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E-TOURISM DEVELOPMENTS IN MALAYSIA
INFORMATION COMMUNICATION TECHNOLOGIES
ADOPTION FOR THE STRATEGIC MANagements
OF THE MALAYSIAN TOURISM INDUSTRY

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Abstract:

Information Communication Technologies (ICT) has changed the global tourism industry rapidly. The implication of the Internet and other growing interactive multimedia platforms for tourism are far reaching and alter the structure of the industry. Tourism as an industry requires a diverse range of information and lends itself well to the support offered by developing multimedia, communication technologies and information system. As tourism plays a significant role in the Malaysian economy, this study aims to explore the impact of ICT and the Internet in particular for the future competitiveness of the destination in tourist industry. This paper also explores the current state of e-tourism developments in the Malaysian tourism industry. In addition, it investigates a number of issues related to e-tourism industry in Malaysia, including establishments using the Internet and e-commerce penetration and usage, linkages in the marketplace, degree of online cooperation among tourism industry players. This paper also assesses how the e-tourism concept and technique can contribute to the improvement of Malaysian tourism competitiveness, while it identifies transferable lesson for other regions around the world. An anticipated outcome of the study is to generate an understanding and prediction of the potential e-tourism opportunities within Malaysian tourism industry in the near future. It also tries to explore the potential growth of e-tourism within the industry. Although the use of e-tourism among the Malaysian tourist industry is still in its early stages and the rate of adoption is slow, we argue that there is great opportunity for it to take off with the advent of low cost budget carrier such as Air Asia and also low cost tours and hotel offerings that has defined the new generation of educated and budget savvy travelers.

Keywords: E-tourism, ICT, strategic managements, Malaysian tourism industry
INTRODUCTION

E-tourism is the application of e-business to the field of tourism. E-business may be defined as “Any process that a business organization conducts over a computer network - external & internal processes” [US Census bureau - similar to OECD 2001]. It is a much broader concept than ‘e-commerce’, which is about transactions undertaken over a computer network. Thus e-business embraces e-commerce, as well as e-marketing and e-procurement. WTO’s publication, “E-Business for Tourism”, provides further information.

Tourism has become the world’s largest industry and its growth shows a consistent year to year increase. Tourist arrivals worldwide grew at an average rate of 4.3% per annum between 1990 and 2000. This trend has led the World Tourism Organization to predict that by 2020 tourist arrivals around the world would increase over 200 per cent. Despite the challenges to international tourism over the past 3 years, the potential for long-term growth is still apparent. A major factor supporting continuing growth is dramatic increase in the use of the Internet, which has transformed the world into a global village, which can be navigated at the click of a mouse. It provides potential tourists with immediate access to rich information, maps, pictures, sounds and services on destinations throughout the world. Access to the Internet is becoming available at lower cost through a much wider range of equipment, including handheld devices, televisions, in car technology, public pay phones, etc. As the cost of access reduces, the speed of access is going up. All of these factors are driving a massive growth in Internet usage, with travel and tourism as the predominant subject of interest.

E-tourism therefore is emerging as a way forward for many destination and organizations around the world. At the tactical level, it includes e-tourism and ICTs for maximizing the internal efficiency and effectiveness of tourism organizations. At the strategic level, e-tourism revolutionizes all business processes, the entire value chain as well as the strategic relationships of tourism organizations with all their stakeholders. The internet allows tourism organizations to interact with all their stockholders, including potential and loyal customers, local groups and public authorities. By taking advantage of intranets (internal systems that are accessed by employees) organizations call to re-engineer internal process. While extranets can support the development of close relationships with trusted partners that lead to online transactions, expansion of the distribution channel and extension of the value chain. Hence, e-tourism will increasingly determine the competitiveness of the organization (Buhalis, 2003).
Strategic Challenges of E-tourism

Strategic challenges were highlighted by both WTO Secretary General, Mr. Francesco Frangialli and Professor Hannes Werthner. These included the issues of digital divide that must be bridged - ensuring equal access for all to digital technology and the web dominated by a few languages. Further to that there is a need to ensure cultural diversity and multilingual content. In the future we need domain names in Arabic, Chinese and Russian. There is a high level of concentration in the electronic market where a few players dominate (in the US the top five travel agencies have more than 70% of the respective market). In Europe, a clear distinction between big and small companies can be drawn with respect to their representation in the electronic market. In Malaysia, according to Raja Mazhatal Yasmin Soraya (2005) the acceptance of e-tourism is still at infancy state and adoption is slow.

There are issues and problems in Malaysian Tourism industry that can be related to level of competitiveness among the tour operator, lack of global concentration of the tourism industry, over dependence on traditional intermediaries and tour operators, failure of both the private and public sectors to learn from internationally gained experience in tourism development and marketing. Also there is lack of professionalism at several levels.

Management is also a contributing factor where there is gradual deterioration of tourism product and lack of reinvestment in improvement. Lack of coordination at the destination and disrespect for tourists' need and inconsistent program of government intervention. On the environment issues there is almost unregulated environment with nearly complete lack of control, lack of environment cultures by entrepreneurs and employees resulting in deterioration of natural, social and cultural resources.

Marketing strategies is another challenge where failure to promote Malaysia as a differentiated tourism product. Other factor such as lacking in marketing strategies include negligence with regard to new tourism demand challenges, failure to portray image of Malaysia as cheap, simple, unsophisticated, highly safe tourist destination. Need to have marketing campaign with appropriate annual events that will give maximum impact to potential tourist.

Tour operators could not be depended upon completely for the purpose of promotion and distribution, there is a need to maximize the function of Malaysian Tourist Board as intermediaries. For that matter, private sector need to contribute such as giving professionalism and training in both state and private tourism establishments,
inviting private sector to invest in long-term projects, rather than aiming at short term profitability resulting in positive cooperation between private and public sector.

High on marketing agenda is planning where there is a need to have adequacy of Malaysian Tourist planning process producing rational tourism development and finally development of tourism as a single regional development option.

ICT has revolutionized the travel industry in the past years. E-tourism reflects the digitalization of all process and value chains in the tourism, travel, hospitality and catering industries. The travel and tourism industry has been greatly affected by the rapid growth of the Internet and e-business technology. It was regarded as the first area likely to do business electronically and predicted to become a successful online business area. This paper reports an investigation into the adoption of the E-Tourism (Internet, ICT) amongst Malaysian travel agencies and into the likely future potential growth of e-business within the industry. The study by Raja Mazhatul Yasmin Suraya (2005) revealed that the Malaysian travel agencies are positive towards e-tourism in tourist business. Nonetheless, Internet usage amongst the agencies is still in an early stage, and the rate of adoption of e-business practices is slow. The findings in this study were compared with those from previous studies using similar models and it was found that cultural issues are important in explaining the slow adoption rate of the Internet in Malaysian travel agencies. The ease of access and depth of information which characterize the Internet have stimulated the emergence of a new breed of tourism and travel consumers who are more independent and prefer to search for holidays themselves online, rather than through traditional travel agents. In the past five years, the majority of the people connected to the Internet have been from the world’s top three tourism spending markets – USA, Germany, and UK.

Looking at Malaysia tourist industry, use of the Internet is at slower rate. Travel agencies are using the Internet for retrieving and sending e-mail, locating relevant travel information and sending documents between company, staff, partners and suppliers. The concept of doing business with customers through internet has not been widely adopted. Despite the positive benefits of the Internet, the technology has been used to improve only small aspects of their tasks and responsibilities. Comparing with other countries, the largest growth of Internet usage over the next five years is expected to come from East Asia– in precisely the markets from which substantial growth of international tourism is expected. Even more importantly, the Internet has also become a vital tool in business transactions, the distribution of products, networking of business partners, and an instantaneous means of accessing and distributing knowledge on all kinds of subjects including travel and tourism information. The Internet is already the primary source of tourist
destination information for consumers in the major markets. It has outpaced traditional sources of information on tourist destinations within the short period of its existence. Its audio-visual presentation of information on destinations outdoes the glossiest and most colorful print, and the quality of the presentation plays a decisive role in the end-consumer’s choice of one destination over another. This new technology also offers tourism destinations and businesses the means to make information and booking facilities available to millions of consumers around the world at a relatively low cost, whilst at the same time enabling them to reduce significantly the amounts invested in the production and distribution of promotional materials. Tourism is rapidly becoming the largest category of products sold on the Internet, which must therefore be seen as the new marketing battleground for tourism destinations. This is a ‘sea change’, with a potential impact exceeding by far the advent of the GDS 20–30 years ago. Thus it is vital now for every tourism destination and business to embrace fully the use of information technology and the Internet and exploit their potential to the full.

ICT emerges as a term describing the entire range of application on tourism and its application for tourist value chain. Major opportunities and challenges have emerged and need to be addressed by all industry players. The advancement of technology such as the Internet, e-tourism, ICT in tourism and e-commerce has changed the fundamental role and tasks of a travel agency in disseminating its products and services in the marketplace. The role of the travel agency has become a major focus since the Internet is widely considered to be an agent of transformation within the travel industry. Indeed, Malaysia is still new to the experience of exploiting innovations of technology within the travel industry. The study by Raja Mazhatul Yasminei Suraya (2005) over a period of nine months in 2002, the total of 9.96 million inbound tourists had shown the potential growth of the travel and tourism industry in Malaysia (Tourism Malaysia, 2002). The innovation of the Internet and e-commerce is an opportunity for Malaysia to expose its assets as a means to promote new investments as well as increase the growth of Malaysian tourism, contributing positively to economic development. Despite the advantages and convenience shared and offered through the use of the Internet and e-commerce, Malaysian travel agencies have been slow to deploy advanced technologies. The Malaysian Association of Tour and Travel Agents (MATTA) which is currently managed by YM Dato’ Seri Tunku Iskandar Tunku Abdullah, was established as a representative body for all travel agencies in Malaysia. The association has recently been very concerned over the slow uptake of Internet technology among the agencies (Awang, 2000). Low level of cooperation between many parties such as tour operator, tourist agencies, local government together with government agencies and promotion activities by National Tourist Organization on tourist popular spot to coordinate the destination created serious doubt about the ability to promote Malaysia as popular tourist attraction.
E-tourism Concept in Tourist Industry

By definition e-tourism describes a new way of doing business. It means fast communications, global accessibility and minimal costs for new businesses going online. On the positive side e-tourism provides cost effective communications, it can make purchasing easier for customers and can provide the impetus for improved customer service. New opportunities open up for collaboration with previous competitors. However customers are taking time to come to fully trust the technology and many still prefer face to face contact. E-tourism can have job implications for certain sectors and may begin to exclude the “digital have-nots” in 2001 some 5% (900,000) of all UK tourism trips in Scotland were booked through the Internet totaling £270 million. It is claimed that in the near future one third of the travel buying population will purchase at least some of their travel products online. The two key web based services developed at a Scotland level by the public sector are the Scotexchange site (generally provided for communication within the industry itself) and the visitScotland.com site (formerly known as the Ossian project) which provides information to potential visitors.

Tourism as in industry requires a diverse range of information and lends itself well to the support offered by developing multimedia, communications technologies and information systems (Sheldon, 1997; Choo, 1998). Therefore, information communication technologies (ICTs) have been changing the global tourism industry rapidly. The implications of the Internet and other growing multimedia platforms for tourism promotion are far reaching and alter the structure of the industry. As tourism plays a significant role in the Malaysia economy (Buhalis, 2001), this research aimed to explore the impact of ICTs and the internet in particular for the future competitiveness of the destination and its small and medium-sized tourism enterprises (SMTEs). The paper also assesses how e-tourism concepts and techniques all contribute to the improvement of Malaysia tourism competitiveness, while it identifies transferable lessons for other regions around the world.

It has been claimed that customer expectations of e-tourism include quick response to enquiries, more detailed and tailored information on tourism destinations, possibility of booking travel, accommodation and restaurants online, importance of destination management and marketing.

Possible disadvantages have also been identified such as tensions between a growing demand for personalized services tailored to the individual’s needs and interests and reluctance amongst consumers to release such information over the Internet in case it is misused.
Some of the Suggested Benefits of Using ICT and E-tourism Business

It is the most cost effective way of communicating with target market disseminating information as it is a quick and easy way for the customer to buy travel products. It also offers opportunities for improvements in customer service and retention through meeting and promoting individual preferences. It reduces costs through increased efficiency in internal operations and purchasing processes. It encourages greater cooperation amongst traditional competitors through the provision of hypertext links. Links are a cheap, quick way of raising the profile of a new site and getting round the difficulty of up-dating information in-house. The inclusion of links on tourism websites offers benefits to both the user and the service provider. The service provider can offer a greater range of information on related tourism products without having to enter into contracts with the service providers and the user has access to immediate information and online shopping opportunities.

Changing socio-economic conditions and technological developments have implications for the development of e-tourism-based tourism services. At the same time individuals are increasingly concerned about gaining the most from their leisure time. Altering work and leisure patterns and the integration of business and leisure trips represent an aspect of this concern to make the most of the leisure time available and affect the role of ICT in the travel industry. The study of e-tourism in the tourism industry has emerged as a ‘frontier area’ for information technology. The literature on e-commerce in the tourism industry was critically reviewed with a view to developing a framework suitable for this study. E-tourism is defined as the process of buying and selling or exchanging products by using ICT services and information via computer networks including the Internet. However, adoption of Information and Communication Technologies (ICT) is only part of the story. In particular, network access costs, dissemination of information on electronic commerce, training, skill development and human resources provide big challenges for smaller companies.

Based on previous studies by Buhals (2003), respondents considered that the main benefits of e-commerce for tourism enterprises are providing easy access to information on tourism services, ‘providing better information on tourism services,’ and ‘providing convenience for customers’. This result implies that respondents are less aware of many other benefits of e-tourism, such as ‘creating new markets,’ ‘improving customer services,’ ‘establishing interactive relationships with customers’, ‘reducing operating costs’, ‘interacting with other business partners’, and ‘founding new business partners’.

225
Barriers to ICT usage in E-tourism

There are a number of barriers for tour operators in adopting e-tourism, take for example a country such as Korea. Study by Raymon (2001) highlighted barriers that include 'limited knowledge of available technology,' 'lack of awareness,' 'cost of initial investment,' 'lack of confidence in the benefits of e-commerce,' and 'cost of system maintenance.' These barriers also include 'shortage of skilled human resources,' and 'resistance to adoption of e-tourism.' In terms of market situation, one might also mention 'insufficient e-commerce infrastructure' and 'small e-tourism market size.' The two main factors for conducting successful e-tourism are 'security of the e-commerce system' and 'user-friendly Web interface,' thus recognizing that building customer trust and convenience for customers are essential to succeed. Top management support, IT infrastructure, and customer acceptance were also considered as important factors. On the other hand, unfortunately, most SMTEs do not recognize the importance of 'sharing knowledge and information between SMTEs' and 'business partnerships' as e-tourism successful strategies.

Study Framework

The study proposed based on Technology Acceptance Model introduced by Davis (1978). TAM was adapted from the TRA (Fishbein & Ajzen, 1975; Ajzen & Fishbein, 1980) to understand the linking of external variables i.e. use: resources, external/internal support and ICT knowledge to technology usage intention and actual use in a workplace. TAM adopts two specific beliefs, perceived usefulness and perceived ease of use. Many technology acceptance studies have replicated TAM or used TAM instrument extensively to investigate a range of issues in the area of user acceptance (Moore & Benbasat, 1991; Sjazna, 1994). TAM is
acclaimed for its parsimony and predictive power that makes it easy to apply in
different situations. However, there have been some reservations as well. According
to Venkatesh (2000), while TAM is very powerful in helping to predict acceptance,
it does not help to understand and explain acceptance in ways that guide
development beyond suggesting a system characteristic thereby placing a limitation
on the ability to meaningfully design interfaces to promote acceptance.

DISCUSSION ON ICT AND E-TOURISM
ON MALAYSIAN PERSPECTIVE

With the introduction of cheap air travel by Air Asia to tourist destination in
Malaysia and neighboring countries, it has contributed to an increase of tourist in
and out of Malaysia. Booking of air ticket fully utilizes ICT concept i.e. by utilizing
internet and payment by credit card.

The prospect of Destination Management System (DMS) was not fully utilized in
Malaysia tourism industry, indicating that Malaysia tourism players were not aware
of the emerging trends and electronic tools. The lack of knowledge on such well
researched and frequently mentioned tools implies the essential need to raise levels
of information disseminated to the Malaysian tourism industry. The positive
justification was all in accordance with the international literature on the advantages
of DMS. They include more improved and accurate communication at the
destination level, with all benefits that could be brought to individual small
businesses. It would better represent Malaysia tourism internationally.

Travel agencies reported that the adoption of the Internet has enhanced the flexibility
and convenience of their business activities and enabled the introduction of cost
cutting strategies. This concept was fully utilized by Air Asia. The Internet has
also assisted them to reach a large number of potential new customers as well as to
promote their products domestically and internationally. Conducting business with
external customers however is not seen as an important factor influencing the
adoption of the Internet at this particular stage. Considerable satisfaction with the
usage of the Internet was expressed in the of improved business functions. Positive
responses were based on the way the Internet assisted travel representatives to
access relevant travel information at any time and anywhere around the globe.
The effectiveness of the Internet was therefore most evident in providing reliable,
up-to-date and timely travel information for themselves as well as their customers.
The Internet also assisted them with publicity since they had the ability to simply
promote their company both outside and within Malaysia. Thus, the travel agencies
now have the opportunity to penetrate a wider market as the Internet allows various
people to access their information freely.

227
Currently, most travel agencies are using the Internet for retrieving and sending email, locating relevant travel information and sending or attaching documents between company, staff, partners and suppliers. The concept of doing business with customers through the Internet has not been widely adopted. Despite the positive benefits of the Internet, the technology has been used to improve only small aspects of their tasks and responsibilities and has not been targeted towards doing business with customers. Culture is seen as an essential element in determining the rate of Internet diffusion amongst Malaysian travel agencies. This is consistent with findings from Romm & Wong's (1998) study where national culture was shown to influence the diffusion of web technology within organizations. A similar issue was also raised by Standing, et al. (1999) where national culture had a significant impact on web technology diffusion. A strong finding in this study concerned the generational differences and the value of personal contact that occurred within the Malaysian travel agencies.

The study by Raja Mazhatul Yasmin (2005) shows a need for Malaysian travel agencies to upgrade their knowledge and skills in this area before they decide to invest in e-tourism as a way to transform their businesses. Since they were very positive about the potential usage of e-business techniques, it is desirable that the agencies continue to investigate the pros and cons of using the technology. While some technical immaturity was evident, the introduction of the Internet provides a starting point for Malaysian travel agencies to develop a strategic plan for more ambitious applications. Some travel agencies expressed their concern with the unpredictable circumstances and risks that may occur when adopting e-commerce technology. This is partly a reflection of a lack of relevant knowledge about it. Continuous effort from MATTA would solve this problem and increase confidence levels. The MATTA School of Tourism Sdn Bhd could provide compulsory training courses targeted at agencies that need specific skills and information on the Internet and e-commerce. Ideally, the training courses would provide hands-on activities so that the agencies will have direct practical experience which would offer them better understanding and increase their confidence.

Successful E-tourism System of the Future

The following are some of the criteria of the e-tourism in successful destination management system as recommended by Buharis et al. (2004). The top management needs to understand the following: the vision, commitment, strategies and the entire range of tourism enterprise and the facilities. There must be accurate information on tourism product pricing, unbiased inventory display, guaranteed acceptance of confirmed bookings. There is also a need for strong political,
industrial and vendor support from ICT base. Friendly, convenient, and adequate financial bases; interconnectivity and interoperability of system; multi channel strategies capitalizing on all technologies; strong link with all distribution partners and mechanisms; technology must always follow business model not lead them; wide number of added values services base on personalized information and easy clear and accessible interface. Looking at the current tourist destination and facilities in Malaysia, it is appropriate time to adopt this Destination Management System.

CONCLUSION

The cheap air travel offered by Air Asia will contribute to accelerating tourist coming to Malaysian tourist destinations. The ICT and e-tourism on both the supply and demand sides in Malaysia are in their learning stages. The lack of strategic business planning and the limited level of understanding of the e-tourism potential imply that the Malaysia tourism sectors need to rethink its position in order to compete at international level with other destinations. The challenge to Malaysian tourism industry challenge during the next decade is to capitalize on new technology development and to use emerging e-tourism tools in order to promote and market the tourist product better. The introduction of e-procurement among the tour operator is highly appropriate to enhance further the facilities in tourism industry.

With regards to social structure among Malaysian people using ICT, the effects of the e-tourism and Internet on the Malaysian travel industry have so far been less than expected. The unique Malaysian culture has characteristics which tend to inhibit the adoption of automated modes of doing business and encourage the preservation of personal relationships. It is likely that this situation will start to change in the near future. The Malaysian belief in strong hierarchical relationships means for instance that change is most likely when younger entrepreneurs and managers start to replace older people less familiar with the new technologies. The generally favorable attitude to e-tourism techniques should ensure this happens fairly quickly in the travel industry. Unless the public and private sector capitalize on the emerging e-tourism tools, Malaysia tourism will face major competitive disadvantages in the future. Hence tourist destination around Malaysia will need to develop a long term e-tourism strategy and to coordinate their public and private sector.

The internet users have increased dramatically in Malaysia which provides a good opportunity for Malaysian tourist business to start investing in e-tourism technology. But the level of relationship between businesses to customer is not well established.
Travel and tourism requires the integration of tourism activities among various companies including airlines, hotels, ground transport companies, ICT vendors, retailers and wholesalers. The introduction of e-procurement could accelerate this concept of e-tourism concept to enhance the relationship between customer and tour operators and thus, offering the Malaysian tourists to enjoy the advances of ICT in tourist industry.

The Malaysian travel agencies must upgrade their knowledge and skills in the area of ICT before making decision to invest in e-tourism as a way to transform their business. These tour related companies are positive about the potential of e-tourism techniques. However, it is appropriate for these agencies to further investigate the advantages and benefits of using the technology. Better internet facilities compared to other places in the region provide good starting point for Malaysian travel agencies such as MATTA, Ministry of Culture and Tourist to develop a strategic plan for more ambitious applications even though there is risk in adopting e-tourism. This could be rectified by continuous efforts by MATTA to overcome this uncertainty and eventually increase the level of confidence among tourist operators. The MATTA school of tourism Sdn. Bhd must provide compulsory training to tour operators, identified tour agencies with specific ICT knowledge and information on the internet and e-tourism. The training module should be more practical and hands on which offer them better understanding and increase their level of confidence.

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230


