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The Adoption of the Web as a Marketing Tool by Regional Tourism Associations (RTAs) in Australia

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Abstract

There is little doubt that the emergence of the Internet and World Wide Web has had a strong influence on marketing (Goldsmith, 1999). Through the interactive Web medium, relationship marketing and personalisation can be achieved relatively easily compared to traditional forms of media (Goldsmith, 1999). In order to assist business to make the move online and to enable them to realise the benefits that the Internet and Web have to offer, Government's around the globe are providing both education and support, in the form of government policy and financial support programs. However, the success of government funded programs depends largely on business uptake of such programs and their ability to leverage on the benefits stemming from the assistance provided . This paper presents the results of a recent study of the level of uptake of the web as a marketing tool by businesses in the Regional Tourism Industry sector in Australia. The results of the study show that this industry sector is at a relatively advanced stage of adoption of Web Marketing, indicating that to date, Government programs aimed at this industry sector have been successful in getting businesses online.

Key Words

Regional Tourism Associations, Web Marketing, Government Initiatives, E-Commerce Adoption, SME's

INTRODUCTION

In order to enhance Australia's participation in the global marketplace and to ensure the ongoing economic viability of the economy, the Australian Government has developed a number of initiatives aimed at getting businesses to move online. Through their E-Commerce website, the Government provides support to businesses by providing access to information on E-commerce and the benefits it provides, as well as a number of other related resources. The Australian Business Network (AEBN, 1999) has been established in partnership with governments across Australia to foster awareness of E-Commerce and the benefits it offers to small to medium enterprises (SME's). As part of the Government's ongoing commitment to support business in their uptake of E-Commerce, support to businesses in the Regional Tourism Industry sector has been provided through programs such as the Government's Regional Online Tourism Program. The broad objective of the \$2 million program is to develop geographically based regional tourism web sites that cover a range of tourism products and services in regional areas. Grants of between \$10,000 and \$60,000 are made available to regions, and projects that demonstrate a firm commitment to incorporating E-commerce technologies for tourism products and services have received favourable consideration for funding.

This program, coupled with other Government initiatives, such as those detailed above, will provide ongoing support to Regional Tourism Associations (RTA's), in gaining a better understanding of what the Web has to offer, and to assist in developing an online presence. Along with the development of new web sites by regions, there is potential for the enhancement of existing sites, enabling RTA's to leverage further on the opportunities presented by the Web as a marketing medium.

WEB MARKETING AND REGIONAL TOURISM

Web marketing provides huge potential for RTA's, with tourism-related services emerging as the leading product category to be promoted and distributed to consumer markets through the Internet (Palmer and McCole, 2000). The importance of Web marketing to regional tourism stems from three main areas: customer online movements, geographical location of customers and the nature of RTA's.

Although the Government has developed a number of initiatives to get RTA's online, the major push behind the online movement of tourism services comes from customers, who are attracted to the new distribution channel as it offers them greater choice, gratification of their requests and more up to date information (Palmer and McCole, 2000). The Department of Industry, Science and Resources (DISR, 2000) asserts that ninety five percent (95%) of Internet users also have a relatively high propensity to travel. There is also a close match between the

demographics of the tourism client (often affluent and well educated) and the Internet user. This correlation assists in explaining why travel information is so highly sought after online.

With reports of travel purchases and reservations being one of the fastest growing segments of the Internet community (Berstein and Awe, 1999) there is little surprise that the number of tourism operators on the Web has changed considerably over the past few years. Although regions have taken advantage of government assistance to move their business online, they are still lagging behind other industries in the uptake of web technologies (DISR, 2000). Results of a recent Australian Bureau of Statistics (ABS, 2000) survey support this notion, finding that only 45 percent (45%) of accommodation providers, café's and restaurants, which constitute a significant proportion of the tourism industry, use personal computers. In this same sector, only 5 percent (5%) have web sites (ABS, 2000).

Although a number of success stories have started to emerge, there has not been any research conducted to date, that provides an industry-wide picture of the level of adoption/uptake of Web technologies by the industry sector as a whole. Our most recent research on the adoption of the Web as a marketing medium by businesses in this industry sector, seeks to provide a 'snapshot' of industry adoption of Web technologies and an indication of the success of Government assistance programs.

RESEARCH METHODOLOGY

Conventional wisdom contends that business Web site development typically begins simply and evolves over time with the addition of features as the site takes on more functionality and complexity (e.g. Cisco Online). Past empirical research of commercial web sites support this notion, contending that firms imitate what others do on the Web, partially in a desire to keep pace with competitors or to gain an advantage over competitors in ones own industry by replicating what firms have done in other industries (Sumner and Klepper, 1998; Timmers, 1998).

Academic enquiry into this evolutionary process followed by firms in the development of commercial web sites is gaining momentum (e.g. Lim et al. 1998, in Burgess and Cooper, 2000a). Alongside this interest, is a need for the development of a metric for explaining the adoption process. Burgess and Cooper (2000a) have produced such a metric, the Model of Internet Commerce Adoption (MICA). Originally developed for a study in the Australian Metal Fabrication industry (Burgess and Cooper 1998), MICA has subsequently been applied to the Government sector (Boon 1999) and Tourism industry (Burgess and Cooper 2000b) in Australia, resulting in its enhancement as an extended Model of Internet Commerce Adoption (eMICA). The central tenet of the extended model is that while businesses develop Internet Commerce applications in stages as proposed by the original version of MICA, complexity and functionality vary greatly between applications, and even between businesses in an industry sector. In line with this, the extended model proposes that a number of additional layers of complexity, ranging from very simple to highly sophisticated, exist within the identified stages of MICA.

The Extended Model of Internet Commerce Adoption (eMICA)

eMICA proposes that in developing commercial web sites, organisations typically start simply by establishing a presence on the Web and build on functionality over time, as their expertise in the use of Internet technologies increases. In addition, as Web sites build on complexity, so will the number of modules incorporated into the site increase. eMICA consists of three layered stages, incorporating three levels of business process – Web-based promotion, provision of information and services, and transaction processing. The three levels of business processes are similar to those proposed by Chang et al. (1997) and Ho (1997). The stages of development provide a roadmap that indicates where a business or industry sector is in its development of Internet Commerce applications.

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 to add value through information management and rich functionality (Timmers, 1998). The extended model (eMICA) adds several layers of sophistication of functionality and innovation within the three main stages, in order to accommodate the wide range of Internet Commerce developments evidenced in industries such as Tourism. The extended (eMICA) Model is depicted in figure 2.

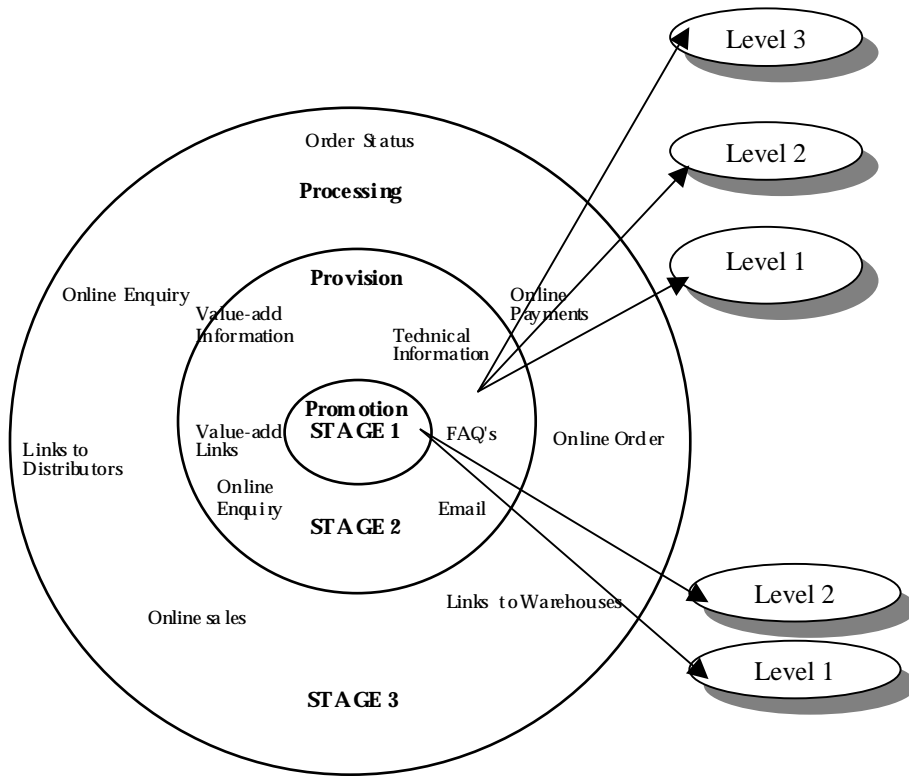


Figure 2: Extended Model of Internet Commerce Adoption

eMICA

eMICA is comprised of three stages, each of which consists of 'layers' of functionality. eMICA proposes that as firms become more familiar with and more confident in the value that can be derived from online business, layers of functionality are added to their website. This 'layering' takes place in stages, moving the website from simple static promotion to full fledged E-Commerce applications.

As part of our ongoing research on business adoption of the Internet and Web technologies, a study of the Regional Tourism Industry sector in Australia was undertaken in the latter part of 2000. eMICA (extended Model of Internet Commerce Adoption) was used to assess where this industry sector is in its adoption of the Internet and Web technologies for promotion and marketing purposes.

Stage 1: Promotion

This stage of the model is comprised of two levels. Level 1 development, typically consists of a simple homepage detailing an organisation's physical address and contact details, usually in the form of phone and fax. In level 2 sites, this information is extended to include detailed and rich information in the form of annual reports and email contact. The email contact is designed to enable a request for hard copy tourism brochures and more detailed information on the association's products and/or service offering.

Stage 2: Provision

Stage 2 of the model is the most complex, in that it comprises three levels of functionality across a very broad spectrum, exhibiting distinct differences in the richness of functionality and complexity at each of the three levels. Functionality provided at level 1 of this stage typically involves lower-levels of interactivity, including basic product catalogue (no database), internal links with low-level value-add in the form of information on extended services, internal online enquiry form and company email. At level 2, further enhancement of features/functionality is evident. This enhancement includes value add links to external providers of related services and components, including industry associations, on-line customer support in the form of FAQ's and higher-level product catalogues (database search), featuring product applications and support services.

At this stage, rich, value-add information and services in the form of features unique to the industry sector are incorporated. For example, in the Regional Tourism Industry sector, features such as unique offerings of the region, send a postcard, visitor guest books, getting around and maps would typically be found on the site. As sites progress to level 3, features of the site become increasingly sophisticated, moving the site to high-level promotion. Features included at this level typically include links to external product/service providers, offering a

range of services, such as online bookings for accommodation, tours and travel. Higher-level features may include a travel planner, passport/visa requirements, safety information, online tourism magazines, currency converter and language options.

Stage 3: Processing

Websites at stage 3 of eMICA have reached maturity and become 'fully-fledged' sites. The level of functionality at this stage is more 'transaction-based' than at the earlier stages of adoption, requiring the incorporation of security features in order to protect transactions, corporate databases and internal backend systems. Features include online sales of souvenirs and memorabilia and an online payment system.

Survey of the Regional Tourism Industry Sector in Australia

The study involved a review and evaluation of Regional Tourism sites located on The Register of Australian Regional Tourist Associations (www.ozemail.com.au/~fng/rta/); Travel Australian Internet Directory (www.travelaustralia.com.au); Northern Territory Regional Tourism Association (www.nt.gov.au/tra/shtml) and Queensland Tourism Industry Directory (www.qttc.com.au/rta/htm). A number of the sites reviewed were registered with multiple Directories and Associations.

Table 1, below details by State, a breakdown of the sites evaluated.

State or Territory	Number Included in Study
New South Wales	45
Queensland	45
Western Australia	26
Victoria	34
Northern Territory	8
South Australia	17
Tasmania	6
ACT & Islands & Dependencies	4
Total	188

Table 1: Sites Evaluated by State

Of the 188 sites identified for the purposes of the study, 146 were evaluated over a period of two months at the end of 2000. A number of the sites identified for inclusion in the study (42) were not evaluated as the URL was unavailable (37), they were listings only (4) or were under construction (1) and the remaining 146 were categorised according to the extended MICA Model. Table 2, below, provides an indication of where the 146 sites evaluated fit into each of the stages/levels comprising eMICA.

Stage of eMICA		Sites Evaluated	
		Number	% of Total
Stage 1	Level 1	6	3.3%
	Level 2	6	3.3%
Stage 2	Level 1	53	28.0%
	Level 2	58	30.9%
	Level 3	22	11.7%
Stage 3		1	0.5%
Listing Only		4	2.1%
Under Construction		1	0.5%
Unable to access		37	19.7%
Totals		188	100%

Table 2: Results of all sites evaluated

The study of Regional Tourism Industry sites revealed that the level of functionality in each of the stages of eMICA varied widely in sophistication, complexity and level of innovation.

All sites were observed to have incorporated the functional attributes of the first stage of development. The study also revealed that all the associations in the Regional Tourism Industry in Australia had sites represented at all stages of adoption as proposed by eMICA, however, the majority were developed to stage 2. The level of functionality and sophistication varied greatly across the three levels comprising this stage of development. Only one of the sites evaluated fit in stage 3, albeit in its infancy, with the offering being limited to the online sale of regional souvenirs. This was not an unusual finding, given that the associations in this industry sector are in the business of promoting regions and their unique features and offerings, through the provision of value add information and services. The study also revealed that associations in this industry sector typically matured at Stage 2, Level 3. One association in this industry sector (.5%) offered functionality typical of Stage 3 of eMICA, through the addition of value-add links to external service providers, such as tour, travel and accommodation providers.

The links at these sites provided varying levels of functionality and sophistication. All links evaluated provided for online bookings, either through the use of email or standard online booking forms. None of the sites provided online payment systems. Links to tour providers, travel agents and amusement operators provided rich value-add information on services and facilities available as well as hours of operation, prices of admission and an online booking facility.

Those sites located at the centre of eMICA, Stage 1, level 1 mostly consisted of a one page website displaying association name and contact details, in the form of phone or fax (static sites). Websites classified at level 2 of this stage had incorporated online contact and included richer information about the association and services provided. Low-level of interaction was incorporated into the site with the addition of a basic email or online enquiry form.

As sites moved from stage 1 of eMICA, additional levels of functionality was evidenced, moving the site from basic static promotion to sophisticated, high level promotion and information provision.

Those sites developed at Stage 2, had all the features of Stage 1, as well as incorporating varying levels of complexity and functionality, consistent with the three levels of eMICA comprising this stage. Functionality provided at level 1 of this stage typically consists of higher-level interactivity than Stage 1. Other features include internal links with low-level value-add in the form of information on associated services/tourism and travel products, internal online enquiry form and email. At level 2, further enhancement of features/functionality is evident. Value-add in the form of rich information on unique natural features of the region, visitor guest books, getting around and maps would typically be incorporated into the site. As the site progresses to level 3, features of the site become increasingly sophisticated, moving the site to high-level promotion. Features included at this level typically include links to external product/service providers offering a range of services, such as online bookings for accommodation, tours and travel. Other features may include a travel planner, passport/visa requirements, safety information and online tourism magazines. The concept of the 'one-stop' travel shop is evident at this stage of development.

The data collected from the study clearly indicates that most (71%) of the associations in this industry sector are at a relatively advanced stage of adoption of Web Marketing. The majority of the associations have incorporated various levels of functionality consistent with the three levels identified at Stage 2 of eMICA. This is consistent with the focus of this industry sector which is, promotion of the regions within Australia and its Territories and the provision of information and services that enable potential tourists to the regions to make informed travel decisions and choices.

CONCLUSION AND FUTURE RESEARCH

The results of the industry-wide study of the Regional Tourism Industry sector in Australia reveal that this industry sector is at a relatively advanced stage of adoption of Web marketing. The majority of the sites studied, offered functionality typical of stage 2, level 3, of eMICA. This result is in line with the major focus of businesses in this sector, that is, promotion of regions in both national and global tourist markets. The outcome of the study also indicates that Government initiatives and strategies, aimed at getting businesses in this industry sector on line, have enjoyed relatively high levels of success. This should provide a benchmark for Government in the development of future online strategies aimed at development of Regional Tourism.

Existing research has validated MICA and eMICA across three industry sectors: Metals Fabrication Industry sector (Burgess and Cooper, 1998); Government Services sector (Boon, 1999) and the Regional Tourism Industry sector, (Burgess and Cooper, 2000b) however, it would be valuable to further extend its use across a wider range of industry sectors. Further extending this to incorporate longitudinal studies of those industry sectors previously studied would provide a better picture of the Internet Commerce/Web marketing adoption process as well as providing some indication of the rate of adoption, within industry sectors and across industry sectors.

The study of the adoption of Web marketing in the Regional Tourism Industry sector, across two competing economies (Australia and New Zealand) was recently undertaken. The results of this research will be presented at the ICECR 2001 Conference in Dallas, Texas in November. Future research that focusses on a larger, more comprehensive study of the level of adoption of Internet Commerce by the Regional Tourism Industry sector globally, would add to the body of extant knowledge on the use of Web marketing, providing invaluable insight into the development of this industry sector worldwide.

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