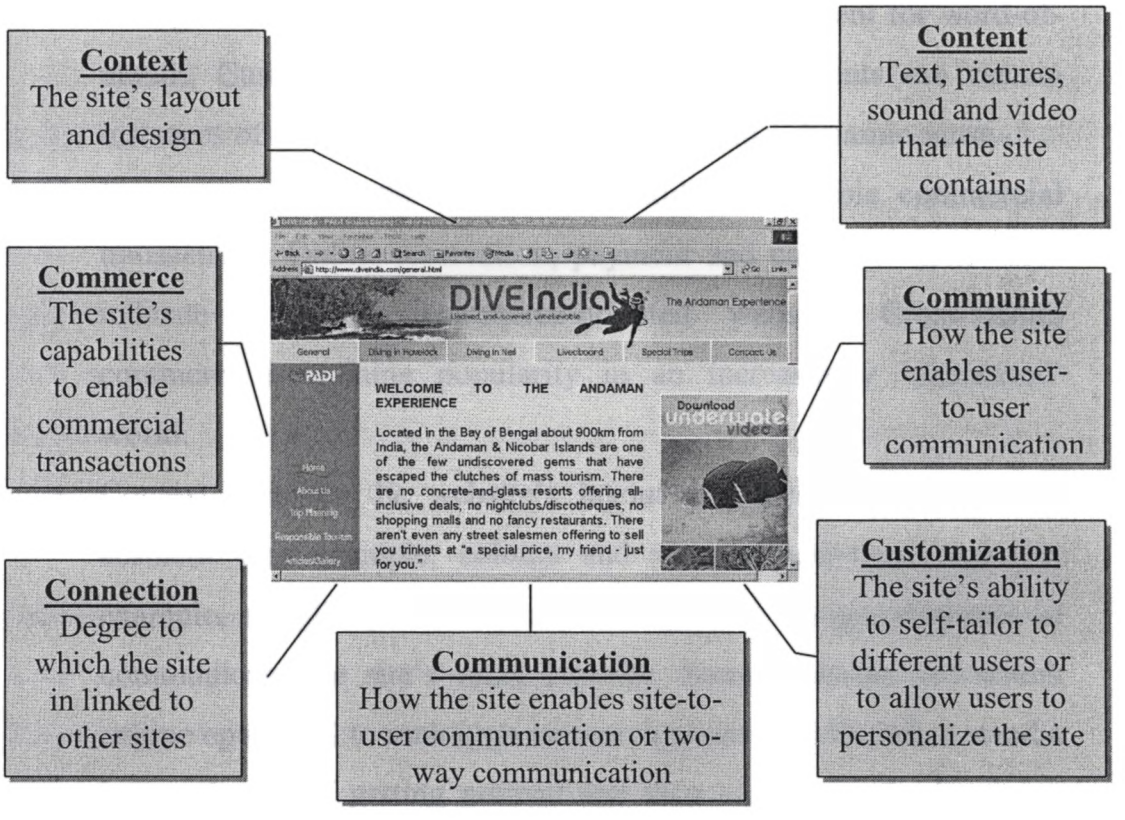
Table 2.1. **Website evaluation frameworks**

S. No.	*Website evaluation framework/model*	*Key dimension emphasized*
1	Ditto and Pille (1998)	Degree of utility
2	7 Loci; also called 2QCV3Q framework (Mich and Franch, 2000)	Quality dimensions
3	Extended Model of Internet Commerce Adoption (eMICA) (Doolin *et al.*, 2002)	Interactivity and relative maturity
4	Wan (2002)	Interface content and quality
5	7*C*s framework (Rayport and Jaworski, 2002)	Marketing mix

Source: Original

From a marketing viewpoint, traditional marketing mix elements involve product, price, promotion and place (McCarthy, 1981). In the case of service marketing physical surroundings, participants and processes are added to the marketing mix (Booms and Bitner, 1981). These, however, do not fit into the e-marketing paradigm. On the Internet, 'face-to-face' encounters common in the traditional retail environment have been widely replaced by 'screen-to-face' interactions (Mohammed *et al.*, 2002). Seven design elements of customer interface, as illustrated in Figure 2.8, have been suggested. They include content, customization, community, commerce, context, communication and connection (Rayport and Jaworski, 2002).

Figure 2.8. **Design elements of online customer interface**



Source: Adapted from Rayport and Jaworski (2002)

- Content is defined as all digital subject matter on the website. It may include the itineraries/tour/product information, maps, pictures, security/privacy/quality statement, price information and so on.
- Customization means the website's ability to tailor itself to different users or to allow users to personalize the site. Service that allows customers to design personal itineraries by themselves is a good example of customization. Websites offering multiple language support and search (on the basis of a personal query) facility may be credited for this design element.
- Community is defined as the interaction that happens between and among the website users. User-to-user communication can occur between two users or involve many. It serves to organize favourable customers and to increase their loyalty. Furthermore it is expected

that they play a critical role as opinion leaders for general customers through word-of-mouse, which is the online equivalent for word-of-mouth. Customer postings and guestbook comments are certain instances of community-building, though not in a dynamic sense.

- Commerce means the website's capability to enable commercial transactions. Online reservation, payment and cancellation features indicate a highly commerce-oriented website. Cross-selling commerce is gaining popularity in an increasingly 'connected' world.
- Context involves the website's layout and design. It has both aesthetic (for example, colours and visuals) and functional (for example, simplicity and ease of navigation) design elements to communicate the site's main benefits. Some websites are search engine optimized to rank high on search results and therefore stand a better chance of getting noticed and then visited by the browsing customer.
- Communications refer to the dialogue that unfolds between the website and its users. This communication can be of three types: site-to-user communication, user-to-site or two-way communication. On many tourism websites, this function enables the user to talk directly with the contact person while using the site.
- Connection is defined as the number of formal linkages between the website and other websites. It involves a program that supplies affiliated sites with banner advertisements to link visitors from other sites to a particular site.

2.9.2. Trade-offs in website design

The design of a B2C website plays an important role in attracting, sustaining and retaining the interest of a consumer at a site. The design is as important as the contents. Literature discussing the design principles of a B2C website highlights three important issues: ease of navigation of the

website, time taken for navigation and page download, and use of multimedia to improve its visual appeal.

One of the important characteristics of a B2C website that makes a customer comfortable is the ease with which it could be navigated. Difficulties in navigating a B2C website have been cited as a barrier for online purchase. Poorly designed navigation also has a negative impact on online sales (Bellman *et al.*, 1999). Hence consistent navigation links to each page of the website, useful navigation buttons and an index to the website have been suggested as important issues while designing a B2C website.

Convenience and time saving are often cited by consumers as important reasons for shopping online. B2C sites must be designed in such a way that consumers spend less time in finding the information they are looking for. Delays in searching or in loading a webpage might turn the consumers away to other sites that have faster download and display times. The download time is dependent on the size of the page, the extent of multimedia content in it, presence of applets or other programs, and technical parameters like the networking infrastructure, bandwidth connection between nodes and infrastructure and so on. It is essential to strike a balance between these parameters in order to keep the download and display times at an acceptable level. Waiting times of 30 seconds or more are considered unacceptable (Shneiderman, 1998).

B2C websites often use animation, video, music and other multimedia effects to capture customer attention. Multimedia combines static and dynamic images, sounds and text, and captures the consumer's attention more decisively than any of those elements alone. Thus it reaches the audience on multiple cognitive levels and results in higher retention. Though multimedia increases the aesthetic element of a webpage and increases the visual appeal, a fine balance must be made between multimedia elements and download times.

In order to avoid delays, several websites offer multiple versions: the option to choose text-only versions, low bandwidth and high-speed connection driven pages. An effective B2C website should be able to accommodate different connecting capacities, depending on the choice of user, in order to reduce delays and waiting times.

Law and Leung (2002) have raised concerns that there is a lack of understanding of the importance of websites among some tourism companies. This, together with the tendency to outsource, leads to organizations having websites that 'contain a lot of information, but with a large portion being poorly organized, outdated or inaccurate'. Attitudes towards websites often remain locked in the advertising domain and tourism companies fail to realize benefits such as increased sales volume and improved reputation.

2.10. The Internet influence on the tourists

The emergent information society and the knowledge-based economic powers will therefore redefine the ability of regions and enterprises to prosper in the New Economy. Inevitably the demand side of the tourism industry is also affected by the technological revolution. The new, sophisticated, knowledgeable and demanding consumer increasingly becomes familiar with the emergent ITs and requires flexible, specialized, accessible and interactive products and also communication with principals (Buhalis, 1998).

Information is a necessity to the traveller. Tourists need information to aid planning before they embark on a trip or purchase a vacation. As no refund is typically available for bad service, or a bad vacation, consumers face a significant risk. O'Connor (1999) points out that 'since travellers cannot pre-test the product or easily get their money back if the trip does not meet up to their expectations, access to accurate, reliable, timely, and relevant information is essential to help them make an appropriate choice'.

Due to of the inability to pretest or preview the tourism service, marketing communications is a key factor in consumer choice. This is more critical than in other tangible consumer products or services. Buhalis and Main (1998) acknowledge that 'the greater the degree of perceived risk in a pre-purchase context, the greater the consumer propensity to seek information about the product'. Tourists seek current reliable information and may make a high-risk decision about their vacation destination based on this information.

2.10.1. Profile of the online tourist

Many studies have been conducted to profile the typical online user using the demographic characteristics. The typical Internet user of the 20th Century is young, professional and affluent with higher levels of income and higher education (Palumbo and Herbig, 1998). They value time more than money, which automatically makes the working population and dual-income or single-parent households with time constraints better candidates for non-store retailers to target (Burke, 1997). Internet usage history and intensity also affect online shopping potential. Consumers with longer histories of Internet usage are educated and equipped with better skills and perceptions of the Web environment. They have significantly higher intensities of online shopping experiences and are better candidates to be captured in the well-known concept of flow in the cyber world (Sisk, 2000; Hoffman and Novak, 1996; Liao and Cheung, 2001). Those consumers using the Internet for a longer time from various locations and for a higher variety of services are considered to be more active users (Emmanouilides and Hammond, 2000). A study of international travellers by Heung (2003) found out that the Internet users with better education were more likely to purchase travel products online.

2.10.2. Online search and shopping motivators and inhibitors

Researches studying the intention of the online users in B2C e-commerce context have lead to identifying the motivations and inhibitions of the users.

Convenience, price comparison and lower prices were identified as the three main reasons why Internet users buy travel products online (Starkov and Price, 2003). In a study by Swaminathan *et al.* (1999), the most compelling motivation became the convenience to shop 24/7 from the luxury of one's home.

With respect to factors determining the usage of the Internet for travel information and shopping, Heung (2003) found that convenience and time savings are the two main considerations for Internet users. Therefore, travel planners and marketers should simplify the online purchase process involved so as to meet the needs of their potential markets. In contrast, since 'prefer other services' and 'concerned about security' are two main reasons that discourage travellers from using the Internet, it appears that the main challenges faced by online travel planners and marketers are the 'virtual' nature of the transaction and security. Many Internet users are concerned about the security of personal information and whether it is used appropriately. It is therefore critical for the travel and tourism e-marketers to address the issue of security. In order to gain the confidence of the customers, travel and tourism e-marketers should establish security measures and ensure that the internal database generated from the transaction is used judiciously.

In the travel context many components may make up for the travel experience and therefore the combination of convenience, immediacy and rich information is highly effective (Beldona *et al.*, 2004). Weber and Roehl (1999) found that the most frequently cited reasons for not purchasing travel products online are (in the order of precedence) credit card security, no assessment of product quality, privacy issues and 'rather purchase locally'.

Trust and social contact are the main concerns for many consumers, particularly when planning leisure travel (Lewis and Semeijn, 1998). In the e-commerce research area, consumers' trust in online purchasing has

captured a central part of academic interest. Many consider the lack of trust to be a very significant factor affecting intention to purchase from the Web. Discussion has focussed mainly on security of transactions, privacy of customers' personal information and general trust in the vendor with whom the customer has not had any prior experience (Gefen *et al.*, 2003). Trust is certainly a problem when there are plenty of possible online vendors on the global market of the Internet. According to Gefen *et* al. (2003), trust can be thought of as a strategy to reduce complexity in uncertain situations increasing the perceived certainty concerning the vendor's possible behaviour. The customer trusts that the vendor will not behave opportunistically to exploit consumers and thus trust encourages customers into shopping online.

In the context of online trust, Grabner-Kraeuter (2002) defined two uncertainty types: system-dependent and transaction-specific uncertainty. System-dependent uncertainty in the e-commerce context is caused by technological problems or unclear or non-existent legal norms. A reason for transaction-specific uncertainty is an asymmetric distribution of information between the transaction partners materializing in decisions of economic actors. According to the study results (Grabner-Kraeuter, 2002), experienced online purchasers considered the Internet more suitable for travel reservations and were more likely than their inexperienced peers to use the online booking system in the future. Furthermore, inexperienced online purchasers preferred conversation during the booking task more and had more concerns about online booking than the experienced ones. In addition, concerns about online booking very clearly affected future purchase intentions.

Previous research (Jarvenpaa *et al.*, 2000; Reichheld and Schefter, 2000; McCole and Palmer, 2002) has proposed that one of the most important reasons for not using an online channel for purchasing is the lack of trust: unfamiliar vendors as well as insecurity of transactions and

personal information. Järveläinen and Puhakainen (2004) explain the motivations of consumers who seek information online and make the transaction offline with a familiar and reliable company operating both online and offline, using secure transactions as well as guaranteeing information privacy. Many online information seekers required extra information that could be obtained, in their opinion, more easily from the customer service person than the company's website. This calls for redesigned websites that are a better match for the customers' information needs. Referring to prior studies, information seeking can be very time consuming and difficult on the Internet (Anckar, 2002; Öörni, 2002). Factors that limit Internet shopping were identified by Jarvenpaa and Todd (1997) as bandwidth and network security, difficulties in navigating the Internet, limited offerings of individual sites, lack of price competitiveness and disappointment with customer services. Weber and Roehl (1999) revealed some important online shopping features for online travel purchases. The most important feature is 'security of sensitive information', followed by 'quality of information about purchase choices' and 'Internet vendor's reliability'.

The revolutionary developments in ITs, which have been experienced through the proliferation of the Internet since 1990s, illustrate that consumers increasingly rely on the Internet for travel information. They utilize commercial and non-commercial Internet sites for planning, searching, purchasing and amending their travel.

2.10.3. Online tourist behaviour

Despite the growing importance of the Internet as an information source for travellers, a marketing tool and a way of doing business, there is a general lack of behavioural studies on how these travellers use the Internet for information, booking and purchase of travel products and services.

Hoffman and Novak (1996) observed that consumers engage in two general categories of behaviour in computer-mediated environments like the

Web: goal-directed and experiential. Goal-directed behaviour corresponds to a directed search mode of network navigation in which the consumer is extrinsically motivated to find a particular site or piece of information on a site. On the other hand, experiential behaviour is intrinsically motivated and corresponds to a non-directed, exploratory search mode.

Liu (2005) suggested that the Internet leads both to new ways to meet changing consumer behaviour – they are less loyal; tend to make more but shorter vacations; and the time between decision making and consumption decreases - and to an 'informatization' of the entire tourism value chain. Not only processes are changed but also new services can be designed, extending the range of options to customize and configure products. Customization describes the process of individualizing products or services, based on IT enabled mass-customization. Configuration refers to the bundling of different product or service components to integrated offerings. Companies combine their core products with layers of additional services.

Walle (1996) has indicated that there is an increasingly available supply of travel and tourism resources on the Internet encompassing a broader base of users and potential users. In general, the Internet can be used in two distinct (but not mutually exclusive) ways: first, as a source of data by which the user accesses resources purely to get information; and second, as a means of marketing and thereby facilitating business transactions.

Smith (2004) concluded that consumers visit commercial websites for at least two reasons; they are either searching for information on a particular product or service, or they want to purchase something in particular. Consumers have traditionally relied upon on travel agencies for the management of these travel plans. Increasingly, the typical e-travel consumer wants to take more control of his/her own travel plans.

Peterson *et al.* (1997) found that consumers are able to gather information about products and services on the Internet. But the information gathering capability of the online consumer can profoundly affect behaviour through changes in market dynamics (Clark and Wright, 2005). Traditional Economics of Information theory (Nelson, 1970; Darby and Karni, 1973) states that as consumers are not perfectly informed about all alternatives available in the market, their perceptions of price dispersion (variations in pricing for the same products in different markets) or information variation will drive them to search behaviour during the decision-making process. In addition, the extent to which consumers are willing to search for information will be dictated by the perceived benefits versus costs of the search and their previous experience and knowledge. The more consequential the purchase decision, the more time and effort consumers are willing to expend to search for information that they believe will lead to a good decision (Beatty and Smith, 1987). However, for online consumers, factors such as lower search costs and greater availability of information can increase the extent of searching done and the amount of information gathered, allowing the online consumer to consider more alternatives than his/her terrestrial counterpart. Biswas (2004) suggested that over time, this activity could actually reduce price dispersion among vendors, who traditionally relied on information asymmetries to maintain differential pricing. This leads to online consumers becoming less price-conscious as they benefit from factors such as personalisation and brand loyalty, and consequently are more willing to pay a premium for higher levels of service, customised offerings, recognised brands and so on.

Beldona *et al.* (2005) have evaluated the relationship between consumer purchase motivations across low and high complex travel products and concluded that the low complex product purchases were driven by transactional contexts and the high complex product purchases by informational contexts.

In a study of Internet usage among the international travellers, Heung (2003) concluded that understanding how travellers behave is of critical importance to travel marketers in formulating appropriate marketing strategies so as to fully exploit the developing potential of the Internet as a new business channel. The travel decision-making process is a complex multi-stage process layered along a hierarchical set of activities (Fesenmaier and Jeng, 2000). Here too, convenience can serve as a key driver of the travel planning process. On the Internet, consumers can self-build a combination of various complementary travel products with relatively less difficulty when compared to the traditional context. However, the Internet can add to the complexity of the process too because of the plethora of sources needed to coordinate and piece together this process. For example, accommodations can be bought from accommodation sites, intermediaries, airlines and even destination sites. Of course, the level of detail provided by each of these websites varies based on what the core and secondary offerings are. As Werthner and Klein (1999) argue, the need for assistance in travel reservation task increases when the complexity of product is high and the knowledge of the customer is low.

Many studies frequently mention 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 (Mayer, 2002; Betts, 2001; Oliver, 1999). This might happen because of the lack of consumer intention to purchase an offering from the online environment at the outset. It might also happen because of various problems that arise during online shopping driving the consumer to abandon the task in the middle. Attempts to study purchase reluctance and abandonment can help understand how to turn surfers into shoppers by making them enter into continuous interaction with this environment (Berthon, 1996).

Buhalis (1994; 1997*a*) has suggested that ITs improve the service quality and contribute to higher guest/traveller satisfaction. Increasingly,

ITs enable travellers to access reliable and accurate information as well as undertake reservations in a fraction of the time, cost and inconvenience required by conventional methods. Customer satisfaction depends highly on the accuracy and comprehensiveness of specific information on destinations' accessibility, facilities, attractions and activities (Buhalis, 1994). This is because the gap between consumers' expectations and perceived experiences is smaller and thus, unpleasant surprises from the destination or principals are minimized (Buhalis, 1997*a*).

2.11. Chapter Conclusion

While SMTEs make up the majority of firms in the industry, little is known about their marketing approaches or activities. In the marketing literature, there has been a steady growth in interest in SMEs since the late 1980s, but there has not been a concomitant growth in marketing-related studies. Not to mention, very few studies have addressed the e-marketing aspect of SMTEs. This chapter has presented a review of the extant literature on the Internet impact on the marketing function, tourism industry, SME sector and tourists. The review of literature highlighted the avenue for this research and clarified certain under-investigated or unsettled areas of study. An appropriate framework for marketing evaluation of SMTE websites has been identified for this study after perusing through the website evaluation frameworks/model put forth by various researchers in this area.

Chapter 3

METHODOLOGICAL DESIGN AND FRAMEWORK

3.1. Introduction

This chapter presents the methodological foundations and issues that are pertinent to this study. The derived hypotheses are listed in order to draw focus on the effect of the independent variables that have been considered in this study. Independent variables have been chosen on the basis of their actionability and usefulness for e-marketing interventions in future. Some variables (such as parameters of marketing evaluation of SMTE websites) have been studied for the first time in order to bring out new insights.

The research design has been presented and the methodological issues have been analyzed. The procedures for construction of the research instruments for this study, analysis of the demand- and supply-side factors of e-marketing and marketing evaluation of SMTE websites have been described. The sampling framework and inclusion and exclusion criteria, data sources and methods of statistical analysis have been presented.

3.2. Research hypotheses

Derived from the research objectives, the following 7 sets of hypotheses were proposed and tested. Hypotheses 1 to 4 deal with the SMTEs (that is, the supply-side) and hypotheses 5, 6 and 7 deal with the SMTE tourists (that is, the demand-side).

1. Level of e-marketing involvement and type of tourism product (Objective #1)

   H1: *There is a difference in the level of e-marketing involvement among the SMTEs representing different tourism product categories.*

   There is a difference between the SMTEs' level of involvement in different e-marketing activities and their product categories (that is, accommodation, access, attractions and auxiliary products/services).

2. E-marketing tenure and its perceived criticality and pay-off (Objective #1b)

   H2a: *There is an association between a SMTE's e-marketing tenure and its perceived criticality of e-marketing.*

   There is an association between the e-marketing tenure (in number of years) of an SMTE and its perception of criticality of e-marketing to its business.

   H2b: *There is an association between a SMTE's e-marketing tenure and its e-marketing pay-off.*

   There is an association between the e-marketing tenure (in number of years) of an SMTE and its e-marketing pay-off (as a percentage of sales directly attributed to e-marketing initiatives).

3. Importance and incidence of critical success factors of e-marketing (Objective #2b)

   H3: *There is a difference between the importance and incidence of critical success factors of e-marketing.*

   There is a difference between the perceived importance and the actual incidence (performance) of critical success factors of e-marketing.

4. SMTE websites and type of tourism product (Objective #3a)

   H4: *There is a difference in the online customer interface design elements of SMTEs among the different tourism product categories.*

   There is a difference in the SMTEs' website design elements and their product categories (that is, accommodation, access, attractions and auxiliary products/services).

5. Tourist-related factor: demographic and behavioural characteristics (Objective #1)

H5: *There is a difference in the characteristics between Internet and non-Internet users among the SMTE tourists.*

There is a difference in the demographic and behavioural characteristics between Internet and non-Internet users among the SMTE tourists.

6. Tourist-related factor: online search/purchase satisfaction and intention to buy

   H6a: *There is an association between online search satisfaction and future intention to purchase online.*

   There is an association between the tourists' level of online search satisfaction and their future intention to purchase tourism products online.

   H6b: *There is an association between online purchase satisfaction and future intention to purchase online.*

   There is an association between the tourists' level of online purchase satisfaction and their future intention to purchase tourism products online.

7. Tourist-related factor: destinations and tourism product bought online

   H7: *There is an association between the tourists' destinations and the type of tourism product purchased online*

   There is an association between the tourists' destinations (in this study, Mauritius or Andaman islands, India) and their online purchase of tourism products (such as accommodation, access, attractions and auxiliary products/services).

3.3. Research design

This is a descriptive research aimed at studying three sets of respondents, namely the SMTE e-marketing decision makers, SMTE websites and SMTE customers to meet the above stated research objectives. This study was conducted using the survey and observation methods.

The study was carried out in three parts:

Part I: Statistical study using the survey method to find out the (supply-side) motivators, inhibitors and critical success factors of e-marketing from the e-marketing practices of the SMTEs.

Part II: Descriptive study using the observation method to perform a marketing evaluation of SMTE websites using the Rayport-Jaworski's 7*C*s framework by identifying the indicators that make up each of the seven dimensions of online customer interface.

Part III: Statistical study using the survey method to find out the (demand-side) online search and shopping motivators and inhibitors of the SMTE customers from their Internet usage and online navigational and purchase behaviour.

3.4. Sources of data

The study was based mainly on primary data collected from the respondents and the websites. Secondary sources were used as background material. The websites and promotional literature (such as brochures and newsletters) of the SMTEs and DMOs were the secondary sources scrutinized for collecting the background data for conducting the study.

Active primary data was collected from two groups of respondents, namely the SMTE e-marketing decision makers (to study the e-marketing supply-side factors) and the international tourists or customers of these

SMTEs (to study the e-marketing demand-side factors). Passive primary data was gathered from the websites of the SMTEs (to perform a marketing evaluation of the online customer interfaces).

The following sections present the methodology adopted for carrying out the three parts of the research study.

3.5. Methodology for Part I

Part I of the study is concerned with using the survey method to find out the demand-side factors such as demographic characteristics and motivators, inhibitors and critical success factors of e-marketing from the perspectives and practices of the SMTE e-marketing decision makers.

3.5.1. Research instrument

Other than the most commonly used self-completed questionnaires, instruments like in-depth interviews, focus groups and observation of e-marketing initiatives have also been adopted to study the demand-side factors of e-marketing. In this study, in-depth interviews in combination with guided tours of the SMTE facilities have been used for obtaining information. This approach allowed the respondents to offer unsolicited evaluations and responses that were taken note of. In-depth interviews yielded information that was quantified using a Likert scale and interactions during guided tours gave many qualitative insights of SMTE's e-marketing experiences. For scale construction, the response categories were chosen after an extensive review of the relevant literature. Several open-ended questions were also included in the questionnaire with a view to obtain comprehensive information from the respondents and also because of the newness of the research area.

The questionnaire (Appendix II-A) consisted of six sections that asked the respondents about their:

- level of involvement in e-marketing activities,
- perceived criticality of e-marketing to their success,

- e-marketing motivators,
- e-marketing inhibitors,
- e-marketing critical success factors and
- demographic information for profiling purpose.

A pre-test of the questionnaire was carried out. The pre-test did not indicate any problems except the difficulty with English language in the case of a few Mauritian SMTE managers. Following this, a French translation (Appendix II-B) of the questionnaire was made available on request.

A 5-point Likert scale was used with '5' indicating strong agreement, '1' indicating strong disagreement and '3' indicating neutrality. A 3-point scale would have given inadequate options, while a 7-point scale would have demanded a high level of sensitivity and discrimination that would have been difficult given the qualification and e-marketing experience of the respondent group. Unless experts with a high degree of awareness and sophistication are addressed, the sensitivity provided for by a 5-point scale is sufficient and meaningful enough for this situation.

3.5.2. Survey of SMTE e-marketing decision makers

1. The 50-item questionnaire was administered by the personal interview method to 40 SMTE e-marketing decision makers representing tourism product categories such as accommodation, access, attraction and auxiliary products. The inclusion and exclusion criteria for selecting respondents are presented under the sampling plan.
2. Demographic background details such as tourism product category of operation, number of employees, annual sales turnover, e-marketing tenure and pay-off were obtained. In addition to the demographic background of the SMTEs surveyed, details regarding their level of involvement in the various e-marketing activities, their perception of e-marketing criticality to the success of SMTEs,

importance of the various e-marketing benefits, importance of and performance (incidence) on the critical success factors, barriers to adopting or implementing e-marketing and description of any e-marketing success stories were also obtained so as to get a complete picture of the situation. They also provided more value as actionable independent variables as compared to a descriptive demographic profile alone.

3. The importance and performance (incidence) scores given by the respondents were analyzed to assess the critical success factors and their relative position.
4. For this survey, 20 Andaman SMTEs and an equal number of Mauritian SMTEs were approached and their e-marketing decision makers participated in the survey.

3.5.3. Duration of the study

The study of SMTEs in Mauritius was carried out over a period of 12 months from August 2003 to July 2004. The study of SMTEs and tourists in Andaman Islands was conducted during a 12-month period from March 2005 to February 2006. The study periods account for all seasonality factors. Interestingly, in both the destinations, the period from November to January is the peak season.

3.5.4. Sampling plan

The SMTEs were identified through a disproportionate stratified random sampling strategy. Stratification was done using the tourism product category (for example, accommodation). Since the research focus was on the entire SMTE sector and not on any of the product categories, a disproportionate stratified sampling was chosen. Situational factors such as fulfilment of inclusion and exclusion criteria also supported the choice of disproportionate stratified sampling.

3.5.5. Inclusion and exclusion criteria

The sample inclusion criteria of 'SMTEs having an own website' and 'respondent to be an e-marketing decision maker' were followed. SMTEs (such as tourism/travel portals) with a 'pure click' or 'aggregator' models of e-commerce were excluded since the study focussed on the supplier's e-marketing practices rather than the intermediary's or the infomediary's e-marketing practices. SMTEs with an over-reliance on their channel partners for marketing (for example, a hotel depending extensively on tour operators to bring in business) were also excluded.

3.5.6. Sample size

The sample size was fixed as 20 per cent of the sampling frame (directory provided by the DMO served as the sampling frame) and it translated to 40 SMTEs (20 in Mauritius and 20 in Andaman Islands) in four diverse tourism product categories, namely accommodation (hotels, villas and bungalows), access (tour operators, travel companies and car/bike rentals), attractions (places of interest and leisure/adventure activities like SCUBA diving and game fishing) and auxiliary products (video/photo services, souvenirs and specialty restaurants).

3.5.7. Data analysis and statistical tools

Factor analysis was applied to identify the underlying dimensions of the critical success factors of e-marketing and also of the benefits of e-marketing. Correlation and regression analysis was used to verify the first-mover advantage in SMTEs with a longer e-marketing tenure. Friedman test determined if mean rankings differed across the e-marketing inhibitors. Percentages, measures of central tendency and dispersion, the paired sample 't'-tests, Pearson chi-square test and one-way analysis of variance (ANOVA) were used for testing of hypotheses. SPSS package (Version 12) was used to perform the statistical analysis.

3.6. Methodology for Part II

Part II of the study is a descriptive exploratory study using the structured observation method to perform a marketing evaluation of SMTE websites using the Rayport-Jaworski's 7*C*s framework by identifying the indicators that make up each of the seven dimensions of online customer interface.

The objects of observation were the websites of the SMTEs identified through a disproportionate stratified random sampling strategy as done for Part I. The sample size was fixed as 20 percent of the sampling frame and it translated to 40 SMTEs (20 in Mauritius and 20 in Andaman Islands) in four diverse tourism product categories, namely accommodation, access, attractions and auxiliary products. The inclusion criteria of 'SMTEs having their own URL' or 'SMTEs having websites with their own domain name' was applied. Aliases (that is, multiple domain names for a single website) were also considered, but as a single website only. Plug-in websites (for example, a travel portal providing a plug-in site for an SMTE) were excluded from the study.

3.6.1. Research instrument

To record the passive primary data collected through observation method, a structured data entry table (Appendix II-E) was designed based on the Rayport-Jaworski's (2002) 7*C*s framework of website evaluation from a marketing perspective. The dimensions described in the 7*C*s framework are:

- Content (representing all the text, pictures, sound and video that the site contains)
- Community (how the site enables user-to-user communication)
- Customization (the site's ability to self-tailor to different users or to allow users to personalize the site)
- Communication (how the site enables site-to-user communication or two-way communication)

- Connection (degree to which the site is linked to other sites for affiliate marketing purposes or just for the visitor's navigational convenience)
- Commerce (the site's capabilities to enable commercial transactions like online booking and payment)
- Context (the site's layout and design that capture its aesthetics and functional look-and-feel)

Review of literature on website design and customer interface dimensions and a pilot observation helped compile the appropriate indicators (as described in Table 3.1) under each of the 7*C*s. Research on the efficacy of websites is extensive. However, specifics of website effectiveness such as technical design and performance are outside the purview of this study. Each cell in the table represents a dichotomous scale measurement describing the presence or the absence of a particular indicator.

Table 3.1. **7*C*s and their indicators for website evaluation**

Dimension	Indicators
Content (*C*1)	▪ Essential information ▪ Itineraries/tour/product information ▪ Maps ▪ Security/privacy statement ▪ Click-through content ▪ Quality assurance ▪ Price information
Community (*C*2)	▪ Customer postings ▪ User-to-user interaction
Customization (*C*3)	▪ Multi-language service ▪ Personalized service ▪ Loading specifications ▪ Search function
Communication (*C*4)	▪ FAQs ▪ Email form ▪ Online registration ▪ Call centre ▪ Offline contact details

Connection (*C5*)	▪ Useful links ▪ Affiliate links
Commerce (*C6*)	▪ Online reservation ▪ Online payment ▪ Online cancellation ▪ Cross-selling
Context (*C7*)	▪ Sitemap ▪ Main menu ▪ Multimedia contents ▪ Cookies placement ▪ Search engine optimized ▪ Resident software required ▪ Look-and-feel ▪ Transactional utility ▪ Alias

3.6.2. Observation of SMTE websites

Observation method was chosen to gather passive primary data for this research. Observational studies can provide rich data and insights into the nature of the phenomena observed. The data obtained through observation of events as they normally occur are generally more reliable and free from respondent bias (Sekaran, 2003). The SMTE websites were observed using the browser Internet Explorer 6. Some of the observed websites had multiple language translations of the websites. Only the English language content on a website was observed for the research purpose.

3.6.3. Duration of study

The websites of SMTEs in Mauritius were observed over a span of 12 months from August 2003 to July 2004. Similarly, the websites of SMTEs in Andaman Islands were observed during a 12-month period from March 2005 to February 2006. A snap-shot observation of a website may miss out on the updated content depending on the observation timings and generally undermine the dynamic nature of tourism websites. Hence continual, periodic observation was used.

3.6.4. Data analysis and statistical tools

A multiple correspondence analysis was used to map the association between the e-marketing pay-off and the 7*C*s. Though it is an exploratory and not a confirmatory technique, the correspondence map gives a powerful representation of association between categorical variables by giving a comprehensive view of the data for effective interpretation (Beldona *et al.*, 2005). In tourism marketing literature too, correspondence analysis is becoming a much used technique (Gursoy and Chen, 2000). An intercorrelation matrix was constructed to test for correlation among the seven dimensions of website evaluation. One-way analysis of variance (ANOVA) was performed to look for any group differences among the marketing evaluations of the SMTE websites representing the four tourism product categories, namely accommodation, access, attractions and auxiliary products. SPSS package (Version 12) was used to perform the statistical analysis.

3.7. Methodology for Part III

Part III of the study is a statistical study using the survey method to find out the (demand-side) online search and shopping motivators and inhibitors of the SMTE customers (that is, international tourists) from their Internet usage and online navigational and purchase behaviour.

3.7.1. Research instrument

Other than the most commonly used self-completed questionnaires, primary data collection methods like in-depth interviews and focus groups have also been adopted to study the customer-related factors of e-marketing. Even passive primary data collection methods like observation of real-time click-stream data have been used to study the online consumer behaviour. Secondary data such as website traffic data and online users' demographic and click-o-graphic information are useful to study the demand-side factors

of e-marketing. In this study, in-depth interviews were employed for obtaining information from the tourists about their online behaviour and e-marketing experiences. Apart from 5-point Likert scale, dichotomous scale, category scale and five-point balanced rating scale have also been used. Several open-ended questions were also administered with a view not to restrict the response categories but to obtain comprehensive information from the respondents and also because of the newness of the research area. From the in-depth interviews, the relevant information was quantified using a Likert scale. For scale construction, the response categories were chosen after an extensive review of the relevant literature on B2C e-commerce, online consumer behaviour and Internet usage.

The questionnaire (Appendix II-C) consisted of seven sections that asked the respondents about their:

- Demographic and Internet usage characteristics for profiling purpose;
- Top-of-the-mind awareness of tourism- and travel-related websites;
- Sources of information/awareness about tourism websites;
- Online purchase of tourism products and the future intention to buy;
- Level of satisfaction with online search for and online purchase of tourism products;
- Motivators and inhibitors for online search for and online purchase of tourism products; and
- On-site navigational behaviour at the tourism websites to identify the website features/activities that are noticed and used by the tourists.

A pretest of the questionnaire was carried out with 20 respondents for clarity, practicability and reliability. The pretest did not indicate any problems except the difficulty with English language in the case of a few international tourists from French-speaking countries visiting Mauritius. Following this, a French translation (Appendix II-D) of the questionnaire was made available on request.

A 5-point Likert scale was used with '5' indicating strong agreement, '1' indicating strong disagreement and '3' indicating neutrality. A 3-point scale would have given inadequate options, while a 7-point scale would have demanded a high level of sensitivity and discrimination that would have been difficult given the qualification and e-marketing experience of the respondent group. Unless respondents with a high degree of awareness and sophistication are addressed as in a survey of experts' opinion, the sensitivity provided for by a 5-point scale is sufficient and meaningful enough for this situation.

3.7.2. Survey of SMTE tourists

1. The 26-item questionnaire was administered by the personal interview method to international tourists who were also customers to the SMTEs in the chosen destinations – Mauritius and Andaman Islands, India. The inclusion and exclusion criteria for selecting respondents are presented under the sampling plan.
2. Demographic details such as the respondent age, level of education, nationality, living area, purpose of visit to the island destination and tourism-related spending information were gathered. In addition to the demographic characteristics of the tourists surveyed, details regarding their Internet usage such as weekly time spent online (on non-work related purposes), product(s) purchased on online (if any) and levels of satisfaction and dissatisfaction with online search for and online purchase of tourism products were obtained.
3. The online shopping benefits cited by the SMTE tourists and the tourism products bought by them online were analyzed to assess the online shopping motivations for different tourism product categories, namely accommodation, access, attractions and auxiliary products.
4. The on-site navigational behaviour of the tourists indicated the website features noticed and used by them.

5. In this survey, 20 Andaman SMTEs and an equal number of Mauritian SMTEs were chosen as the data collection spots and their sampled customers participated.

3.7.3. Duration of the study

The study of international tourists in Mauritius was carried out over a period of 12 months from August 2003 to July 2004. The study of international tourists in Andaman Islands was conducted during a 12-month period from March 2005 to February 2006. The study periods account for all seasonality factors. Interestingly, in both the destinations, the period from November to January is the peak season.

3.7.4. Sampling plan

The data collection spots (that is, the SMTEs) were identified through a disproportionate stratified random sampling strategy as outlined in Part I of the study. Stratification was done using the tourism product category (for example, accommodation). The tourists were identified through a judgmental sampling at the SMTE locations. Sufficient and necessary precautions were taken to avoid sample bias. For example, in SMTEs representing accommodation, attractions and auxiliary product sectors, the independent travellers were preferred as compared to group travellers coordinated by a tour operator. Moreover, not more than five tourists in a particular enterprise were interviewed.

3.7.5. Inclusion and exclusion criteria

The SMTEs sampled in the Part I of the study were chosen as the data collection spots. To identify the respondents, the sample inclusion criteria of 'the tourist currently being an SMTE customer' and 'the tourist currently being an independent traveller' were applied. Only in the case of access sector (specifically, the small and medium tour operators), group customers (that is, those who are part of a package tour as assembled by a tour operator) were interviewed. Tourists who themselves were working in tourism/travel sector were excluded since they might be on a

complementary tour or a destination familiarization trip. Their views may not truly reflect those of an international tourist visiting these destinations.

3.7.6. Sample size

The sampling plan had two stages. First, the data collection spots have to sampled for which the sample size was fixed as 20 per cent of the sampling frame (directory provided by the DMO served as the sampling frame) and it translated to 40 SMTEs (20 in Mauritius and 20 in Andaman Islands) in four diverse tourism product categories, namely accommodation (hotels, villas and bungalows), access (tour operators, travel companies and car/bike rentals), attractions (places of interest and leisure/adventure activities like SCUBA diving and game fishing) and auxiliary products (video/photo services, souvenirs and specialty restaurants). At each of these SMTEs, respondents were identified. In total, 200 international tourists were approached and 190 complete responses were collected. The sample size is justified since the study focuses on the e-marketing experiences of the actual decider or the online buyer. Consumer behaviour literature (Kotler, 1997; Hoyer and McInnis, 1999) points out that there are different roles – initiator, influencer, gatekeeper, decider, buyer and user - played by different individuals in a buying decision. Therefore, for this study only the key decision maker is interviewed.

3.7.7. Data analysis and statistical tools

Descriptive analysis using statistical measures like arithmetic mean, standard deviation and percentages were used and the results are presented in the form of graphs and tables. Pearson chi-square test was used for testing of hypotheses. Pearson chi-square test was used to examine if any significant differences existed between Internet and non-Internet users among the respondents and also if there was any association between (i) online search satisfaction and future intention to buy online, and (ii) online purchase satisfaction and future intention to buy online. A multiple correspondence analysis was performed on a 3-way table (Internet user skill level – high or low; type of online tourism purchase – accommodation/

access/ attraction/ auxiliary; and online buying motivations – represented by different informational uses and transactional objectives). Since correspondence analysis is only an exploratory and not a confirmatory technique, significance testing is not supported. Yet it gives a powerful representation of association between categorical variables by giving a comprehensive view of the data in the contingency table for effective interpretation (Beldona *et al.*, 2005). SPSS package (Version 12) was used to perform the statistical analysis.

3.8. Chapter conclusion

The methodology for this study has been evolved as a descriptive research aimed at studying three sets of respondents to present a unified view of e-marketing of SMTEs. Parts I and II analyze the supply-side factors of e-marketing from the SMTEs and their online customer interfaces. Part I studies the motivators, inhibitors and critical success factors of SMTEs' e-marketing from the perspectives and practices of SMTEs e-marketing decision makers. Part II performs a marketing evaluation of the websites of these SMTEs with an emphasis to identify the website design elements and to see how they correlate among themselves and with the e-marketing performance of the SMTEs. Part III studies the demand-side factors of e-marketing. It investigates the online search and shopping motivators and inhibitors of the SMTE customers from their Internet usage and online navigational and purchase behaviour. For Parts I and III, the methodological issues in the design of the research instruments and other issues in the research design have been examined. Part II uses an existing framework that identifies the design elements of a website, compiles a comprehensive list of indicators that make up these elements and constructs an instrument for performing a marketing evaluation of the SMTE websites. Statistical tools used were factor analysis, correspondence analysis, correlation and regression analysis, reliability analysis, Pearson chi-square tests, paired sample 't' tests, ANOVA and measures of central tendency.

Chapter 4

FINDINGS AND ANALYSIS

4.1. Introduction

The findings of this three-part study concerning the SMTEs are analysed in this chapter. Parts I and II dealt with the supply-side factors of e-marketing of SMTEs and Part III dealt with the demand-side factors of e-marketing of SMTEs. Specifically, Part I focussed on the e-marketing perspectives and practices of SMTEs in Mauritius and in Andaman Islands, India. Part II involved a marketing evaluation of the SMTE websites in these two destinations. Part III addressed the online shopping motivations, inhibitions and navigational behaviour of the international tourists visiting these destinations. The findings and their implications to SMTEs have been presented taking the study objectives in a particular order to lend clarity and linkage.

4.2. Objective 1: SMTE characteristics

The surveyed SMTEs were profiled using categorizing variables like their product category, sales turnover, e-marketing tenure (described in terms of years of e-marketing) and e-marketing impact on sales (as a percentage of sales volume). Table 4.1 describes the distribution of the respondents in terms of these characteristics.

Table 4.1. **Characteristics of SMTEs**

Characteristics	*No. of respondents (n = 40)*	*Percentage of respondents*
Product category		
▪ Accommodation	11	27.5
▪ Access	9	22.5
▪ Attractions	11	27.5
▪ Auxiliary services	9	22.5
Sales turnover (in Rs.)		
▪ Upto 1 million	4	10.0
▪ 1-2 million	8	20.0
▪ 2-3 million	8	20.0
▪ 3-4 million	12	30.0
▪ Above 4 million	8	20.0

E-marketing tenure		
▪ Less than 1 year	8	20.0
▪ 1-2 years	13	32.5
▪ 2-3 years	4	10.0
▪ 3-4 years	7	17.5
▪ More than 4 years	8	20.0
E-marketing pay-off		
▪ Less than 10 %	5	12.5
▪ 10-20 %	15	37.5
▪ 20-30 %	10	25.0
▪ 30-40 %	6	15.0
▪ More than 40 %	4	10.0

4.2.1. Tourism product category

The SMTEs were well diversified representing an amalgam of tourism products - accommodation (hotels, villas and bungalows), access (tour operators, travel companies and car/bike rentals), attractions (places of interest and leisure/adventure activities like SCUBA diving and game fishing) and auxiliary products (wedding video/photography services, souvenirs and specialty restaurants). Some of the surveyed SMTEs operated in more than one category. In such cases, their primary business alone was considered for classification purpose.

4.2.2. Sales turnover

The sales turnover represents revenues from both the customers and business buyers. The annual sales turnover of a majority of SMTEs falls in the range of Rs.2-4 million. As expected of island destinations, sales were seasonal with November-January representing the peak season and April-June representing the low-season.

4.2.3. E-marketing tenure

E-marketing tenure is the period since the SMTE website was launched. Dictated by the sample inclusion and exclusion criteria, SMTEs having their own websites were considered for this study. Based on e-marketing

tenure, it was found that there were more late entrants (e-marketing tenure < 2 years) than early adopters. About 20 per cent of the surveyed SMTEs can be categorized as early adopters with an e-marketing tenure of more than 4 years.

4.2.4. E-marketing pay-off

E-marketing pay-off represents the percentage of sales directly attributed to e-marketing (through their own websites and by placing affiliate links in partner websites). With many SMTEs following rudimentary forms of integrated marketing communications, it was difficult for them to pin-point the pay-off from one of the channels employed by them. In order to facilitate a recall of this factor, the response categories were represented as range of values. Majority of the SMTEs attributed 10-20 per cent of their sales to e-marketing. For research purpose, a pay-off of less than 20 per cent was considered low and more than 20 per cent was considered high.

4.2.5. E-marketing activities

Based on the survey, SMTEs were found to be using e-marketing for the following activities:

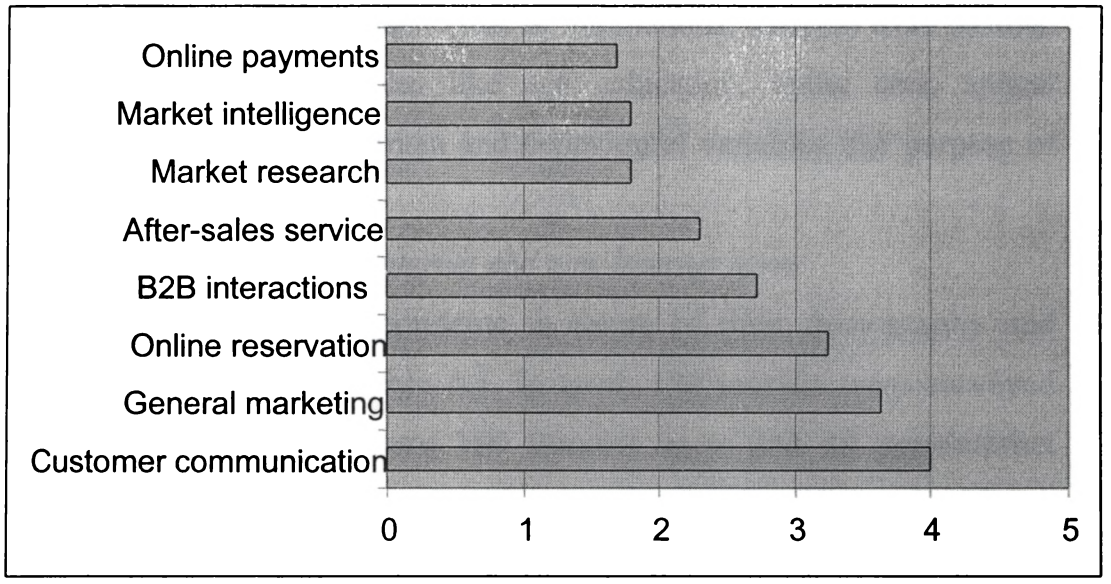
- *General marketing* – It refers to the general marketing activities (such as having an online presence, broadcast communication using the Internet as a mass media, being listed in online directories, product promotion and so on) in the online marketplace.
- *Customer communication* – It refers to the use of the Internet to communicate directly with the customers. For example, a response to an email query from a customer.
- *Market research* – It refers to gathering data (primary or secondary) from various sources including the customers (via. online surveys, website visitor tracking and so on) and other businesses (via. whitepapers, industry reports and so on).
- *Market intelligence* – It refers to gathering intelligence from the marketplace about the competitors and other stakeholders. It includes

everyday information about developments in the marketing environment.

- *After-sales service* – It refers to customer communication after sales and before actual 'consumption'. Activities such as communicating itineraries, pre-trip information and so on are classified under this category.
- *Online reservation* – It refers to the customer being able to transact online by making a reservation for a tourism product/service at the SMTE website through an online form or by email.
- *Online payment* – It refers to the customer being able to make an online payment for a tourism product/service at the SMTE website through an electronic payment gateway or an intermediate and centralized electronic payment gateway offered by the Destination Marketing Organization (DMO). It also includes other online payment services such as PayPal.
- *Business-to-Business (B2B) interactions* – It refers to B2B communications or transactions to facilitate business. Tourism, being an amalgamation of several products and services, offers plenty of scope for B2B interactions. For example it could be an interaction between a tour operator and a SCUBA diving firm. Also, marketing activities such as affiliate marketing involve lot of B2B interactions.

The SMTEs' level of involvement in the e-marketing activities was measured using a 5-point Likert scale and the results are shown in Figure 4.1. While the most popular e-marketing activity was customer communication, the least popular was online payment. Activities such as market research and intelligence gathering, generally considered being of strategic significance, suffered poor patronage from the SMTEs.

Figure 4.1. **Importance of e-marketing activities**



H1: There is a difference in the level of e-marketing involvement among the SMTEs representing different tourism product categories.

One way analysis of variance (ANOVA) was carried out to assess whether different tourism product categories differed in their e-marketing involvement. The statistical data (shown in Figure 4.2) indicate that the different tourism product categories do not differ significantly in their e-marketing involvement. Hence the hypothesis is rejected and it is concluded that accommodation, access, attraction and auxiliary service businesses do not differ in their level of involvement in different e-marketing activities.

Table 4.2. **One way ANOVA among tourism product categories with regard to their level of involvement in e-marketing**

Source	df	SS	MS	$\bar{X}$	Statistical Inference
Level of involvement in e-marketing					
Between Groups	3	67.391	22.464	G1 = 20.18 G2 = 23.44	F = 1.853 P > 0.05
Within Groups	36	436.384	12.122	G3 = 21.18 G4 = 20.11	Not Significant

G1 = Accommodation, G2 = Access, G3 = Attractions, G4 = Auxiliary services

4.2.6. Customer profile

The surveyed SMTE customers (that is, international tourists) were profiled using demographic variables like age, education, living area, annual spending on travel and tourism and behavioural variables like purpose of visit and Internet usage.

4.2.6.1. Characteristics of Internet and non-Internet users

A description of the respondents in terms of their demography and behaviour is shown in Table 4.3. In total, 190 tourists were surveyed and among them there were 160 Internet users and 30 non-Internet users. Pearson chi-square tests were used to examine if any significant differences existed between Internet and non-Internet users. Results showed that Internet and non-Internet users differed in terms of travel purpose. Further, the honeymoon travellers and adventure tourists were typically Internet users. Apart from this, no significant differences existed in the demographic characteristics. Non-Internet users were likely to be older and travelled for holiday purposes compared to the Internet users.

Majority of the respondents (37.5 per cent in Internet user category and 40 per cent in non-Internet user category) were in the age group 31-40 years. Nearly 83 per cent of the respondents were at least degree holders in terms of education. Compared to non-Internet users, more Internet users lived in urban areas. Among the surveyed tourists, 15.8 per cent have not accessed the Internet at all for any tourism-travel-related search.

Table 4.3. **Demographic and behavioural characteristics of the tourists**

Characteristics	All sample (n = 190) %	Internet users (n = 160)			Non-Internet users (n = 30) %	df	p
		Surfers only (n = 74) %	Surfers & Shoppers (n = 86) %	TOTAL (n=160) %			
Age							
21-30	31.1	36.5	29.1	32.5	23.3	3	0.480
31-40	37.9	36.5	38.4	37.5	40.0		
41-50	21.1	21.6	17.4	19.4	30.0		
> 50	10.0	5.4	15.1	10.6	6.7		
Education							
Below Degree	16.8	17.6	16.3	16.9	16.7	2	0.699
Degree	46.3	50.0	45.3	47.5	40.0		
Above Degree	36.8	32.4	38.4	35.6	43.3		
Living area							
Urban	41.6	32.4	51.2	42.5	36.7	2	0.838
Semi-urban	40.0	47.3	32.6	39.4	43.3		
Rural	18.4	20.3	16.3	18.1	20.0		
Purpose							
Holiday	35.8	39.2	29.1	33.8	46.7	4	0.020
Adventure tourism	42.1	39.2	50.0	45.0	26.7		
Visiting friends	5.8	4.1	3.5	3.8	16.7		
Honeymoon	8.4	9.5	9.3	9.4	3.3		
Others	7.9	8.1	8.1	8.1	6.7		
Spending							
< $5000	48.4	47.3	46.5	47.3	56.7	3	0.722
$5000-10000	24.7	25.7	25.6	25.7	20.0		
$10000-15000	16.3	20.3	12.8	16.3	16.7		
> $15000	10.5	6.8	15.1	11.3	6.7		

Pearson chi-square tests were performed to examine the association between Internet user status and characteristics of the tourists as stated in the following hypothesis:

H5: There is a difference in the characteristics between Internet and non-Internet users among the SMTE tourists.

The hypothesis was tested at 0.05 level of significance and the test statistics are shown in the following table. Internet and non-Internet users differed in terms of travel purpose. Further investigation revealed that the honeymoon travellers and adventure tourists were typically Internet users. Therefore, with respect to the 'purpose of visit' characteristic this hypothesis is accepted and it is concluded that there is an association between the tourists' Internet user status and purpose of visit. With regards to other characteristics such as tourists' age, education, living area and annual tourism-related spending, this hypothesis is rejected as the following table shows no statistically significant association between Internet user status and these characteristics.

Table 4.4. **Association between Internet user status and tourist characteristics**

S.No.	Demographic and behavioural characteristics	Internet user status		Statistical inference
		Non-user (n :30)	User (n :160)	
1	**Purpose of visit**			
	Holiday	14	54	
	Adventure	8	72	$X^2 = 11.638$
	Visiting friends	5	6	df = 4
	Honeymoon	1	15	$P < 0.05$
	Others	2	13	Significant
2	**Age**			
	21 – 30 years	7	52	$X^2 = 2.476$
	31 – 40 years	12	60	df = 3
	41 – 50 years	9	31	$P > 0.05$
	Above 50 years	2	17	Not significant

3	**Education** Below Degree Degree Above Degree	 5 12 13	 27 76 57	$X^2 = 0.715;df = 2$ $P > 0.05$ Not significant
4	**Living area** Urban Sub Urban Rural	 11 13 6	 68 63 29	$X^2 = 0.354;df = 2$ $P > 0.05$ Not significant
5	**Annual spending** $1000 – 5000 $5000 – 10000 $10000 – 15000 Above $15000	 17 6 5 2	 75 41 26 18	$X^2 = 1.330$ $df = 3$ $P > 0.05$ Not significant

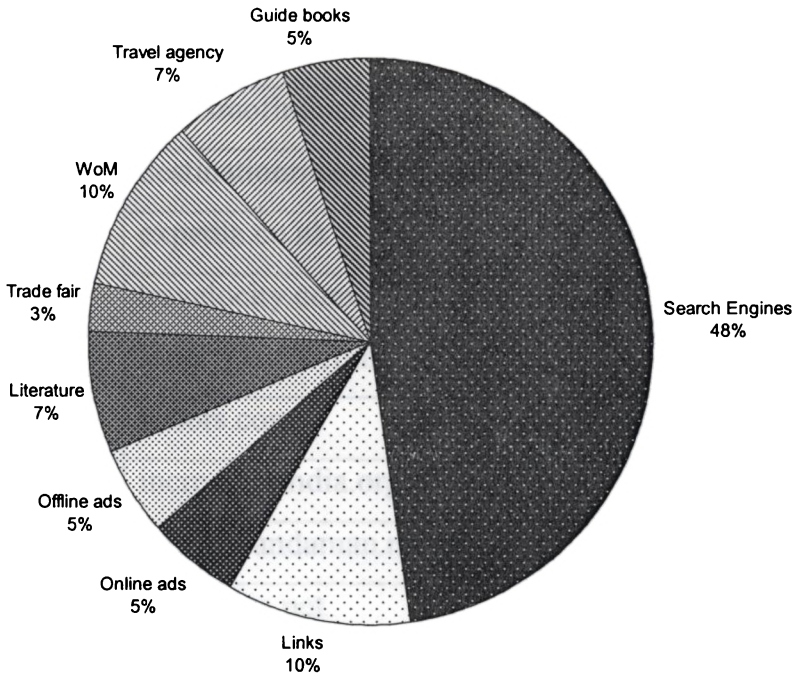
4.2.6.2. Online consumer behavior

The respondents were surveyed on the different aspects of online consumer behaviour. The top-of-the-mind travel- and tourism-related websites and the sources of awareness were solicited. The on-site activities of the tourists (that is, the website visitors) revealed what website features are noticed and used. The post-visit behaviour of the tourists threw light on what they do after visiting a website, highlighting the consumer decision-making process.

A. Sources of information about SMTE websites:

The respondents came to know of the SMTE websites from online as well as offline sources as shown in Figure 4.2. The online sources of information in the order of precedence were: search engines (Google, in particular), hyperlinks in other websites, online ads and word of mouse. The offline sources included marketing communications (for example, brochures and advertisements), word of mouth (WoM), tourist guide books (such as Lonely Planet and Fodors), trade intermediaries and travel fairs. The online sources informed more people than the offline sources. Word of mouth/mouse and tourist guide books were popular sources concerning Andaman Islands whereas online ads and hyperlinks were popular concerning Mauritius.

Figure 4.2. **Sources of information about SMTE websites**



B. Popular websites among SMTE tourists:

The respondents indicated their top-of-the-mind travel- and tourism-related websites through an unaided recall. Both pure-clicks and bricks-and-clicks firms emerged in the recall. These firms fell into categories such as travel portals, online travel companies, tourist guide books and tourism businesses. In the destination-specific recall of the websites, the accommodation, access and attraction categories of tourism businesses emerged along with the respective DMOs. The respondents also provided their response(s) to these websites – whether they are just aware of these websites or they have visited or purchased from these websites. Table 4.5 summarizes the information concerning the popular websites among the SMTE tourists.

Table 4.5. **Popular websites among SMTE tourists**

Type	Website	Awareness	Visit	Shop
Travel portal	Yahoo!Travel	26	18	5
	tourismofindia.com	13	5	0
	destinationmauritius.com	21	14	0
Online travel co.	expedia.co.uk	42	34	11
	travelocity.com	37	27	4
Tourist guide books	lonelyplanet.com	65	51	20
	fodors.com	2	1	1
DMO	incredibleIndia.org	20	17	0
	tourism.andaman.nic.in	15	15	0
	Mauritius.net	25	20	0
Accommodation	wildorchidandaman.com	9	8	4
	palmyraproperty.com	8	4	3
	oceanvillas.com	15	5	3
Access	barefootindia.com	12	11	4
	andamanisland.com	8	5	1
	indianislands.com	4	2	0
	mttb-mautourco.com	18	9	8
Attractions	sportfisher.com	13	10	9
	Diveindia.com	8	5	4
	diveandaman.com	6	5	3
	bluewaterdivingcenter.com	17	14	10

It may be observed from the above table that the websites of attractions category of tourism business (that is, those SMTEs offering adventure tourism activities such as SCUBA diving and game fishing) had a higher purchase-to-visit ratio.

C. On-site behaviour of the SMTE tourists:

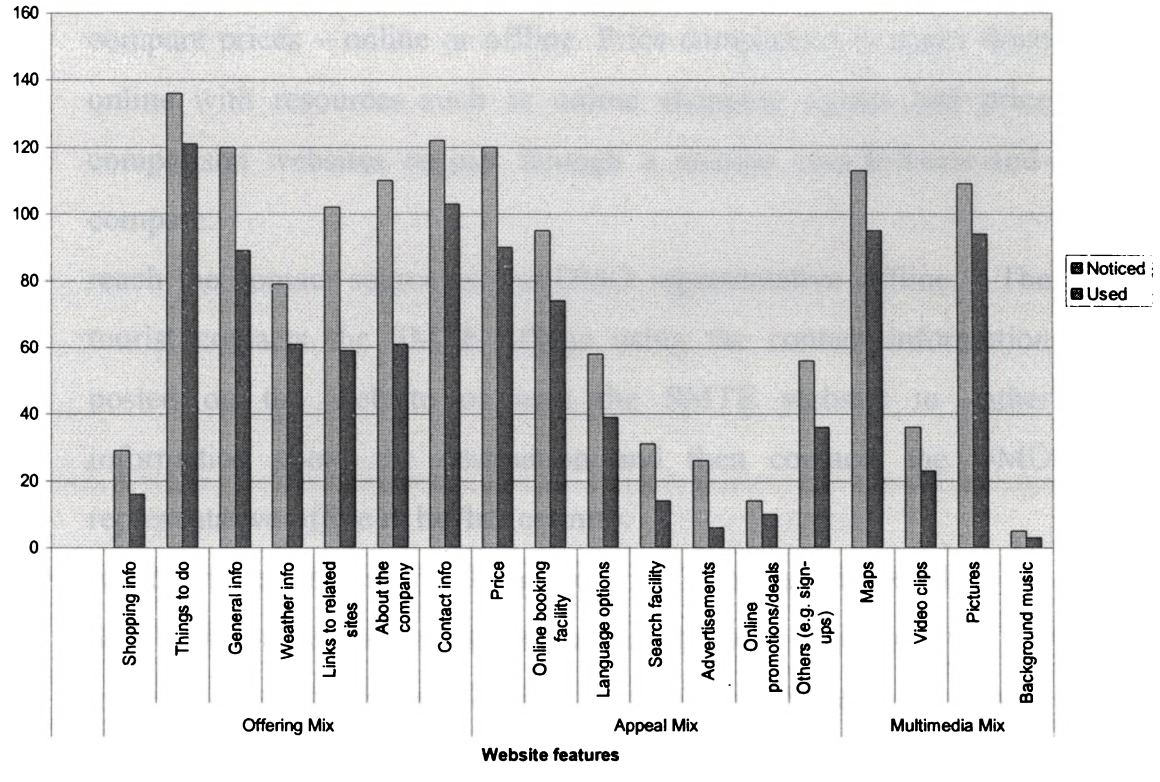
The on-site behaviour of the respondents was studied by asking the website features that were noticed and also used by them. Among the website features noticed by the respondents, 'places to see' or 'things to do' was the most noticed followed by price-related information and company information. Among the website features used by the respondents, 'places to see' or 'things to do' was the most used followed by pictures/maps and contact information. It may be interpreted that the informational features dominate over the transactional features on a website. Rayport and Jaworski (2002) classify the website contents into offering mix, appeal mix and multimedia mix. Table 4.6 classifies the contents of a typical SMTE website in accordance with this classification scheme.

Table 4.6. **Classification of website contents**

Website contents	Constituents
Offering mix	• Shopping information • General information • Things to do / places to see • Weather information • Links to related websites • About the company • Contact information
Appeal mix	• Price information • Online booking feature • Multiple language options • Site search facility • Advertisements • Online promotions/deals • Others (such as sign-ups and opt-ins)
Multimedia mix	• Maps • Video clips • Pictures • Background music

The on-site activities of the respondents are illustrated in Figure 4.3. The offering mix elements got noticed but the multimedia mix elements had a higher noticed-to-used ratio compared to the offering mix and appeal mix elements. The SMTEs have to arrive at a trade-off between the use of multimedia mix elements (such as video clips, flash animations, pictures and so on) and the website loading time, as lot of multimedia content can slow down the loading of a website in the browser at the customer's end.

Figure 4.3. **Website features noticed and used by the tourists**



D. Purchase decision-making process:

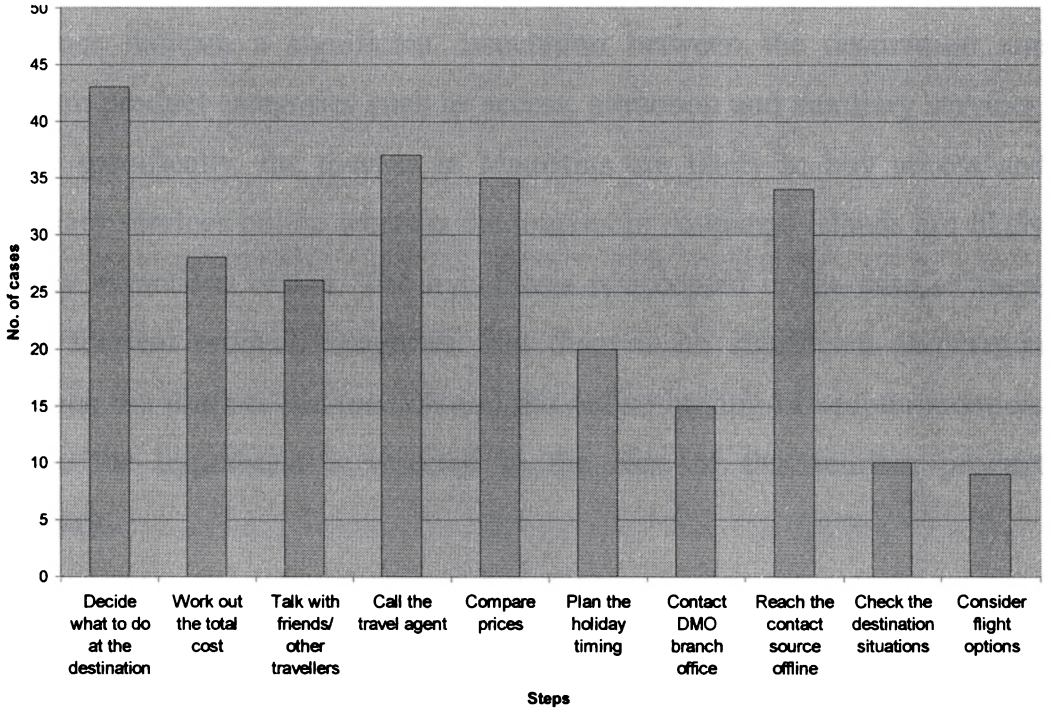
Since a lot of window-shopping happens online, it is a matter of concern to know the actions taken by the online consumers after completing a tourism-related search on the Internet. The following responses (in the order of the highest to the lowest frequencies, accompanied by useful explanations) were obtained from the respondents:

- decide on what to do (purpose) at the destination – This referred to decisions such as where to stay and what to do. SMTE websites can help in this decision by posting specific product offerings (for example, a 5-day PADI-certified training in SCUBA diving).
- speak to a travel agent – In this case, information gathering and alternative evaluation are done online whereas the purchase is made offline. The physical contact offered by the travel agent and the resultant trust inspired primarily contribute to this behaviour.
- compare price with other alternatives – The price-sensitive tourists compare prices – online or offline. Price comparison is easier done online with resources such as online shopping agents and price comparison websites or just through a manual search-locate-and-compare.
- reach the contact source or the DMO representative offline – The tourist contacts the SMTE offline using the contact information posted on the website or uses the SMTE website to gather information about the destination and then contacts the DMO representative office in his/her country.
- work out the total cost – Using the price information posted on the SMTE websites, the tourist works out the total cost involved for travel and holiday. If the price information is not posted on a website or if it is not furnished in full detail, the tourist may not include that website in his/her consideration set of websites.
- speak to people (friends/family) – It refers to the informational influence of word of mouth (offline) or word of mouse (online). With the emergence of social networking as a strong online phenomenon, adventure tourists (say, SCUBA diving enthusiasts) may easily connect with like-minded Internet users and exchange information.

- plan the holiday timing – Since the chosen island destinations have high and low seasons, the tourists need to plan their holiday timing. A particular SMTE website provided real-time destination weather information, which may serve a very useful purpose.
- check the socio-political situation at the destination – With a turbulent global socio-political climate, the tourists look for safe destinations. Online resources such as the CIA country fact book are referred by the tourists when they assess the situation at the destination.
- consider flight options – This referred to 'how to get there' decision. Very often, the tourist undertakes a fresh search to locate travel (primarily, flight) options. SMTEs can simplify this search by offering travel-specific links or a 'how to get here' page with travel information.

The activities in the purchase decision-making process are summarized in Figure 4.4. Deciding on what to do at the destination is of primary importance to the SMTE website visitor. It is interesting to note that an offline purchase (by calling on a travel agent or by contacting the SMTE offline) could very well follow an online search in many of the responses.

Figure 4.4. **Activities in purchase decision making**



E. Tourism products bought online:

Among the tourism products purchased online, the accommodation sector (comprising of hotels, villas, bungalows, guest houses and so on) ranked first, followed by the 'access' sector (comprising of tour operators, inter-island ferries and flights, vehicle rentals/hire and so on) and the 'attractions' sector (comprising of activities like SCUBA diving, theme park, game fishing and so on) as indicated in Table 4.7.

Pearson chi-square tests were performed to examine the association between the tourists' destinations and the type of tourism product bought online as stated in the following hypothesis:

H7: There is an association between the tourists' destinations and the type of tourism product purchased online

The hypothesis was tested at 0.05 level of significance and the test statistics are shown in the following table. Analyzing the relationship between the destination and the type of tourism products bought online, there seems to be a difference between the tourists at the two chosen destinations in terms of the tourism products bought online. The test statistics indicate a significant association between the destination and tourism product categories such as access, attraction and auxiliary services. More specifically, the tourists in Mauritius are likely to buy access and auxiliary services online whereas the tourists in Andaman islands are likely to buy attractions online. The hypothesis is accepted in the case of these three tourism product categories. But there is no significant association between the tourists' destination and the online buying of accommodation. Hence the hypothesis is rejected in the case of this tourism product category.

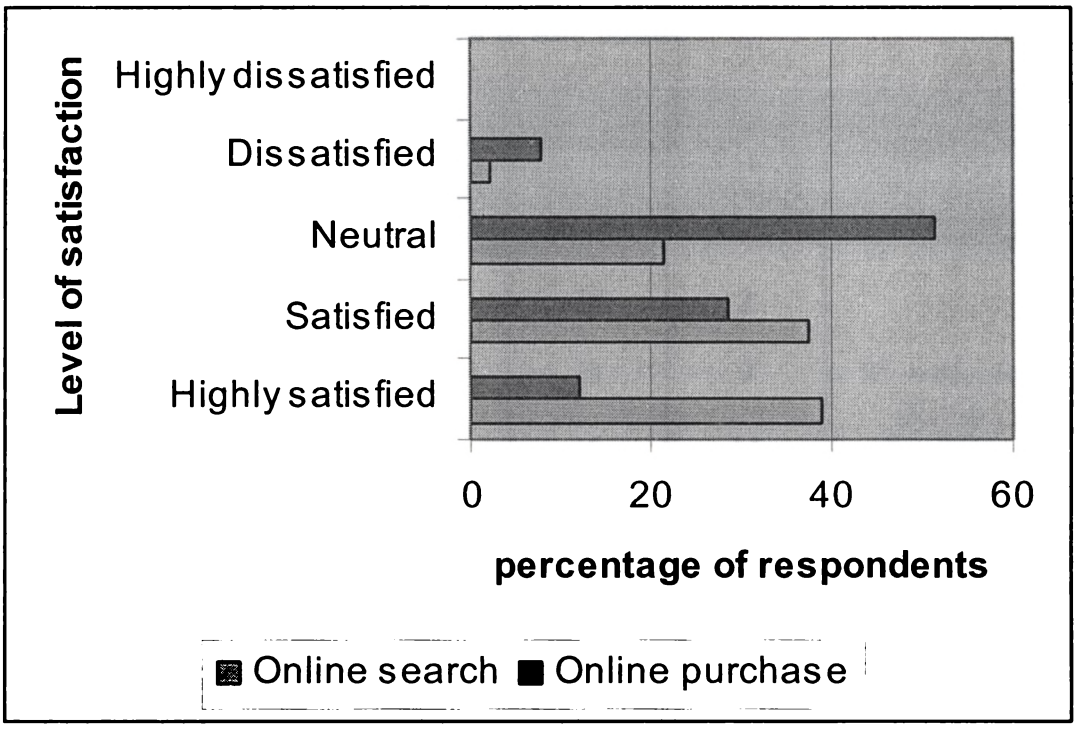
Table 4.7. **Association between destination and tourism product bought online**

S.No.	Tourism product bought online	Destination		Statistical inference
		India (n :90)	Mauritius (n :100)	
1	**Accommodation**			
	Yes	29	25	X^2 = 1.215 df = 1
	No	61	75	P > 0.05 Not significant
2	**Access**			
	Yes	14	28	X^2 = 4.260 df = 1
	No	76	72	P < 0.05 Significant
3	**Attractions**			
	Yes	26	10	X^2 = 11.005 df = 1
	No	64	90	P < 0.01 Significant
4	**Auxiliary services**			
	Yes	0	11	X^2 = 10.508 df = 1
	No	90	89	P < 0.01 Significant

F. Level of satisfaction with online search and purchase:

The surveyed SMTE customers indicated their level of satisfaction with online search and purchase and future intension to buy tourism products online. The following figure indicates the level of satisfaction on online search and online purchase activities among the respondents. The tourists' level of satisfaction was more for online search than for online purchase. It implies that they were not as satisfied with online purchase experience as they were with online search experience.

Figure 4.5. **Level of satisfaction with online search and online purchase**



Tests of association were conducted between online search/purchase satisfaction and future intention to buy in order to verify the following hypotheses.

H6a: There is an association between online search satisfaction and future intention to purchase online

H6b: There is an association between online purchase satisfaction and future intention to purchase online

These hypotheses were tested using Pearson chi-square test at 0.05 level of significance. The test statistics are shown in Figures 4.8 and 4.9. The test results indicated that online search and purchase satisfaction leads to future intention to purchase online. Therefore, the hypotheses are accepted and it is concluded that future intention to purchase online is influenced by current online search and purchase satisfaction.

Table 4.8. **Association between online search satisfaction and future intention to buy online**

S.No.	Online search satisfaction	Future intention to buy			Statistical inference
		Will buy (n:110)	Neutral (n:55)	Will not (n:25)	
1	Highly satisfied	59	13	2	
2	Satisfied	39	23	9	$X^2 = 46.138$ df = 6
3	Neutral	12	15	14	$P < 0.01$ Significant
4	Dissatisfied	0	4	0	

Table 4.9. **Association between online purchase satisfaction and future intention to buy online**

S. No.	Online purchase satisfaction	Future intention to buy			Statistical inference
		Will buy (n:110)	Neutral (n:55)	Will not (n:25)	
1	Highly satisfied	22	1	0	
2	Satisfied	48	5	1	$X^2 = 67.400$ df = 6
3	Neutral	37	38	23	$P < 0.01$ Significant
4	Dissatisfied	3	11	1	

4.2.7. Objective 1a: E-marketing motivators and inhibitors

Several studies, as discussed in the review of literature, have focussed on the motivators and inhibitors of e-marketing. This objective specifically attempts to find out what motivates and inhibits an SMTE with regard to e-marketing.

4.2.7.1. E-marketing motivators

Data sources: A sample of 40 SMTE e-marketing decision makers representing accommodation, access, attractions and auxiliary tourism products/services were interviewed to find out their level of agreement with a list of perceived benefits of e-marketing. The list of perceived benefits was compiled after a review of literature and the relevance of the benefits in the SMTE setup.

Factors or dimensions: To identify the factors that serve as motivators, a factor analysis was used. From an exhaustive list of items generated from literature, a list of 14 items relevant to the context under consideration was drawn. The chosen items are as follows accompanied by a brief description:

- *Creating new markets* – E-marketing opens up new markets for marketers. It helps to overcome the barriers of geography and distribution dependency on the intermediaries. Being on the World-Wide Web is to have a world-wide market.
- *Reducing marketing cost* – E-marketing saves time and keeps the marketing cost low. The dis-intermediation effectively saves the middleman commission for the marketer.
- *Providing customized/specialized tourism products/services* – E-marketing, aided by the interactivity in the online marketplace, paves way for marketers to market to even segments of one customer and for customers to design their own products and services. Customization describes the process of individualizing products or services, based on IT-enabled mass customization.
- *Providing better tourism info* – Tourism is an 'information' product and tourism marketing happens in an information-defined arena. Without the limitations of a physical world, e-marketing presents better, richer and more relevant information.
- *Providing easy access to info* – E-marketing using an online presence facilitates easy access for the customers. They can browse

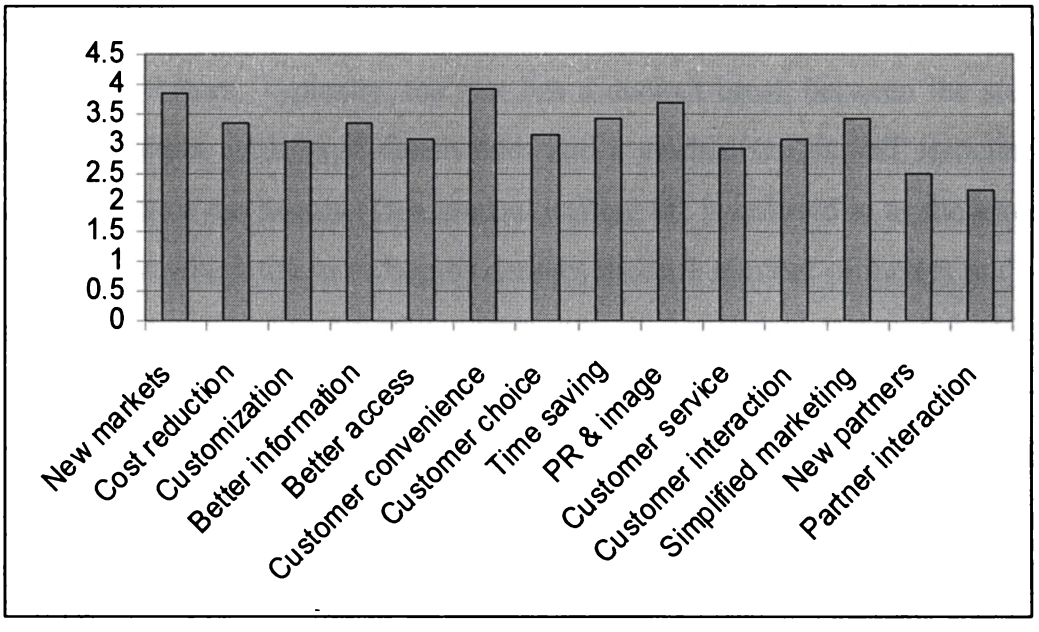
the information at the convenience of their homes 24/7 and in the manner of their expectation through tourism-specific search engines.

- *Finding new customers* – E-marketing provides the means to find new customers in a market. It may be through a 'pull' (wherein the customer discovers the e-marketer in an online or offline search) or a 'push' (wherein the e-marketer finds a new customer through a targeted email campaign or customer referral or word-of-mouse) approach.
- *Providing choice to the customers* – E-marketing provides a wider choice to the customers. Defying the limitations posed by time and space, an e-marketer provides a rich choice at every level of the consumer decision-making process.
- *Saving time for providing tourism services* – The direct contact with the customers helps to save transaction time and greatly reduces transaction errors that may necessitate re-processing. The time saved online can be purposefully spent offline in the actual creation and distribution of tourism services.
- *Improving image and visibility* – Having an online presence improves the image of the marketer as being tech-savvy, advanced and efficient. E-marketing increases the visibility of a marketer in an increasingly information-defined marketplace.
- *Improving customer services* – E-marketing improves customer services by improving a marketer's responsiveness, promptness and availability towards the customer.
- *Establishing interactive relationship with customers* – The enhanced interactivity in the form of two-way communication between the marketer and the customers establishes an on-going relationship not only in the context of the current transaction, but also in the future through e-groups, newsletters and so on.

- *Simplifying the marketing process* – Internet has simplified marketing by democratization of information and disintermediation in the marketplace. This implies convenience for all the stakeholders involved.
- *Finding new business partners* – E-marketing, with its global scope and reach, helps to identify new business partners. Affiliate marketing, in which the e-marketers websites are linked, is a popular form of online partnership.
- *Interacting with business partners* – E-marketing enables quick, online communication and transaction between business partners. The improved interactivity enhances their partnership.

From the respondents' data, 'convenience to customer' and 'access to new markets' were found to dominate an exhaustive list of perceived benefits as shown in Figure 4.6. B2B e-commerce benefits and the mass customization ability of the Internet did not seem to be appreciated much. A careful observation of the motivators and their degree of motivation revealed that front-end improvements/gains (such as providing better information, access and convenience to the customer) served as a strong motivator for the SMTEs to attempt e-marketing.

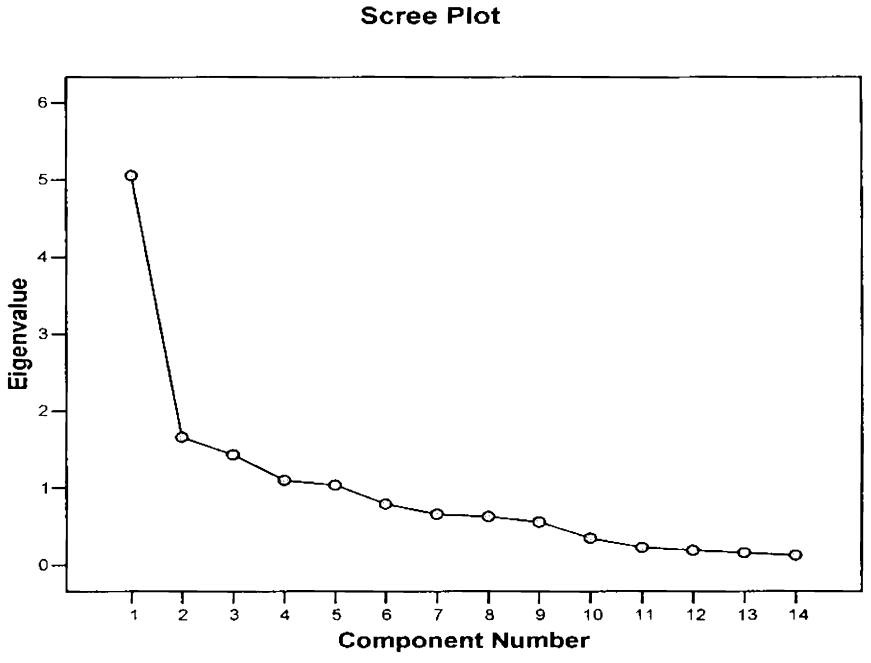
Figure 4.6. **E-marketing motivators**



The perceived benefit scores were subjected to Factor analysis to identify the underlying factors/dimensions of the e-marketing motivators. The 14 items were factor analyzed using Principal Component analysis after ascertaining the appropriateness of Factor analysis (Malhotra, 2005) using the Bartlett's test of sphericity (significant at 0.05 level) and Kaiser-Meyer-Olkin (KMO) statistic (>0.5). Out of the 14 items used in the analysis, one was dropped as it had a small extraction value that would not fit well with the factor solution. Factors with eigenvalue greater than 1 and a loading of 0.5 and above were then rotated using varimax rotation with Kaiser normalization. Varimax rotation was used to increase the interpretability of the output and to guard against multi-collinearity.

In order to summarize the information contained in the original variables, a smaller number of factors should be extracted. In this research, approaches based on eigenvalues and Scree plot are used to determine the number of factors. An eigenvalue represents the amount of variance associated with the factor. Hence, only factors with a variance greater than 1 are included. Based on the eigenvalue criterion (that is, eigenvalue greater than 1), 4 factors emerged. Items with no clear loading on any particular factor were removed from the set. To confirm the number of factors, a scree plot was drawn as shown in Figure 4.7. It is a plot of the eigenvalues against the number of factors in order of extraction. The shape of the plot is used to determine the number of factors. Typically, the plot has a distinct break between the steep slope of factors, with large eigenvalues and a gradual trailing off associated with the rest of the factors. This gradual trailing off is referred to as the scree. The point at which the scree begins denotes the true number of factors and in this data, it translated to 4 factors. Thus, items belonging to factors for which no reasonable interpretation could be found or those that had very low additional explanatory power in explaining the SMTE's e-marketing motivators were dropped. Finally, four factors were retained explaining 68.8 per cent of the total variance.

Figure 4.7. **Factor analysis result showing Scree at four factors**



The summary results of the factor analysis of all the elements and sub-elements are presented in Tables 4.10a and 4.10b. Table 4.10b shows the factor loadings for all the elements on the various factors. The factor loading gives the correlation between the variable and the underlying dimension, factor or construct. The factor loading matrix suggests the following labelling of the four factors:

- *Customer benefits* – This factor refers to the benefits for SMTE customers by SMTEs' e-marketing. Improved customer service, offering a wider choice to the customer and providing easy access to information are perceived to benefit the customers.
- *Transactional benefits* – This factor refers to the transactional efficiency and cost and time savings achieved through e-marketing.
- *Growth benefits* – This factor addresses the growth prospects made possible by e-marketing. The perceived growth benefits include finding new markets (market expansion), new customers (market penetration) and new trade partners (trade networking).
- *Operational benefits* – The marketing process in simplified by using the Internet and the quality of information conveyed to the customers

through the website is superior. These two benefits are addresses by this factor.

Scale reliability: Reliability was evaluated by means of tests of internal consistency expressed as Cronbach's alpha. Cronbach's alpha measures how well a set of items (or variables) measures a single uni-dimensional latent construct. When data have a multi-dimensional structure, Cronbach's alpha will usually be low. Technically speaking, Cronbach's alpha is not a statistical test, but a coefficient of reliability (or consistency). If the inter-item correlations are high, there is evidence that the items are measuring the same underlying construct. The reliability coefficient (referred to as Cronbach's coefficient alpha) varies from 0 to 1 and a value of 0.6 or less generally indicates unsatisfactory internal consistency. To ensure that the variables for each of the four factors were internally related, their Cronbach's coefficient alpha were measured and found to have acceptable internal consistency reliabilities (that is, >0.6).

The scale used had thus consisted of a total of 14 items with 4 sub-scales measuring 4 factors that are able to explain 68.8 per cent of the variance. The following table shows the summary of sub-scale minimum and maximum scores that are possible. On a Likert scale of 1 to 5 (ranging from strong disagreement to strong agreement), a minimum score of 1 and a maximum score of 5 for each item can be given.

Table 4.10a. **Summary of factors**

Factor	**No. of items**	**Scale minimum**	**Scale maximum**
Customer benefits	3	3	15
Transactional benefits	3	3	15
Growth benefits	3	3	15
Operational benefits	2	2	10
TOTAL	11	11	55

Table 4.10b. **Final factors, items and loadings**

Factors	Percentage of variance explained	Items	Loadings
F1: Customer benefits	31.7	▪ Customer service ▪ Better access ▪ Wider choice	0.867 0.803 0.745
F2: Transactional benefits	18.6	▪ Efficient partner (B2B) interaction ▪ Cost reduction ▪ Time saving	0.602 0.584 0.568
F3: Growth benefits	11.1	▪ Finding new trade partners ▪ Reaching new customers ▪ Reaching new markets	0.462 0.495 0.403
F4: Operational benefits	7.4	▪ Presenting better quality of information ▪ Simplified marketing	0.495 0.473

4.2.7.2. E-marketing inhibitors

This study attempted to find out the top inhibitors (barriers) of e-marketing among the SMTEs. A list of e-marketing inhibitors was compiled from the review of literature and the respondents were asked to rank the top five inhibitors (with 5 indicating the foremost barrier and 1 indicating the fifth barrier among the top five barriers). The following table describes the distribution of respondents by e-marketing barriers.

Table 4.11. **Distribution of respondents by e-marketing barriers**

S. No.	Barriers	No. of Respondents (n:40)			
		Yes		No	
		N	%	N	%
1	Lack of awareness	23	57.5	17	42.5
2	Lack of knowledge	21	52.5	19	47.5
3	Lack of confidence	29	72.5	11	27.5
4	Limited HR	9	22.5	31	77.5
5	Initial cost	18	45.0	22	55.0
6	Running cost	10	25.0	30	75.0
7	HR cost	1	2.5	39	97.5
8	Training cost	4	10.0	36	90.0
9	Small market	17	42.5	23	57.5
10	Poor infrastructure	13	32.5	27	67.5
11	System integration	18	45.0	22	55.0
12	Resistance to adoption	13	32.5	27	67.5
13	Fear of change	11	27.5	29	72.5
14	No Government support	13	32.5	27	67.5

Figure 4.8 represents the distribution of respondents by their ranking of e-marketing inhibitors and Table 4.12a shows the mean and actual ranking of e-marketing inhibitors. The mean ranks were subjected to a Friedman test to determine if mean rankings differed across the inhibitors. The test statistics (shown in Table 4.12b) indicated that at least one of the inhibitors differed from the others.

Figure 4.8. **E-marketing inhibitors (shown with mean ranks)**

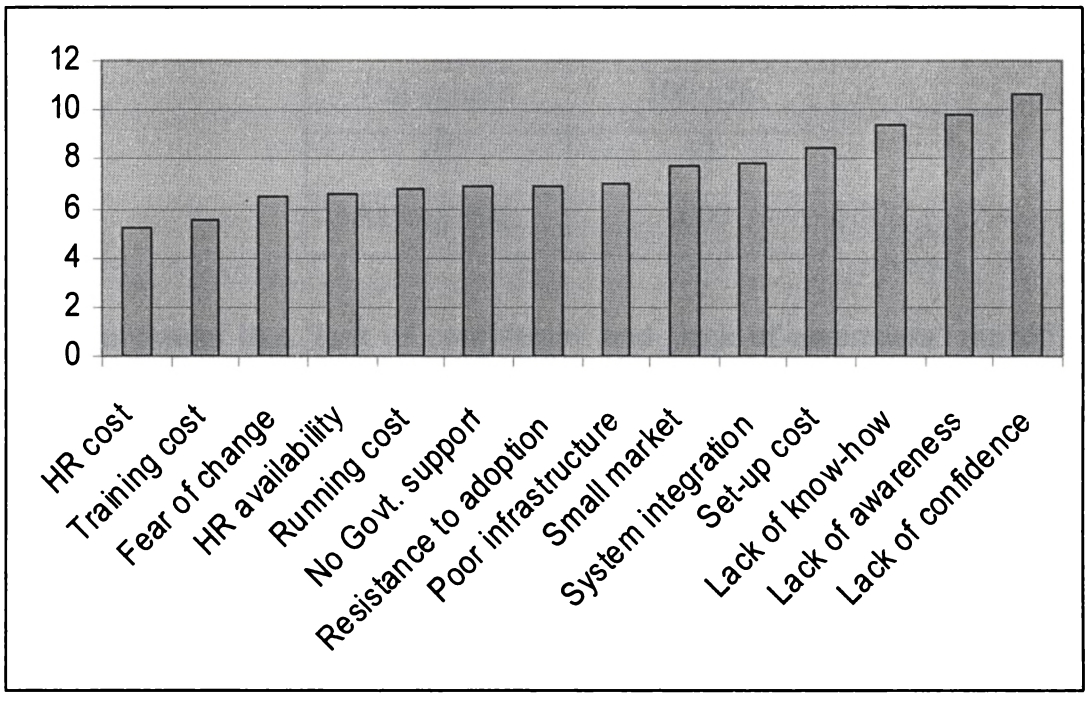


Table 4.12a. **Ranking of e-marketing barriers (mean and actual ranks)**

S. No.	E-marketing barriers	Mean rank	Actual rank
1	Lack of confidence	10.60	1
2	Lack of awareness	9.84	2
3	Lack of knowledge	9.38	3
4	Initial cost	8.44	4
5	System integration	7.79	5
6	Small market	7.72	6
7	Poor infrastructure	6.95	7
8	Resistance to adoption	6.90	8
9	No Government support	6.88	9
10	Running cost	6.79	10
11	Limited HR	6.60	11
12	Fear of change	6.43	12
13	Training cost	5.50	13
14	HR cost	5.20	14

Table 4.12b. **Friedman test statistics**

N	40
Chi-square	100.656
df	13
Asymp. Sig.	.000

Inhibitors like 'lack of confidence' and 'lack of awareness' ranked the highest. It may be summarized that lack of belief/confidence 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.

4.2.8. Objective 1b: First-mover advantage among e-marketers

From the survey information gathered from the SMTEs, a test for first-mover advantage among the SMTEs practicing e-marketing was done, taking into consideration variables such as their e-marketing tenure, e-marketing pay-off and the perceived criticality of e-marketing to their success.

4.2.8.1. Association between e-marketing tenure and perceived criticality

The association between perceived criticality and tenure of e-marketing was established by a Pearson chi-square test.

H2a: There is an association between an SMTE's e-marketing tenure and its perceived criticality of e-marketing.

The test statistics, as indicated in Table 4.13 showed a significant association between the two variables involved. Therefore, the hypothesis is accepted at the 0.05 level of significance and it is concluded that there is a significant association between SMTE's e-marketing tenure and the way they perceive the criticality of e-marketing to their success. 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.

Table 4.13. **Association between e-marketing tenure and perceived criticality of e-marketing to success**

E-marketing tenure	Various Factors		Statistical Inference
	Low	High	
Criticality of e-marketing	**n :17**	**n :23**	
Less than 1 year	5	3	$X^2 = 10.838$
1 – 2 years	9	4	df = 4
2 – 3 years	1	3	$P < 0.05$
3 – 4 years	1	6	Significant
More than 4 years	1	7	

4.2.8.2. Association between e-marketing tenure and pay-off

While testing the hypothesis that there is an association between e-marketing tenure and e-marketing pay-off, a positive, though weak correlation, emerged between the variables of interest. This may be interpreted as early adopters reaping a higher pay-off from their e-marketing initiatives when compared to the late entrants and thus enjoying a first-mover advantage. The regression and correlation statistics are shown in Tables 4.14a and 4.14b. The correlation between e-marketing tenure and e-marketing pay-off is significant at the 0.01 level.

H2b: There is an association between an SMTE's e-marketing tenure and its e-marketing pay-off.

Table 4.14a. **Regression model summary**

Model	R	R square	Adjusted R square	Std. error of the Estimate
1	.573	.328	.310	.977

a Predictors: (Constant), e-marketing tenure

Table 4.14b. **Correlation between e-marketing tenure and pay-off**

		E-marketing pay-off	E-marketing tenure
E-marketing pay-off	Pearson Correlation	1	.573
	Sig. (2-tailed)	.	.000
	N	40	40
E-marketing tenure	Pearson Correlation	.573	1
	Sig. (2-tailed)	.000	.
	N	40	40

** Correlation is significant at the 0.01 level (2-tailed).

As a result, a first-mover advantage is observed among SMTEs practicing e-marketing. Early adopters had a higher pay-off from their e-marketing initiatives.

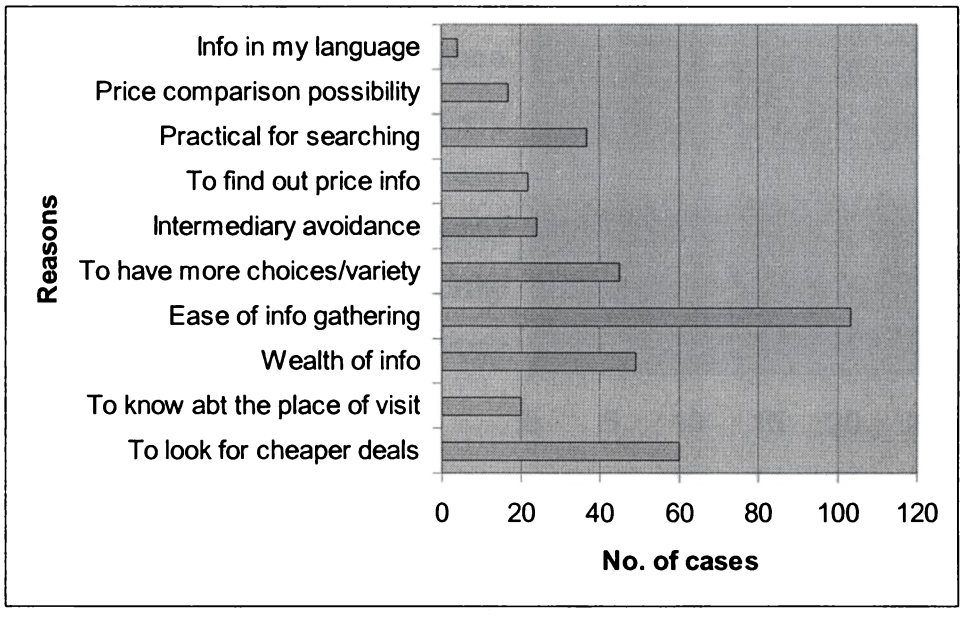
4.2.9. Objective 1c: Online search and shopping motivators and inhibitors

The surveyed SMTE customers were asked about what motivated and inhibited them to search and shop online for tourism products. The literature on online consumer behaviour suggests that at a fundamental level, the motivation theory explains the consumer motivation to shop. It contends that cognitive or affective motives seek individual gratification and satisfaction (McGuire, 1974). In studying the online shopping inhibitors, consumer's trust in online shopping has captured a central part of academic interest. Lack of trust is considered to be a very significant factor affecting intention to purchase from the Web. The following sections present the findings of the study concerning the tourists' online search and shopping motivators and inhibitors.

4.2.9.1. Online search motivators

In the given online context, the most important reasons for SMTE customers to search online were the ease of information gathering, to look for cheaper deals and the wealth of information, as illustrated in Figure 4.9. The Internet's practicality in searching for information and facilitating information evaluation (say, through price comparison) adds to the consumer's motivation to search online.

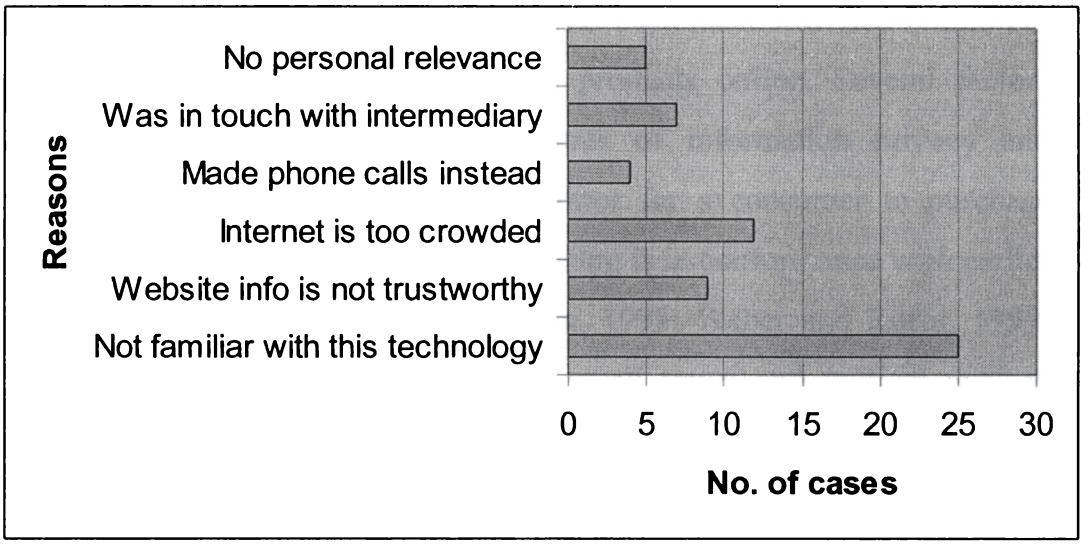
Figure 4.9. **Motivators of online search**



4.2.9.2. Online search inhibitors

The factors that inhibit the SMTE customers from using the Internet for searching for tourism-related information are summarized in Figure 4.10. The leading inhibitor was the lack of familiarization with the Internet technology. Simply put, some tourists do not know how to search online or how to use the online search results. The quantity of search results returned by a search engine may overwhelm many of the novice online searchers. Unless the search results are personally relevant for the tourists, they do not serve any purpose for the tourist. The surveyed tourists felt that the Internet was too crowded with too much of information. Such an information overload can discourage tourists from searching online. Tourists also mentioned that not all the information posted on a website is trustworthy. There is no means for a tourist to verify the information posted on a website. 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. In summary, familiarity, trustworthiness, personal relevance and personal touch emerge as the issues that determine the tourists' use of the Internet for online search for tourism-related information.

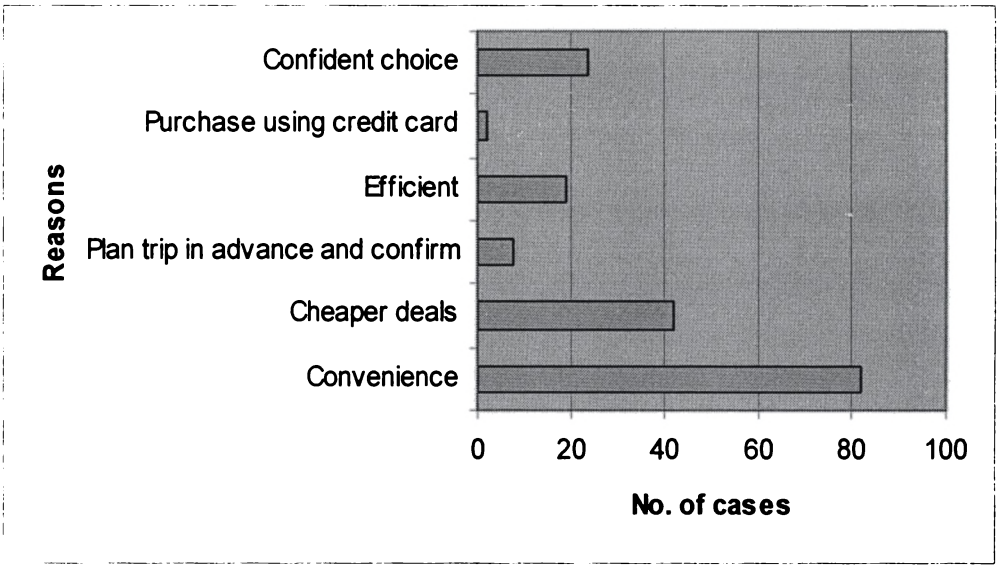
Figure 4.10. **Inhibitors of online search**



4.2.9.3. Online shopping motivators

Among the surveyed tourists, 45 per cent of the surveyed SMTE customers had purchased tourism products such as accommodation, access, attractions and auxiliary services online. Their online purchase motivators are shown in Figure 4.11. Convenient transactions, cheaper deals and the confidence inspired by the on-site experience are cited as the top reasons for online purchase.

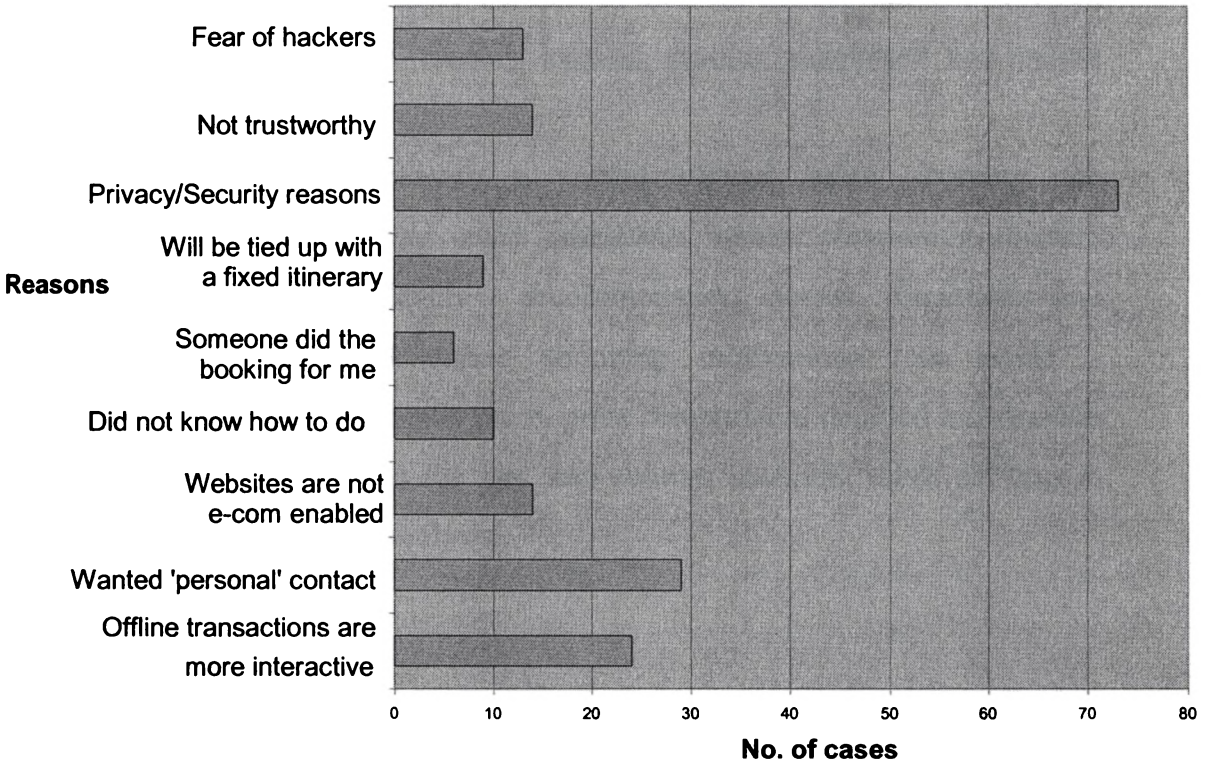
Figure 4.11. **Motivators of online purchase**



4.2.9.4. Online shopping inhibitors

Nearly 46 per cent of the surveyed SMTE customers searched online but have not purchased any tourism/travel products online. Several factors inhibit their online purchases. The issue of information privacy and transaction security is the biggest inhibitor for a consumer to purchase online. This SMTE customer-specific finding is in conformance with earlier studies (Kiely, 1997; Lewis and Semeijn, 1998; Weber and Roehl, 1999; Gefen *et al.*, 2003) focussing on the overall travel and tourism market. Interestingly, the subsequent reasons highlight the 'personal touch' desired by the consumer with the vendor and the limited interactivity in an online transaction as inhibitors to purchase online. About 7 per cent of the respondents indicated that the SMTE websites were not e-commerce enabled and hence they could not purchase online. Figure 4.12 summarizes these inhibitors.

Figure 4.12. **Inhibitors of online purchase**



4.2.9.5. Online shopping motivations across tourism product categories

From the surveyed data gathered from the SMTE customers, an analysis of their online shopping motivations was done. Tourists can be guided by several motivations to shop online. The literature on online consumer behaviour suggests that at a fundamental level, the motivation theory explains the consumer's motivation to shop. It contends that cognitive or affective motives seek individual gratification and satisfaction (McGuire, 1974). Further, it was analysed if the online shopping motivations differed across different tourism product categories. That is, if the motivations of a tourist buying hotel accommodation online is different from those of a tourist buying a SCUBA diving course online. Such correspondence, if any, between the tourism products purchased online and the shopping motivations, will have several implications for SMTEs.

Types of tourism product purchased online and shopping motivations:

A simple correspondence analysis using a two-way table was chosen as the statistical technique to analyze the data to look for correspondence between the variables of interest, namely tourism product purchased and online shopping motivation.

Table 4.15 represents a correspondence table showing the frequencies of a two-way cross tabulation matrix comprising tourism products bought (four levels - accommodation, access, attractions and auxiliary services) and online shopping motivations (six levels – convenience, efficiency, better price, price comparison, detailed information and 'helps me plan') and the row and column marginal totals serving as input to correspondence analysis.

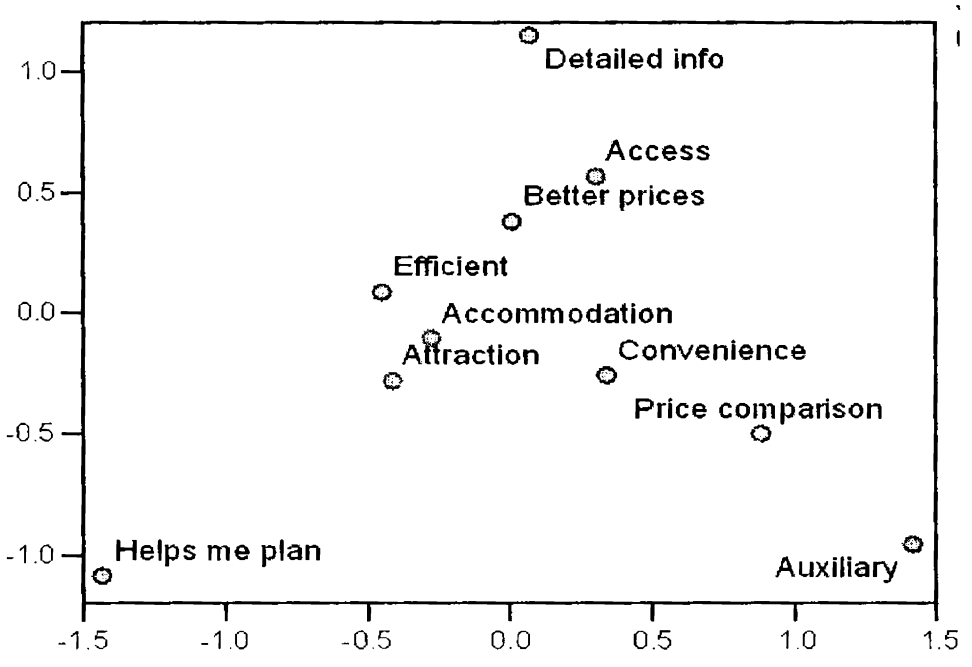
Table 4.15. **Correspondence Table (tourism product bought online and online buying motivation)**

Type of product bought online	Online buying motivation						
	Convenience	Efficient	Better prices	Price comparison	Detailed information	Helps me plan	Active Margin
Accommodation	17	18	11	3	2	3	54
Access/Travel	17	14	17	5	5	0	58
Attractions	14	15	12	4	2	5	52
Auxillary products	7	1	2	3	0	0	13
Active Margin	55	48	42	15	9	8	177

Correspondence analysis procedure from SPSS (version 12.0) was used to analyse the data shown in the correspondence table. Appendix III-B1 shows the correspondence analysis results. SPSS has computed the inter-point distances and subjected the distance matrix to principal components analysis, yielding in this case six dimensions. Only the interpretable dimensions are reported, not the full solution. The eigenvalues reflect the relative importance of each dimension, with the first always being the most important, the next second most important and so on. The 'Proportion of Inertia' column represents the per cent of variance each dimension explains of the variance explained. Appendix III-B1 shows the overview row points table and overview column points table.

The correspondence map shown in Figure 4.13 represents a joint plot of tourism products bought and the online shopping motivations involved. It indicated that the online shopping motivations for different tourism/travel products are distinctively different. Among the buyers of accommodation and attractions products, the primary online shopping motivations were convenience and efficiency of the transaction. Motivations like 'better prices' and 'detailed info' dominate for access products and 'price comparison' for auxiliary products. In general, the online buyers of accommodation and attractions were motivated by transactional objectives while the access and auxiliary product buyers by informational uses.

Figure 4.13. **Correspondence map (tourism product bought and online buying motivation)**



4.3. Objective 2: Critical success factors of e-marketing

A list of critical success factors was compiled after an extensive review of e-marketing literature and the relevance of these factors in the SMTE context. From an exhaustive list of items generated from literature, a list of 14 items relevant to the context under consideration was drawn. The chosen items are as follows accompanied by a brief description:

- *Specific tourism products for e-commerce* – Without cannibalizing the products offered via the regular offline channels, SMTEs may enhance their online competitiveness by offering specific tourism products and services online.
- *Top management support* – E-marketing is a strategic decision and it has to flow top-down. Unless the top management believes in it and commits resources for it, e-marketing may fail.
- *IT infrastructure* – The general IT infrastructure (such as providing reliable connectivity, online security measures and so on) should support the SMTEs' e-marketing initiatives.

- *Customer acceptance* – The customer acceptance of tourism e-commerce is essential for SMTEs' e-marketing to succeed. In an industry traditionally dominated by intermediaries, e-commerce brings about a paradigm shift through disintermediation.
- *User-friendly web interface* – The online customer interface (that is, the websites) must be user-friendly and that is critical to the success of e-marketing.
- *Integration with the existing system* – With their e-marketing initiatives, SMTEs operate as bricks-and-clicks enterprises in which both offline and online systems co-exist. For smooth business operations, these two systems must integrate.
- *Security of the e-commerce system* – Online security issues bother the SMTEs. Unless their e-commerce system is protected from online threats, it may not bring about the desired returns.
- *Market readiness* – This factor refers to the market's willingness to transact online. It represents the online market potential for SMTEs' product offerings that must be met with e-marketing.
- *Continuity (Set-up and running cost)* – E-marketing is a long term commitment for SMTEs. Unless they ensure continuity by committing the financial resources to commence and continue their e-marketing, they may find their e-marketing returns disrupted.
- *Level of trust between customer and company* – With trust emerging as a central issue in e-commerce, the level of trust between the tourist and SMTEs is vital for e-marketing to succeed.
- *Government support* – SMTEs face limitations of size and resources. Government support (in the form of training, infrastructure development, cost sharing and so on) can enhance the online competitiveness of the SMTEs.
- *Availability of skilled human resources* – SMTEs need skilled manpower to manage their e-marketing programs. The availability of

skilled, local human resources (as web programmers, webmasters and so on) is essential for the success of SMTEs' e-marketing.

- *Networking among SMTEs* – Collaboration is a popular feature on the Web. Though the SMTEs are limited by size and resources, networking among them will provide them with virtual size and the economies of scale by which they become competitive.
- *Relationship with business partners* – Tourism business is a networked business with so many businesses coming together to provide a memorable tourism experience to the tourists. Tourism e-marketing must provide for the SMTEs to work together and maintain a synergistic relationship with each other.

4.3.1. Objective 2a: Underlying dimensions of critical success factors

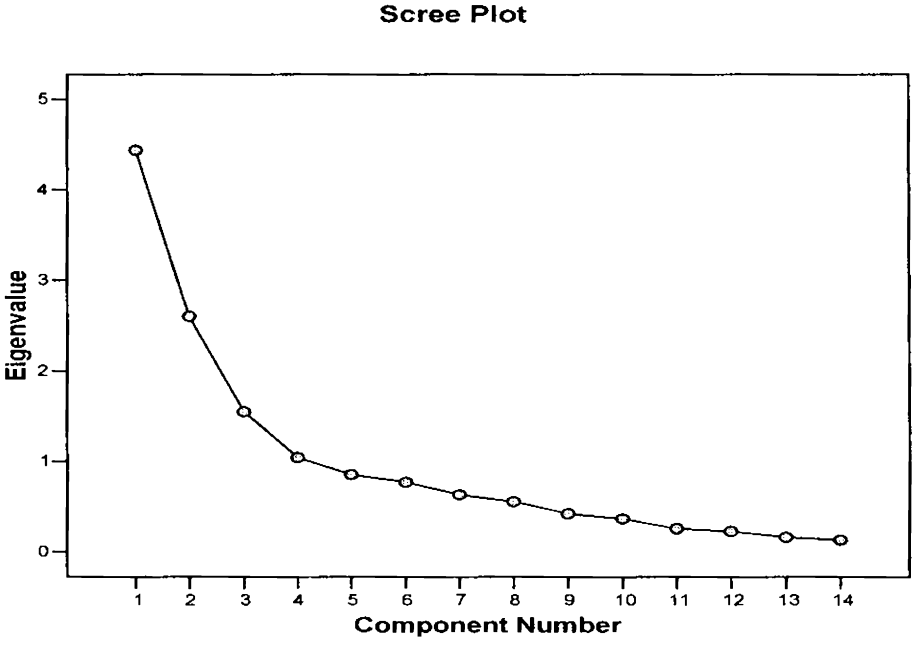
Factor analysis (using principal component analysis) was used to identify the underlying dimensions of the critical success factors of e-marketing. Data was collected from a sample of 40 SMTE e-marketing decision makers who were interviewed to rate the importance of a list of critical success factors of e-marketing.

The above critical success factors' importance scores were subjected to Factor analysis to identify the underlying factors/dimensions of the e-marketing critical success factors. The 14 items were factor analyzed using Principal Component analysis after ascertaining the appropriateness of Factor analysis (Malhotra, 2005) using the Bartlett's test of sphericity (significant at 0.05 level) and Kaiser-Meyer-Olkin (KMO) statistic (>0.5). Out of the 14 items used in the analysis, one was dropped as it had a small extraction value. Factors with eigenvalue greater than 1 and a loading of 0.5 and above were then rotated using varimax rotation with Kaiser normalization.

In order to summarize the information contained in the original variables, a smaller number of factors should be extracted. In this research, approaches based on eigenvalues and Scree plot are used to determine the

number of factors. Based on the eigenvalue criterion (that is, eigenvalue > 1), four factors emerged. Items with no clear loading on any particular factor were removed from the set. To confirm the number of factors, a scree plot was drawn as shown in Figure 4.14. The shape of the plot is used to determine the number of factors. The point at which the scree begins denotes the true number of factors and in this data, it translated to four factors. Thus, items belonging to factors for which no reasonable interpretation could be found or those that had very low additional explanatory power in explaining the SMTE's e-marketing motivators were dropped. Finally, four factors were retained explaining 68.7 per cent of the total variance.

Figure 4.14. **Factor analysis showing Scree at four factors**



The summary results of the factor analysis of all the elements and sub-elements are presented in Tables 4.16a and 4.16b. The factor analysis yielded four dimensions that were labelled as: relationship factor, resource factor, demand-supply factor and synergy factor. Table 4.16b shows the factor loadings for all the elements on the various factors.

Table 4.16a. **Summary of factors**

Factor	No. of items	Scale minimum	Scale maximum
Relationship factors	3	3	15
Resource factors	3	3	15
Demand-supply factors	3	3	15
Synergy factors	2	2	10
TOTAL	11	11	55

Table 4.16b. **Final factors, items and loadings**

Factors	Items	Loadings
F1: Relationship	▪ Customer acceptance ▪ Level of trust between customer and company ▪ Relationship with business partners	0.840 0.809 0.761
F2: Resources	▪ IT infrastructure ▪ Government support ▪ Human resources (skills availability)	0.745 0.727 0.604
F3: Demand-supply	▪ Market readiness (demand) ▪ User-friendly web interface (supply) ▪ Continuity (setup and running cost)	0.483 0.467 0.407
F4: Synergy	▪ Networking among SMTEs ▪ Integration with the existing system	0.508 0.477

To ensure that the variables for each of the factors were internally related, their Cronbach's coefficient alpha were measured and found to have acceptable internal consistency reliabilities (that is, > 0.6).

Factor analysis yielded four dimensions of critical success factors of e-marketing. The relationship factor implied connection, communication, acceptance and trust in both B2B and B2C contexts. The resource factor referred to external sources that facilitate an SMTE's e-marketing. The

demand-supply factors indicate the need for sustainable supply to meet the demand. The synergy factors referred to an integrated marketing at the firm level and collaborative marketing at the industry level.

4.3.2. Objective 2b: Importance and incidence of critical success factors

Apart from rating the importance of critical success factors described in the previous section, the surveyed respondents were also asked to rate their performance (also referred to as incidence) on each of the critical success factors. Such importance-performance data can throw light on the status of SMTE e-marketing. A paired sample 't' test was used to test the hypothesis that there is a difference between the importance and incidence of critical success factors.

H3: There is a difference between the importance and incidence of critical success factors of e-marketing.

The test, at 0.05 level of significance, showed a statistically significant difference between the importance and incidence of critical success factors. The test statistics are shown in the following table. The hypothesis is therefore accepted and it is concluded that the SMTEs' performance on the critical success factors is different from what is desired. It leaves a gap for the SMTEs to address and redress.

Table 4.17. **Paired samples 't' test between the importance and incidence of critical success factors**

S. No	Critical success factors	$\bar{X}$	Mean difference	S.D.	Statistical inference
1	Importance	40.650	5.075	6.261	t = 9.635 df = 39 P < 0.01 Significant
2	Performance	35.575		7.292	

The importance-performance matrix is a useful tool to identify the areas for improvement. The following table summarizes the importance-performance scores of the 14 critical success factors.

Table 4.18. **Importance-performance scores of the critical success factors**

Critical success factors	Importance score	Performance score
F1: Specific tourism products	3.05	2.45
F2: Top management support	3.25	2.65
F3: IT infrastructure	2.88	2.6
F4: Customer acceptance	2.98	3.48
F5: User-friendly web interface (supply)	4.1	2.83
F6: Integration with the existing system	3.2	2.48
F7: Security of the e-commerce system	2.68	2.25
F8: Market readiness (demand)	2.83	3
F9: Continuity (setup and running cost)	3.1	2.6
F10: Trust between customer and firm	2.75	2.65
F11: Government support	2.55	2.17
F12: Human resources (skills availability)	2.68	2.83
F13: Networking among SMTEs	2.42	1.8
F14: Relationship with business partners	2.2	1.8
Total score	**40.67**	**35.59**
Mean score	**2.91**	**2.54**

The mean and the total scores for importance and performance rating are measured. Using the mean scores as axis reference points, an importance-performance matrix is constructed as shown in Figure 4.15. The matrix plot reveals four quadrants, namely 'I - concentrate here', 'II - keep up the good work', 'III - possible overkill' and 'IV - low priority'. The critical success factors are plotted in the matrix and they fall into one of the four quadrants based on their importance-performance scores as described in Table 4.19.

Figure 4.15. **Importance-performance matrix**

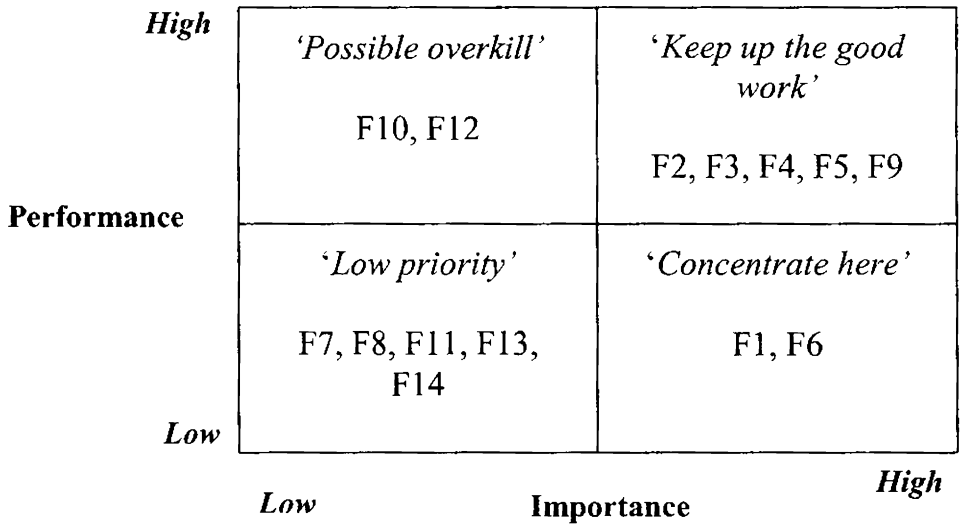


Table 4.19. **The position of critical success factors in the importance-performance matrix**

Critical success factors	Quadrant	Diagnosis
F1: Specific tourism products	I	*'Concentrate here'*
F2: Top management support	II	*'Keep it up'*
F3: IT infrastructure	II	*'Keep it up'*
F4: Customer acceptance	II	*'Keep it up'*
F5: User-friendly web interface (supply)	II	*'Keep it up'*
F6: Integration with the existing system	I	*'Concentrate here'*
F7: Security of the e-commerce system	IV	*'Low priority'*
F8: Market readiness (demand)	IV	*'Low priority'*
F9: Continuity (setup and running cost)	II	*'Keep it up'*
F10: Trust between customer and firm	III	*'Possible overkill'*
F11: Government support	IV	*'Low priority'*
F12: Human resources (skills availability)	III	*'Possible overkill'*
F13: Networking among SMTEs	IV	*'Low priority'*
F14: Relationship with business partners	IV	*'Low priority'*

From 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.

4.4. Objective 3: Best practices in SMTE website design

From the observation data gathered from SMTE websites, an analysis of websites across tourism product categories was done. The best practices in SMTE website design were isolated by studying the association between the website design elements and the SMTEs' e-marketing pay-off. The website design elements of SMTEs with high e-marketing pay-off were identified as the best practices. The correlation among the different website site design elements was also studied to understand the relationships among them. For the purpose of evaluating the websites, Rayport-Jaworski's (2002) 7*C*s framework was used. Though there are several evaluation mechanisms and frameworks (such as Doolin *et al.*, (2002), Ditto and Pille (1998), Wan (2002) and Mich and Franch (2000) discussed in the review of literature on evaluating tourism websites) available, the 7*C*s framework was found to have a marketing orientation and hence selected for use in this study.

4.4.1. Objective 3a: Website design and tourism product categories

The observed websites represent SMTEs from accommodation, access, attractions and auxiliary service product categories of tourism. In order to test the hypothesis that the website design differs across tourism product categories, a one-way analysis of variance (ANOVA) was done. The website design elements considered for study are the 7*C*s – content, customization, community, commerce, context, communication and connection. Content is defined as all digital subject matter on the website. Customization means the website's ability to tailor itself to different users or to allow users to personalize the site. Community is defined as the interaction that happens between and among the website users. Commerce

means the website's capability to enable commercial transactions. Context involves the website's layout and design. Communications refer to the dialogue that unfolds between the website and its users. Connection is defined as the number of formal linkages between the website and other websites.

H4: There is a difference in the online customer interface design elements of SMTEs among the different tourism product categories.

The following table shows the ANOVA results. The statistical data indicate that the tourism product categories do not differ significantly in their website design. Hence the hypothesis is rejected and it is concluded that SMTEs in accommodation, access, attraction and auxiliary service categories do not differ in their website design. As a result, it can be inferred that the website design elements of a hotel are not necessarily different from, say an adventure tourism company or a car rental company in spite of the diverse nature of these tourism businesses. The unified approach to website design may be explained by the SMTE structure and the customer requirements when visiting a website.

Table 4.20. **One-way analysis of variance among tourism product categories with regard to various elements of website design**

S. No.	Dimensions of website evaluation	df	SS	MS	$\bar{X}$	Statistical inference
1	*Content*					
	Between Groups	3	0.555	0.185	G1 = 3.90 G2 = 4.00 G3 = 3.81	F = 0.110 P > 0.05 Not significant
	Within Groups	36	60.545	1.682	G4 = 3.66	
2	*Community*					
	Between Groups	3	1.573	0.524	G1 = 0.63 G2 = 0.55 G3 = 0.36	F = 1.329 P > 0.05 Not significant
	Within Groups	36	14.202	0.395	G4 = 0.11	

3	*Customization*					
	Between Groups	3	2.068	0.689	G1 = 1.18 G2 = 1.11 G3 = 0.72	F = 0.864 P > 0.05 Not significant
	Within Groups	36	28.707	0.797	G4 = 1.33	
4	*Communication*					
	Between Groups	3	1.996	0.665	G1 = 2.00 G2 = 1.44 G3 = 1.72	F = 0.907 P > 0.05 Not significant
	Within Groups	36	26.404	0.733	G4 = 2.00	
5	*Connection*					
	Between Groups	3	1.035	0.345	G1 = 0.54 G2 = 1.00 G3 = 0.72	F = 0.508 P > 0.05 Not significant
	Within Groups	36	24.465	0.680	G4 = 0.77	
6	*Commerce*					
	Between Groups	3	3.969	1.323	G1 = 2.45 G2 = 2.44 G3 = 1.72	F = 1.283 P > 0.05 Not significant
	Within Groups	36	37.131	1.031	G4 = 2.00	
7	*Context*					
	Between Groups	3	2.773	0.924	G1 = 2.90 G2 = 3.44 G3 = 2.72	F = 0.426 P > 0.05 Not significant
	Within Groups	36	78.202	2.172	G4 = 2.88	
8	*Overall*					
	Between Groups	3	29.238	9.746	G1 = 13.63 G2 = 14.00 G3 = 11.81	F = 0.856 P > 0.05 Not Significant
	Within Groups	36	409.737	11.38	G4 = 12.77	

G1 = Accommodation, G2 = Access, G3 = Attractions, G4 = Auxiliary services

4.4.2. Objective 3b: Association between website design and e-marketing pay-off

To identify the association, if any, between the online customer interface design and the e-marketing pay-off of the SMTEs, a correspondence analysis using multi-way tables was chosen as the statistical technique to analyze the data. Correspondence analysis is a widely used exploratory technique in

marketing research and better known as perceptual mapping. It is used to examine similarities and associations between attributes and brands. In tourism marketing literature too, correspondence analysis is becoming a much used technique (Gursoy & Chen, 2000). As a statistical technique of choice, correspondence analysis is very useful when associations between two or more multi-level categorical variables have to be examined. In tourism marketing specifically, it is an extremely useful application because of the large number of categorical variables used for analysis.

Correspondence analysis:

Correspondence analysis is a method of factoring categorical variables and displaying them in a property space that maps their association in two or more dimensions. It is often used where a tabular approach is less effective due to large tables with many rows and/or columns. Correspondence analysis is a special case of canonical correlation, where one set of entities (categories rather than variables as in conventional canonical correlation) is related to another set (Benzecri, 1992).

Correspondence analysis starts with tabular data (in correspondence table), usually two-way cross-classifications, though the technique is generalizable to n-way tables with more than two variables. Correspondence table is the raw cross-tabulation of two discrete variables, with marginals. The object of correspondence analysis is to explain the inertia (variance) in this table. The variables must be discrete: nominal, ordinal, or continuous variables segmented into ranges. The technique defines a measure of distance between any two points, where points are the values (categories) of the discrete variables. Since distance is a type of measure of association (correlation), the distance matrix can be the input for principal components analysis, just as correlation matrices may be the input for conventional factor analysis. Correspondence analysis uses a definition of chi-square distance rather than Euclidean distance between points. The principal components analysis yields the dimensions (factors) that correspondence analysis uses to map points.

However, where conventional factor analysis determines which variables cluster together, correspondence analysis determines which category values are close together. This is visualized on the correspondence map, which plots points (categories) along the computed factor axes. A correspondence map displays two of the dimensions that emerge from principal components analysis of point distances, and points are displayed in relation to these dimensions. In essence, the correspondence map is a graphical tool that helps the researcher to easily notice relationships within the correspondence table.

In effect, correspondence analysis is a geometric technique that draws from the row and column points in the contingency table, and place categories (levels) of the variables as points in low-dimensional visual space, so as to best fit their associations in the table (Greenacre, 1993). Put differently, correspondence analysis is a sophisticated technique that gives a powerful representation of association between categorical variables by giving a comprehensive view of the data (in the contingency table) for effective interpretation (Beldona *et al.*, 2005). A distinct advantage of correspondence analysis over other methods yielding joint graphical displays is that it produces two dual displays whose row and column geometries have similar interpretations, facilitating analysis and detection of relationships (Hoffman and Franke, 1986). Correspondence analysis is an exploratory (that is, the emphasis is on exploring and representing data, and not on formal testing of hypotheses), not a confirmatory technique and therefore significance testing is not pursued (SPSS, 1998). It is a non-parametric technique that makes no distributional assumptions, unlike factor analysis.

Table 4.21 illustrates the three-way table to be analyzed in order to map the correspondence among the online customer interface design elements of SMTEs (with high and low e-marketing pay-offs) across different tourism product categories.

In three-way correspondence analysis, a common approach is to combine the two variables of least interest. For instance, in this three-way

analysis of SMTE categories, their e-marketing pay-off and online customer interface design elements, SMTE categories and their e-marketing pay-off can be combined. Thus a correspondence analysis can be performed on the two-way table of counts in which each row represents a subgroup defined as a category by pay-off combination. The computation would be the same as for two-way correspondence analysis, but in plotting the correspondence map, different symbols would be used for the points representing SMTE categories with high e-marketing pay-off and those with low e-marketing pay-off. The table shows the frequencies of a three-way cross tabulation matrix comprising e-marketing pay-off (two levels – high and low), tourism product categories (four levels – accommodation, access, attractions and auxiliary services), and website design elements (seven levels - content, customization, community, commerce, context, communication and connection) and the row and column marginal totals serving as input to correspondence analysis.

Table 4.21. **Correspondence table (E-marketing pay-off, tourism product category and website design elements)**

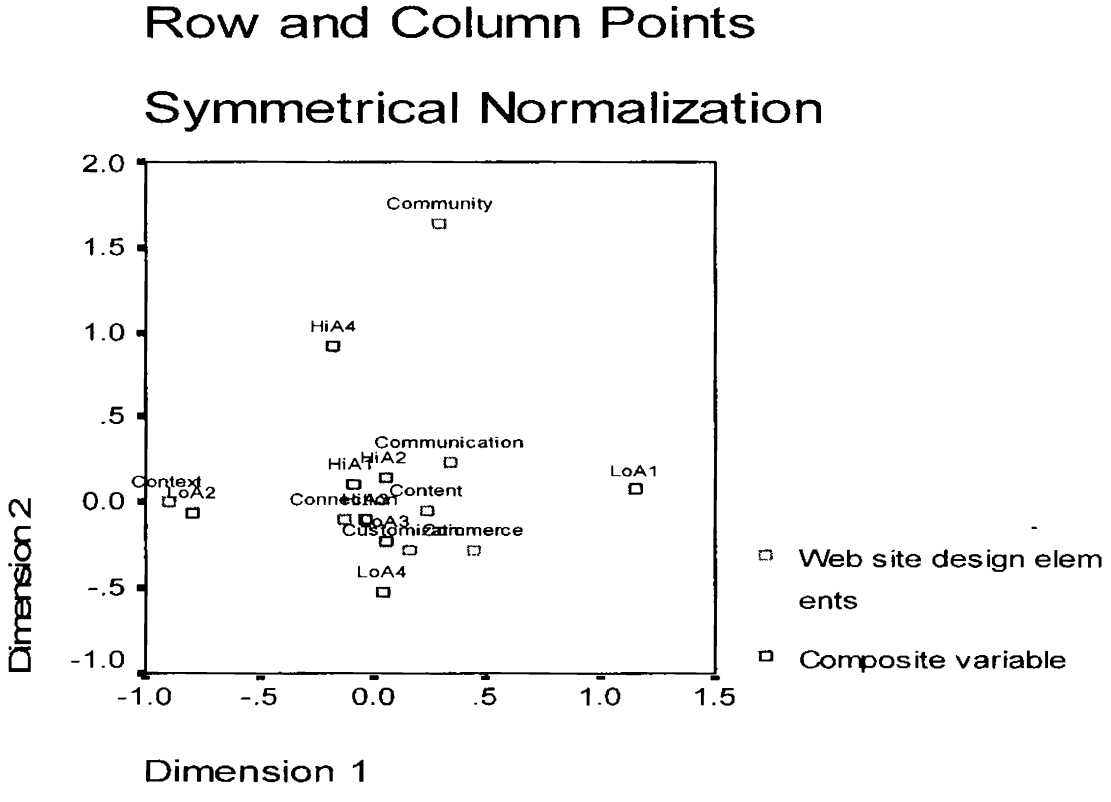
Composite variable	**Website design elements**							**Active Margin**
	C1	**C2**	**C3**	**C4**	**C5**	**C6**	**C7**	
HiA1	20	3	6	9	3	12	18	71
HiA2	18	3	3	7	6	12	13	62
HiA3	28	2	6	11	6	12	19	84
HiA4	12	3	3	8	2	3	11	42
LoA1	21	3	6	12	2	16	0	60
LoA2	17	2	6	8	4	11	32	80
LoA3	17	1	5	7	3	8	11	52
LoA4	21	0	7	10	4	12	15	69
Active Margin	154	17	42	72	30	86	119	520

Correspondence analysis procedure from SPSS (version 12.0) was used to analyse the data shown in the correspondence table. Appendix III-B2 shows the correspondence analysis results. SPSS has computed the inter-point distances and subjected the distance matrix to principal components analysis, yielding in this case six dimensions. Only the interpretable dimensions are reported, not the full solution, which is why the eigenvalues (labelled 'inertia' in the summary table, representing the percentage of variance explained by each dimension) add to something less than 100 per cent, in this case only 9.5 per cent. The eigenvalues reflect the relative importance of each dimension, with the first always being the most important, the next second most important and so on. The 'Proportion of Inertia' column represents the percentage of variance each dimension explains of the variance explained: thus the first dimension explains 68.7 per cent of the 9.5 per cent of the variance explained by the model.

Appendix III-B2 shows the overview row points table and overview column points table. The overview row points table displays the mass, scores in dimension, inertia, contribution of the point to the inertia of the dimension, and contribution of the dimension to the inertia of the point. Mass is the marginal proportions of the row variable, used to weight the point profiles when computing point distance. This weighting has the effect of compensating for unequal numbers of cases. Scores in dimension are the coordinates for points when plotting the correspondence map. Each point has a score on each dimension. Inertia indicates the variance. 'Contribution of points to dimensions' are similar to factor loadings used in conventional factor analysis to ascribe meaning to dimensions and are used to intuit the meaning of correspondence dimensions. 'Contribution of dimensions to points' represents the multiple correlations that reflect how well the principal components model explains any given point (category). The overview column points table below is similar to overview row points table, except for the column variable in the correspondence table.

The biplot correspondence map is shown in Figure 4.16. It is to be noted that while some generalizations can be made about the association of categories, it must be understood that correspondence is not association. The correspondence map indicates that those SMTEs with high e-marketing payoff correspond closely with the following website design elements – content, communication and connection. Based on this correspondence, it is concluded that there is a correspondence among the online customer interface design elements of SMTEs with high and low e-marketing pay-offs across different tourism product categories. That is, the SMTEs with high e-marketing pay-off are particularly superior at online customer interface design elements such as content, communication and connection.

Figure 4.16. **Correspondence map (E-marketing pay-off, tourism product category and website design elements)**



4.4.3. Correlation among the website design elements

An inter-correlation matrix (as shown in Table 4.22) was constructed to test for correlation among the seven elements of online customer interface design. Pearson correlation coefficient was the measure used. Content and customization had the highest positive correlation with the overall score and community had the lowest correlation.

Content and customization had the highest inter-element correlation. As the website content element increased (for example, more itineraries and tour/product information), the need to sift through the content also increased. As a result, customization indicators (such as language options and site search utility) were included in the website. User-defined customization was common among the SMTE websites.

During the SMTE website observation, community indicators such as customer postings and user-to-user interaction were very few. A static customer testimonial was the most common form. But user-generated content (such as reviews, ratings, tips and know-hows) is becoming popular.

A negative correlation emerged between content and context. The SMTE websites with high content had low context indicators whereas SMTE websites with high context (such as multimedia contents) had low content indicators. Generally, much importance is attributed to the content on a website. The finding seems to subscribe to that as content exhibits relatively high correlation with all the other elements except context.

Table 4.22. **Inter-correlation matrix showing the correlation among the 7Cs**

ELEMENTS	C1	C2	C3	C4	C5	C6	C7	Overall
C1	1.000							
C2	0.147	1.000						
C3	0.472**	-0.012	1.000					
C4	0.427**	0.019	0.359**	1.000				
C5	0.443**	0.262**	0.384**	0.037	1.000			
C6	0.098	-0.061	0.212*	0.299**	0.139	1.000		
C7	-0.244*	-0.044	-0.159	-0.108	-0.160	0.055	1.000	
Overall	0.666**	0.271*	0.619**	0.566**	0.541**	0.520**	0.239*	1.000

** 0.01 Level of significance

* 0.05 Level of significance

C1 – Content; C2 – Community; C3 – Customisation; C4 – Communication; C5 – Connection; C6 – Commerce; C7 – Context

4.5. Chapter conclusion

This chapter presented the findings of the study concerning SMTEs and their customers. The important findings are summarized below.

SMTE-related findings:

The SMTEs were well diversified representing an amalgam of tourism products. The annual sales turnover of a majority of the SMTEs falls in the range of Rs.2-4 million. Based on e-marketing tenure, it was found out that there were more late entrants than early adopters. Majority of the SMTEs attributed 10-20 per cent of their sales to e-marketing. SMTEs involved in e-marketing activities like communication, transaction and planning Accommodation, access, attraction and auxiliary service business do not differ in their level of involvement in different e-marketing activities. A Factor analysis yielded four dimensions of e-marketing motivators – customer benefits, transactional benefits, growth benefits and operational benefits. Lack of belief/confidence emerged as the biggest hindrance to the e-marketing initiatives of SMTEs. The SMTEs with longer e-marketing tenure perceived e-marketing to be more critical to their success when compared to those with shorter e-marketing tenure. Early adopters reaped a higher pay-off from their e-marketing initiatives and thus enjoyed a first-mover advantage. A Factor analysis yielded four underlying critical success factors, namely relationship factors, resource factors, demand-supply factors and synergy factors. The search for best practices in the design of online customer interfaces highlighted certain key factors. The SMTEs who enjoyed a high pay-off from their e-marketing excelled in web design elements such as content, communication and connection.

Tourists-related findings

Based on the tourists' demographic and behavioural characteristics, it was found that honeymoon travellers and adventure tourists were typically Internet users. Concerning the source of information about tourism-related websites, online sources informed more people than the offline sources.

With respect to the on-site behaviour of the tourists, it was found that the informational features dominated over the transactional features on a website. Among the activities in the purchase decision-making process, deciding on what to do at the destination was of primary importance to the SMTE website visitor. Among the tourism products purchased online, the accommodation sector ranked first, followed by the access and attractions sectors. Online search and purchase satisfaction lead to future intention to purchase online. The respondents who had purchased tourism products online cited convenient transactions, cheaper deals and the confidence inspired by the on-site experience as the top reasons for online purchase. Those who did not, were concerned about information privacy and transaction security. Online shopping motivations differed for different tourism product categories. Transactional objectives motivated accommodation and attractions buyers while informational uses motivated the access and auxiliary service buyers.

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, 2005*b*) 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, 2003*a*; 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. Buhalis (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

in Andaman Islands, India and www.sportfisher.com in Mauritius) 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-mouse 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. Importanee 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 7*C*s 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 7*C*s) 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 4*C*s – 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 (2004*a*) 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, 2004*b*). 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 re-directed 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.mauritiuswedding.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, 2005*a*) 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). Similary, 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 up gradation 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.

Chapter 6

CONCLUSION AND SUGGESTIONS

6.1. Introduction

Information and Communication Technologies (ICTs) have a dramatic impact on the tourism industry because they force this sector as a whole to rethink the way in which it organises its business (Vlitos-Rowe, 1995). In the light of such rethinking within the tourism industry, this study has focussed on the Small and Medium Tourism Enterprises (SMTEs) in two island destinations, namely Mauritius and Andaman Islands, India. This chapter highlights the main findings and analytical conclusions that have been drawn from this study and presents some suggestions. The findings concerning SMTEs in Mauritius and Andaman Islands have been compared to make some destination-specific inferences. The relevance of the findings has been discussed with reference to the SMTEs in the two destinations as well as the possible acceptability in other comparable settings. Suggestions have been made for further research in SMTEs' use of the Internet for marketing function.

6.2. Main findings and analytical conclusions

This was a three-part descriptive study. Part I focussed on the e-marketing perspectives and practices of SMTEs. Part II involved a marketing evaluation of the SMTE websites in the two destinations. Part III addressed the online shopping motivators, inhibitors and navigational behaviour of the international tourists visiting these destinations.

6.2.1. SMTE-related findings and conclusions

E-marketing was practiced across all tourism product categories – accommodation, access, attractions and auxiliary services. Concerning e-marketing tenure, there were more late entrants than early adopters. There was a justifiable first-mover advantage for the SMTEs with a long e-marketing tenure as they perceived e-marketing to be more critical to their success and reaped a higher e-marketing pay-off than late entrants. 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.

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. To counter the disintermediation threat facilitated by the Internet, these categories need to reinvent themselves (say, as infomediaries and e-marketers) and avail the opportunities on the Internet. SMTEs involved in e-marketing activities like communication, transaction and planning. Online customer communication emerged as the most popular activity.

Among the e-marketing motivators, the demand-side motivators dominate the supply-side motivators. Many SMTEs use e-marketing because of the front-end improvements/gains like being able to provide better information, access and convenience to the customer. Among the barriers, lack of awareness and confidence ranked high.

In terms of e-marketing implementation, the research findings demonstrate that transaction efficiency, time saving and customer accessibility have a positive influence on the adoption decision. However, lack of know-how, setup cost and systems integration have a negative influence.

The factor analysis yielded four dimensions of critical success factors 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 business-to-business (B2B) and business-to-customer (B2C) contexts. The resource factor referred to external sources that facilitate an SMTE's e-marketing. The demand-supply factors indicate the need for sustainable supply to meet the demand. The synergy factors referred to an integrated marketing at the firm level and collaborative marketing at the industry level. SMTEs' performance on the critical success factors is different from what is desired.

The importance-performance matrix highlighted the areas where the SMTEs need to concentrate, need not concentrate, maintain the current status and optimize on the resources.

6.2.2. SMTE website-related findings and conclusions

SMTEs in accommodation, access, attraction and auxiliary service categories do not differ in their website design. Linking website design elements with e-marketing pay-off helps identify the best practices from high-performing SMTE websites. 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 7*C*s) working for them.

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. 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. 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.

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.

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. The customization offered by SMTE websites included more of site personalization initiated by the visitor rather than real-time site tailoring initiated by the SMTEs.

6.2.3. SMTE tourist-related findings and conclusions

Tourism is an information-intensive product. The tourism industry is learning fast that the Internet can satisfy the acute need for information at all stages of the tourism product's life cycle far better than any other existing technology. The Internet with its inherent interactivity empowers people to find information quickly and precisely on any destination or activity that is arousing their interest. Consumers expect instant information and, increasingly, the possibility to design or customize the tourism product sought, and to pay for it on-line. In the light of these developments, this research was done to identify the information needs of the SMTE customers so that the SMTEs may meet these needs profitably through and at their websites.

As there are very few studies that have focussed on why and how tourists look at SMTE websites, this part of the study is exploratory in nature and provides only a general picture on the tourists' motivators, inhibitors and on-site behavior. With many sophisticated web development tools and techniques available, the SMTEs face the temptation of building websites that showcase technology. But a visitor may very well be saying, 'Don't show me how good your website is. Show me what I need' (Anandkumar, 2007). This study grounds the fact that beauty indeed lies in the eyes of the beholder. Why and how tourists look at SMTE websites really matter.

The SMTE customers are profiled on the basis of their demographic and behavioural data. Internet and non-Internet users differed in terms of travel purpose. Further investigation revealed that the honeymoon travellers and adventure tourists were typically Internet users.

Non-Internet users cited reasons like 'unfamiliar technology', 'Internet is too crowded', distrust for online information and comfort level with the regular offline options for not having accessed the Internet at all for any tourism-travel-related search. Some of these reasons can be addressed by SMTEs through well integrated marketing communications.

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 destination positioning (such as high-value-low-volume and low-value-high-volume) determines the e-marketing strategy.

With respect to the on-site behaviour of the tourists, it was found that the informational features dominate over the transactional features on a website. Among the activities in the purchase decision-making process, deciding on what to do at the destination is of primary importance to the SMTE website visitor. Among the tourism products purchased online, the accommodation sector ranked first, followed by the access and attractions sectors. The tourists' level of satisfaction was more for online search than for online purchase. There is an association between online search satisfaction and online purchase status. Online search and purchase satisfaction lead to future intention to purchase online. Among the reasons for satisfaction with online purchase, the dominant reasons included the confidence inspired by the transaction, the ability to buy customized tourism products, getting better prices online and the efficiency of the transaction itself. The major reasons for dissatisfaction with online purchase were lack of payment security information, poor after-sales service and mismatch between the online promise and the offline delivery. The most important reasons for consumers to search online were the ease of information gathering, to look for cheaper deals and the wealth of information. But online search was inhibited by factors such as unfamiliar Internet technology, information overload on the Internet, distrust for online

information and lack of personal relevance. Among the surveyed tourists, 45 per cent had purchased tourism products online. Convenient transactions, cheaper deals and the confidence inspired by the on-site experience are cited as the top reasons for online purchase. Nearly 46 per cent of the surveyed respondents searched online but have not purchased any tourism/travel products online. Among the factors that inhibit their online purchases, the issue of information privacy and transaction security ranked high. Other inhibitors included lack of know-how, missing personal touch in online transactions, SMTE websites that are not e-commerce-enabled, preference for offline lines based on the high degree of interactivity possible with them and lack of trust. Online shopping motivators differed for different tourism product categories. Transactional objectives (such as efficiency and convenience) motivated accommodation and attractions buyers while informational uses (such as better prices and detailed info) motivated the access and auxiliary service buyers.

6.2.4. Mauritius and Andaman Islands – a comparison of findings

Though it was beyond the scope of the study to draw comparisons between the two destinations, it is worthwhile to mention some of the differences that emerged from the findings. Mauritius as a destination is positioned as hi-value and lo-volume. As a punch line, Mauritius is referred as a 'paradise island' and it targets the upscale, sophisticated tourists. Andaman Islands is positioned as a lo-value and hi-volume destination. With the punch line 'Emerald blue and you', it targets less sophisticated and more adventurous tourists.

In Mauritius, access and auxiliary services were the popular tourism products sold online while in Andaman Islands, accommodation and attraction sectors were selling well online. The SMTEs in Mauritius were predominantly independent online marketers whereas few SMTEs in Andaman Islands had a strong affiliate network.

The websites of the Mauritian SMTEs were search engine optimized and as a result, they occupied top search result positions. They also used online advertising (in the form of banner and in-text advertising) in certain country-specific websites to draw web traffic from target markets. The websites of the Andaman Island SMTEs were mostly community-referenced (word-of-mouse) with little online advertising in special-interest websites.

From the findings relating to the tourist profile, Mauritian SMTEs should develop user-specific segmentation strategies (say, for the honeymooners) for online expansion. The SMTEs in Andaman Islands must develop multi-lingual websites as an expansion strategy so as to target certain geographical markets.

6.3. Suggestions for further research

This study paves the way for a more detailed study of the elements that make up e-marketing in all tourism product categories. Several aspects related to tourism websites can be studied such as the real-time monitoring of the visitor's click stream and corresponding individualization, comparing the SMTE websites with those of the big enterprises and also between the principals and the intermediaries. A comprehensive study that captures a wider range of constructs can improve upon the relevance of the prevailing findings of this study.

From the experience of this study, the following suggestions/directions for further research can be made:

1. **Alternative methodologies**: Questionnaire items for SMTE executive and tourist surveys although subjected to pilot evaluation, were developed from items and constructs reported in literature and alpha reliability was considered acceptable. Further validation using alternative research designs can lend robustness to scale construction.

2. **Category generalization and comparison**: The study may be replicated in other comparable research settings. This could either strengthen generalization or provide rich data for comparison that could be useful in formulating destination category-specific e-marketing strategies.
3. **Comparison across categories**: It has to be tested whether the critical success factors would indeed differ for pure-clicks versus bricks-and-clicks SMTEs as conceptualized in literature. Comparison may also be made across different business models.
4. **Real-time data**: An important problem with much of the research to date is, as Limayem *et al.* (2000) demonstrated, the tendency to measure attitudes and intentions but not actual purchasing behaviour. Research subjects have been surveyed for attitudes, intentions or past experiences of online shopping. Consequently there is little data available on how online consumers behave when they are actually searching, selecting and paying for items in the 'real' world. Website traffic monitoring and online tracking of consumer's navigational behaviour may provide real-time data to study the actual online consumer behaviour.
5. **Fit and reinforcement analysis**: Using Rayport-Jaworski's (2002) 7*C*s framework, this study demonstrated that the extent to which an enterprise-customer interface (that is, the website) is successful depends on how well all of the seven Cs work together to support the value proposition and the business model. Two concepts are particularly helpful in understanding the synergy among the seven Cs: fit and reinforcement. Further research may be carried out to find out how the seven Cs individually support the business model fit and how collectively and consistently they reinforce each other.

6.4. Chapter conclusion

The hard reality in the tourism industry today is that 'if you are not online, you are not on sale' (WTO, 1999). Destinations and businesses eager to have an impact on the market must be online. Small or remote destinations and products with well-developed and innovative websites can now have 'equal Internet access' to international markets. This implies equal access to telecom infrastructure and financial services as well as to training and education. It is not the cost of being there on the online marketplace that must be reckoned with, but the cost of not being there.

This study provides a picture of SMTEs' e-marketing considerations and the present status of their customers' usage of the Internet for information and purchase. The marketing evaluation of the SMTE websites identifies the best practices in the industry and it brings to light very important website design issues from a marketing perspective. This study should be useful to SMTEs in formulating their e-marketing strategies in order to fully exploit the potential of the Internet. In unifying the findings about SMTEs, their online customer interfaces and customers, this study offers suggestions and guidelines to SMTEs to carve a niche for themselves in the online market place. This chapter thus concludes with a listing of the main findings and two sets of suggestions: 1) for improvement of SMTE e-marketing, and 2) for further research.

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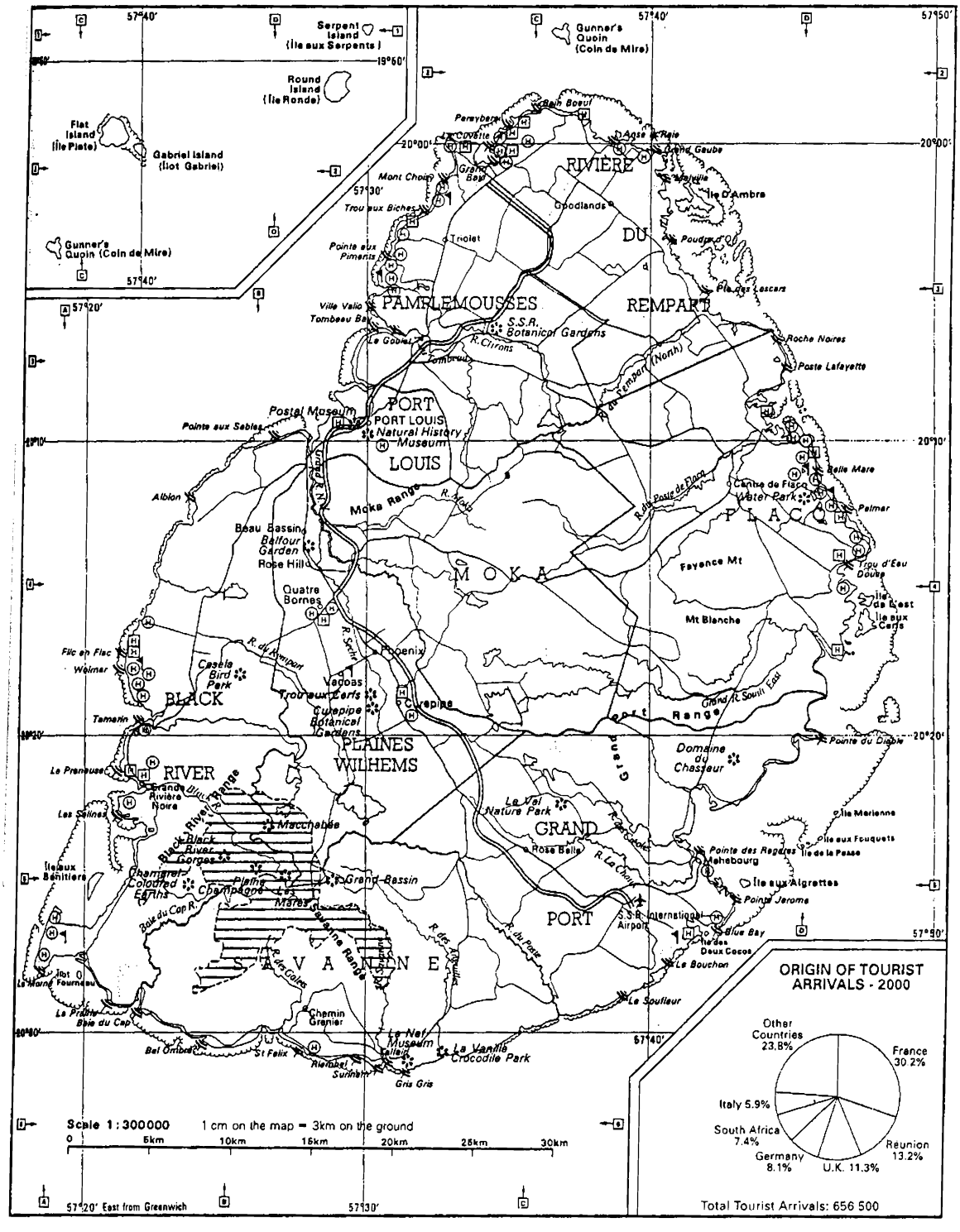
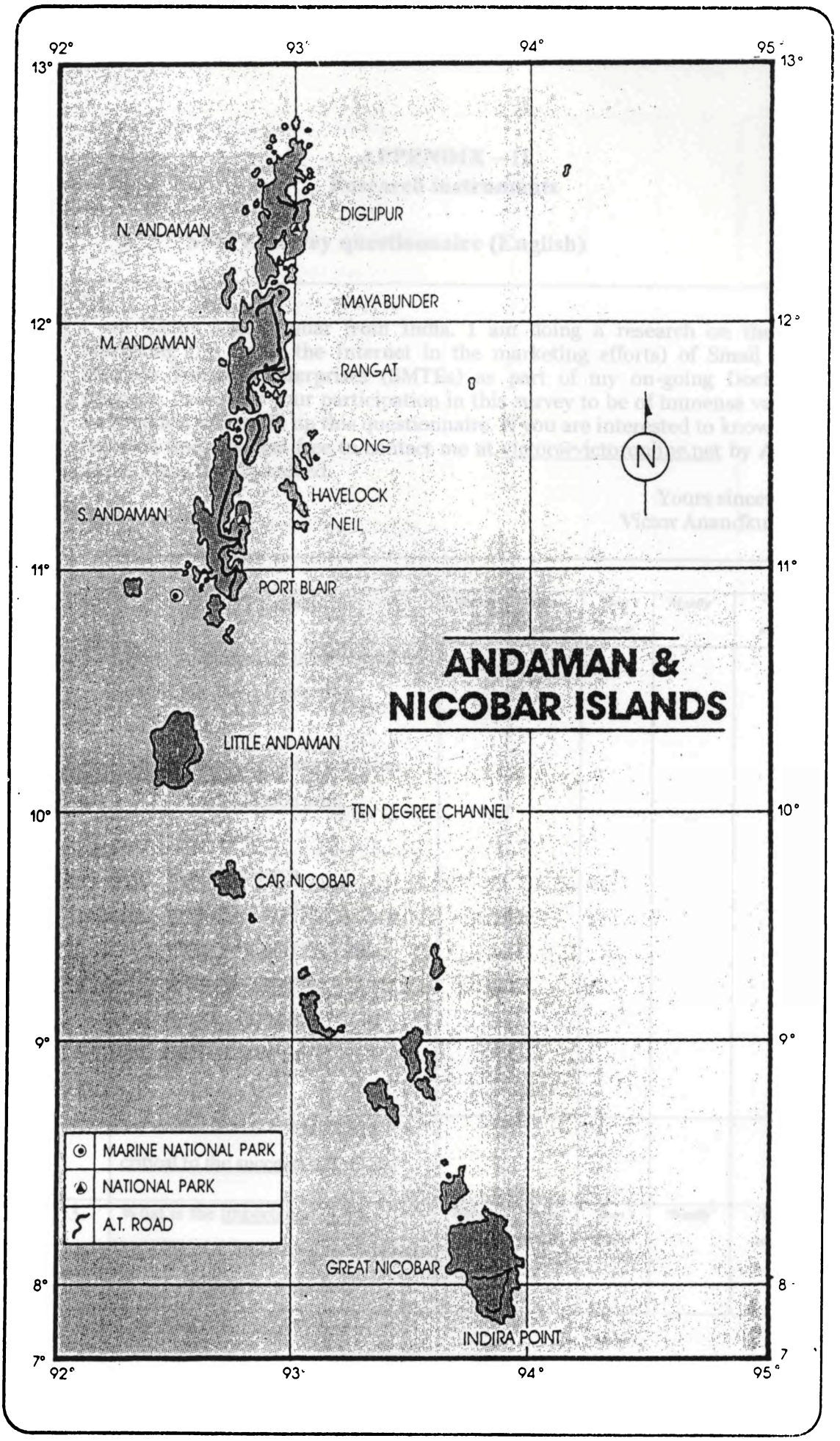
Mauritius : Tourism

APPENDIX - I
Destination maps




92°
93°
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95°
13°
12°
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10°
9°
8°
7°
N. ANDAMAN
DIGLIPUR
MAYABUNDER
M. ANDAMAN
RANGAT
LONG
HAVELOCK
NEIL
S. ANDAMAN
PORT BLAIR
N
ANDAMAN &
NICOBAR ISLANDS
LITTLE ANDAMAN
TEN DEGREE CHANNEL
CAR NICOBAR
MARINE NATIONAL PARK
NATIONAL PARK
A.T. ROAD
GREAT NICOBAR
INDIRA POINT

APPENDIX – II
Research instruments

A SMTE survey questionnaire (English)

Hi,
I am Victor Anandkumar from India. I am doing a research on the E-Marketing (i.e. using the Internet in the marketing efforts) of Small and Medium Tourism Enterprises (SMTEs) as part of my on-going Doctoral research. I consider your participation in this survey to be of immense value. So I request you to fill up this questionnaire. If you are interested to know the research findings, feel free to contact me at victor@victoronline.net by April 2005. Many thanks indeed.

Yours sincerely,
Victor Anandkumar

No.	Question	*'Not at all'*	*'Some-what'*	*'Don't know'*	*'Mostly'*	*'Very much'*
1.	What is the level of involvement of SMTEs in the E-Marketing activities like a. General marketing activities b. Communication with customers c. Market research d. Competitor analysis e. Online booking/ordering f. Electronic payment g. After sales service h. B2B transactions					
2.	To what extent is E-Marketing critical to the success of SMTEs?					
3.	What is the importance of the benefits of E-Marketing to SMTEs? a. Create new markets	*'Not at all'*	*'Some-what'*	*'Don't know'*	*'Mostly'*	*'Very much'*

	b. Reduce marketing cost c. Provide customized tourism products/services d. Provide better tourism info e. Provide easy access to info f. Provide more choices to customers g. Save time for providing tourism services h. Improve image and visibility i. Improve customer services j. Establish interactive relationship with customers k. Simplify the marketing process l. Find new business partners m. Interact with business partners n. Find new customers					
4.	Please rate the importance of these <u>factors for E-Marketing success</u> a. Specific tourism products (available online only) b. Top management support c. IT infrastructure d. Customer acceptance e. User-friendly web interface f. Integration with the existing system g. Security of the e-commerce system h. Market readiness					

	i. Set-up and running cost j. Level of trust between customer and company k. Government support l. Skilled human resources availability m. Networking among SMTEs n. Relationship with business partners					
5.	With regard to the above critical success factors, how do the SMTEs perform? a. Specific tourism products (available online only) b. Top management support c. IT infrastructure d. Customer acceptance e. User-friendly web interface f. Integration with the existing system g. Security of the e-commerce system h. Market readiness i. Set-up and running cost j. Level of trust between customer and company k. Government support l. Skilled human resources availability m. Networking among SMTEs n. Relationship with business partners	*'Very good'*	*'Good'*	*'No idea'*	*'Bad'*	*'Very bad'*

6. Please indicate which of the following factors are the main barriers to adopting or implementing E-Marketing in SMTEs here (*You may rank them*)

a. Lack of awareness of E-Marketing
b. Limited knowledge of available technology
c. Lack of confidence in the benefits of E-Marketing
d. Shortage of skilled human resources (to develop)
e. Cost of initial investment (set-up cost)
f. Cost of system maintenance
g. Cost of securing skilled human resources for E-Marketing
h. Cost of training human resources for E-Marketing (to manage)
i. Relatively small online market size (so, not cost-effective)
j. Insufficient e-commerce infrastructure
k. Difficulty with integrating E-Marketing and the existing offline system
l. Resistance to adoption of E-Marketing (on the SMTE side)
m. Resistance to adoption of E-Marketing (on the customer side)
n. Fear of changes in the business system (say, technology obsolescence)
o. Lack of Government support

7. Please describe any successful practices of E-Marketing of SMTEs here.

8. Please describe the most important Critical Success Factors for E-Marketing in your line of business.

Please provide the following information:

Your organization name: Working area(s) (line of business):

Your e-mail and website addresses: No. of employees:

Time since your first E-Marketing effort (indicate the range):
< 1 year >1 and < 2 years >2 and <3 years
>3 and <4 years > 5 years

Annual sales turnover: Percentage of revenue attributable to E-Marketing:

Your job position:

B SMTE survey questionnaire (French)

Le E-Marketing dans les petites et moyennes entreprises de l'industrie du Tourisme (PMET) à Maurice

SONDAGE D'OPINION

Bonjour,

Mon nom est Victor Anandkumar et je suis originaire de l'Inde. Pour mon projet de doctorat, je fais actuellement de la recherche sur le E-Marketing dans les petites et moyennes entreprises de l'industrie du Tourisme (PMET).

Je vous serai très reconnaissant de partager vos idées avec moi sur le sujet en remplissant ce questionnaire. Votre participation à ce sondage d'opinions me sera d'une aide immense et certaine.

Vous êtes aussi cordialement invité à me contacter (à partir du mois d'avril 2004) sur l'adresse ci-dessous si vous souhaitez en savoir plus long sur les résultats de mes recherches.

Victor73@sify.com

En vous remerciant

Victor Anadkumar

No.	Question	Aucun/e	Un peu	Je ne sais pas	Dans une large mesure	Beaucoup
1.	Quel est le niveau d'engagement actuel des PMET dans les activités Marketing suivantes:					
	a) Activités Marketing générales					
	b) Dialogue avec la clientèle					
	c) Recherche en Marketing					
	d) Analyse de la concurrence					
	e) Réservations et commandes en-ligne					
	f) Paiement électronique (e-commerce)					
	g) Services après-vente					
	h) Transactions directes entre banques					
2.	Jusqu'à quel point, selon vous, le E-Marketing est-il essentiel au succès des PMET dans votre pays					

3.	Jugez de l'importance des avantages offerts par le E-Marketing (pour les PMET à Maurice) dans les secteurs suivants:					
	a) La creation de nouveaux marchés					
	b) La réduction des budgets Marketing					
	c) L'offre de produits et de services spécialisés dans le tourisme					
	d) L'amélioration de la qualité de l'information (information touristique)					
	e) L'accès facile à l'information					
	f) La transformation de l'information, pour la rendre plus accèssible à la clientèle					
	g) Economiser le temps dans le service clientèle					
	h) L'amélioration de l'image et de la présence audio-visuelle					
	i) L'amélioration du service-clientèle					
	j) L'établissemnt d'une relation interactive avec la clientèle					
	k) La simplification des processus (de Marketing)					
	l) Pour trouver de nouveaux partenaires commerciaux					
	m) Les relations avec les partenaires commerciaux					
4.	Jugez de l'importance des facteurs suivants pour le succès du E-Marketing					
	a) Produits et services touristiques spécifiques au commerce électronique (disponibles sur internet uniquement)					
	b) Le soutien de la Direction					
	c) Les infrastructures informatiques et de télécommunications					
	d) Le soutien de la clientèle					
	e) Un interface Web facile à utiliser					
	f) L'intégation dans le système existant					
	g) La securité du système (commerce électronique)					
	h) L'état du marché					
	i) Les prix d'installation et d'utilisation					
	j) Le niveau de confiance entre la clientèle et l'entreprise					
	k) Le soutien du gouvernement					
	l) Des ressources humaines qualifiées					
	m) Le partage des connaissances et de l'information entre les PMET					
	n) Les relations avec les partenaires commerciaux					

5.	Quel est le succèss actuel des PMET dans ces facteurs énoncés précédemment					
	a) Produits et services touristiques spécifiques au commerce électronique (disponibles sur internet uniquement)					
	b) Le soutien de la Direction					
	c) Les infrastructures informatiques et de télécommunications					
	d) Le soutien de la clientèle					
	e) Un interface Web facile à utiliser					
	f) L'intégration dans le système existant					
	g) La securité du système (commerce électronique)					
	h) L'état du marché					
	i) Les prix d'installation et d'utilisation					
	j) Le niveau de confiance entre la clientèle et l'entreprise					
	k) Le soutien du gouvernement					
	l) Des ressources humaines qualifiées					
	m) Le partage des connaissances et de l'information entre les PMET					
	n) Les relations avec les partenaires commerciaux					
6.	Lesquels des facteurs suivants peuvent être considérés comme des obstacles majeurs à l'adoption du E-Marketing par les PMET à Maurice?					
	Une mauvaise connaissance du phénomène E-Marketing					
	Une mauvaise connaissance des technologies disponibles					
	Un manque de confiance dans les avantages du E-Marketing					
	Un manque de ressources humaines qualifiées					
	Le budget de lancement					
	Les coûts de maintenance					
	Le budget de recrutement du personnel qualifié en E-Marketing					
	Le budget de formation en E-Marketing pour le personnel existant					
	Un marché en-ligne relativement restreint					
	Des infrastructures "e-commerce" inexistantes					
	Des problèmes au niveau de l'integration du E-Marketing dans les systèmes hors-ligne					
	La résistance de la clientèle au E-Marketing					
	La peur de changements eventuels dans le paysage commercial (obsolescence des technologies en cours d'utilisation)					
	Manque de soutien de la part du gouvernement					

7. **Décrivez brièvement une utilisation du E-Marketing que vous connaissez avoir eu du succès dans le secteur des PMET à Maurice.**

Les facteurs essentiels au succès du E-Marketing dans votre entreprise sont, selon vous:

<u>Supplements d'informations à fournir:</u>

1. **Le nom de votre entreprise/ organisation:**

   ---

2. **Votre adresse e-mail**

   ---

3. **L'adresse de votre site Web**

   ---

4. **Le secteur d'opération de votre entreprise (e.g. finances, assurances, secteur bancaire, aéronautique).**

   ---

5. **Temps écoulé depuis votre première utilisation du E-Marketing**

   ---

6. **Nombre d'employé dans votre entreprise**

   ---

7. **Le chiffre d'affaires annuel de votre entreprise**

   ---

8. **Le pourcentage de vos revenus annuels attribuables au E-Marketing**

   ---

9. **Le poste que vous occupez actuellement.**

C Tourists survey questionnaire (English)

Hi,
I am Victor Anandkumar from India. I am doing a research on the E-marketing (i.e. using the Internet in the marketing efforts) of Small and Medium Tourism Enterprises. The research findings will help the Tourism enterprises to develop a sound E-marketing strategy. Your participation in this survey is valuable and I will be grateful to have your opinion on the topic. So I request you to fill up this questionnaire. If you are interested to know the research findings, feel free to contact me at victor@victoronline.net. Many thanks indeed.

Yours sincerely,
Victor Anandkumar

1. For which of the following reasons have you traveled here? (tick all relevant choices)
   a. Vacation (4+ days)
   b. Weekend getaway (trips of 3 days or less)
   c. Holiday travel (e.g. National day, festivals)
   d. Adventure travel (e.g. fishing, scuba, snorkeling, camping, etc.)
   e. Visiting family/friends
   f. Honeymoon travel
   g. Conferences/Conventions/Seminars
   h. Company business
   i. Personal business
   j. Other (please specify)
2. Your mode of travel here:
   a. By air b. By sea (passenger ship) c. By sea (cruise)
3. Have you been here before?
   a. No b. YES (If yes, how many times? ___)
4. Please tell us the first travel/tourism-related website that comes to your mind?
   i. ii.
   iii. iv.
   v. vi.

5. Your annual spending on personal/family or vacation/leisure travel (incl. travel fare, lodging, boarding, transport, vacation packages and so on)?

   a. Less than US$1000 b. US$ 1000-5000 c. US$ 5000-10000

   d. US$ 10000-15000 e. US$ 15000-20000 f. More than US$ 20000

6. In the last year, have you used the Internet to research on travel/tourism?

   a. No b. Yes (if YES, then skip to Q.8)

7. Why you have not used the Internet to research on travel/tourism?
   (After answering skip to Q.24)

8. Why did you use the Internet to research personal or vacations/leisure travel?

9. Since when?

   a. Less than 1 year b. 1-2 years c. 2-3 years d. More than 3 years

10. How did you find out about travel/tourism sites you have visited?

11. When researching travel/tourism on the Internet, what are the website activities or features have you noticed? Circle the ones you have personally used.

⊙ Maps	⊙ Pictures
⊙ Video clips	⊙ General info
⊙ Shopping info	⊙ Weather info
⊙ Places to see	⊙ Links to related sites
⊙ Search – Internal/External	⊙ Contact info
⊙ Online booking facility	⊙ Price (tools like Currency converters)
⊙ Corporate information	⊙ Language options

⊙ Any other features you have noticed _ _ _ _ _ _ _ _ _ _ _ _

12. Have you ever used the Internet to book (actually purchase) personal or vacation/leisure travel?

    a. No b. Yes (if YES, skip to Q.14)

13. Why have you not used the Internet to book (actually purchase) personal or vacation/leisure travel? (After answering please skip to Q.18 and ignore Q.21)

14. What are the tourism products and services you have reserved online?

    a. Hotels b. Restaurants

    c. Car rental d. Taxi

    e. Package tour f. Tourism services (like SCUBA)

    g. Travel (to get here) h. Any other product/service _ _ _ _ _ _ _ _

15. Your reasons for using the Internet to book (actually purchase) personal or leisure travel:

16. When did you start booking (actually purchasing) personal or vacation/leisure travel?

    a. < 6 months ago b. >6 months and < 1 year c. >1 and <2 years

    d. >2 and <3 years e. 3 years ago or more

17. In the last year, how much, in total, have you spent booking (actually purchasing) personal or vacation/leisure travel online for yourself and your travel companions including travel fare, hotels, rentals, vacation packages and so on?

    a. Less than US$10000 b. US$10000-20000 c. More than US$20000

18. After researching travel/tourism online, what are your next steps before deciding on your tour/travel?

    i. ii.

    iii. iv.

    v. vi.

19. In the past year, which, if any, are the websites you have used to research travel/tourism online and tick the ones you used to both research and buy online?

20. How satisfied are you with your experience researching online?

●----------●

Very Satisfied **Don't know** **Very dissatisfied**

21. How satisfied are you with your experience booking online?

●----------●

Very Satisfied **Don't know** **Very dissatisfied**

22. If you are satisfied, why?

23. If you are dissatisfied, why?

24. How likely are you to use the Internet to book (actually purchase) personal or vacation/leisure travel in the next year?

●----------●

Very likely **Don't know** **Very unlikely**

25. How much time, in total, do you spend online each week?

a. 0-5 hours b. 6-10 hours c. 11-15 hours

d. 16-20 hours e. More than 20 hours e. *'I hardly go online'*

26. Have you ever bought anything (actually paid for the product) using the Internet or an online service?

a. No b. Yes (if YES, what did you buy? _____)

Your age: ___ years Profession:

Nationality: Your education:

What best describes the area where you live?

a. Urban b. Suburban c. Rural area

Thank you very much for your participation in this survey

D Tourists survey questionnaire (French)

Salut,

Je m'appelle Victor Anandkumar, de l'Inde. Je suis en train de faire de la recherche sur le E-Marketing (c'est-à-dire l'utilisation de l'Internet dans le marketing) des petites et moyennes entreprises touristiques à l'île Maurice. Les résultats de cette recherche permettront aux entreprises touristiques mauriciennes de développer une stratégie de E-Marketing adéquate. Votre participation à cette enquête est très valable et nous vous serons reconnaissants de pouvoir bénéficier de votre opinion sur ce topic. Donc, nous recherchons votre collaboration et votre engagement dans ce questionnaire. Si vous êtes intéressé de connaître les résultats de cette recherche, sentez vous libre de nous contacter sur victord@intnet.mu en Avril 2005. Mille remerciements.

QUESTIONNAIRE SUR LE E-MARKETING

1. Pour lesquelles des raisons mentionnées ci-dessous avez-vous choisi l'île Maurice comme destination ? (cochez touts les choix possibles)

   a. Vacances (4+ jours)
   b. Voyage pour un Weekend (3 jours ou moins)
   c. Voyage pour un jour férié (ex. Fête Nationale, festivals)
   d. Voyage d'aventure (ex. La pêche, plongée sous-marine scuba, camping, etc.)
   e. Visiter la famille/ les amis
   f. Voyage en lune de miel
   g. Assister des Conférences/ Conventions/ Seminaires
   h. Voyage d'affaire pour la boîte où vous travaillez
   i. Voyage d'affaire personelle
   j. Autres (veuillez spécifier) _____

2. Votre **moyen de déplacement** pour arriver ici: **a**. Par avion **b**. Par bateau (Paquebot) **c**. Par bateau (Croisière)

3. Etes-vous déjà venus ici avant? **a**. Non **b**. Oui (Si Oui, combien de fois? ___)

4. Veuillez nous citer quelques **sites web** que vous connaissez sur les **voyages et le tourisme**?

5. Votre **dépense annuelle** sur une base personnelle/ familiale ou pour les vacances/ les voyages de loisir (incluant le billet, le logement, boarding, les déplacements, les vacation packages et autres)?

a. 0-1000 US$ **b**. 1000-5000 US$ **c**. 5000-10000 US$
d. 10000-15000 US$ **e**. 15000-20000 US$ **f**. More than 20000 US$

6. Dans le courant de l'année dernière, avez-vous utilisé l'Internet pour **rechercher** sur le tourisme et les voyages ?

a. Non **b**. Oui (*si OUI, veuillez passer directement à la question N.8*)

7. Pourquoi n'avez-vous pas utilisé l'Internet pour rechercher sur les voyages et le tourisme?

(*Après avoir répondu, allez directement à la question No. 24*)

8. Pourquoi avez-vous utilisé l'Internet pour rechercher soit des informations personnelles ou des informations sur les vacances/ les voyages de loisir?

(Veuillez indiquer les raisons en ordre d'*importance*)

9. Depuis quand? **a**. 1 an de cela **b**. 1-2 ans de cela **c**. 2-3 ans de cela **d**. Plus de 3 ans.

10. Comment avez-vous découvert les sites que vous avez visité sur les voyages et le tourisme?

(Les *Sources d'informations*)

11. Quand vous êtes en train de surfer sur l'Internet à la recherche des sites sur les voyages et le tourisme, quelles sont les **activités du site web ou les facettes** que vous

avez **remarquées**? Cochez les et pour celles que vous avez **utilisés**, cochez les **deux fois**.

⊙ Cartes géographiques ⊙ Photos

⊙ Video clips ⊙ Information Générale (par ex., pour y aller ou sur la culture)

⊙ Information sur le shopping ⊙ Information sur le temps

⊙ 'Les places à voir' ⊙ Connections à d'autres sites reliés

⊙ Recherche – Interne/Externe ⊙ Contact info

⊙ Facilités de réservations on-line ⊙ Prix (et related features like currency converter)

⊙ Information sur les compagnies ⊙ Options pour la Langue

⊙ D'autres facettes que vous avez remarquées _____

12. Avez-vous déjà utilisé l'Internet pour réserver (acheter plus précisément) des choses personnelles ou des voyages de loisir?

a. Non **b**. Oui (*si OUI, veuillez passer directement à la Q.14*)

13. Pourquoi n'avez-vous pas utilisé l'Internet pour réserver (acheter plus précisément) des choses personnelles ou des voyages de loisir? (*Après avoir répondu, veuillez passer directement à la Q.18 et ignorez Q.21)*

14. Quels sont les tours/produits de voyages /services que vous avez réservés online?

a. Hotels/ Campements **b**. Restaurants

c. Location de voiture **d**. Taxi

e. Package tour **f**. Services de tourisme (croisière, plongée sous-marine, sports nautiques, etc.)

g. Voyage (pour arriver là-bas) **h**. D'autres produits/ services _____

15. Vos raisons pour utiliser l'Internet dans le but de réserver (acheter plus précisément) des choses personnelles ou des voyages de loisir: (*Avantages particuliers que l'Internet vous permet d'avoir*)

16. Quand avez-vous commencé à réserver (acheter plus précisément) des choses personnelles ou des voyages de loisir?

    a. Moins de six mois de cela **b**. Plus de six mois mais moins d'un an

    c. Plus d'un an mais moins de deux ans

    d. Plus de deux ans de cela mais moins de trois ans **e**. Trois ans de cela ou plus

17. Dans le courant de l'année dernière, combien avez-vous dépensé, au total, dans les réservations (les achats plus précisément) personnelles ou les vacances/ voyages de loisir online pour vous-mêmes et pour ceux qui vous ont accompagnés durant les voyages incluant les billets d'avion, les hotels, les locations, les packages de vacances etc.?

    a. 0-10,000 Dollars **b**. 10,000-20,000 Dollars **c**. Plus de 20,000 Dollars

18. Après avoir fait des recherches sur les voyages/ le tourisme online, quels sont vos prochaines étapes avant de vous décider sur votre voyage?

19. Durant l'année écoulée, lesquels, s'il y en a, sont les sites web que vos avez utilisés pour rechercher sur les voyages/ le tourisme online et cochez ceux que vous avez utilisé et pour rechercher et pour acheter online?

20. Quel est votre niveau de satisfaction dans vos experiences de recherche online? *(Veuillez noter sur l'échelle ci-dessous)*

    ●----------●

    Très satisfait **Ne sait pas** **Très insatisfait**

21. Quel est votre niveau de satisfaction dans vos experiences de réservation online? *(Veuillez noter sur l'échelle ci-dessous)*

●----------●

Très satisfait **Ne sait pas** **Très insatisfait**

22. Si vous êtes satisfaits, pourquoi?

23. Si vous n'êtes pas satisfaits, pourquoi?

24. Quelle est ls probabilité que vous utiliserez l'Internet pour réserver (acheter plus précisément) des choses personnelles ou des voyages de loisir dans l'année qui suit? *(Veuillez noter sur l'échelle ci-dessous)*

●----------●

Très probable **Ne sait pas** **Très peu probable**

25. Combien d'heures, au total, vous dépensez sur l'Internet **chaque semaine**?

a. 0-5 heures **b**. 6-10 heures **c**. 11-15 heures
d. 16-20 heures **e**. plus de 20 heures **f**. *'Je vais à peine sur l'Internet'*

26. Avez-vous déjà acheté quelque chose (en fait payé pour le produit) en utilisant l'Internet ou un service online?

a. Non **b**. Oui (si OUI, qu'avez-vous acheté?)_____

Votre **Age**: ___ ans **Nationalité**:_____ **Profession**:_____

Votre niveau d'**éducation**: **a**. Ecole Secondaire/ Lycée **b**. Diplôme/ Licence **c**. Maîtrise/ Masters **d**. Doctorat

Merci infiniement pour votre temps et votre participation valable dans cette enquête!

E Observation data entry table for website evaluation

(Note: A-E – Accommodation; F-K – Access; L-P – Attractions; Q-T – Auxiliary businesses; Y – available; N – not available)

Dimension	Indicators	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
Content	Essential information																				
	Itineraries/tour/product info																				
	Maps																				
	Security/privacy statement																				
	Click-through content																				
	Quality assurance																				
	Price information																				
Community	Customer postings																				
	User-to-user interaction																				
Customization	Multi-language service																				
	Personalized service																				
	Loading specifications																				
	Search function																				
Communication	FAQs																				
	Email form																				
	Online registration																				
	Call center/Online sup																				
	Offline Contact details																				
Connection	Useful links																				
	Affiliate links																				

Dimension	Indicators	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
Commerce	Online reservation																				
	Online payment																				
	Online cancellation																				
	Cross-selling																				
Context	Sitemap																				
	Main menu																				
	Multimedia contents																				
	Cookies placement																				
	Search Engine optimized																				
	Resident software required																				
	Look and feel																				
	Transactional utility																				
	Alias																				

APPENDIX - III
Statistical result outputs

A Factor analysis loadings, Eigen values and Communalities

A1 E-marketing motivators

Appropriateness of factor analysis:

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.688
Bartlett's Test of Sphericity	Approx. Chi-Square	238.201
	Df	91
	Sig.	.000

Communalities:

Items	Initial	Extraction
New markets	1.000	.784
Cost reduction	1.000	.702
Customization	1.000	.683
Better info	1.000	.737
Better access	1.000	.799
New customers	1.000	.735
Customer choice	1.000	.752
Time saving	1.000	.825
Image & visibility	1.000	.543
Customer service	1.000	.775
Customer interaction	1.000	.709
Simplified marketing	1.000	.689
New partners	1.000	.739
Partner interaction	1.000	.820

Extraction Method: Principal Component Analysis

Total variance explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.055	36.110	36.110	5.055	36.110	36.110	2.806	20.041	20.041
2	1.661	11.867	47.977	1.661	11.867	47.977	2.402	17.158	37.199
3	1.434	10.245	58.222	1.434	10.245	58.222	2.094	14.959	52.158
4	1.101	7.868	66.089	1.101	7.868	66.089	1.612	11.512	63.671
5	1.040	7.426	73.516	1.040	7.426	73.516	1.378	9.845	73.516
6	.793	5.663	79.178						
7	.661	4.721	83.899						
8	.632	4.513	88.412						
9	.560	3.999	92.411						
10	.353	2.518	94.929						
11	.229	1.639	96.567						
12	.192	1.369	97.937						
13	.161	1.147	99.083						
14	.128	.917	100.000						

Extraction Method: Principal Component Analysis

Rotated component matrix

Items	Component				
	1	2	3	4	5
New markets	.091	-.019	.057	.015	.879
Cost reduction	-.090	.152	.078	.798	-.164
Customization	.135	-.100	.802	-.111	-.006
Better info	.825	.151	.087	-.050	-.155
Better access	.689	.509	.188	-.105	.138
New customers	.726	-.102	.112	.350	.252
Customer choice	.545	.024	.610	.230	.170
Time saving	.228	.090	-.056	.817	.305
Image & visibility	.526	.320	.337	-.077	.210
Customer service	.567	.369	.528	.144	.135
Customer interaction	.099	.371	.738	.097	.080
Simplified marketing	.035	.595	.197	.125	.528
New partners	.358	.760	.179	.010	-.034
Partner interaction	.050	.872	-.055	.229	-.040

Extraction Method: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalization
a Rotation converged in 8 iterations

A2 E-marketing critical success factors

Appropriateness of factor analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.694
Bartlett's Test of Sphericity	Approx. Chi-Square	239.101
	df	91
	Sig.	.000

Communalities

Items	Initial	Extraction
Specific tourism products	1.000	.540
Top management support	1.000	.362
IT infrastructure	1.000	.807
Customer acceptance	1.000	.749
User-friendly web interface (supply)	1.000	.676
Integration with the existing system	1.000	.763
Security of the e-commerce system	1.000	.805
Market readiness (demand)	1.000	.658
Continuity (setup and running cost)	1.000	.563
Level of trust between customer and company	1.000	.690
Government support	1.000	.810
Human resources (skills availability)	1.000	.811
Networking among SMTEs	1.000	.777
Relationship with business partners	1.000	.622

Extraction Method: Principal Component Analysis

Total variance explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.437	31.696	31.696	4.437	31.696	31.696	3.623	25.878	25.878
2	2.604	18.601	50.297	2.604	18.601	50.297	2.210	15.785	41.663
3	1.548	11.061	61.358	1.548	11.061	61.358	2.138	15.273	56.936
4	1.043	7.448	68.806	1.043	7.448	68.806	1.662	11.870	68.806
5	.853	6.093	74.899						
6	.770	5.497	80.395						
7	.631	4.506	84.902						
8	.555	3.966	88.868						
9	.421	3.006	91.874						
10	.365	2.609	94.483						
11	.257	1.837	96.320						
12	.225	1.605	97.925						
13	.161	1.150	99.074						
14	.130	.926	100.000						

Extraction Method: Principal Component Analysis

Rotated component matrix

Items	Component			
	1	2	3	4
Specific tourism products	.876			
Top management support	.767			
IT infrastructure	.736	.409		
Customer acceptance	.694		.454	
User-friendly web interface (supply)	.635			.419
Integration with the existing system	.598	.450		
Security of the e-commerce system	.430			
Market readiness (demand)		.825		
Continuity (setup and running cost)		.683		
Level of trust between customer and company		.671		
Government support			.878	
Human resources (skills availability)			.742	.404
Networking among SMTEs	.420		-.596	
Relationship with business partners				.798

Extraction Method: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalization
a Rotation converged in 9 iterations

B Correspondence analysis results

B1 Online shopping motivations across tourism product categories

Row Profiles

Product purchased	Online buying motivation						
	Convenience	Efficient	Better prices	Price comparison	Detailed info	*'Helps me plan'*	Active Margin
A1	.315	.333	.204	.056	.037	.056	1.000
A2	.293	.241	.293	.086	.086	.000	1.000
A3	.269	.288	.231	.077	.038	.096	1.000
A4	.538	.077	.154	.231	.000	.000	1.000
Mass	.311	.271	.237	.085	.051	.045	

Column Profiles

Product purchased	Online buying motivation						
	Convenience	Efficient	Better prices	Price comparison	Detailed info	*'Helps me plan'*	Mass
A1	.309	.375	.262	.200	.222	.375	.305
A2	.309	.292	.405	.333	.556	.000	.328
A3	.255	.313	.286	.267	.222	.625	.294
A4	.127	.021	.048	.200	.000	.000	.073
Active Margin	1.000	1.000	1.000	1.000	1.000	1.000	

Summary Table

Dimension	Singular Value	Inertia	Chi Square	Sig.	Proportion of Inertia		Confidence Singular Value	
					Accounted for	Cumulative	Standard Deviation	Correlation
								2
1	.250	.063			.572	.572	.061	.152
2	.198	.039			.360	.932	.063	
3	.086	.007			.068	1.000		
Total		.109	19.377	.197(a)	1.000	1.000		

a 15 degrees of freedom

Overview Row Points(a)

Product purchased	Mass	Score in Dimension		Inertia	Contribution				
					Of Point to Inertia of Dimension		Of Dimension to Inertia of Point		
		1	2		1	2	1	2	Total
Accommodation	.305	-.273	-.105	.011	.091	.017	.530	.062	.592
Access/Travel	.328	.306	.565	.029	.122	.527	.268	.726	.994
Attractions	.294	-.411	-.282	.020	.199	.118	.623	.232	.854
Auxillary products	.073	1.416	-.956	.050	.588	.338	.735	.265	1.000
Active Total	1.000			.109	1.000	1.000			

a Symmetrical normalization

Overview Column Points(a)

Online buying motivation	Mass	Score in Dimension		Inertia	Contribution				
					Of Point to Inertia of Dimension		Of Dimension to Inertia of Point		
		1	2		1	2	1	2	Total
Convenience	.311	.342	-.259	.014	.145	.105	.639	.290	.929
Efficient	.271	-.449	.087	.016	.218	.010	.856	.026	.882
Better prices	.237	.008	.378	.008	.000	.171	.001	.846	.847
Price comparison	.085	.882	-.499	.022	.263	.107	.758	.193	.951
Detailed info	.051	.071	1.148	.014	.001	.338	.005	.962	.967
'*Helps me plan*'	.045	-1.436	-1.087	.036	.372	.269	.653	.296	.949
Active Total	1.000			.109	1.000	1.000			

a Symmetrical normalization

B2 Best practices in SMTE website design

Summary Table

	Singular Value	Inertia	Chi Square	Sig.	Proportion of Inertia		Confidence Singular Value	
					Accounted for	Cumulative	S.D.	Correlation
Dimension								2
1	.255	.065			.687	.687	.032	-.010
2	.116	.013			.142	.828	.045	
3	.094	.009			.094	.922		
4	.081	.006			.069	.991		
5	.027	.001			.008	.999		
6	.012	.000			.001	1.000		
Total		.095	49.203	.207	1.000	1.000		

a 42 degrees of freedom

Overview Row Points(a)

Composite variable	Mass	Score in Dimension		Inertia	Contribution				
		1	2		Of Point to Inertia of Dimension		Of Dimension to Inertia of Point		
					1	2	1	2	Total
HiA1	.137	-.089	.113	.002	.004	.015	.175	.129	.304
HiA2	.119	.054	.151	.007	.001	.023	.013	.045	.058
HiA3	.162	-.028	-.093	.002	.001	.012	.014	.067	.080
HiA4	.081	-.174	.914	.010	.010	.582	.061	.763	.824
LoA1	.115	1.157	.075	.041	.606	.006	.969	.002	.971
LoA2	.154	-.789	-.060	.026	.376	.005	.931	.002	.934
LoA3	.100	.059	-.222	.001	.001	.043	.063	.412	.475
LoA4	.133	.047	-.524	.005	.001	.314	.014	.805	.819
Active Total	1.000			.095	1.000	1.000			

a Symmetrical normalization

Overview Column Points(a)

Web site design elements	Mass	Score in Dimension		Inertia	Contribution				
					Of Point to Inertia of Dimension		Of Dimension to Inertia of Point		
		1	2		1	2	1	2	Total
Content	.296	.234	-.049	.006	.064	.006	.690	.013	.703
Community	.033	.293	1.641	.012	.011	.759	.062	.879	.941
Customization	.081	.165	-.281	.003	.009	.055	.165	.217	.381
Communication	.138	.345	.239	.007	.065	.068	.585	.128	.713
Connection	.058	-.122	-.096	.006	.003	.005	.038	.011	.049
Commerce	.165	.438	-.273	.013	.124	.106	.602	.107	.709
Context	.229	-.898	.005	.047	.724	.000	.995	.000	.995
Active Total	1.000			.095	1.000	1.000			

a Symmetrical normalization

C t-tests and ANOVA results

Paired samples 't' test (Hypothesis 3)

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	CSF (Desired)	40.6500	40	6.2616	.9900
	CSF (Actual)	35.5750	40	7.2920	1.1530

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	CSF (Desired) & CSF (Actual)	40	.890	.000

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	S.D.	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	CSF (Desired) - CSF (Actual)	5.075	3.3312	.5267	4.0096	6.1404	9.635	39	.000

ANOVA Descriptives (Hypothesis 1)

		N	Mean	S.D.	Std. Error	95% Confidence Interval for Mean		Min.	Max.
						Lower Bound	Upper Bound		
Level of Involvement	A1	11	20.1818	2.5226	.7606	18.4871	21.8765	16.00	24.00
	A2	9	23.4444	3.8766	1.2922	20.4647	26.4242	17.00	29.00
	A3	11	21.1818	2.8572	.8615	19.2623	23.1013	16.00	26.00
	A4	9	20.1111	4.6218	1.5406	16.5585	23.6637	14.00	28.00
	Total	40	21.1750	3.5941	.5683	20.0256	22.3244	14.00	29.00

		Sum of Squares	df	Mean Square	F	Sig.
Level of Involvement	Between Groups	67.391	3	22.464	1.853	.155
	Within Groups	436.384	36	12.122		
	Total	503.775	39			

ANOVA Descriptives (Hypothesis 4)

		N	Mean	Std. Deviation	Std. Error	95% Confidence Int. for Mean		Min.	Max.
						Lower Bound	Upper Bound		
C1	A1	11	3.9091	1.5783	.4759	2.8488	4.9694	2.00	7.00
	A2	9	4.0000	1.3229	.4410	2.9831	5.0169	2.00	6.00
	A3	11	3.8182	1.3280	.4004	2.9260	4.7104	2.00	5.00
	A4	9	3.6667	.7071	.2357	3.1231	4.2102	3.00	5.00
	Total	40	3.8500	1.2517	.1979	3.4497	4.2503	2.00	7.00
C2	A1	11	.6364	.8090	.2439	9.284E-02	1.1799	.00	2.00
	A2	9	.5556	.5270	.1757	.1504	.9607	.00	1.00
	A3	11	.3636	.6742	.2033	-8.9297E-02	.8166	.00	2.00
	A4	9	.1111	.3333	.1111	-.1451	.3673	.00	1.00
	Total	40	.4250	.6360	.1006	.2216	.6284	.00	2.00
C3	A1	11	1.1818	.9816	.2960	.5223	1.8413	.00	3.00
	A2	9	1.1111	.6009	.2003	.6492	1.5730	.00	2.00
	A3	11	.7273	1.0090	.3042	4.938E-02	1.4052	.00	3.00
	A4	9	1.3333	.8660	.2887	.6676	1.9990	.00	2.00
	Total	40	1.0750	.8883	.1405	.7909	1.3591	.00	3.00
C4	A1	11	2.0000	.6325	.1907	1.5751	2.4249	1.00	3.00
	A2	9	1.4444	.8819	.2940	.7665	2.1223	.00	3.00
	A3	11	1.7273	1.0090	.3042	1.0494	2.4052	1.00	4.00
	A4	9	2.0000	.8660	.2887	1.3343	2.6657	1.00	3.00
	Total	40	1.8000	.8533	.1349	1.5271	2.0729	.00	4.00
C5	A1	11	.5455	.8202	.2473	-5.5630E-03	1.0965	.00	2.00
	A2	9	1.0000	.8660	.2887	.3343	1.6657	.00	2.00
	A3	11	.7273	.7862	.2371	.1991	1.2555	.00	2.00
	A4	9	.7778	.8333	.2778	.1372	1.4183	.00	2.00
	Total	40	.7500	.8086	.1279	.4914	1.0086	.00	2.00
C6	A1	11	2.4545	.9342	.2817	1.8269	3.0821	1.00	4.00
	A2	9	2.4444	1.0138	.3379	1.6652	3.2237	.00	3.00
	A3	11	1.7273	1.1909	.3591	.9272	2.5273	.00	3.00
	A4	9	2.0000	.8660	.2887	1.3343	2.6657	1.00	3.00
	Total	40	2.1500	1.0266	.1623	1.8217	2.4783	.00	4.00
C7	A1	11	2.9091	1.4460	.4360	1.9377	3.8805	2.00	6.00
	A2	9	3.4444	1.8782	.6261	2.0007	4.8882	1.00	6.00
	A3	11	2.7273	1.0090	.3042	2.0494	3.4052	1.00	5.00
	A4	9	2.8889	1.5366	.5122	1.7078	4.0700	.00	5.00
	Total	40	2.9750	1.4409	.2278	2.5142	3.4358	.00	6.00
Overall	A1	11	13.6364	4.0564	1.2231	10.9112	16.3615	7.00	20.00
	A2	9	14.0000	3.2404	1.0801	11.5092	16.4908	9.00	19.00
	A3	11	11.8182	3.4005	1.0253	9.5337	14.1027	7.00	17.00
	A4	9	12.7778	2.3863	.7954	10.9435	14.6121	10.00	16.00
	Total	40	13.0250	3.3550	.5305	11.9520	14.0980	7.00	20.00

		Sum of Squares	df	Mean Square	F	Sig.
C1	Between Groups	.555	3	.185	.110	.954
	Within Groups	60.545	36	1.682		
	Total	61.100	39			
C2	Between Groups	1.573	3	.524	1.329	.280
	Within Groups	14.202	36	.395		
	Total	15.775	39			
C3	Between Groups	2.068	3	.689	.864	.468
	Within Groups	28.707	36	.797		
	Total	30.775	39			
C4	Between Groups	1.996	3	.665	.907	.447
	Within Groups	26.404	36	.733		
	Total	28.400	39			
C5	Between Groups	1.035	3	.345	.508	.679
	Within Groups	24.465	36	.680		
	Total	25.500	39			
C6	Between Groups	3.969	3	1.323	1.283	.295
	Within Groups	37.131	36	1.031		
	Total	41.100	39			
C7	Between Groups	2.773	3	.924	.426	.736
	Within Groups	78.202	36	2.172		
	Total	80.975	39			
Overall	Between Groups	29.238	3	9.746	.856	.473
	Within Groups	409.737	36	11.382		
	Total	438.975	39			

D Chi-square tests results

Chi-square statistics (Hypothesis 2a)

Crosstab

			Critical to Succeed		Total
			Low	High	
Time since e-marketing	Less than 1 year	Count	5	3	8
		% within time since e-marketing	62.5%	37.5%	100.0%
	1 - 2 years	Count	9	4	13
		% within time since e-marketing	69.2%	30.8%	100.0%
	2 - 3 years	Count	1	3	4
		% within time since e-marketing	25.0%	75.0%	100.0%
	3 - 4 years	Count	1	6	7
		% within time since e-marketing	14.3%	85.7%	100.0%
	More than 4 years	Count	1	7	8
		% within time since e-marketing	12.5%	87.5%	100.0%
Total		Count	17	23	40
		% within time since e-marketing	42.5%	57.5%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.838	4	.028
Likelihood Ratio	11.646	4	.020
Linear-by-Linear Association	8.685	1	.003
N of Valid Cases	40		

a 8 cells (80.0%) have expected count less than 5. The minimum expected count is 1.70.

Chi-square statistics (Hypothesis 5)

Crosstab

			User		Total
			Non-users	Internet Users	
Travel purpose	Holiday	Count	14	54	68
		% within Travel purpose	20.6%	79.4%	100.0%
	Adventure tourism	Count	8	72	80
		% within Travel purpose	10.0%	90.0%	100.0%
	Visiting friends	Count	5	6	11
		% within Travel purpose	45.5%	54.5%	100.0%
	honeymoon	Count	1	15	16
		% within Travel purpose	6.3%	93.8%	100.0%
	Business	Count	2	13	15
		% within Travel purpose	13.3%	86.7%	100.0%
Total		Count	30	160	190
		% within Travel purpose	15.8%	84.2%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.638	4	.020
Likelihood Ratio	10.159	4	.038
Linear-by-Linear Association	.469	1	.494
N of Valid Cases	190		

a 3 cells (30.0%) have expected count less than 5. The minimum expected count is 1.74.

Crosstab

			User		Total
			Non-users	Internet Users	
Age	21 - 30	Count	7	52	59
		% within Age	11.9%	88.1%	100.0%
	31 - 40	Count	12	60	72
		% within Age	16.7%	83.3%	100.0%
	41 - 50	Count	9	31	40
		% within Age	22.5%	77.5%	100.0%
	Above 50	Count	2	17	19
		% within Age	10.5%	89.5%	100.0%
Total		Count	30	160	190
		% within Age	15.8%	84.2%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.476	3	.480
Likelihood Ratio	2.444	3	.486
Linear-by-Linear Association	.389	1	.533
N of Valid Cases	190		

a 1 cells (12.5%) have expected count less than 5. The minimum expected count is 3.00.

Crosstab

			User		Total
			Non-users	Internet Users	
Level of education	Below Degree	Count	5	27	32
		% within level of education	15.6%	84.4%	100.0%
	Degree	Count	12	76	88
		% within level of education	13.6%	86.4%	100.0%
	Above Degree	Count	13	57	70
		% within level of education	18.6%	81.4%	100.0%
Total		Count	30	160	190
		% within level of education	15.8%	84.2%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.715	2	.699
Likelihood Ratio	.709	2	.701
Linear-by-Linear Association	.317	1	.573
N of Valid Cases	190		

a 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.05.

Crosstab

			User		Total
			Non-users	Internet Users	
Living area	Urban	Count	11	68	79
		% within living area	13.9%	86.1%	100.0%
	Sub- urban	Count	13	63	76
		% within living area	17.1%	82.9%	100.0%
	Rural	Count	6	29	35
		% within living area	17.1%	82.9%	100.0%
Total		Count	30	160	190
		% within living area	15.8%	84.2%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.354	2	.838
Likelihood Ratio	.358	2	.836
Linear-by-Linear Association	.273	1	.601
N of Valid Cases	190		

a 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.53.

Crosstab

			User		Total
			Non-users	Internet Users	
Annual spending	$1000-5000	Count	17	75	92
		% within Annual Spending	18.5%	81.5%	100.0%
	$5000-10000	Count	6	41	47
		% within Annual Spending	12.8%	87.2%	100.0%
	$10000-15000	Count	5	26	31
		% within Annual Spending	16.1%	83.9%	100.0%
	Above 15000	Count	2	18	20
		% within Annual Spending	10.0%	90.0%	100.0%
Total		Count	30	160	190
		% within Annual Spending	15.8%	84.2%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.330	3	.722
Likelihood Ratio	1.390	3	.708
Linear-by-Linear Association	.818	1	.366
N of Valid Cases	190		

a 2 cells (25.0%) have expected count less than 5. The minimum expected count is 3.16.

Chi-square statistics (Hypothesis 6a)

Crosstab

			Future Intention to Buy			Total
			Will buy	Neutral	Wont buy	
Level of Satisfaction on Online Research	Highly satisfied	Count	59	13	2	74
		% within Level of Satisfaction on Online Research	79.7%	17.6%	2.7%	100.0%
	Satisfied	Count	39	23	9	71
		% within Level of Satisfaction on Online Research	54.9%	32.4%	12.7%	100.0%
	Neutral	Count	12	15	14	41
		% within Level of Satisfaction on Online Research	29.3%	36.6%	34.1%	100.0%
	Dissatisfied	Count		4		4
		% within Level of Satisfaction on Online Research		100.0%		100.0%
Total		Count	110	55	25	190
		% within Level of Satisfaction on Online Research	57.9%	28.9%	13.2%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	46.138	6	.000
Likelihood Ratio	46.122	6	.000
Linear-by-Linear Association	34.892	1	.000
N of Valid Cases	190		

a 3 cells (25.0%) have expected count less than 5. The minimum expected count is .53.

Chi-square statistics (Hypothesis 6b)

Crosstab

			Future Intention to Buy			Total
			Will buy	Neutral	Wont buy	
Level of Satisfaction on Online Purchase	Highly satisfied	Count	22	1		23
		% within Level of Satisfaction on Online Purchase	95.7%	4.3%		100.0%
	Satisfied	Count	48	5	1	54
		% within Level of Satisfaction on Online Purchase	88.9%	9.3%	1.9%	100.0%
	Neutral	Count	37	38	23	98
		% within Level of Satisfaction on Online Purchase	37.8%	38.8%	23.5%	100.0%
	Dissatisfied	Count	3	11	1	15
		% within Level of Satisfaction on Online Purchase	20.0%	73.3%	6.7%	100.0%
Total		Count	110	55	25	190
		% within Level of Satisfaction on Online Purchase	57.9%	28.9%	13.2%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	67.400	6	.000
Likelihood Ratio	74.053	6	.000
Linear-by-Linear Association	41.180	1	.000
N of Valid Cases	190		

a 3 cells (25.0%) have expected count less than 5. The minimum expected count is 1.97.

Chi-square statistics (Hypothesis 7)

Crosstab

			Destination		Total
			India	Mauritius	
Accommodation (A1)	Yes	Count	29	25	54
		% within Accom.	53.7%	46.3%	100.0%
	No	Count	61	75	136
		% within Accom.	44.9%	55.1%	100.0%
Total		Count	90	100	190
		% within Accom.	47.4%	52.6%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.215	1	.270		
Continuity Correction	.885	1	.347		
Likelihood Ratio	1.214	1	.271		
Fisher's Exact Test				.334	.173
Linear-by-Linear Association	1.208	1	.272		
N of Valid Cases	190				

a Computed only for a 2x2 table

b 0 cells (.0%) have expected count less than 5. The minimum expected count is 25.58.

Crosstab

			Destination		Total
			India	Mauritius	
Access (A2)	Yes	Count	14	28	42
		% within Access	33.3%	66.7%	100.0%
	No	Count	76	72	148
		% within Access	51.4%	48.6%	100.0%
Total		Count	90	100	190
		% within Access	47.4%	52.6%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4.260	1	.039		
Continuity Correction	3.568	1	.059		
Likelihood Ratio	4.339	1	.037		
Fisher's Exact Test				.053	.029
Linear-by-Linear Association	4.238	1	.040		
N of Valid Cases	190				

a Computed only for a 2x2 table

b 0 cells (.0%) have expected count less than 5. The minimum expected count is 19.89.

Crosstab

			Destination		Total
			India	Mauritius	
Attractions (A3)	Yes	Count	26	10	36
		% within Attractions	72.2%	27.8%	100.0%
	No	Count	64	90	154
		% within Attractions	41.6%	58.4%	100.0%
Total		Count	90	100	190
		% within Attractions	47.4%	52.6%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	11.005	1	.001		
Continuity Correction	9.809	1	.002		
Likelihood Ratio	11.250	1	.001		
Fisher's Exact Test				.001	.001
Linear-by-Linear Association	10.947	1	.001		
N of Valid Cases	190				

a Computed only for a 2x2 table

b 0 cells (.0%) have expected count less than 5. The minimum expected count is 17.05.

Crosstab

			Destination		Total
			India	Mauritius	
Auxiliary services (A4)	Yes	Count		11	11
		% within Auxiliary services		100.0%	100.0%
	No	Count	90	89	179
		% within Auxiliary services	50.3%	49.7%	100.0%
Total		Count	90	100	190
		% within Other Related Business	47.4%	52.6%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	10.508	1	.001		
Continuity Correction	8.588	1	.003		
Likelihood Ratio	14.728	1	.000		
Fisher's Exact Test				.001	.001
Linear-by-Linear Association	10.453	1	.001		
N of Valid Cases	190				

a Computed only for a 2x2 table
b 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.21.

E Correlation and regression statistics

Correlation and Regression statistics (Hypothesis 2b)

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	Time since e-marketing	.	Enter

a All requested variables entered. b Dependent Variable: e-marketing pay-off

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.573	.328	.310	.977

a Predictors: (Constant), Time since e-marketing

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	17.698	1	17.698	18.539	.000
	Residual	36.277	38	.955		
	Total	53.975	39			

a Predictors: (Constant), Time since e-marketing b Dependent Variable: e-marketing pay-off

Coefficients

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	1.410	.342		4.118	.000
	Time since e-marketing	.461	.107	.573	4.306	.000

a Dependent Variable: e-marketing pay-off

Correlations

		e-marketing pay-off	Time since e-marketing
e-marketing pay-off	Pearson Correlation	1	.573
	Sig. (2-tailed)	.	.000
	N	40	40
Time since e-marketing	Pearson Correlation	.573	1
	Sig. (2-tailed)	.000	.
	N	40	40

** Correlation is significant at the 0.01 level (2-tailed).

Inter-correlation statistics

Correlations

		C1	C2	C3	C4	C5	C6	C7	Overall
C1	Pearson Correlation	1.000	.147	.472	.427	.443	.098	-.244	.666
	Sig. (2-tailed)	.	.367	.002	.006	.004	.548	.129	.000
	N	40	40	40	40	40	40	40	40
C2	Pearson Correlation	.147	1.000	-.012	.019	.262	-.061	-.044	.271
	Sig. (2-tailed)	.367	.	.939	.908	.103	.709	.787	.090
	N	40	40	40	40	40	40	40	40
C3	Pearson Correlation	.472	-.012	1.000	.359	.384	.212	-.159	.619
	Sig. (2-tailed)	.002	.939	.	.023	.015	.188	.328	.000
	N	40	40	40	40	40	40	40	40
C4	Pearson Correlation	.427	.019	.359	1.000	.037	.299	-.108	.566
	Sig. (2-tailed)	.006	.908	.023	.	.820	.061	.505	.000
	N	40	40	40	40	40	40	40	40
C5	Pearson Correlation	.443	.262	.384	.037	1.000	.139	-.160	.541
	Sig. (2-tailed)	.004	.103	.015	.820	.	.392	.325	.000
	N	40	40	40	40	40	40	40	40
C6	Pearson Correlation	.098	-.061	.212	.299	.139	1.000	.055	.520
	Sig. (2-tailed)	.548	.709	.188	.061	.392	.	.738	.001
	N	40	40	40	40	40	40	40	40
C7	Pearson Correlation	-.244	-.044	-.159	-.108	-.160	.055	1.000	.239
	Sig. (2-tailed)	.129	.787	.328	.505	.325	.738	.	.138
	N	40	40	40	40	40	40	40	40
Overall	Pearson Correlation	.666	.271	.619	.566	.541	.520	.239	1.000
	Sig. (2-tailed)	.000	.090	.000	.000	.000	.001	.138	.
	N	40	40	40	40	40	40	40	40

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

APPENDIX - IV

List of SMTE websites sampled for research

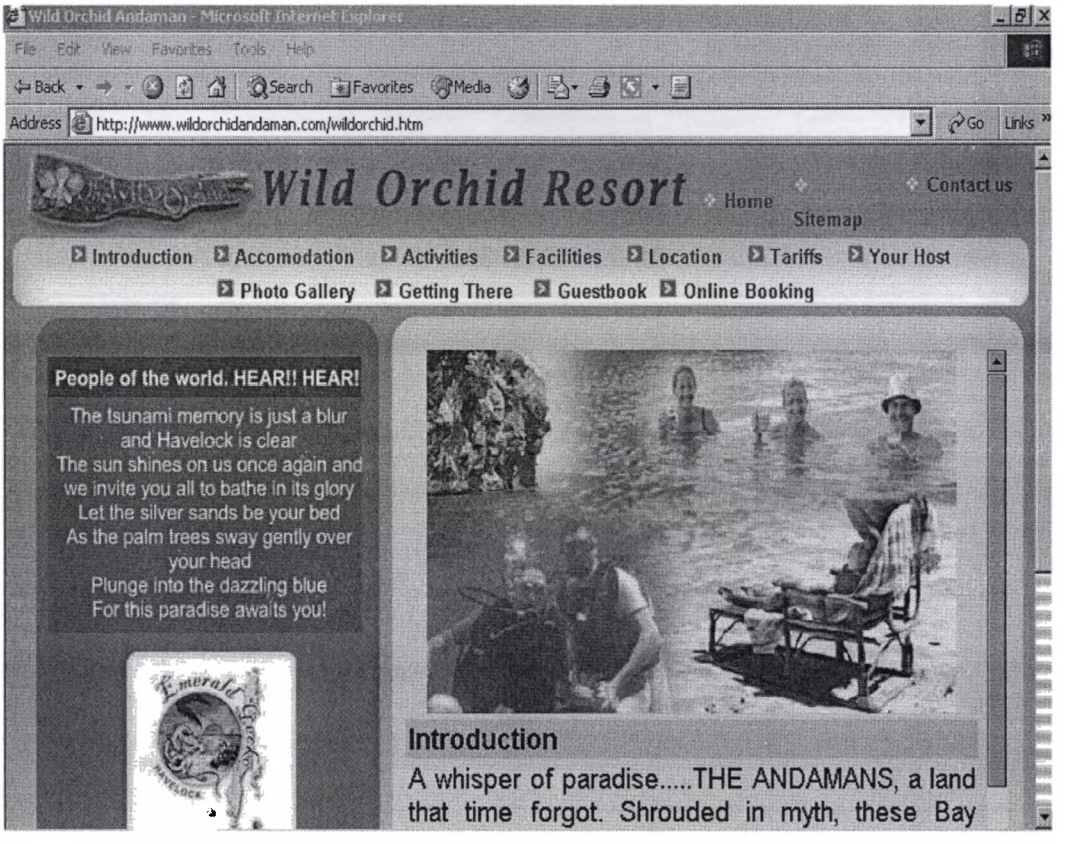
Tourism product Category	Destination	SMTE Websites chosen
ACCOMMODATION	▪ Andaman Islands	▪ www.hotelsentinelandamans.com ▪ www.wildorchidandaman.com ▪ www.sinclairshotels.com ▪ www.hotelabhishekh.com ▪ www.andamanresidency.com
	▪ Mauritius	▪ www.hotelflamboyant.com ▪ www.tifleursoleil.com ▪ www.palmyraproperty.com ▪ www.ocean-villas.com ▪ www.villasmonplaisir.com ▪ www.oceanicvilla.intnet.mu
ACCESS	▪ Andaman Islands	▪ www.andamanisland.com ▪ www.indianislands.com ▪ www.andamanthrukathay.com ▪ www.andamanconnections.com ▪ www.barefootindia.com ▪ www.beachresortsindia.com
	▪ Mauritius	▪ www.cobicotours.com ▪ www.mttb-mautourco.com ▪ www.exoduscarhire.com
ATTRACTIONS	▪ Andaman Islands	▪ www.diveindia.com ▪ www.andamandiveclub.com ▪ www.diveandaman.com ▪ www.andamansearally.com ▪ www.scubaindia.com
	▪ Mauritius	▪ www.islamauritia.com ▪ www.blue-safari.com ▪ http://underseawalk.8k.com ▪ www.neptunediving.co.za ▪ www.sportfisher.com ▪ www.bluewaterdivingcenter.com
ANCILLARY	▪ Andaman Islands	▪ www.palmgroove.com ▪ http://tourism.andaman.nic.in ▪ www.emeraldislands.com ▪ http://andaman.co.in
	▪ Mauritius	▪ www.mauritiusshipmodels.com ▪ www.mauritiuswedding.com ▪ www.firstfleetreproductions.com ▪ www.tifleursoleil.com/doncamillo-ang.htm ▪ www.destinationmauritius.com

APPENDIX – V
Select SMTE homepages

A WWW.WILDORCHID.COM (Accommodation sector)

Company	The Wild Orchid Resort
Business type	Accommodation/Resort/Hospitality
Contents	Accommodation and activities information
Features	▪ General information and location ▪ Online reservation facility ▪ Links to affiliate websites ▪ Offline contact details ▪ Tsunami recovery information on the homepage

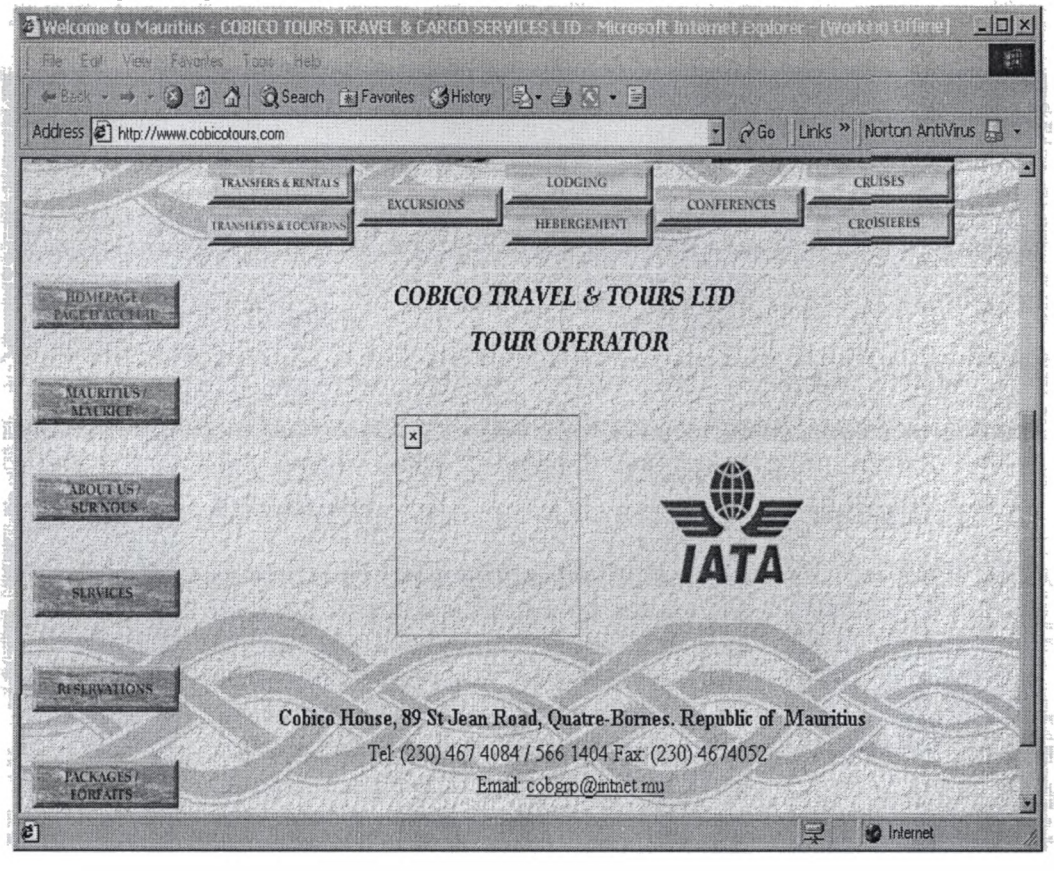
Homepage image



B WWW.COBICOTOURS.COM (Access sector)

Company	Cobico Travel and Tours Ltd.
Business type	Tour Operator
Contents	Travel information and package tours
Features	▪ Different types of sight-seeing options (e.g. cruises) ▪ Online reservation facility ▪ Display of IATA membership ▪ Links to related websites ▪ Mention of physical address on the homepage

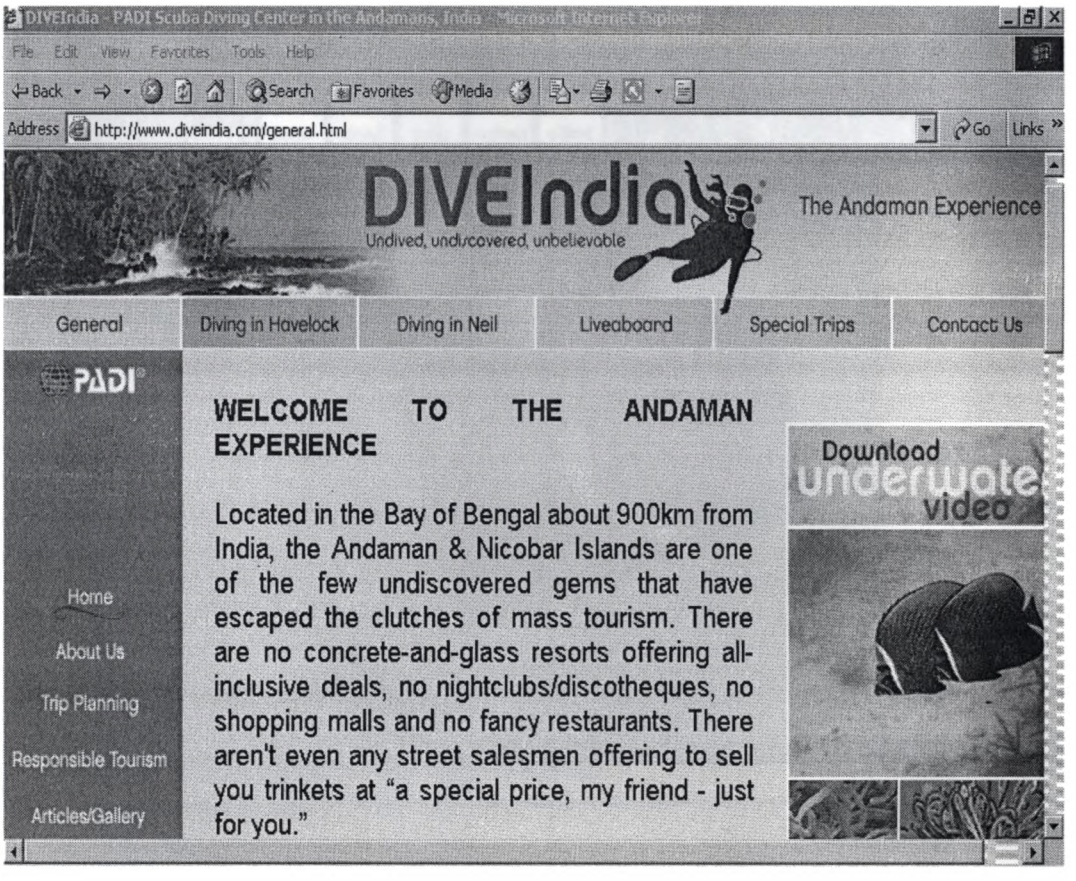
Homepage image



C WWW.DIVEINDIA.COM (Attractions sector)

Company	Dive India
Business type	Leisure activity; SCUBA diving
Contents	Detailed product (including pictures) and contact information
Features	▪ The how, where, when and who of the product ▪ Contact details ▪ Physical evidence (picture) in the form of pictures and video ▪ Responsible tourism information ▪ Professional membership (PADI/SSI) highlighted

Website image



T356

D WWW.MAURITIUSWEDDING.COM (Auxiliary service)

Company	VIP Service, Mauritius
Business type	Tourists' wedding photography and video service
Contents	Detailed service information and planner
Features	▪ Client log-in page ▪ Physical evidence (picture) in the form of pictures and video ▪ Wedding planner ▪ Online booking ▪ Detailed contact information form

Homepage image