

UNIVERSITY OF SURREY

SCHOOL OF MANAGEMENT

**A STUDY OF ELECTRONIC COMMERCE AND TOURISM:
E-COMMERCE SYSTEM EVALUATION AND CONSUMER
BEHAVIOUR IN THE E-BUSINESS ENVIRONMENT**

BY TIMOTHY H JUNG

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ABSTRACT

As the size of electronic tourism market grows, many tourism organisations have increased their investment in web-based eCommerce systems and associated customer service applications through multiple channels in order to build Customer Relationship Management (CRM). Subsequently, assessment of the success of such investments is a key management decision and crucial for future success in the eBusiness environment. Therefore, the aim of this research is to identify the perceived gaps in the critical success factors of web-based eCommerce systems between suppliers and customers in the tourism industry. In addition, this research investigates the consumers' channel preference against a tourism firms' channel investment in order to enhance strategic channel alignment. This study employs both qualitative and quantitative approaches. A total of 115 tourism industry marketing managers and 128 customers and an additional 41 customers participated in this study. T-test and factor analysis were used for data analysis. The findings of this research indicate that, clearly, there are gaps in the perceived view of the effectiveness of the Internet; measuring methods of eCommerce systems; and critical success factors of eCommerce systems between managers of tourism companies and consumers. In addition, the findings of this study show that customers have a different preference for the channel choice in the information search stage and the purchasing stage and it is also found that there are differences in the current and future customer channel portfolio between these stages. This research suggests both theoretical and practical implications for the tourism industry. With regards to the theoretical implications, this study exposed the weaknesses of existing information system success models including the Technology Acceptance Model (TAM) and DeLone & McLean's IS model which do not cover behavioural perspectives and multiple channels. Furthermore, this study proposed the integrated research framework using updated DeLone & McLean's model and Channel Benefits Portfolio (CBP). Within this integrated model, Net Benefits is highly related to usability and this explains the users' current and future usage of channels. There are some managerial implications from this study. Firstly, tourism firms should consider these identified gaps for their future investment decisions on eCommerce systems as customers' acceptance will determine the main aspects of web-based B2C interface which lead to successful customer relationship management in the eBusiness environment. Secondly, with regard to CBP, this research demonstrates how CBP can be used to identify channel gaps and to prioritise the customers' current and future channel preference and perceived benefits between the information search stage and purchasing stage. Moreover, CBP could be used for tourism companies to assess their current channel investment and identify alternative channels according to, not only customer's CBP, but also other stakeholders' CBP in order to make appropriate and successful channel investment decisions for successful customer relationship management (CRM) through strategic channel alignment. Further research on the evaluation of eCommerce system success and channel investment based on the proposed integrated research framework from the perspective of stakeholders in tourism is recommended.

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DECLARATION

No portion of the work referred to in this thesis has been submitted in support an application for another degree or qualification to University of Surrey or any other university or other institution of learning

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ABBREVIATION

ABR: Active Benefits Realisation
B2B: Business to Business
B2C: Business to Consumers
B2G: Business to Government
BM: Benefits Management
C2B: Consumer to Business
C2C: Consumer to Consumer
C2G: Consumer to Government
CBP: Channel Benefits Portfolio
CMEs: Computer Mediated Environments
CP: Channel Portfolio
CRM: Customer Relationship Management
CRS: Computer Reservation Systems
CSFs: Critical Success Factors
DIS: Destination Information Systems
DMOs: Destination Marketing Organisations
DMS: Destination Management Systems
eBusiness: Electronic Business
eCommerce: Electronic Commerce
eChannels: Electronic Channels
eMarketing: Electronic Marketing
eShopping: Electronic Shopping
eStore: Electronic Store
EDI: Electronic Data Interchange
EPSB: Extensive Problem Solving Behaviour
ES: Enterprise Systems
FAQ: Frequently Asked Question
G2B: Government to Business
G2C: Government to Consumer
G2G: Government to Government
GDS: Global Distribution Systems
GPRS: General Packet Radio Service
IATA: International Air Transport Association
ICT: Information Communication Technology

IDTV: Interactive Digital TV
IS: Information System
IT: Information Technology
LPSB: Limited Problem Solving Behaviour
LTO: Local Tourism Organisations
mCommerce: Mobile Commerce
NTO: National Tourism Organisations
OAG: Online Airline Guide
P2P: Peer to Peer
PC: Personal Computer
PDA: Personal Digital Assistance
PEST Analysis: Political, Economical, Socio-cultural and Technological Analysis
RPSB: Routine Problem Solving Behaviour
RTO: Regional Tourism Organisations
SMEs: Small and Medium Sized Enterprises
SMS: Short Message Service
TAM: Technology Acceptance Model
TOWD: Tourism Offices World Directory
TRA: Theory of Reasoned Action
VoIP: Voice over the Internet Protocol
WAP: Wireless Application Protocol
WTO: World Tourism Organisation
WFBP: Web Feature Benefits Portfolio
WAFBF: WAP Feature Benefits Portfolio
WWW: World Wide Web
3G Mobile: 3rd Generation Mobile

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CHAPTER ONE

CHAPTER ONE: INTRODUCTION

1.1 Background and issues of the research

According to the impact analysis within the context of Political, Economical, Socio-cultural and Technological (PEST) framework which categorises environmental influences into four main types, there are several external factors affecting tourism organisations in the new eBusiness environment. Tourism organisations are influenced by political factors such as licensing issue, economical factors such as the affordability of technology (economical), socio-cultural factors such as consumer behaviour in the eBusiness environments and technological factors such as the adoption of new technology (Johnson and Scholes, 2002).

More than any other external affecting factors, technological factor has had a huge impacts on the tourism industry for the last few years and the subject of the use of Information Communication Technology (ICT) in the tourism industry has become increasingly important in recent years and Information Communication Technology has already begun to have a great influence on the tourism industry. Among its various forms, the advent and remarkable growth of the Internet enables public and private tourism organisations to reach customers worldwide with both ease and cost effectiveness. As the growth of Internet Technology continues, and the number of Internet users increases proportionally, and the size of the electronic market grows, many operators in tourism such as Destination Marketing Organisations (DMOs), hotels, airlines, and travel intermediaries are developing an Internet Presence. While some organisations are still at an experimental stage, other organisations are actively adopting the Internet as a part of their mainstream marketing strategy in addition to the traditional marketing channel.

As more tourism organisations including public tourism organisations and private tourism companies started to use web site for the business purposes in order to obtain competitive advantages through new Internet technology, the importance of web-based resources is growing and therefore many tourism organisations put increasing resources into their web sites in order to attain new opportunities of web-based business.

With the current situation of the popularity of web-based business in the tourism industry, the issue of an appropriate evaluation of the critical success factors of eCommerce system becomes of increasing importance for both public and private tourism companies in order to operate successful web-based business in the eBusiness environments. More specifically, this gives rise to the need to answer questions such as how effective the Internet is as a marketing medium, what are the critical success factors of tourism website and how a web site's effectiveness should be measured. At the same time, equivalent issues from the customers' point of view are also important for tourism companies to identify the perception of the effectiveness, usefulness of the Internet and also prospective barriers of using Internet in order to develop and operate a successful web site in the new eBusiness environments.

As mentioned above, technological factors are one of the main influences in the tourism industry and these technological impacts allows tourism companies to have multi-channel options for their business and therefore, availability of new technology for the tourism companies in accordance with the adoption of new technology by consumers is the main issue. With regard to the adoption of new technologies, figure 1.1 shows the technology penetration including PC Internet and other technologies. The Gvu Survey shows that PC Internet was predominant channel for both firms and customers when this research started in 1998. For this reason, in the beginning of this study, the specific focus was set on the evaluation of the success of the web-based eCommerce system.

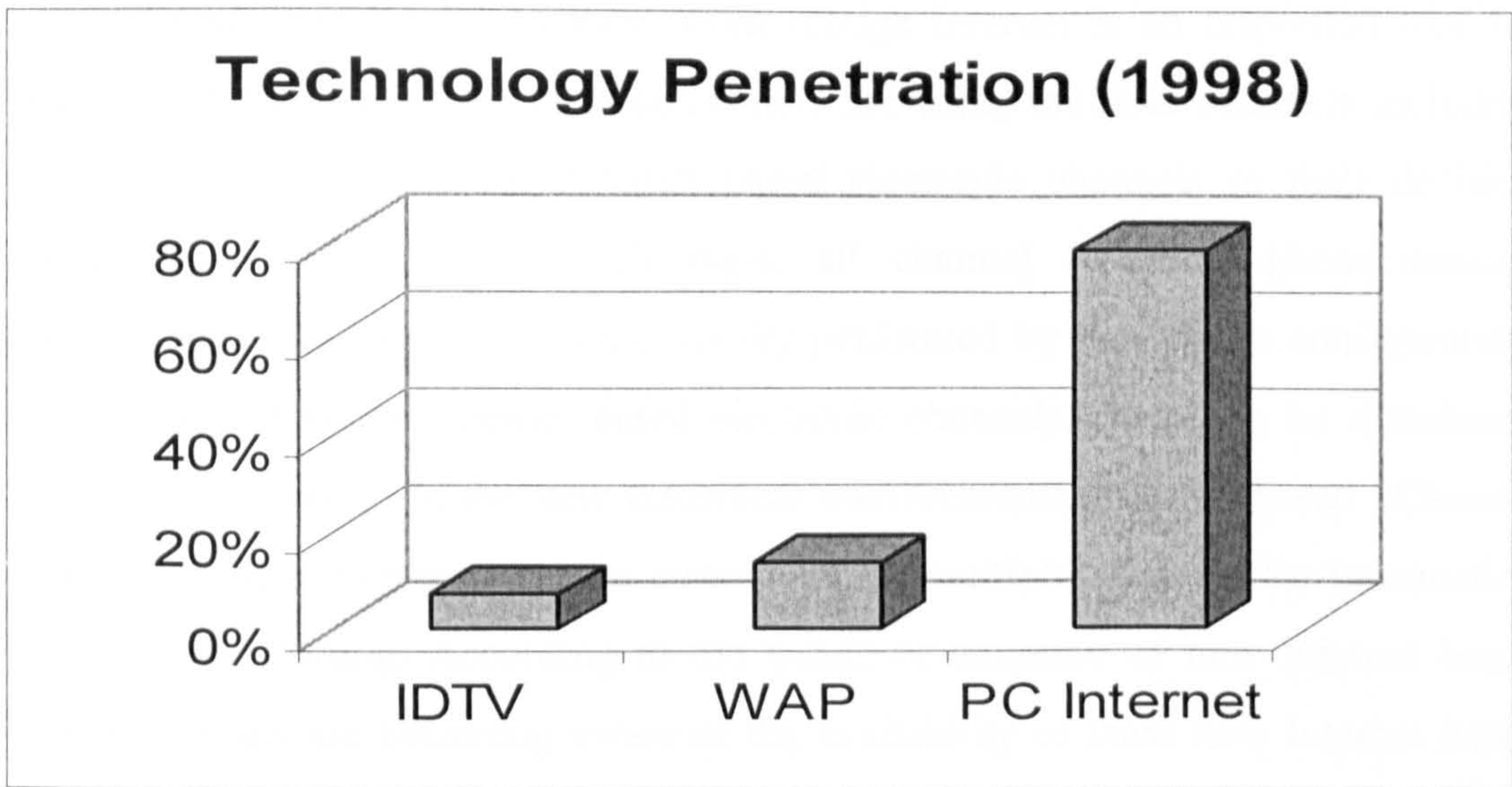


Figure 1.1 Demographics of PC Internet technologies (GVU, 1998)

However, due to the dynamic changes in the technological developments, diffusion of other technologies such as WAP mobile phone, PDA, Bluetooth, 3G, General Packet Radio Service (GPRS), Interactive Digital TV, VoIP, SMS, Blog as well as PC Internet are available for customers since 1998.

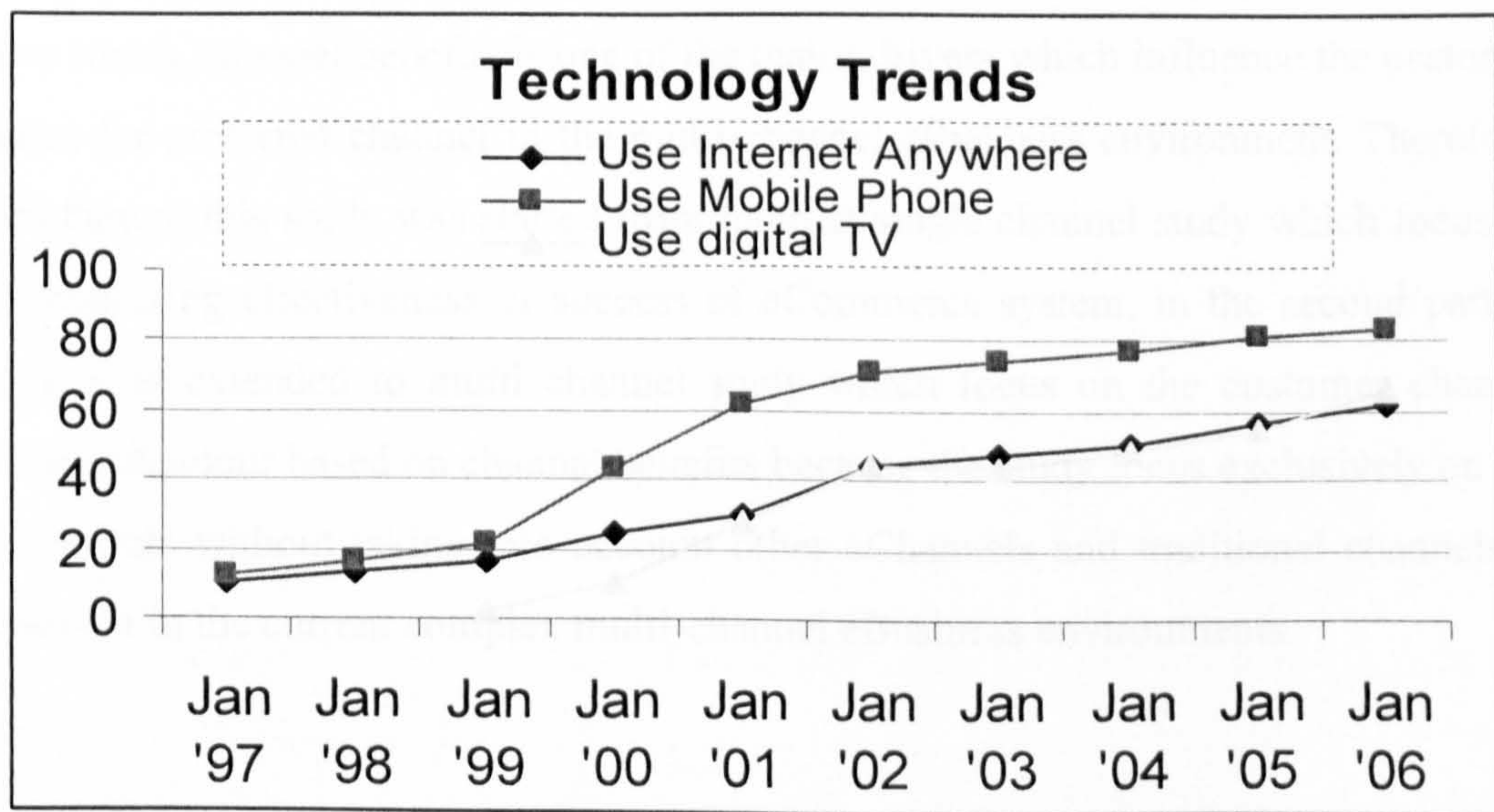


Figure 1.2 Technology Trends (MORI, 2006)

From the consumers' point of view, even though Internet is an important tool for search and purchasing stage, most consumers are using multiple channels including both traditional channels and Internet based electronic channels in their decision making process. In traditional channels, all channel functions (from demand generation to after-sales service) are usually performed by the chosen configuration. However, in composite Internet based electronic channels, these can be distributed over several channels. In the new eBusiness environments, Internet based eChannel concept is a plural concept because customers use multiple channels for information search and purchasing. According to the trends of adoption of new Internet based eChannels, firms are becoming aware of the availability of these new Internet based eChannels as well as existing traditional channels and they started to offer multi-channel options to their customers. Within this context, identifying consumer channel choice behaviour for information search and purchasing in the eBusiness environment and their preference for Internet based multiple channels are critical points to the Internet based eBusiness tourism market players.

In addition, net benefits is one of the most important category in order to assess eCommerce system success according to DeLone and McLean (2004) and future customer intention to use of eCommerce system can be determined by net benefits. In other words, channel benefits is one of the major drivers which influence the customer choice for preferred channel in the multi-channel eBusiness environment. Therefore, even though this study was started from Internet single channel study which focus on the measuring effectiveness or success of eCommerce system, in the second part of study, it is extended to multi channel study which focus on the customer channel choice behaviour based on channel benefits because the study focus exclusively on the PC Internet without taking into account other eChannels and traditional channels is irrelevant in the current complex multi-channel eBusiness environments.

1.2 Aim of Study

There are two main aims of this study according to the above-mentioned issues of the research and the first aim is to identify perceived gaps on the critical success factors of eCommerce system between suppliers and customers in the electronic tourism market and in order for tourism firms to make successful eCommerce system investment decisions. The second aim is to examine consumer channel choice behaviours against tourism firm's channel investments to enhance strategic channel alignment and in particular this study attempts to determine the consumers' channel preference and channel benefits portfolio for successful customer relationship management in the Internet-based eBusiness environments.

Therefore, firstly the study will investigate the perceived effectiveness of the Internet by marketing managers of tourism organisations and identify if, and how, marketing managers are measuring the success of each tourism eCommerce system and what are the critical factors which consist of successful tourism eCommerce systems. Secondly, this study also examines the perceived effectiveness of the Internet and critical success factors of eCommerce systems by consumers and identifies the gaps between two parties. Finally, further consumer buying behaviour in the eBusiness environment is investigated in terms of customer channel choice within the context of Channel Benefits Portfolio (CBP) to assess customer channel preference.

1.3 Objectives

In order to achieve these aims, a series of objectives has been set. These are:

- To identify the perceived effectiveness of the Internet by tourism suppliers and consumers.
- To investigate the measuring methods of a tourism eCommerce system by tourism suppliers and consumers

- To examine the perceived critical factors of successful tourism eCommerce systems by tourism suppliers and consumers
- To determine the consumer preferences for different channels in the information search and the purchasing stage of the consumer decision making process in the eBusiness environments.
- To determine the current and expected future customer channel portfolio according to their importance in the information search stage and purchasing stage

1.4 Scope of the thesis

The thesis is consisting of five main sections: theoretical framework (chapter 2), literature review (chapter 3 and 4), methodology (chapter 5), findings (chapter 6 and 7) and finally conclusion (chapter 8).

Chapter Two: Theoretical Framework

This chapter introduces the theoretical framework for this research. It presents the relevant models to this study such as eCommerce System Success Model and also, theory of Benefits Management (BM) is discussed in order to propose a theoretical framework for the Channel Benefits Portfolio Model.

Chapter Three: eCommerce/eBusiness

This chapter discusses the various aspects of eCommerce including history, growth, framework and benefits of eCommerce. This chapter also examines the impacts of eCommerce on the tourism industry.

Chapter Four: eConsumer and Customer Relationship Management (CRM)

This chapter discusses the consumer behaviour in the eBusiness environment. Also multi-channel strategy is discussed within the context of Customer Relationship Management (CRM)

Chapter Five: Methodology

This chapter discusses the methodological procedures. This section underlines the aims and objectives of this research and hypotheses are formulated according to the research objectives. Also the procedures of the research are outlined and report how the secondary and primary research was conducted and the data was collected. Finally, the statistical procedures that are used to establish the findings of the research are presented.

Chapter Six: Results of Comparative Analysis (Finding 1)

This chapter outlines the findings of the perception of the effectiveness of Internet and success factors of Internet-based eCommerce system from both industry and customer point of view. In addition, a comparative analysis between industry marketing managers and consumers on the perceived critical success factors of tourism eCommerce system is conducted. The hypotheses are tested by the independent sample t-test and elaborated on with other responses to descriptive survey questions. In addition, factor analysis was employed to verify DeLone and McLean's model.

Chapter Seven: Customer Channel Choice Behaviour (Finding 2)

This chapter outlines the findings of the consumer behaviour in the eBusiness environment and specifically, the consumer channel choice behaviour in the information search stage and purchasing stage is examined within the context of channel benefits portfolio model (CBP) which is proposed by researcher as a new framework to evaluate and realise the benefits of the channel from the consumer perspective.

Chapter Eight: Conclusion and Future Research

This final chapter highlights the main findings of this research. The data survey and the limitation of the research are discussed and some recommendation for the future research is suggested and finally it finishes with conclusion.

1.5 Summary

This chapter has set out the initial rationale for the research and provided the general research aims and specific objectives. The following chapters will present the theoretical framework, literature review, methodology and results of the perceived critical success factors of tourism eCommerce system from both industry and customer and eConsumer behaviour in terms of channel choice in the eBusiness environment.

CHAPTER TWO

CHAPTER TWO: THEORETICAL FRAMEWORK

2.1 Introduction

Understanding the background theory for the research and setting out theoretical research framework is essential for the research. The aim of this chapter is to propose theoretical framework, which will be used for the main research.

The chapter is composed of three main sections. Firstly, the chapter discusses the various Information Systems Success Models including Technology Acceptance Model, DeLone & McLean Information Systems Success Model and updated DeLone & McLean eCommerce Systems Success Model for the research on the assessment of eCommerce systems for the first part of study. Secondly, based on the Information System Application Portfolio Model and Benefits Management (BM), Channel Benefits Portfolio Model is discussed for the research on the consumer channel choice behaviour in the eBusiness environment for the second part of study. Finally, the integrated research framework using updated DeLone & McLean Success Model and Channel Benefits Portfolio Model is proposed.

2.2. eCommerce Systems Success Model

The issue of measuring information system success has been one of the key areas in the information system research and there are various metrics and measurement methods were introduced and examined in order to assess Information Systems Success by various researchers for the last two decades (Straub et al, 2002).

Considering the importance of electronic commerce and Web-based Information Systems and its impacts on business process and organisation structure and subsequently, as companies are making large investments in eCommerce applications, the evaluation of the success of their eCommerce systems is one of the most critical issues for any Internet-based organisations. However, there is little research addressing fundamental issues such as how eCommerce systems success can be measured, whether existing measures of information systems success can be applied (Garrity et al, 2005).

In order to identify whether existing measures of information systems success are still valid or brand new measures are required in the new Internet-based eCommerce environment, it is necessary to re-examine the existing measure of information systems success. Therefore, the brief review of two most comprehensive studies including Technology Acceptance Model, and DeLone & McLean IS Success Model, in information systems success literature are examined below in terms of providing theoretical background. Further, updated eCommerce System Success model by DeLone & McLean (2004) is examined in order to propose as a main theoretical framework for the first part of study which focuses on the evaluation of critical success factors of Internet-based eCommerce Systems.

2.2.1. Overview of Information System Success Research

The investigation of factors and processes that intervene between IT/IS investments and the realisation of their economic value/benefits was the major issues in information systems research and rich streams of research on this issue were developed by various Information Technology (IT) researchers. Most researchers focused on the factors and processes of the user perceptions about information technology and its impacts on their work. Even though different approaches were used by various researchers (DeLone and McLean, 1992), in general there are two main approaches such as user satisfaction and technology acceptance were employed in Information Systems research.

The user satisfaction approach was examined by a range of researchers (Bailey and Pearson; 1983, Ives et al; 1983, Melone; 1990, DeLone & McLean; 1992, Seddon; 1997) and literature on the user satisfaction explicitly itemise system and information design attributes (e.g. information accuracy and system reliability), making it a potentially useful diagnostic for system design. In this section, in particular, DeLone & McLean IS success model, which is one of the most influential models in the user satisfaction approach, will be discussed. Another stream of IS systems success literature is Technology Acceptance Model (TAM). Technology Acceptance approach provides sound predictions of usage by linking behaviours to attitudes and beliefs (ease of use and usefulness) that are consistent in time, target, and context with the behaviour of interest (system usage) and TAM was examined by Davis (1989), Hartwick and Barki (1994), Szajna (1996), Venkatesh et al (2003). Above mentioned approaches and models will be discussed below.

2.2.2 DeLone & McLean Information System Success Model

Information Systems success model was suggested by DeLone & McLean in 1992. The model by DeLone and McLean (1992) is based on the review of 100 papers containing empirical IS Success measure that had been published in seven publications during the seven years 1981-1987 and they classified the huge range of IS success measure they found into six categories such as Information Quality, System Quality, User Satisfaction, System Use, Individual Impact, and Organisational Impact (figure 2.1).

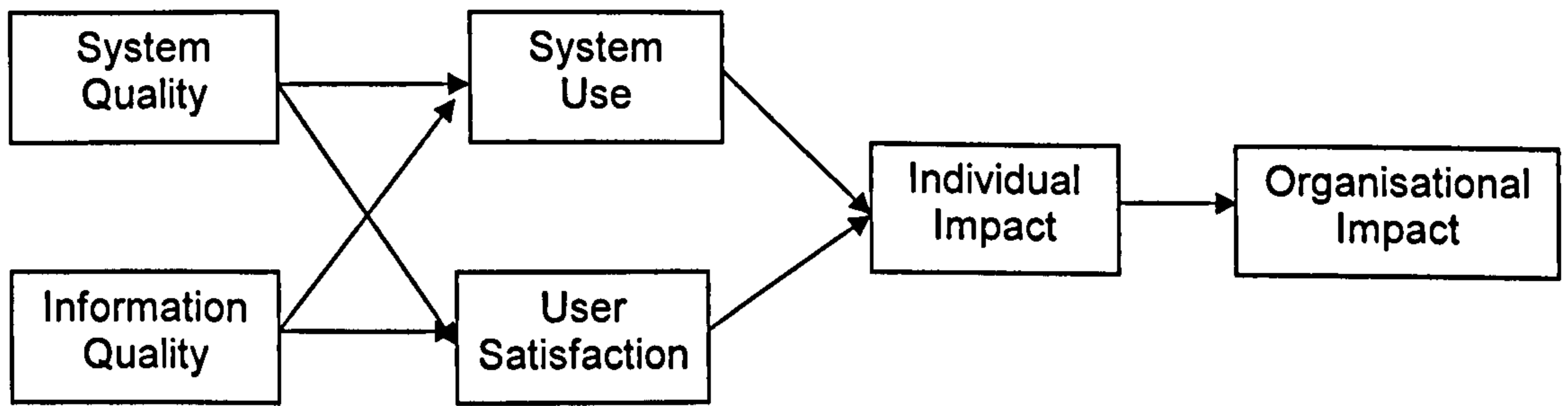


Figure 2.1 DeLone and McLean's Model of IS Success (1992)

DeLone & McLean Success Model (1992) provided a comprehensive framework for measuring the performance of information systems and one of the important contributions of DeLone & McLean's model to the literature on IS success measurement was that it was the first study that tried to impose some order on IS researcher's choices of success measures. However, there are several criticisms exist on this model. First of all, as Seddon (1997) argued, IS Use in the DeLone & McLean model contains too many meanings in order to be appropriately examined. IS Use category also questioned by researchers as this can cause some problematic and controversial role in modelling system success (Seddon and Kiew, 1994; Seddon, 1997). Secondly, as User Satisfaction represents individual impacts of IS in an organisational setting, investing the causal path from User Satisfaction to individual impacts is fruitless (Seddon, 1997). Finally, the model does not explain clearly and fully the relationship between User Satisfaction and individual/organisational impacts. Also this model does not recognise that different stakeholders in an organisation may validly come to different conclusions about the success of the same information system.

For this reason, Seddon et al (1999) proposed two dimensional matrix for classifying IS Effectiveness measures and emphasised the importance of the consideration of type of IS system and stakeholders' approach in order to assess the effectiveness of IS system.

Since DeLone & McLean Information Systems (IS) Success Model was presented in 1992 as a framework and model for measuring the complex-dependent variable in IS research, as mentioned above, many researchers made efforts to apply, validate, challenge, and propose enhancements to the original model. When we enter into Internet-based eCommerce environment, the new framework or updated model for eCommerce systems success needs to be developed compared to traditional IS systems success in order to reflect current eCommerce market environment.

DeLone and McLean modernised their original model and proposed updated model for measuring eCommerce system success based on those discussion since 1992 in order to enhance current and future measurement of IS success (DeLone and McLean, 2002, 2003 and 2004) and these will be discussed further later in this chapter.

2.2.3 Technology Acceptance Model

The Technology Acceptance Model (TAM) was introduced by Davis (1986). TAM uses Theory of Reasoned Action (TRA) by Fishbein and Ajzen (1975) as a theoretical basis for specifying causal linkage between two key sets of constructs: 1) Perceived Usefulness (PU) and Perceived Ease of Use (PEOU), and 2) user's attitude (A), behavioural intentions (BI) and actual computer usage behaviour.

Davis (1989) posited in TAM that the two theoretical constructs, perceived usefulness and perceived ease of use, are fundamental determinants of system use in an organisation. Figure 2.2 shows the Technology Acceptance Model (TAM) and perceived usefulness (U) is defined as the prospective user's subjective probability that using a specific application system will increase his or her job performance within an organisational context.

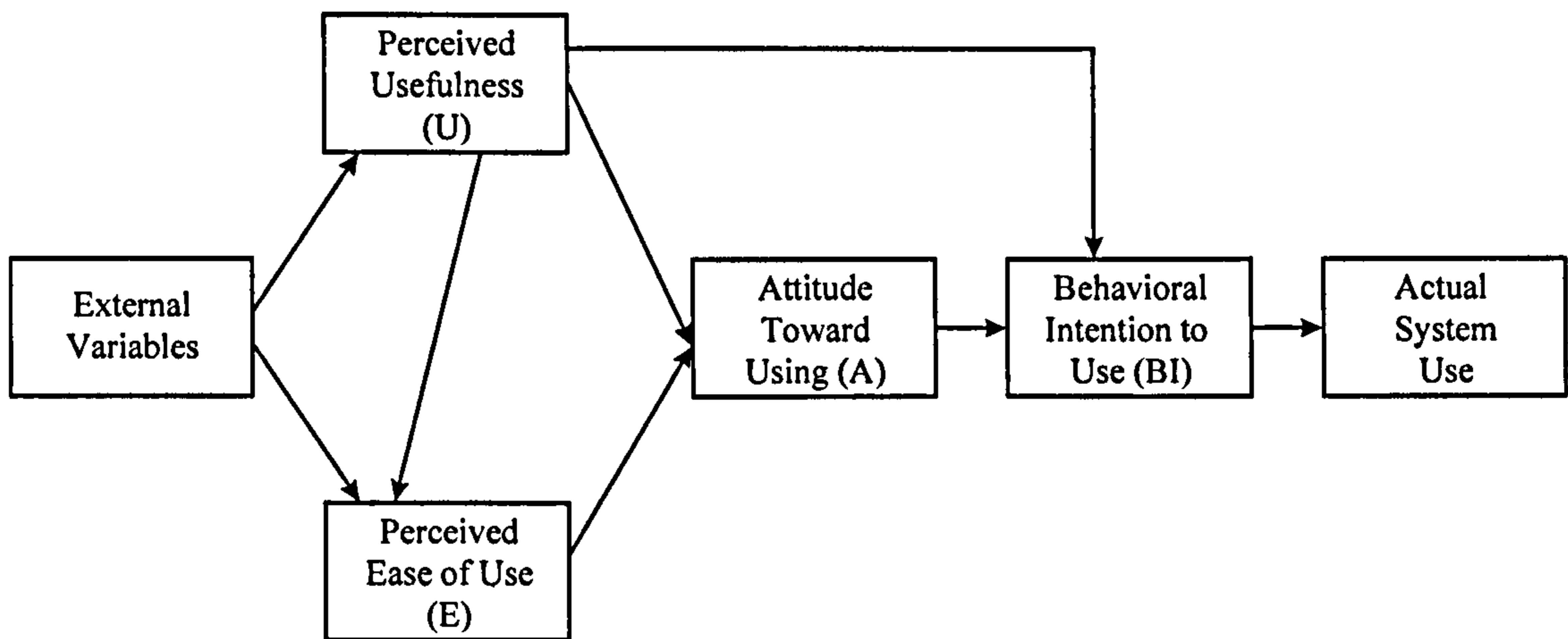


Figure 2.2 Technology Acceptance Model

Even though TAM has emerged as one of the most influential models in this stream of research, TAM has its own weakness which it does not account for social influences in the adoption and utilisation of new information systems. This weakness was also found when researchers apply TAM to predict Internet adoption recently. For example, TAM has been widely studied in a number of contexts using different information systems and more recently, it has been applied to examining the use of Web-based information systems (Gefen and Straub, 2000, Lederer et al, 2000, Teo et al, 1999). However, this model does not capture the complex psychological and social influences on technology adoption and long-term use (Garrity et al, 2005).

Some researchers recently tried to incorporate psychological and social influences on the existing Technology Acceptance Model (TAM) and Venkatesh and Davis (2000) developed and tested a theoretical extension of the Technology Acceptance Model (TAM) that explains perceived usefulness and usage intention in terms of social influence and cognitive instrumental processes. Moon and Kim (2001) also introduced the construct playfulness to predict Attitude and further, Cheng et al (2006) added the construct Perceived Web Security in order to predict customer's behavioural intention of adoption Internet Banking. Despite the efforts of extension of existing Technology

Acceptance Model by many researchers, it is argued that Technology Acceptance Model does not fully explain customer's technology acceptance/choice behaviour in the multi-channel eBusiness environment where multiple technologies (channels) are available for consumers during their decision making process.

2.2.4. DeLone & McLean eCommerce System Success Model

As previously mentioned, DeLone and McLean proposed updated Information System Success Model in 2004 based on the empirical and theoretical contributions of researchers who have tested or discussed the original model (DeLone and McLean, 2002, 2003 and 2004). They pointed out that even though new business models are emerging in eCommerce environment, the fundamental role of information technology has not changed, and thus the methodology for measuring the success of Information Systems should not be changed. However, existing model is not truly reflecting the measures in order to assess the current eCommerce systems success and therefore, the consideration of the addition of new measures are required. DeLone and McLean claimed that with the addition of new metrics, an updated version of the model can be applied to eCommerce success measurement (DeLone and McLean, 2002, DeLone and McLean, 2003).

Updated DeLone & McLean model (figure 2.3) consists of six interrelated dimensions of information systems success such as System Quality, Information Quality, Service Quality, Use, User Satisfaction and Net Benefits. Compared to the original model, there are two new constructs 'Service Quality' and 'Net Benefits' which replaces existing 'Individual/Organisational Impacts'.

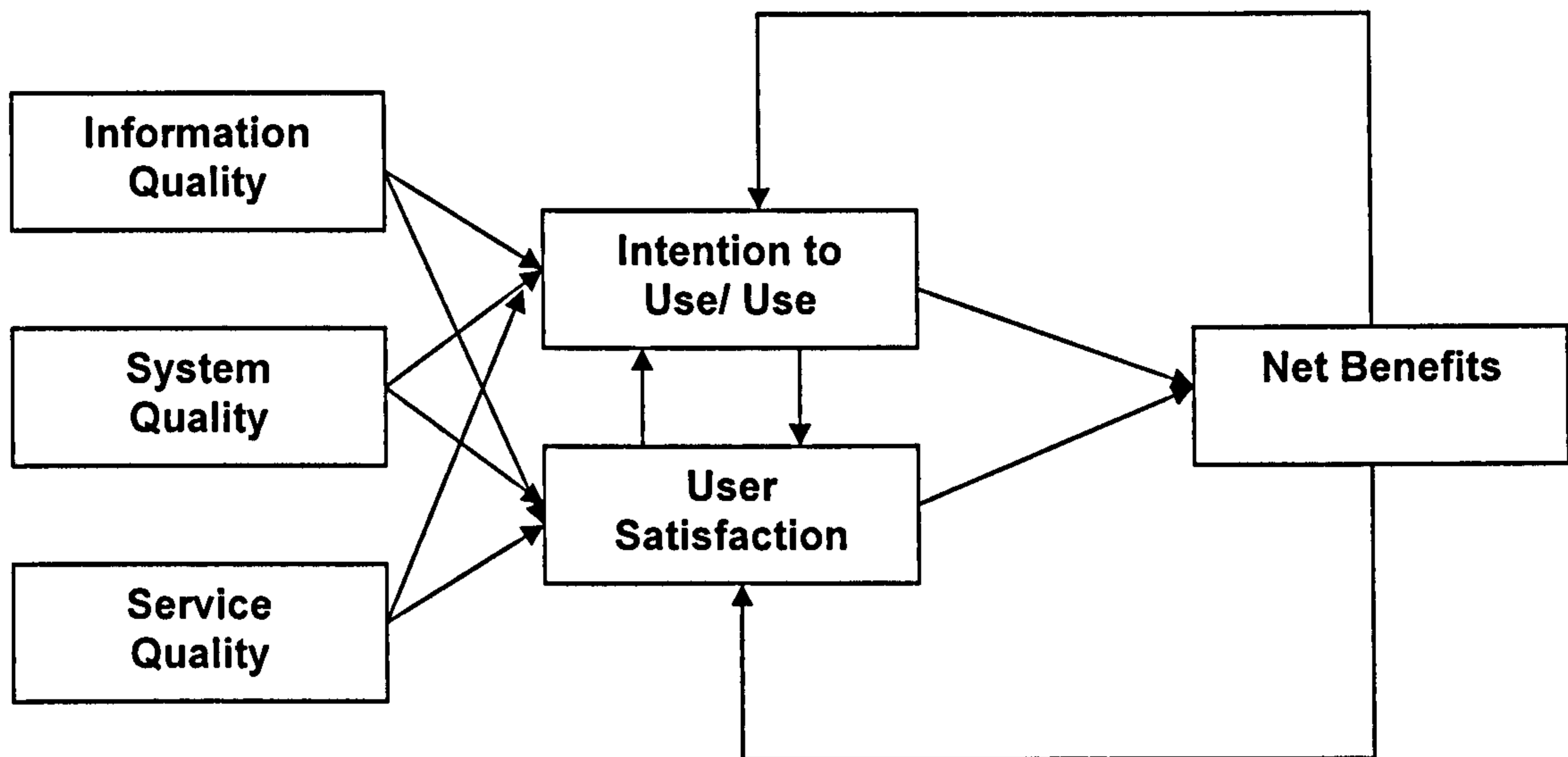


Figure 2.3 Updated DeLone and McLean's IS Success Model

Service Quality was added within updated DeLone and McLean IS Success Model (2004) and this is due to the importance of service aspect of IS success/effectiveness. Traditionally, IS effectiveness measures focused on the products rather than the services of the IS function (Pitt et al, 1995) and this may lead to inappropriate measurement approaches if IS service quality aspects are not considered especially within eCommerce environment with the demand of customers for support from Web providers.

With regard to 'Net Benefits', as Seddon (1997) pointed out, the existing model does not clearly explain how User Satisfaction influence individual/organisational impacts and also 'Impact' may be positive or negative, and thus possibly leading to confusion as to whether the results are good or bad and therefore, Seddon (1997) used 'Net Benefits' instead of 'Impact'. Within updated DeLone & McLean model (2004), Seddon's respecified Model of IS Success (1997) was well reflected and thus 'Net Benefits' was employed and furthermore, the definition of 'Net Benefits' was addressed according to beneficiary who will get benefits from IS systems and also stakeholders' approach, which also used in order to identify critical success factors

and assess the success of Regional Electronic Marketplaces (REMs) by Gengatharen and Standing (2004), was considered in order to assess the effectiveness of IS system..

Table 2.4 shows the summary of eCommerce success measures according to DeLone & McLean's eCommerce Success Model which consists of 6 dimensions namely system quality, information quality, service quality, usability, user satisfaction and net benefits. System quality measures the desired characteristics of an eCommerce System and this dimension includes Usability (Spiller & Lohse, 1998), Adaptability, Response Time (Spiller & Lohse, 1998, Palmer., 2000), Customisation (Palmer, 2000), Ease of Navigation (Day, 1997; Huff et al, 2000; Han & Noh, 2000; Palmer, 2000; Molla & Licker, 2001), Privacy (Hagel & Rayport, 1997; Riggins, 1999 Molla & Licker, 2001) and Security (Hagel & Rayport, 1997; Han & Noh, 2000; Molla & Licker, 2001)

Information Quality captures the eCommerce content issues and Web content should be personalised (Barua et al, 2000; Molla & Licker 2001), complete, relevant, dynamic (Parsons et al, 1998) and containing variety of Information (Palmer, 2002) according to customer needs.

Service Quality is becoming more important in eCommerce environment as now users are customers rather than employees and therefore, this dimension needs to be investigated and developed further otherwise, poor user support may result not only customers but also decreasing sales. Quick responsiveness, assurance, empathy, following up service, FAQ, customised site intelligence are examples of service quality dimension.

Usage measures from a visit to Web site (D'Ambra & Rice, 2001; Molla & Licker, 2001) and navigation within the site (length of stay) to information retrieval and execution of transaction (number of purchases completed).

User Satisfaction measures customers' perception regarding eCommerce system and it covers the entire customer experience from information retrieval, purchase, payment

(Barua et al, 2000; Burn & Barnett, 2000, Jahng et al, 1999; Lee et al,1999), receipt and service (Huff et al, 2000; Plant, 1999).

Net Benefits are most important success measures according to DeLone and McLean's eCommerce Success Model (2004) as they capture the balance of the positive and negative impacts of eCommerce on various different stakeholders such as customers, suppliers, employees, organisations and industries. Individual benefits contain improved customer experience (Hoffmann & Novak, 1996), entertainment (D'Ambra & Rice, 2001), reduced shopping costs (D'Ambra & Rice, 2001; Molla & Licker, 2001) and real-time marketing offers. There are also various organisational benefits such as global reach (Dembers & Lev, 2000), customer loyalty (Dembers & Lev, 2000; Molla & Licker, 2001), stickiness (Dembers & Lev, 2000), brand awareness, customer responsiveness (Teo & Too, 2000; Hoogeweegen & Wagenaar, 1996), market responsiveness (Teo & Too, 2000), customer acquisition (Gonsalves et al, 1999; Barua et al, 2001), customer retention (Parthasarathay & Bhattacharjee, 1998) and click-to-buy ratio.

Industry benefits contain more broad advantage within economy and examples of industry benefits are inter-organisational transaction efficiency (Baron et al 2000), supply-chain integration, synchronisation (Morash & Clinton, 1998; Unal, 2000), improved trading partner relationships (Hoogeweegen & Wagenaar, 1996; Leidner, 1999) and inter-organisational coordination and synergy (Achrol & Kotler, 1999)

Figure 2.4 Summary of eCommerce Success Measure

| | eCommerce Success Measure (Sources) |
|---------------------|--|
| System Quality | <p>Usability (Spiller & Lohse, 1998)</p> <p>Adaptability</p> <p>Response Time (Spiller & Lohse, 1998, Palmer., 2000)</p> <p>Customisation (Palmer, 2000)</p> <p>Ease of Navigation (Day, 1997; Huff et al, 2000; Han & Noh, 2000; Palmer, 2000; Molla & Licker, 2001)</p> <p>Privacy (Hagel & Rayport, 1997; Riggins, 1999 Molla & Licker, 2001)</p> <p>Security (Hagel & Rayport, 1997; Han & Noh, 2000; Molla & Licker, 2001)</p> |
| Information Quality | <p>Dynamic Content (Parsons et al, 1998)</p> <p>Content personalisation (Barua et al, 2000; Molla & Licker 2001)</p> <p>Variety of Information (Palmer, 2002)</p> |
| Service Quality | <p>Quick responsiveness</p> <p>Assurance, empathy</p> <p>Following up service</p> <p>FAQ</p> <p>Customised site intelligence</p> |
| Usage | <p>Number of eCommerce Site Visits (D'Ambra & Rice, 2001; Molla & Licker, 2001)</p> <p>Length of Stay</p> <p>Number of Purchases Completed</p> |
| User Satisfaction | <p>Customer Experience</p> <ul style="list-style-type: none"> -Information Retrieval -Purchase -Payment (Barua et al, 2000; Burn & Barnett, 2000, Jahng et al, 1999; Lee et al,1999) -Receipt -Service (Huff et al, 2000; Plant, 1999) |
| Net Benefits | <p>Individual Benefits</p> <ul style="list-style-type: none"> -Improved customer experience (Hoffmann & Novak, 1996) -Entertainment (D'Ambra & Rice, 2001) -Reduced shopping costs (D'Ambra & Rice, 2001; Molla & Licker, 2001) -Real-time marketing offers <p>Organisational Benefits</p> <ul style="list-style-type: none"> -Global reach (Dembers & Lev, 2000) -Customer loyalty (Dembers & Lev, 2000; Molla & Licker, 2001) -Stickiness (Dembers & Lev, 2000) -Brand awareness -Customer responsiveness (Teo & Too, 2000; |

| | |
|--|---|
| | <p>Hoogeweegen & Wagenaar, 1996))</p> <ul style="list-style-type: none"> -Market responsiveness (Teo & Too, 2000) -Customer acquisition (Gonsalves et al, 1999; Barua et al, 2001) -Customer retention (Parthasarathay & Bhattacharjee, 1998) -Click-to-buy ratio <p>Industry Benefits</p> <ul style="list-style-type: none"> -Interorganisational transaction efficiency (Baron et al 2000) -Supply-chain integration, synchronisation (Morash & Clinton, 1998; Unal, 2000) -Improved trading partner relationships (Hoogeweegen & Wagenaar, 1996; Leidner, 1999) -Inter-organisational coordination and synergy (Achrol & Kotler, 1999) |
|--|---|

After the brief review of three IS success models, it is suggested that within the updated DeLone & McLean IS Model (2004), some of the issues derived from existing DeLone & McLean IS Success Model (1992) and Technology Acceptance Model were addressed and further it was developed for the appropriate assessment of the current Web-based eCommerce systems success. Therefore, it is considered that updated DeLone & McLean IS model is also relevant theoretical framework for the first part of this study on the investigation of different views on the critical success factors of eCommerce system between suppliers and customers in the on-line tourism market. Furthermore, this model is well linked to the Channel Benefits Portfolio Model which focuses on the customer channel choice behaviour based on the channel benefits in the second part of this study.

2.3. Channel Benefits Portfolio Model

As previously discussed, 'net benefits' is one of the most important categories in terms of evaluation of eCommerce systems success which influences use/reuse of system. This concept can be also applied into the current eBusiness environment which customers are using multiple channels, both traditional and electronic channels, as well as PC Internet (Web-based information systems). In other words, benefits derived from each channel can be important determinants of customer channel choice within the context of multi-channel eBusiness environment.

Therefore, this section discusses the various aspects of 'Benefits' and also proposes Channel Benefits Portfolio (CBP) model based on Information Systems Application Portfolio Model and 'channel benefits' in order to investigate customer channel choice behaviour within the context of eBusiness environment.

2.3.1 Benefit Management

2.3.1.1 Benefits

Understanding of benefits is important for several reasons according to Lederer and Mirani (1995). First of all, it can give researchers an opportunity to characterise IS/IT projects thematically. Secondly, it can create top management's expectations for the outcomes of IS/IT projects as it offers an opportunity to evaluate the projects, as well as IS/IT management's ability to meet its commitments and thus retain its credibility. Thirdly, it may help predict the achievable IS/IT projects outcomes better and thus realise them more often. Finally, it can give some guidance for IS/IT managers in proposing new projects and recommending their priorities.

However, the meaning of benefit is wide and not easy to define. Especially, in the context of IT industry, a wide variety of benefits may be delivered by the appropriate

use of information technology.

Remenyi *et al* (1991) defines the benefit as

“An IT benefit is an advantage or good, something produced with the assistance of computers and communications for which a firm would be prepared to pay. In functional terms the benefits derived from IT relates to the fact that the technology allows more tasks to be completed with greater accuracy and quality in less time and for lower cost”

From the above definition, benefit is any positive effect that the firm would be prepared to pay money to get. The advantage might be better productivity, faster cash flow, or better quality; or it might be less tangible, like ensuring customers have a better image of the firm, improved response time or improving staff morale. On the contrary, dis-benefit can be described as any negative effect that the firm would be prepared to pay money to avoid.

There are different types of benefits and Remenyi *et al* (1991) classified benefits in order to make the measuring benefits easier and there are five main categories such as regulatory compliance benefits, financial benefits, Improved quality of service, customer perception of the firm and finally, internal management benefits. Later Farbey *et al* (1994) presented three models or frameworks to increase awareness and seek out opportunities for IT based advantage. They focused on the need for a comprehensive search for benefits of IT investment and the placing of all those benefits firmly on the management agenda. They used several models such as Kay's 'Structure of Strategy Framework' (strategic), Minzberg's 'Structure in Fives' (organisational) and Farbey's 'Technology Framework' (technological) as the basis of a benefit search and each model providing a different perspective on benefits and costs.

More recently, Shang and Seddon (2002) developed the framework for classifying benefits from Enterprise Systems (ES) based on the review of existing IT benefit

framework and it includes five benefits dimensions such as operational, managerial, strategic, IT infrastructure and organisational. Table 2.1 shows that the list of benefits which consolidated into five benefits dimensions.

Table 2.1 Enterprise Systems Benefits Framework

| Dimensions | Sub-dimensions |
|--------------------------|---|
| Operational | Cost reduction Cycle time reduction Productivity improvement Quality improvement Customer service improvement |
| Managerial | Better resource management Improved decision making and planning Performance improvement |
| Strategic | Support for business growth Support for business alliance Building business innovations Building cost leadership Generating product differentiation Enabling worldwide expansion Enabling eCommerce Generating or sustaining competitiveness |
| IT infrastructure | Building business flexibility for current and future changes IT cost reduction Increased IT infrastructure capability |
| Organisational | Changing work patterns Facilitating organisational learning Empowerment Building common vision Increased employee morale and satisfaction |

Source: Shang and Seddon (2002)

2.3.1.2 Benefits Management

The evaluation of IS benefits is an important issue for any organisation however, as Seddon et al (2001) indicated, identifying and measuring benefits is the most difficult issue in evaluating IS/IT. Lin and Pervan (2003) summarised several reasons why the evaluation and the realisation of IS benefits are difficult. Firstly, it is difficult to assess

benefits after a project has been implemented and sometimes it is not necessary as the project was implemented according to plan. In addition, it is too costly to undertake the proper post-implementation reviews on benefits and many organisations tend to give very little attention to the intangible benefits when decisions are made (Beaumont, 1998) and also they normally have poor IS/IT adoption practices (Fink, 1998). Furthermore, it is against many organisations' culture to act as both the watchdog and implementer for benefits delivery.

It is believed that there are important areas which have contributed to the problems with IS/IT benefits measurement and management and Remenyi (2000) identified four major areas such as 1) Benefits and identifiable performance improvements, 2) The issue of IS reach, 3) Tangible and intangible benefits and 4) benefit evolution. In addition to these, vague statement of benefits, which lead to an uncertain allocation of responsibility for managing their delivery, as the number one cause for project failure (Norris, 1996).

In order to achieve and maximise the expected benefits from the IS/IT investments, several ways of evaluating and realising the benefits were suggested by researchers. This is often called 'Benefits Management' and it is defined as "*The process of organizing and managing such that potential benefits arising from the use of IT are actually realised*" (Ward *et al*, 1996). In other words, Benefits Management aims to be a whole life-cycle approach to getting beneficial returns on IS/IT investments.

Ward *et al* (1996) in Cranfield Information System Research Centre (ISRC) was the first school who developed process model. The process of model of benefits management (figure 2.4) developed by Cranfield research program provides the basis for guidelines on best practice in benefits management and this model reveals the key elements and relationships in this process model. Reminyi *et al* (1997) also have advocated that Active Benefits Realisation (ABR) be utilised to assess and manage potential benefits arising from the use of IS/IT continually. This approach emphasised that the principal stakeholders of the information system must be identified at the

outset and that they accept and agree on their continuous involvement. Another approach by DMR (1997) proposed four key areas in order to implement benefits realisation in organisation including business cases for investment programs, methods of investment program management, benefits realisation and measurement systems and accountabilities. Recently, based on these benefits management process model, Lin and Pervan (2003) examined a number of aspects of IS/IT benefits realisation in large Australian organisations and reveals issues of identifying and structuring benefits, planning benefits realisation, delivering, evaluating and reviewing these benefits, with some success and failure.

Approaches to benefits realisation such DMR, ABR, and Cranfield Process models have been proposed and utilised in practice. However, limited number of research which used the concept of Benefits Management was found in the literature.

Furthermore, little work in the application of benefits management theories into the use of 'channel' rather than 'Information System' in the multi-channel eBusiness environment has been reported especially in the tourism industry, therefore following section will discuss how 'Benefits Management' can be adopted to develop 'Channel Benefits Portfolio' based on IT application portfolio.

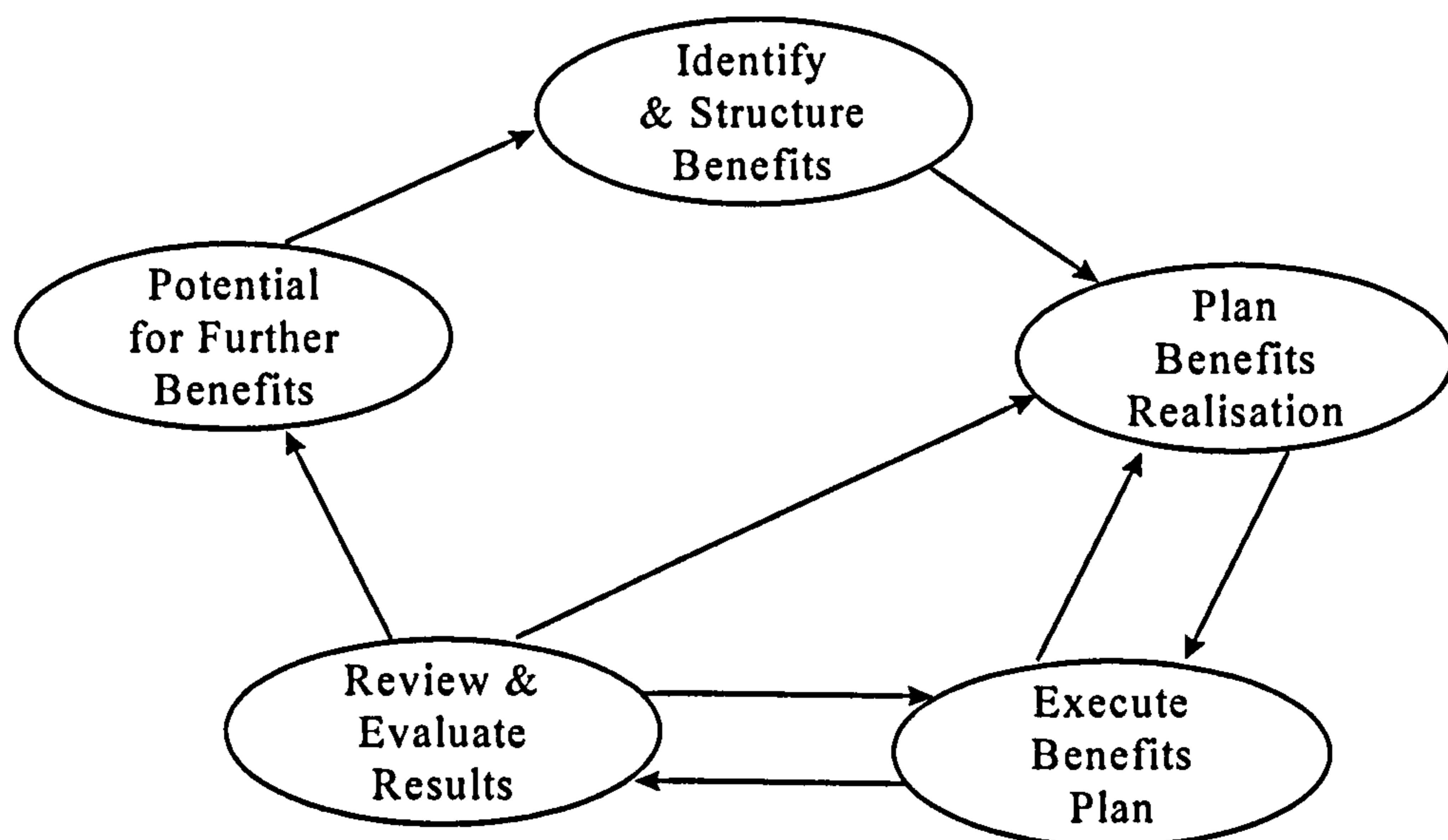


Figure 2.5 Process Model of Benefits Management (Ward *et al*, 1996)

2.3.2 Channel Benefits Portfolio

2.3.2.1 Channel Benefits

Realising channel benefits of Internet based eBusiness in the tourism and hospitality industry is widely accepted as an important subject by both academics and industry practitioners. However, a current and major issue in channel benefits management is that there is little research that explicitly addresses the specific methods necessary for measuring success in terms of customer benefits realisation in the new Web-based eBusiness environments. Moreover, the lack of a portfolio approach to the analysis and management of channel benefits that embraces the customer perspective appears to be an important gap in the existing body of knowledge. This research, therefore, takes a portfolio management approach and proposes a *Channel Benefit Portfolio* (CBP) as an analytical framework and taxonomy by which channel management investment decisions may be guided.

2.3.2.2 IS Application Portfolio

This study takes an application portfolio approach in order to evaluate and realise the channel benefits from the customer point of view. The concept of the application portfolio was described by McFarlan and McKenney (1983) and they proposed the Strategic Grid framework for understanding and appropriately positioning a firm's IT investment. McFarlan and McKenney (1983) described two aspects of strategic relevance and impact of IT such as the strategic impact of existing system (current portfolio) and strategic impact of applications development portfolio (future portfolio). McFarlan *et al* (1983) also proposed a useful matrix for considering the portfolios as a whole to position the company's information systems and the matrix shows four alternative sectors for describing the portfolio according to the strategic importance of existing and future systems. These are Strategic, Factory, Support and Turnaround.

McFarlan (1984) also developed a matrix concept which considered the contribution of IS/IT to the business now and in the future, based on its industry impact.

With reference to Ward (1990), the limitations of the original Strategic Grid were found by the research of Hirschheim *et al* (1988) who found that IS managers thought it unhelpful to aggregate an entire firm's IT applications into one category. Hence, the derivative portfolio model which classifies IS applications into four groups such as Key Operational, Strategic, High Potential and Support has been demonstrated to be much more meaningful for management purposes (Ward, 1996)

2.3.2.3 Channel Benefits Portfolio in eBusiness Environments

However, there is a gap between the IS portfolio application theory and the current eBusiness application especially in terms of channel benefits. As we move into the eBusiness era, strategic channel design and channel management are important issues in today's competitive markets where tourism/hospitality organisations are increasingly using eChannels, alongside more traditional channels, for the distribution of their products and services. Clearly, customers have greater channel options (Telephone, Brochure, Travel Store, PC-Internet, WAP mobile phone, PDA, Bluetooth, 3G, General Packet Radio Service (GPRS), Interactive Digital TV, VoIP, SMS, and Blog etc.) for information search and booking. Therefore, successful eBusiness strategy requires that the role of eChannels is carefully evaluated when developing an optimum channel mix that is compatible with the preferences and variety of channel choice available to their customers.

In order to accomplish the appropriate assessment of the channel benefits, a new framework to evaluate and realise the channel benefits is required. Therefore, a CBP model is proposed from the customers' point of view based on the existing IS application portfolio. In this model shown figure 2.6, all channel options are classified into four groups; namely, Key Operational, Strategic, and High Potential, and Support.

Key operational refers that channels which customer currently depends for successful choice. *Strategic* refers to channels which are critical to future (and current) customer choice. *High potential* means that channels which may be important in achieving successful future customer choice. Finally, *Support* refers to those channels which are valuable but not critical to successful customer choice.

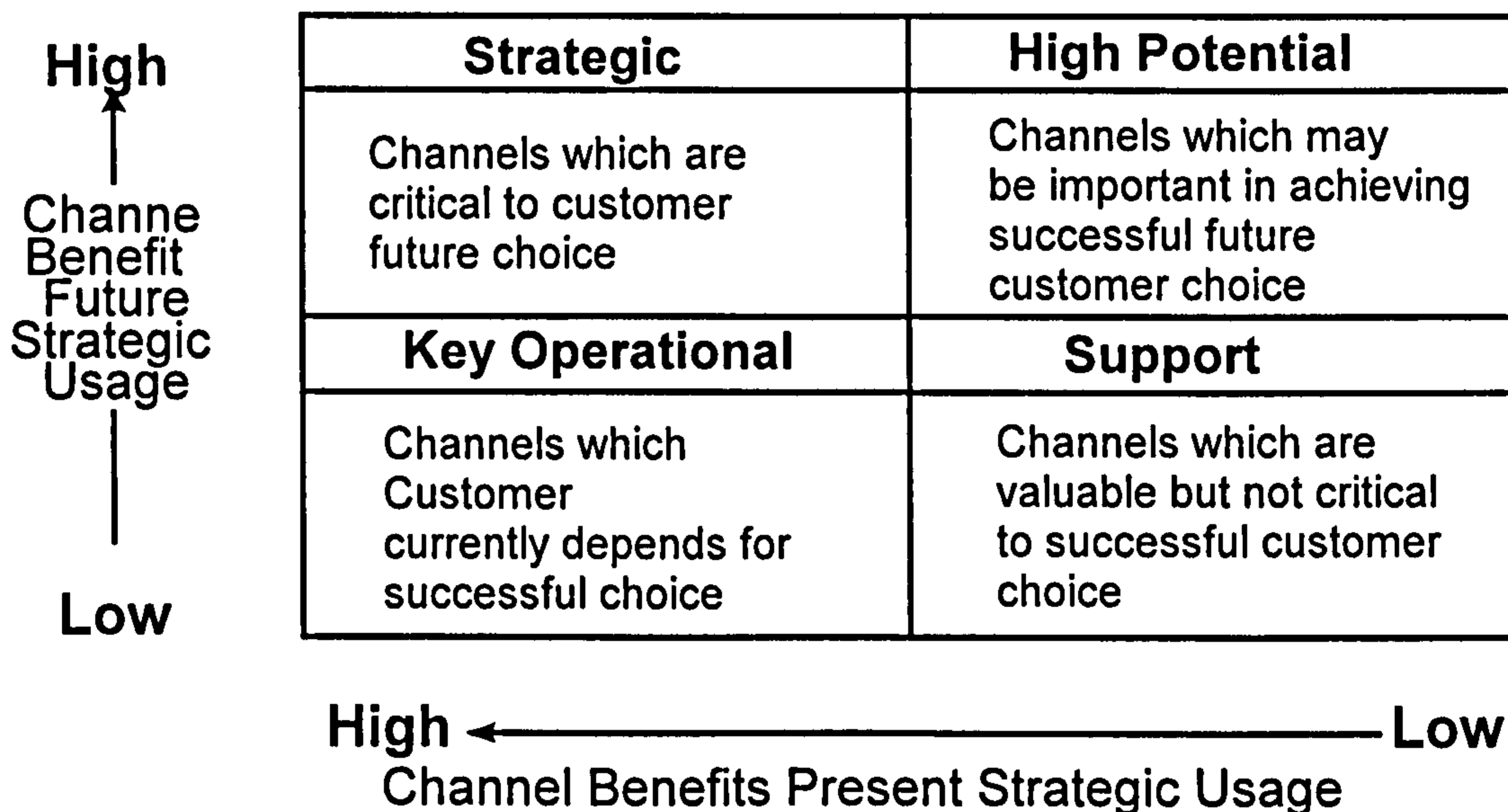


Figure 2.6 Customer Channel Benefits Portfolio Model

Adapted from Ward (1987)

The benefits of this CBP management approach is that company can identify and prioritise the customers' current/future channel preference and perceived benefits from each channel and create a proper multiple channel strategy aligned to the customers' channel portfolio. On the basis of the CBP, the customers' channel preference and the customers' channel choice behaviour in the information search stage and purchasing stage is examined.

2.4. Integrated Research Framework (eBusiness System Success Model)

As mentioned previous chapter, overall aim of this study is to identify perceived gaps in the critical success factors of eCommerce systems and channel portfolio between tourism suppliers and customers. This study consists of two stages and the first stage focuses on the critical success factors (CSFs) of web-based eCommerce systems in the single (Web) channel eCommerce environment and identifies the gaps in the views between suppliers and customers in the tourism industry. The second stage focuses on the customer channel choice behaviour within the context of ‘channel benefits’ concept in the multi-channel eBusiness environment and the customer channel choice study will lead to identify ‘channel gap’ or ‘channel portfolio gap’ between tourism supplier and customers.

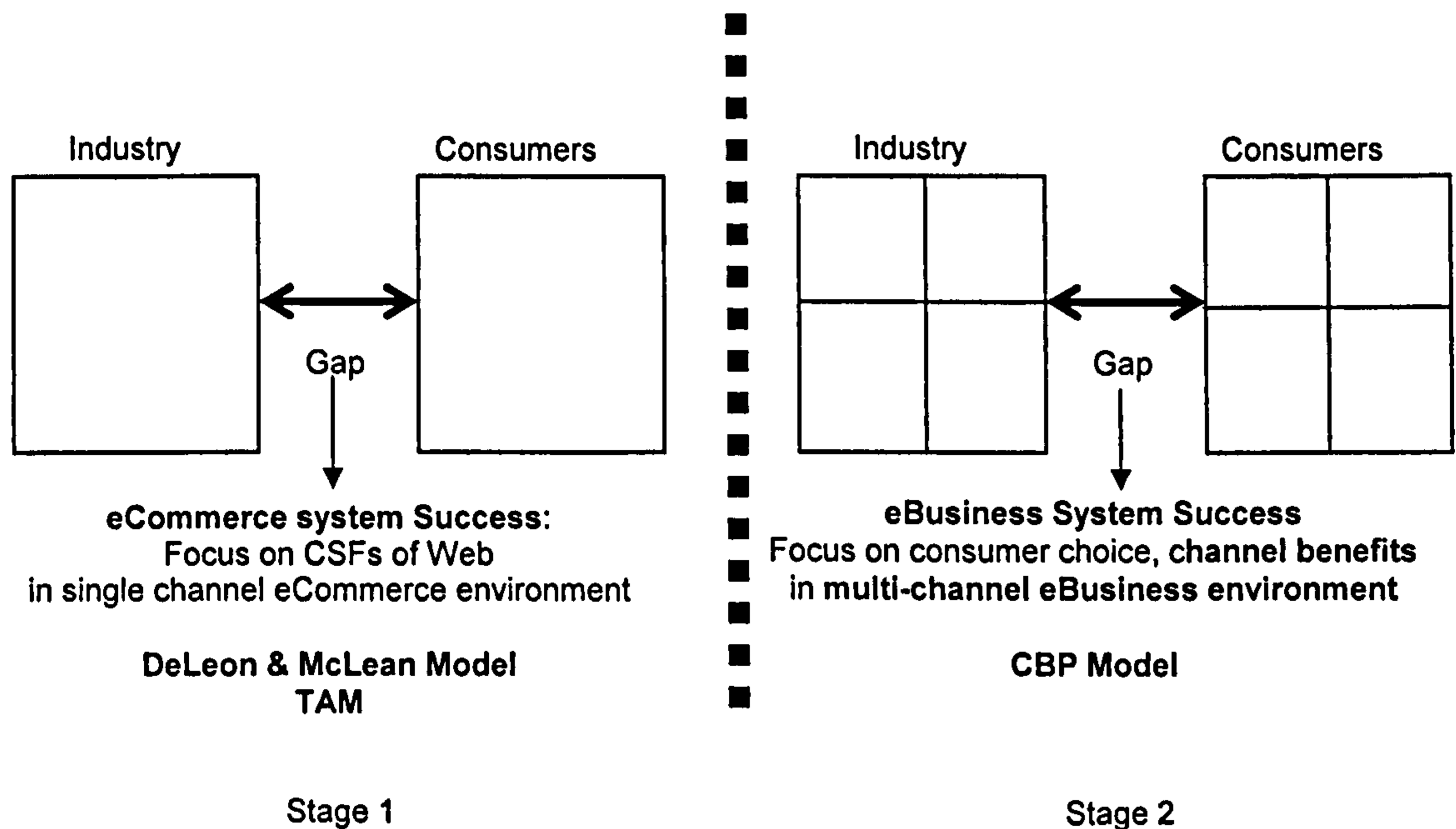


Figure 2.7 Research Overview

Due to the fact that this study extended from single channel study, which focus on the measuring the effectiveness/success of eCommerce systems, to multi-channel study, which investigate the customer channel choice behaviour based on channel benefits in the current complex multi-channel eBusiness environment, two theoretical frameworks used for each stage of study. In stage one, updated DeLeon and McLean eCommerce Systems Success Model, which addressed the problems of Technology Acceptance Model (TAM) and original DeLeon and McLean Information Systems Success Model, was introduced in order to examine the views in the critical success factors of website in the tourism/hospitality industry.

With regard to stage two, Channel Benefits Portfolio (CBP) Model based on 'Benefits Management' and traditional 'IS Application Portfolio Model' was proposed in order to identify optimal channel mix from the customers' point of view against firm's channel investment. 'Net Benefit' is not only the most important factor in order to assess eCommerce system success (DeLeon and McLean, 2004) but also it is the key determinant/drivers for customers' future intention to use eCommerce systems. The CBP approach can be used in order to identify channel investment gap not only between firms and customers for Customer Relationship Management (CRM). Further, CBP analysis from the perspective of various stakeholders can be employed in order to enhance joint channel investment decisions with partners for strategic Partnership Relationship Management (PRM). After the review of above mentioned two models, the integrated research framework is proposed in order to provide overall view for both single channel study and multi-channel study in this research.

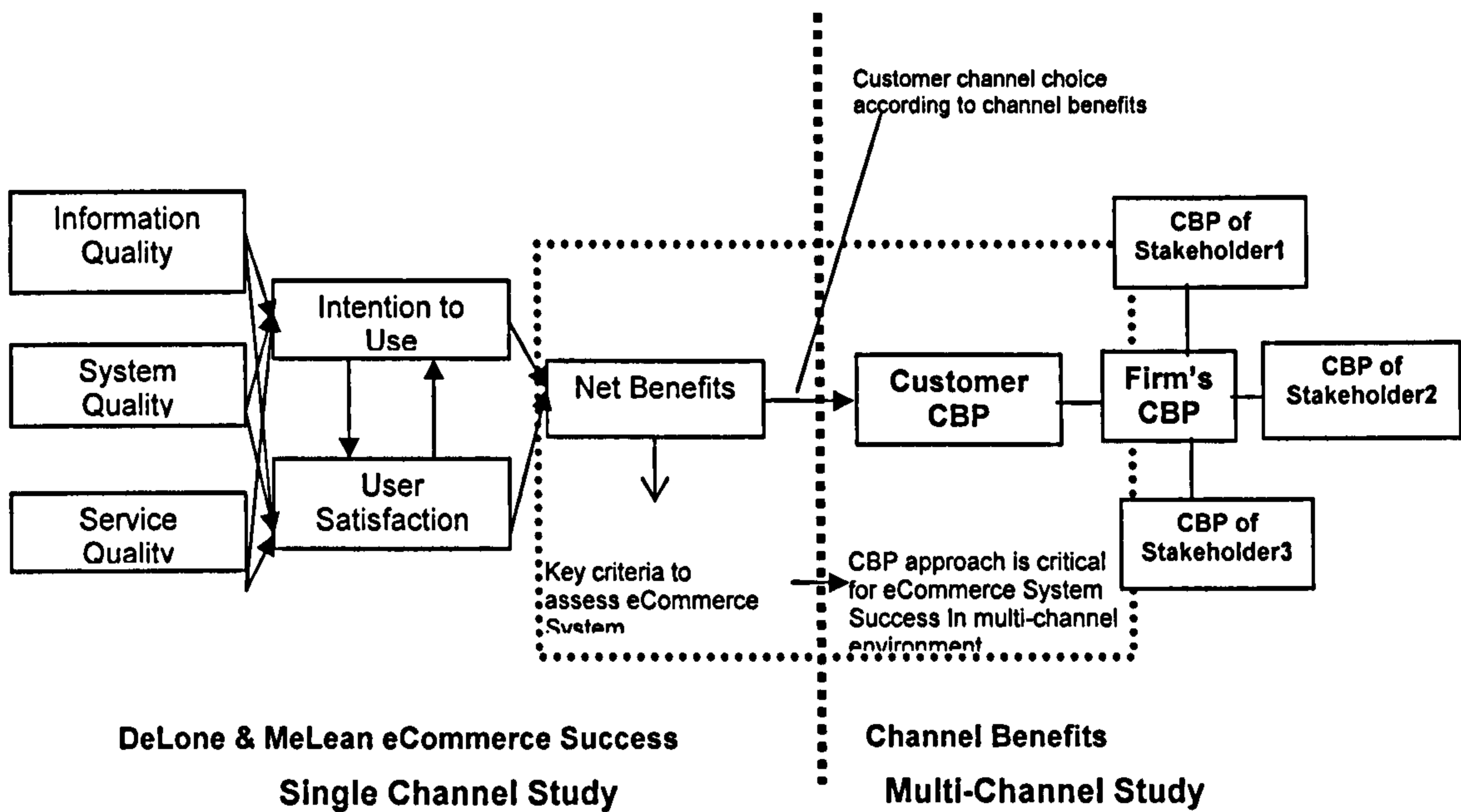


Figure 2.8 Integrated Research Framework (eBusiness System Success Model)

2.5 Summary

This chapter has discussed the updated DeLone and McLean's eCommerce System Success Model based on the review of existing models including technology acceptance model and DeLone and McLean IS Success Model and it was adopted as a main theoretical framework for the first part of study which focuses on the evaluation of critical success factors of web-based eCommerce Systems. This chapter also has discussed Channel Benefits Portfolio Model (CBP) based on the review of Information System Application Portfolio Model and Benefits Management (BM). In addition CBP is proposed as a theoretical framework for the second part of study which focuses on the consumer channel choice behaviour in the multi-channel eBusiness environment. Following the discussion of key theoretical models, the integrated research framework using both DeLone & McLean eCommerce Success Model and Channel Benefits Portfolio Model is proposed for this study.

The next chapter examines the issues of Electronic Commerce. The chapter includes various aspects of eCommerce, critical success factors of eCommerce system. In addition, the impacts of eCommerce on tourism and hospitality industry will be examined.

CHAPTER THREE

CHAPTER THREE:

ELECTRONIC COMMERCE

3.1 Introduction

The purpose of this chapter is to discuss the various aspects of Electronic Commerce. Firstly, different features of web-based Electronic Commerce such as definition, history, growth, framework, classification, taxonomies, benefits and barriers of eCommerce are examined in order to provide the broad view of the eCommerce and its potential. Secondly, applications, impacts and benefits of Electronic Commerce on tourism and hospitality industry are reviewed as well as evaluation of eCommerce systems.

3.2 Electronic Commerce

3.2.1 Definition of Electronic Commerce

The definitions of Electronic Commerce are many and varied. Electronic Commerce is a concept that crept into the business vocabulary during the 1970s (Wigand, 1997). The term “electronic commerce” is poorly understood and frequently used to denote different meanings, very often depending on the individual’s job function, professional orientation and background, focal product or service, and type of information technology deployed (Wigand, 1997).

Many researchers have defined electronic commerce (EC) and Zwass (1994) defined electronic commerce as the sharing of business information, maintaining business

relationships, and conducting business transactions by means of Internet-based technology. Furthermore, Kalakota and Whinston (1996) defined the electronic commerce as a modern business methodology that addresses the needs of organisations, merchants, and consumers to cut costs while improving the quality of goods and services and increasing the speed of service delivery. The scope of Electronic Commerce was expanded and the term also applied to the use of computer networks to search and retrieve information in support of human and corporate decision-making. Kestenbaum and Straight (1996) provided another description of Electronic Commerce as the integration of e-mail, electronic funds transfer, EDI and similar techniques into a comprehensive electronic-based system of business functions. From the perspective of the role of technology as relationship marketing tool, The Buyer's Guide (1997) gave another definition of Electronic Commerce as using information technology to improve relationships between business partners. The definition of Electronic Commerce also understood as simple transactions over the Internet by US Department of Commerce (1999). However, as Electronic Commerce evolves, the horizon of Electronic Commerce expands as the conduct of selling, buying, logistics, or other organisation-management activities via the Web (Schneider, 2002). Furthermore, Weill and Vitale (2001) defined Electronic Commerce as doing business electronically by completing business processes over open networks. Chaffey et al (2006) also defined Electronic Commerce as all financial and informational electronically mediated exchanges between an organisation and its external stakeholders.

Recently, Turban et al (2006) extended the definition of Electronic Commerce in addition to the definition of Electronic Commerce by Kalakota and Whinston (1997) and various different perspectives were considered in order to define Electronic Commerce. From a business perspective, Electronic Commerce is doing business electronically by completing business processes over electronic networks, thereby substituting information for physical business process. From learning perspective, Electronic Commerce is an enabler of online training and education in schools, universities, and other organisation including businesses. From collaborative

perspective, Electronic Commerce is the framework for inter and intra organisational collaboration. From community perspective, Electronic Commerce provides a gathering place for community members to learn, transact, and collaborate. The more recent definition of Electronic Commerce indicates that the definition and the scope of application of Electronic Commerce is more widely accepted and adopted by companies in various different sectors.

3.2.2 History of Electronic Commerce

The first application of Electronic Commerce was Electronic Funds Transfer (EFT) which was developed in the early 1970s. By using this application, funds can be routed electronically from one organisation to another organisation. However, there was a limitation of this application as only large corporation or financial institutions are capable of using it. Later EFT which only dealt with financial transactions further developed and expanded to Electronic Data Interchange (EDI). Through EDI, not only financial institutions but also manufacturers, retailers, services and many other types of businesses can transfer routine documents. After EDI, Inter-organisational system (IOS) applications including travel reservation systems and stock trading were emerged as a strategic value to business. (Turban et al, 2006).

However, more than any other applications of Electronic Commerce, Internet has been the most influential application since its origins in the early 1960s, when US Department of Defence developed computer network system. In early stage, the use of Internet was limited to technical audience of government agencies and academic researchers and scientists. However, the term 'Electronic Commerce' was widely used in the early 1990s when the Internet became commercialised and users began to participate in the World Wide Web. Since middle of 1990s, due to the development of new networks, protocols, and Electronic Commerce software, Electronic Commerce applications rapidly expanded and this brings the appearance of a large number of Internet based dot-coms. (Cassidy, 2002)

The widespread use of Electronic Commerce applications brings new market environments to existing companies and Internet enable almost every medium and large sized organisation in the world to have web presence. Furthermore, Internet allows large corporation to create comprehensive portals which all stakeholders including employees, business partners and public can access corporate information. Accordingly, Internet user experienced the development of many innovative applications, ranging from online direct sales to e-learning experience. Interestingly, the emphasis of Electronic Commerce shifted from Business to Consumer transactions to Business to Business transactions in 1999. Furthermore, the emphasis was transferred and expanded to more wide range of transactions such as B2E transactions, c-Commerce, e-government, e-learning and m-Commerce from B2B transactions recently (Turban et al, 2006) and this trend will be continued and more wide range of Electronic Commerce transactions will be appeared due to the emergence various different types of Internet-based companies in the future.

3.2.3 Growth of Electronic Commerce

The Electronic Commerce has grown rapidly for the last decade and with such a large base of potential users, increasing number of organisations worldwide have realised its potential of Electronic Commerce to boost their business. The growth of Electronic Commerce is mainly due to the growth of number of Internet users and Electronic Commerce market size.

3.2.3.1 Internet Users

The use of the Internet, in particular the World Wide Web (WWW), has proliferated rapidly since the initial commercial applications in 1994. According to Internet WorldStats (2006), which collected data from various sources including Nielsen/NetRatings (2005) and International Telecommunications Union (2005), around 1 billion people out of total 6.5 billion people were estimated to have access to the Internet. Table 3.1 shows the latest research on world Internet usage and

population statistics by InternetWorldStats.com (2006). This research revealed that Internet users have increased from 304 in 2000 to 1022 million as of March 2006. North America was the leading region in terms of Internet users in 2000 with 136.86 million. However, recently Asia-Pacific region remains ahead with 364 million of the world's total users and Europe and North America follow with 291 and 227 million respectively. The rapid growth of number of Internet users in other region Africa (423.9%), Middle East (454.2%) and Latin America (342.5%) also found from the latest research. In addition, more recent reports by eTForecasts (2006) revealed that number of Internet users worldwide over the past five years and projections for the next five years and according to this forecasts, the number of Internet users will be increased up to 2 billions in the year 2010.

Table 3.1 World Internet Users and Population

| World Regions | Population (2006 Est.) | Population % of World | Internet Usage, Latest Data | % Population (Penetration) | Usage % of World | Usage Growth 2000-2005 |
|---------------------------------------|-------------------------------|------------------------------|------------------------------------|-------------------------------------|-------------------------|-------------------------------|
| <u>Africa</u> | 915,210,928 | 14.1 % | 23,649,000 | 2.6 % | 2.3 % | 423.9 % |
| <u>Asia</u> | 3,667,774,066 | 56.4 % | 364,270,713 | 9.9 % | 35.6 % | 218.7 % |
| <u>Europe</u> | 807,289,020 | 12.4 % | 291,600,898 | 36.1 % | 28.5 % | 177.5 % |
| <u>Middle East</u> | 190,084,161 | 2.9 % | 18,203,500 | 9.6 % | 1.8 % | 454.2 % |
| <u>North America</u> | 331,473,276 | 5.1 % | 227,303,680 | 68.6 % | 22.2 % | 110.3 % |
| <u>Latin America/Caribbean</u> | 553,908,632 | 8.5 % | 79,962,809 | 14.4 % | 7.8 % | 342.5 % |
| <u>Oceania / Australia</u> | 33,956,977 | 0.5 % | 17,872,707 | 52.6 % | 1.7 % | 134.6 % |
| WORLD TOTAL | 6,499,697,060 | 100.0 % | 1,022,863,307 | 15.7 % | 100.0 % | 183.4 % |

Source: InternetWorldStats (2006)

The Internet is non-geographical by nature. Over the last decade U.S users and English language content have defined the Internet as a U.S.-centric environment. However, this environment has been changed in the past few years. The research by InterentWorldStats (2006) reports the distribution of the Internet user language. The table 3.2 shows that the most widely used language by Internet users is the English (30.6%) and the next group of languages are Chinese (13.0%), Japanese (8.5%), Spanish (7.9%), German (5.6%), French (4.0%), Korean (3.3%), Portuguese (3.2%), Italian (2.8%), Russian (2.3%) and Other language (19.0%). Half of Internet users used English language in 2000, however this proportion decreased into 30.6% of all Internet users. Whilst the percentage of English language users has been decreasing, the number of other language speaking Internet Users such as Chinese (309.6%), Spanish (229.2%), French (235.9%), Portuguese (327.3%) and Russian (664.5%) has grown dramatically in the last five years (2000-2005). This result indicates that Internet is becoming multicultural and multilingual as more user come online in Europe and Asia as well as the rest of the world.

Table 3.2 Top Ten Languages Used in the Web (Number of Internet Users by Language)

| TOP TEN LANGUAGES IN THE INTERNET | Internet Users, by Language | % of all Internet Users | World Population 2006 Estimate for Language | Internet Penetration by Language | Internet Growth for Language (2000 - 2005) |
|--|------------------------------------|--------------------------------|--|---|---|
| <u>English</u> | 312,757,646 | 30.6 % | 1,125,664,397 | 27.8 % | 128.0 % |
| <u>Chinese</u> | 132,301,513 | 13.0 % | 1,340,767,863 | 9.9 % | 309.6 % |
| <u>Japanese</u> | 86,300,000 | 8.5 % | 128,389,000 | 67.2 % | 83.3 % |
| <u>Spanish</u> | 80,593,698 | 7.9 % | 429,293,261 | 18.8 % | 229.2 % |
| <u>German</u> | 56,853,104 | 5.6 % | 95,982,043 | 59.2 % | 106.0 % |
| <u>French</u> | 40,974,004 | 4.0 % | 381,193,149 | 10.7 % | 235.9 % |
| <u>Korean</u> | 33,900,000 | 3.3 % | 73,945,860 | 45.8 % | 78.0 % |
| <u>Portuguese</u> | 32,372,000 | 3.2 % | 230,846,275 | 14.0 % | 327.3 % |
| <u>Italian</u> | 28,870,000 | 2.8 % | 59,115,261 | 48.8 % | 118.7 % |
| <u>Russian</u> | 23,700,000 | 2.3 % | 143,682,757 | 16.5 % | 664.5 % |
| TOP TEN LANGUAGES | 828,621,965 | 81.0 % | 4,008,879,867 | 20.7 % | 156.0 % |
| Rest of World Languages | 194,241,342 | 19.0 % | 2,490,817,193 | 7.8 % | 421.6 % |
| <u>WORLD TOTAL</u> | 1,022,863,307 | 100.0 % | 6,499,697,060 | 15.7 % | 183.4 % |

Source: InternetWorldStats.com (2006)

Table 3.3 shows top twenty countries with highest number of Internet users (InternetWorldStats, 2006) and the proportion of top twenty countries is 79.4% of

world Internet users and USA (20.1%) is the highest number of Internet users and China (10.9%) is the second highest number of Internet users. Interestingly, with regard to Internet penetration, USA has the highest density of users per head of population (68.6%), however, rapid Internet penetrations are also found in other countries such as Australia (68.4%), Canada (67.9%), Japan (67.2%) and South Korea (67%). The size and density of user populations vary considerably from country to country due to the fact that Internet infrastructure has not developed to the same extent on a world wide scale.

Table 3.3 Top Twenty Countries with the Highest Number of Internet Users (2006)

| # | Country or Region | Internet Users, Latest Data | Population (2006 Est.) | Internet Penetration | Source and Date of Latest Data | % Users of World |
|---|-----------------------|-----------------------------|------------------------|----------------------|--------------------------------|------------------|
| 1 | <u>United States</u> | 205,326,680 | 299,093,237 | 68.6 % | Nielsen//NR Jan/06 | 20.1 % |
| 2 | <u>China</u> | 111,000,000 | 1,306,724,067 | 8.5 % | CNNIC Dec/05 | 10.9 % |
| 3 | <u>Japan</u> | 86,300,000 | 128,389,000 | 67.2 % | eTForecasts Dec/05 | 8.4 % |
| 4 | <u>India</u> | 50,600,000 | 1,112,225,812 | 4.5 % | C.I.Almanac Mar/05 | 5.0 % |
| 5 | <u>Germany</u> | 48,721,997 | 82,515,988 | 59.0 % | Nielsen//NR Jan/06 | 4.8 % |
| 6 | <u>United Kingdom</u> | 37,800,000 | 60,139,274 | 62.9 % | ITU Oct/05 | 3.7 % |
| 7 | <u>Korea (South)</u> | 33,900,000 | 50,633,265 | 67.0 % | eTForecast Dec/05 | 3.3 % |
| 8 | <u>Italy</u> | 28,870,000 | 59,115,261 | 48.8 % | ITU Sept./05 | 2.8 % |
| 9 | <u>France</u> | 26,214,173 | 61,004,840 | 43.0 % | Nielsen//NR Jan/06 | 2.6 % |

| | | | | | | |
|--------------------------------|--------------------|----------------------|----------------------|---------------|----------------------------|----------------|
| 10 | <u>Brazil</u> | 25,900,000 | 184,284,898 | 14.1 % | eTForcasts Dec/05 | 2.5 % |
| 11 | <u>Russia</u> | 23,700,000 | 143,682,757 | 16.5 % | eTForcasts Dec/05 | 2.3 % |
| 12 | <u>Canada</u> | 21,900,000 | 32,251,238 | 67.9 % | eTForcasts Dec/05 | 2.2 % |
| 13 | <u>Indonesia</u> | 18,000,000 | 221,900,701 | 8.1 % | eTForcasts Dec/05 | 1.8 % |
| 14 | <u>Spain</u> | 17,142,198 | 44,351,186 | 38.7 % | Nielsen//NR Jan/06 | 1.7 % |
| 15 | <u>Mexico</u> | 16,995,400 | 105,149,952 | 16.2 % | AMIPCI Nov/05 | 1.7 % |
| 16 | <u>Australia</u> | 14,189,557 | 20,750,052 | 68.4 % | Nielsen//NR Jan/06 | 1.4 % |
| 17 | <u>Taiwan</u> | 13,800,000 | 22,896,488 | 60.3 % | C.I.Almanac Mar/05 | 1.4 % |
| 18 | <u>Netherlands</u> | 10,806,328 | 16,386,216 | 65.9 % | Nielsen//NR June/04 | 1.1 % |
| 19 | <u>Poland</u> | 10,600,000 | 38,115,814 | 27.8 % | C.I.Almanac Mar./05 | 1.0 % |
| 20 | <u>Turkey</u> | 10,220,000 | 74,709,412 | 13.7 % | ITU Sept./05 | 1.0 % |
| TOP 20 Countries | | 811,986,333 | 4,064,319,458 | 20.0 % | IWS - Mar.31/06 | 79.4 % |
| Rest of the World | | 210,876,974 | 2,435,377,602 | 8.7 % | IWS - Mar.31/06 | 20.6 % |
| Total World – Users | | 1,022,863,307 | 6,499,697,060 | 15.7 % | IWS - Dec.31/05 | 100.0 % |

The earlier days of e-commerce, there were far more Internet users in the US than the rest of the world. Approximately seven years after the introduction of Web-based applications, the number of US and non US Internet users is approximately equal in 1999. In year 2006 there are 817 million non-US Internet users, compared with 205 million US users. These numbers illustrate potential for growth in global B2C e-commerce revenues and the number of Internet users is expected to increase continuously.

3.2.3.2 The Size of the Net

In addition to demographic approach, another way to look at the growth of the Electronic Commerce is to consider the evolution of the number of hosts that are connected to it. The Web has grown at an incredible rate and according to Inktomi and NEC Research Institute study (2000), the Web contains over 1 billion unique, indexable pages; 6.4 million servers; and 4.5 million sites. Another study conducted by Cyveillance (2000) also found that there are over 2 billion pages on the Web. This indicates that the Web doubled in size during the first 6 months of 2000 and total registered domain worldwide exceeded 17.7 million in year 2000. The number of Internet hosts has been continuously increased since year 2000 and according to a survey by Internet Systems Consortium (2006), the number of Internet hosts worldwide exceeded 317 million in year 2005 and 394 million in year 2006. (See table 3.4) The rate of growth is more than twice as rapid as that observed in 2004 and this trend will be continued.

Table 3.4 Internet Hosts 2000-2006

| Year | Number of Internet Hosts |
|--------------|--------------------------|
| January 2000 | 72,398,092 |
| January 2001 | 109,574,429 |
| January 2002 | 147,344,723 |
| January 2003 | 171,638,297 |
| January 2004 | 233,101,481 |
| January 2005 | 317,646,084 |
| January 2006 | 394,991,609 |

Source: Internet Systems Consortium (2006)

The table 3.5 shows the world wide top domain names on the Web (Internet Systems Consortium, 2006) and 'Network' domain names dominate the Internet with well over 185.9 million registered and 'Commercial' domain names was the second with 76.6 million. It is interesting that 'Commercial' domain names used to dominate the Internet with more than half out of total domain names in year 2000, however, since 2001 the majority of domain names are related to 'Network' domain names and the proportion of this domain names has reached 67.1 percent in year 2006.

Table 3.5 Top Domain Names (2006)

| Rank | Domain | 2006 | Proportion |
|-------|-----------------------|-----------|------------|
| 1 | net (networks) | 185.9 mil | 67.1% |
| 2 | com (commercial) | 76.6 mil | 27.6% |
| 3 | edu (educational) | 10.2 mil | 3.6% |
| 4 | mil (U.S military) | 1.9 mil | 0.6% |
| 5 | org (organisations) | 1.6 mil | 0.5% |
| 6 | gov (U.S. government) | 0.7 mil | 0.2% |
| Total | | 276.9 mil | 100% |

Source: Internet Systems Consortium (2006)

A study on the country level domain was conducted by Internet Systems Consortium (2006) and the study revealed that Japan is the top country, which has 28,321,846 domain names, and Taiwan is the next country with 4,320,310 domain names in Asia. In Europe, Italy is the top country and Germany is the next, which has 13,060,369 and 11,859,131 domain names respectively. In South America, Brazil is the top country with 6,508,431 and Mexico is the next with 3,426,680 domain names.

Table 3.6 Top Country Level Domains (2006)

| Rank | Domain | Country | Number of Domains |
|------|--------|----------------|-------------------|
| 1 | .jp | Japan | 28,321,846 |
| 2 | .it | Italy | 13,060,039 |
| 3 | .de | Germany | 11,859,131 |
| 4 | .fr | France | 9,166,922 |
| 5 | .nl | Netherlands | 8,363,158 |
| 6 | .au | Australia | 7,772,888 |
| 7 | .br | Brazil | 6,508,431 |
| 8 | .uk | United Kingdom | 6,064,860 |
| 9 | .pl | Poland | 4,367,741 |
| 10 | .tw | Taiwan | 4,320,310 |
| 11 | .ca | Canada | 3,934,223 |
| 12 | .mx | Mexico | 3,426,680 |
| 13 | .se | Sweden | 2,958,435 |
| 14 | .be | Belgium | 2,870,770 |

Source: Internet Systems Consortium (2006)

3.2.3.3 Electronic Commerce Market Size

The growth of Electronic Commerce Market is expected to be continued and the global eCommerce Market will be expanded due to the emergence of telecommunications deregulation in previously controlled markets, increased broadband and mobile technology penetration and the attraction of e-commerce to businesses in Europe and the Asia/Pacific Rim, and the continued popularity of online service in Europe.

Figure 3.1 shows the quarterly U.S. retail eCommerce sales as a percent of total quarterly retail sales from year 1999 to year 2006 (U.S. Census Bureau News, 2006).

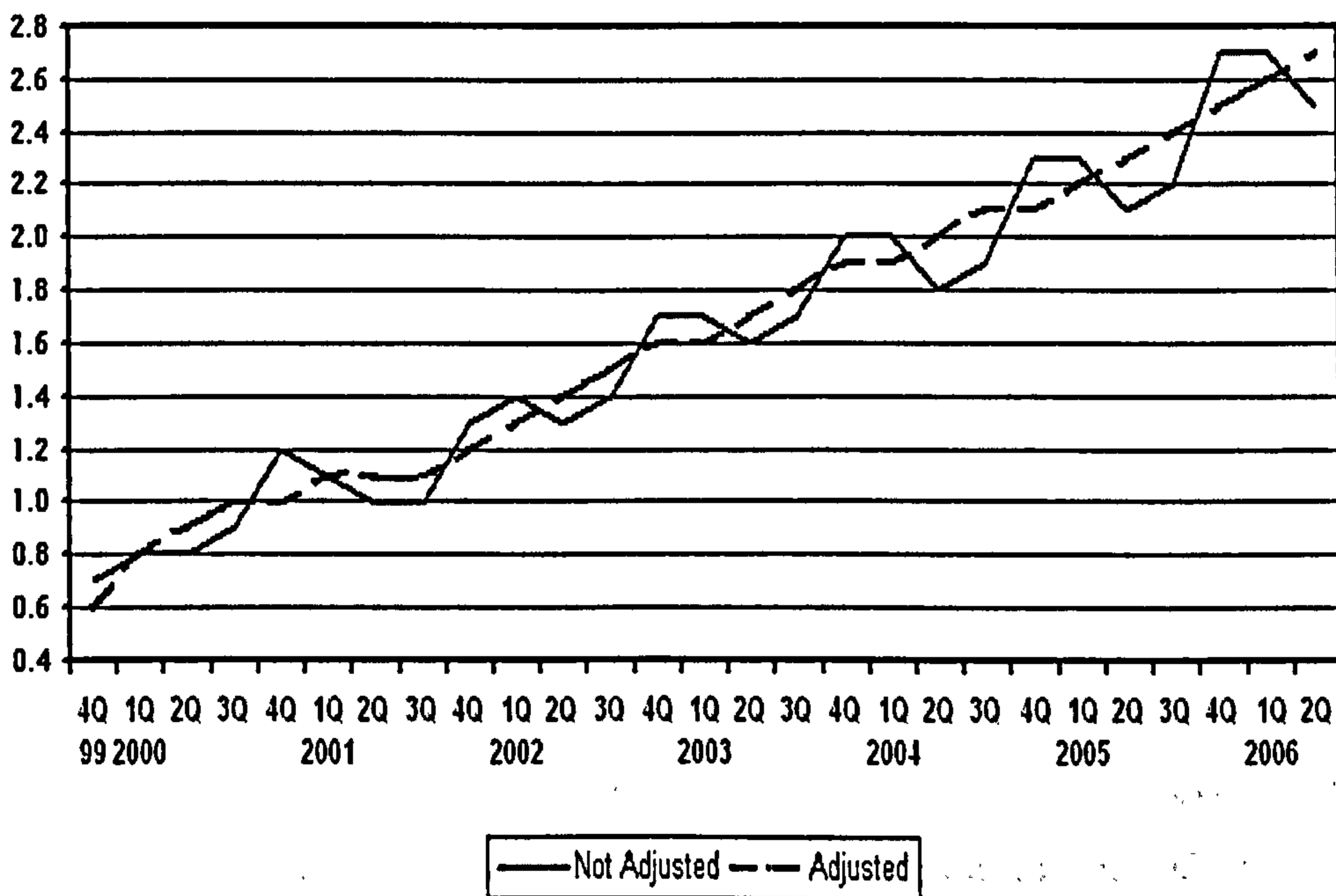


Figure 3.1 Growth of U.S. Retail eCommerce Sales (US Census Bureau News, 2006)

The Census Bureau of the Department of Commerce announced that the estimate of U.S. retail e-commerce sales for the first quarter of 2006 has been increased to \$25.2 billion from \$5 billion in 2000. This growth of sales is an increase of 7 % from the fourth quarter of 2005. (US Census Bureau News, 2006) Interestingly, the consumer has pushed eCommerce forward regardless of the economic climate. War, recession, terrorism have not slowed this amazing growth.

Many researches have shown that travel is already one of the most popular products sold over the Internet. The proportion of online travel sales is 57.4 per cent out of total online sales in year 2005 and this reveals that travel is the most popular online product by customers. According to comScore Networks (2005), total Internet spending, including travel, reached \$170 billion in 2006 and it is estimated that around 6 percent of all non-travel consumer retail spending (excluding expenditures for autos, gasoline, and food) is spent online, according to the research firm. Of the total online spending, \$102.8 billion was spent on non-travel retail and \$67.2 billion was spent on travel.

Table 3.7 Online Consumer Spending, 2004-2006

| | 2004 (\$Billion) | 2005 (\$ Billion) | 2006 (\$ Billion) |
|---------------------|------------------|-------------------|-------------------|
| Non-travel (retail) | 66.5 | 82.3 | 102.8 |
| Travel | 50.7 | 60.9 | 67.2 |
| Total | 117.2 | 143.2 | 170 |

Source: comScoure, 2006

In terms of UK eCommerce market, Allegra Strategies (2006) revealed that the number of online shopping buyer has increased from 5 million in 2000 to 23 million in 2006. Subsequently, on-line shopping spending has been increased from £4,055 million in 2000 to £21, 444 million in year 2006. (See table 3.8)

Table 3.8 Growth in Online Buyers and their Spend

| Year | Online Shopping Spend (£ Million) | Online Shopping Buyers (millions) |
|------|-----------------------------------|-----------------------------------|
| 2000 | 4,055 | 5 |
| 2001 | 7,124 | 8 |
| 2002 | 10,210 | 11 |
| 2003 | 12,614 | 14 |
| 2004 | 15,692 | 17 |
| 2005 | 18,568 | 20 |
| 2006 | 21,444 | 23 |

Source: Allegra Strategies (2006)

With regard to online sales growth by product category, according to Internet shopping pulse survey by WSL Marketing Inc (2005), the biggest increases in online shopping since 2003 were found in photos and photo supplies (14%); office supplied and stationery (13%); electronics (11%); home furnishings (10%); prescriptions (10%); jewellery and watches (9%) and greeting cards (9%).

Table 3.9 Products Purchased Online, 2003 and 2005

| Product Category | 2005 (%) | 2003 (%) | Percentage Point Change |
|----------------------------|----------|----------|-------------------------|
| Books | 68 | 69 | -1 |
| Music/DVDs | 68 | 66 | 2 |
| Travel | 67 | 61 | 7 |
| Clothes | 63 | 59 | 4 |
| Tickets for entertainment | 54 | 48 | 6 |
| Electronics | 52 | 41 | 11 |
| Toys/games | 46 | 50 | -4 |
| Office supplies/stationery | 44 | 31 | 13 |

| | | | |
|-----------------------------|----|-----|-----|
| Home décor | 42 | 34 | 8 |
| Home furnishings | 36 | 26 | 10 |
| Photo/supplies | 35 | 21 | 14 |
| Cosmetics | 34 | 35 | -1 |
| Jewellery/watches | 31 | 22 | 9 |
| Perfume/fragrance | 23 | 19 | 4 |
| Prescriptions | 23 | 13 | 10 |
| Pet supplies | 21 | 18 | 3 |
| OTC medications | 19 | N/A | N/A |
| Greeting cards | 18 | 9 | 9 |
| Groceries | 12 | 8 | 4 |
| Baby care personal products | 8 | N/A | N/A |
| Pet food | 8 | N/A | N/A |

Source: WSL Marketing Inc., 2005

The survey also revealed that the number of shoppers who buy online continues to increase and the majority of purchases are made during business hours. Browsing at online retailer sites has increased almost a full hour over the past two years with 3.1 hours per week compared to 2.4 hours per week in 2003. The three reasons for online shopping were a large selection (64 per cent), saving time (60%) and checking for sale (51 per cent).

When it comes to the measurement of Internet Commerce, one of the key measurements is the conversion rate, which shows the ratio of people who surf the site to those who actually buy something. Jupiter Communications (2003) reports the conversion rates of online buying by category and the results showed that compared to music, books and software, travel sectors have a relatively poor record in converting shoppers to buyers. The report also revealed that the propensity to purchase increases directly with length of time as an Internet user in the US online market. The report

showed that those who have been Internet users for three years or more, are more than twice as likely to buy than a first year user. Another recent research by WebTrends (2005) also confirmed that the browse-to-buy conversion rate is a combined 69 percent higher for repeat buyers as opposed to new ones and 27 per cent of respondents answered conversion is significantly higher, 42 per cent answered conversion rate is slightly better (see figure 3.2). This report expected that as the market has matured, there has been and will be substantial growth in both the number and the percentage of Internet users who are buying products.

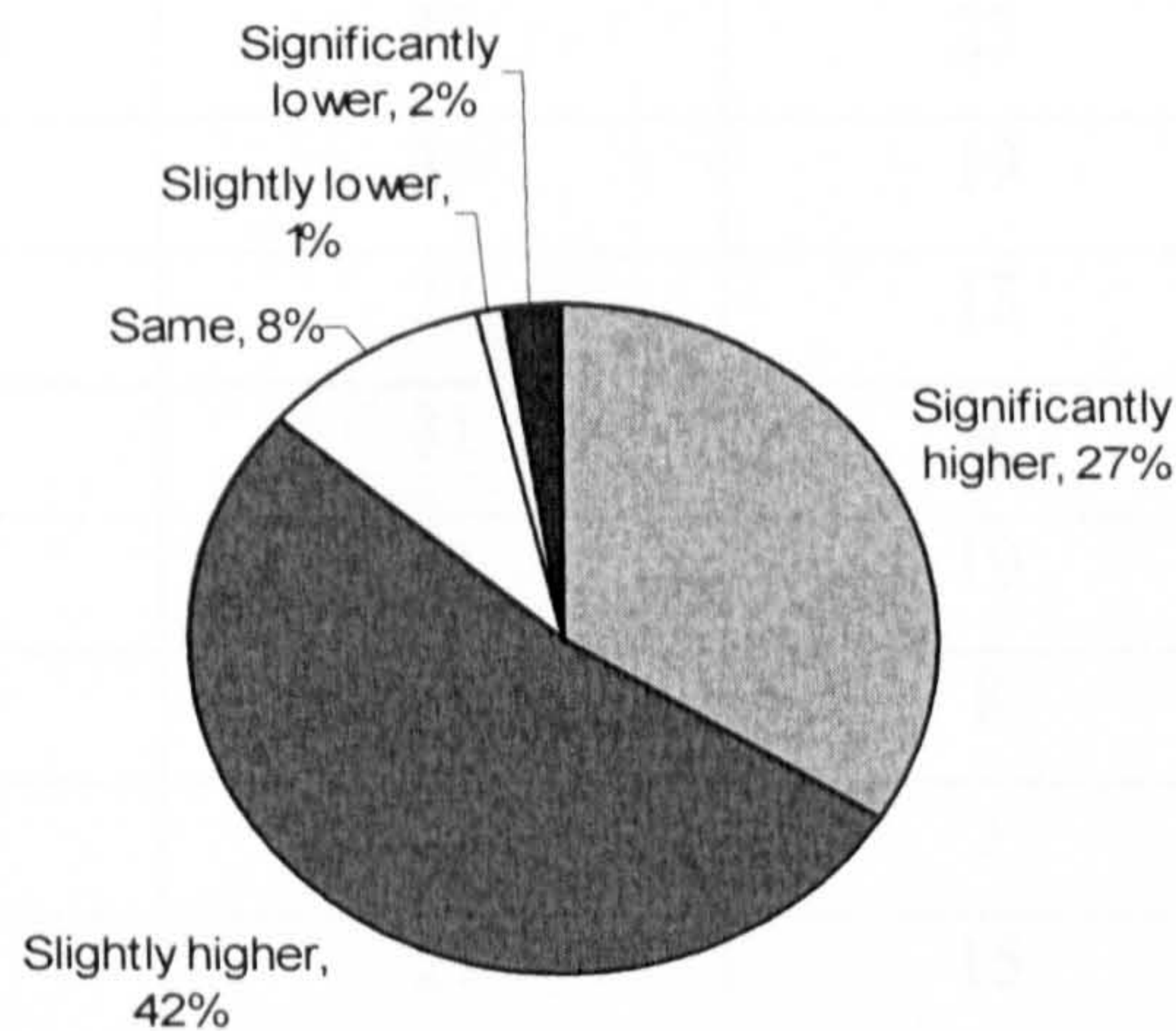


Figure 3.2 Repeat Customer Conversion Rate Compared to New Customer
(WebTrends, 2005)

With regard to conversion rate in Europe, table 3.10 shows that there is a dramatic difference in online consumer behaviour in different markets. Compared to American market, travel related products have relatively high conversion rate in European market and for the majority of products such as travel cinema and theatre tickets, people are researching and then buying online, while for some bigger purchases such as cars properties, people use the Internet mainly as a research tool. This indicates that customers are using Internet as a research tool when it comes to more complicated high involvement product, however customers are using for purchasing purpose as well as searching purpose in order to buy more standardised low involvement product.

Table 3.10 Percentage of Internet Users in EU and Norway Browsing and Buying

| Product | Browsing (%) | Buying (%) | Conversion (%) |
|--------------------------|--------------|------------|----------------|
| Holidays | 69 | 27 | 40 |
| Travel Tickets | 66 | 39 | 59 |
| Books | 45 | 28 | 61 |
| Electrical Goods | 42 | 21 | 50 |
| Theatre/Cinema Tickets | 40 | 24 | 60 |
| Concert/Festival Tickets | 37 | 23 | 61 |
| CDs | 36 | 19 | 52 |
| Music Downloads | 33 | 13 | 39 |
| Cars | 31 | 4 | 14 |
| Clothes | 31 | 19 | 62 |
| Mobile Phones | 29 | 8 | 27 |
| Properties | 28 | 3 | 9 |
| DVDs | 27 | 15 | 57 |
| Home Furnishings | 25 | 8 | 32 |
| Insurance | 23 | 9 | 41 |
| Sports Equipment | 19 | 8 | 42 |
| Computer Games | 18 | 8 | 45 |
| Financial Products | 17 | 7 | 38 |
| Mobile Phone Content | 15 | 7 | 44 |
| Car Accessories | 15 | 5 | 37 |
| Car Hire | 13 | 7 | 51 |
| Food/Grocery Shopping | 11 | 6 | 48 |
| Toiletries/Cosmetics | 9 | 5 | 53 |

Source: EIAA (2005)

3.2.4 Framework and Classification of Electronic Commerce.

Turban et al (2006) suggested a framework for Electronic Commerce, which can aid in understanding various elements involved in Electronic Commerce. The framework consists of three main components including 'Electronic Commerce Applications', 'Support Services' and 'Infrastructure'. The first component includes a variety of electronic commerce applications including both inter and intra organisational and electronic market examples such as online banking, e-Government, e-Purchasing, eCommerce, mCommerce. The building blocks of the infrastructure, such as a common business services infrastructure, messaging and information distribution infrastructure, multimedia content and network publishing infrastructure, and the Information Superhighway infrastructure make up the second component. In the third component, the public policy and technical standards necessary to support the applications and the infrastructure are included. All of these components require good management practices, in other words, companies need to plan, organise, motivate, devised strategy, and reengineer processes as needed to optimise their business using Electronic Commerce models and strategies. (Turban et al, 2006).

A common classification of Electronic Commerce is by the nature of transaction or the relationship among participants and there are nine different types of Electronic Commerce. Figure 3.3 shows the examples of transaction alternatives between businesses, consumers and governmental organisations (Chaffey et al, 2006).

According to this classification, the majority of eMarketing opportunities arise when an organisation is transacting with consumers (Business-to-Consumer: B2C) or other businesses (Business-to-Business: B2B). From the consumer's point of view, there are two types of transaction, those where consumers transact directly with other consumers (C2C) and where they initiate trading with companies (C2B). Currently, C2C and C2B market is relatively smaller than other transaction (Economist, 2000) however they are getting popular in the form of community components such as discussion group or forums on B2C or B2B sites. These interactions are also found on

sites focusing on C2C interactions such as eBay or Blog and these interactions amongst consumers will be the key characteristics of the Internet and therefore it is important for companies to take into account for future business (Hoffmann and Novak, 1996). The diagram also include government and public services which deliver online or e-government services to consumers (Government-to-Consumers: G2C) or businesses (Government-to-Business: G2B)

| | | |
|--|---|--|
| Consumer-to-Consumer (C2C) <ul style="list-style-type: none"> •eBay •Peer-to-Peer (Skype) •Blogs and Communities •Product recommendations | Business-to-Consumer(B2C) <ul style="list-style-type: none"> •Transactional: Amazon •Relationship-building: BP •Brand-building: Unilever •Media-owner-New Corp | Gov'nt-to-Consumer (G2C)) <ul style="list-style-type: none"> •National government transational:Tax-inland revenue •National government info •Local government services |
| Consumer-to-Business (C2B) <ul style="list-style-type: none"> •Priceline •Consumer-feedback communities or campaigns | Business-to-Business (B2B) <ul style="list-style-type: none"> •Transactional:Eurffice •Relationship-building: BP •Media Owned: Emap business publications | Gov'nt-to-Business (G2B) <ul style="list-style-type: none"> •Government services and transactions: tax •Legal regulations |
| Consumer-to-Gov'nt (C2G) <ul style="list-style-type: none"> •Feedback to government through pressure group or individual sites | Business-to-Gov'nt (B2G) <ul style="list-style-type: none"> •Feedback to government businesses and non-governmental organisations | Go'ment-to-Gov'nt (G2G) <ul style="list-style-type: none"> •Inter-government services •Exchange of information |

Figure 3.3 Types of Electronic Commerce (Source: Chaffey et al, 2006)

3.2.5 Benefits of Electronic Commerce

More and more organisations are adopting and implementing Electronic Commerce as it provides various different benefits to organisation. Subsequently, efforts were made to identify benefits of Electronic Commerce by researchers.

In order to understand the benefits of Electronic Commerce within the context of Small and Medium Sized Enterprises (SMEs), Poon and Swatman (1999) suggested the framework of benefits. They classified perceived benefits into 'direct' and 'indirect' categories. Direct benefits are readily quantifiable by means of such techniques as financial data, numbers of new customers or other quantitative evidence. Indirect benefits are not easily quantifiable however they have a position effect on the business (e.g. customer goodwill). These benefits are further broken down into short-term benefits, which should be realised within a few months and long-term benefits, which may take longer and can be unpredictable (See Figure 3.4). Using above mentioned framework of benefits, Poon and Swatman (1999) investigated why small businesses are using Electronic Commerce and it was revealed that tangible benefits of using the Internet in small business play a major role in the successful adoption of Electronic Commerce. Nath *et al* (1998) reported the results of a survey on the benefits of the Internet for electronic commerce and it was found that ease of access, global reach, low-cost advertising medium, low barriers to entry, and perceived image enhance are the main benefits of using Internet commerce. Further, from the perspective of macro level market environment, Scupola (2001) investigated the environmental, organisational and technological drivers of Internet commerce adoption and implementation in small business.

| | | |
|------------------------|--|--|
| Direct benefits | Examples: -Save in communication Costs -Generate short term revenues | Examples: -Secure returning customers -Long term business partnership |
| | Examples: -Potential business opportunitites -Advertising and marketing | Examples: -Ongoing business transformation -New business initiatives |
| | Short term | Long term |

Figure 3.4 A Framework of benefits in the context of small business Internet commerce (Source: Poon and Swatman, 1999)

More recently, Gunasekaran and Ngai, (2005) developed a framework for identifying the reasons for using Electronic Commerce, understanding the implications of Electronic Commerce in companies and implementing/applying Electronic Commerce successfully for improved organisational competitiveness and success. They found that perceived benefits of the Internet for Electronic Commerce was one of the main factors which influence the application and implementation of Electronic Commerce. According to OECD Report (2004), there is wide range of benefits of Internet-based Electronic Commerce. At firm's level, Electronic Commerce offer faster communication and effective management of firm's resources. In addition, seamless transfer of information through shared electronic files and networked computers increases the efficiency of business process. At inter-firm level, Electronic Commerce has great potential for reducing transaction costs and increasing the speed and reliability of transactions. They can also reduce inefficiencies resulting from lack of co-ordination between firms in the value chain. Further, Moodley (2002) mentioned that Internet-based B2B interaction and real-time communication can reduce

information asymmetries between buyers and suppliers and build closer relationships among trading partners.

In the B2C context, Electronic Commerce can be effective tools for better communication and also a corporate website that provides information on products, services or technologies can enhance the quality of a firm's services to customers and attract new customers. It also enables companies to promote open communication and a virtual interactive environment in which suppliers and customers can exchange information and products. In addition, firms can improve communication among partners along a value chain and offers an integrated business model by which companies can be responsive and flexible to changing market and customer requirements (Gunasekaran and Ngai, 2005). Furthermore, provision of easy to access contact point through website, use of information on customer's needs for product development or innovation and 24-hour availability of the contact are identified benefits for firms. Similar benefits such as reaching new/more customers, geographic expansion of market and improvement of service quality are also found at Eurostat's eCommerce Pilot Survey (2002). Strategic eCommerce Solution (2006) also identified benefits of eCommerce from the perspective of customer relationship management and these are 1) expanding geographical reach, 2) expanding customer base, 3) increasing visibility, 4) providing customers valuable information about your business, 5) 24 hours availability, 6) building customer loyalty, 7) reduction of marketing and advertising costs, and 8) collection of customer data.

Most recently, considering most of aforementioned benefits, Turban et al (2006) made an effort to categorise various different benefits of Electronic Commerce in terms of different perspectives. Table 3.11 illustrated that all benefits of Electronic Commerce are classified into organisation, individual consumers and society's point of view by Turban et al (2006).

Table 3.11 The Benefits of Electronic Commerce

| Benefits to Organisations | Benefits to Consumers | Benefits to Society |
|---------------------------|---------------------------|---------------------------|
| Global reach | Ubiquity | Telecommuting |
| Cost reduction | More products and | Higher standard of living |
| Supply chain improvements | services | Homeland security |
| Extended hours | Customised products and | Hope for the poor |
| New business models | services | Availability of public |
| Vendors' specialisation | Cheaper products and | services |
| Rapid time-to-market | services | |
| Lower communication costs | Instant delivery | |
| Efficient procurement | Information availability | |
| Improved customer | Participation in auctions | |
| relations | Electronic communities | |
| Up-to-date company | No sales tax | |
| material | | |
| No city business permits | | |
| and fees | | |
| Other benefits | | |

Source: Turban et al (2006)

3.2.6 The Barriers to Electronic Commerce

In spite of the above benefits, Electronic Commerce has some limitations or barriers to Electronic Commerce and these barriers have been discussed by many researchers.

A study by Newdom (1997) indicated that one of the main barriers to use of the web is consumer fear of unknown retailers: on the web, an unknown retailer can appear as a well-established retailer with a stylish design of his website. Newdom (1997) also pointed out that there is a great deal of concern regarding the security of financial information transmitted over the Internet and its impact on consumer willingness to buy or sell products. Nath *et al* (1998) asserted that six major impediments of the Internet for the electronic commerce are security, start-up cost, legal issues, training and maintenance, lack of skilled personnel, and uncertainty and lack of information. Bjork and Guss (1999) also report barriers for not using Internet as a marketplace, and these include perceived uncertainty, personal service, scepticism of the system, and security.

When it comes to the issue of barriers to Electronic Commerce within specific country, Fahoomand *et al* (2000) identified several country-specific barriers to Electronic Commerce from the cross-cultural perspective between Hong Kong and Finland and lack of education, resistance to change and lack of flexible software were found as key barriers to Electronic Commerce. Furthermore, Peters and Noce (2005) identified potential barriers to eCommerce in Canada for the period of 2000-2003 and classified into main barriers and secondary barriers. For all four time periods, two main barriers are identified as significant obstacles to Electronic Commerce growth and these are: 1) goods and services produced do not lend themselves to Internet transactions; and 2) the firm prefer to maintain current business model. The secondary barriers to eCommerce adoption are the obstacles firms face when they are willing to adopt-eCommerce but have difficulty making the transition. These include 1) customers and suppliers are not ready for eCommerce, 2) security concerns, 3) high development & maintenance costs, 4) lack of skilled employees, 5) competitors

gaining access to company information and 6) uncertain about the benefits. As can be seen above, the issue of technology acceptance by both industry and customers and willingness or capabilities of re-organisation of existing structure or business process in order to respond current market demand are key barriers to new Electronic Commerce.

The comprehensive study on the causes of failures and successes were conducted by Razi et al (2004). They concluded that failures are due to not only one particular factor but a combination of other factors and it was found that lack of basic business knowledge, poor or non-existent business plans, ineffective promotion, inadequate back-end logistical support, failure to meet customer expectations, poor customer support, misuse of funds, and dwindling investor faith in Electronic Commerce are some of the critical reasons for Dotcoms failure.

For Small and Medium Sized Enterprises (SMEs), technology can offer opportunity to obtain competitive advantage against larger competitors if it is effectively managed and wisely used and more and more SMEs are gaining some benefits from Electronic Commerce. According to OECD report (2004), there is wide range of reasons why SMEs do not make more active use of the Internet and Electronic Commerce. The most common reasons are related to lack of applicability to the business, preferences for established business models, and the kinds of electronic transactions SMEs are involved in or wish to introduce. Common barriers to eCommerce include: unsuitability for the type of business; enabling factors (availability of ICT skills, qualified personnel, network infrastructure); cost factors (costs of ICT equipment and networks, software and re-organisation, and ongoing costs), and security and trust factors (security and reliability of eCommerce systems, uncertainty of payment methods, legal frameworks).

Above mentioned limitations or barriers can be categorised into either technical or non-technical limitations (InternetWeek, 1998; Turban et al, 2006). According to the survey conducted by InternetWeek (1998), major non-technical limitations of

Electronic Commerce are 1) cost and justification, 2) security and privacy, 3) lack of trust and user resistance, 4) other limiting factors such as legal issues, instability of Electronic Commerce, not enough support services, breakdown of human relationship, and expensive or inconvenient of access to the Internet. Turban et al (2006) also described the technical limitations of Electronic Commerce and these limitations are related to 1) lack of system security, reliability, standards and some communication protocols. 2) insufficient telecommunication bandwidth. 3) evolving and rapid changing software development tools, 4) difficulty in integrating the Internet and EC software with some existing applications and databases. 5) need of special Web servers and other infrastructures to the vendors in addition to the network servers. 6) incompatibility of EC software with some hardware, operating systems or other components.

3.2.7 Issues of Electronic Commerce

As more and more companies are actively adopting eCommerce due to previously mentioned benefits however, at the same time companies are facing many managerial issues which are related to eCommerce.

The first managerial issue is related to the evaluation of the success of eCommerce system. It was generally accepted by both academics and practitioners that the measurement issue of eCommerce system success has been one of the key areas in the eCommerce system research due to the importance of eCommerce systems. In particular, recently, measurement of the success of eCommerce system is becoming one of the most critical issues for any company which are doing its business over the Internet as more companies are making large investments in eCommerce systems. (Garrity et al, 2005). Therefore, an appropriate evaluation can be one of the key success factors before any large scale of eCommerce systems investment which might lead to huge risk to companies due to the failure of eCommerce systems.

Another managerial issue is related to business process re-engineering or change management according to external market environments. One of the most powerful impacts of eCommerce on firms is its implications on business process and company structure. New web-based technologies are offering firms opportunities to rethink strategic business models, business process and relationships with various stakeholders and strategic partners (Feeny, 2001). In other words, eCommerce enhance companies not only to improve the marketing and creation of existing products but also to improve customer service. Therefore, the issue is how firms can re-organise internal resources, structure and re-engineer current business process according to dynamic changes and external market environment in order to obtain opportunities of eCommerce marketplaces (Zwass, 2003).

Within eCommerce environment, Internet has had impacts on all levels of organisational strategy such as business strategy, IS (Information System) strategy, ICT (Information Communication Technology) strategy and marketing strategy. As porter stated (2001), the key question is not whether to deploy Internet technology but how to deploy it as firms have no choice if firms want to stay competitive against their rival within current marketplace. Considering current eCommerce environment, it is vital for companies to identify competitive differentiation in the marketplace through added-value activities such as Internet-based search, evaluation, problem-solving and transaction processes (Lumpkin and Dess, 2004). Therefore, key issue for companies is how to transform its business in order to gain core competencies and secure unique value position to customers and build sustainable competitive advantage.

As stated by Kalakota and Robinson (2000), there are six major drivers in eBusiness and among those main drivers, customer is becoming one of the most powerful driver in eBusiness environment as the power has shifted from firms to customers in terms of power relationship between company and customers. Furthermore, customer behaviour has been changed dramatically over the last decade according to the advent of Internet and Internet-based technologies and customers are using various different channels including both online and offline channels in order to search and buy products and

services. Therefore, the issue is how to build good relationship with customers who are using multiple channels in order to provide customer centric products and services (Wilcocks et al, 2000).

3.3 Electronic Commerce and Tourism

3.3.1 eCommerce Market in Tourism

The tourism industry as a whole is one of the fastest growing economic sectors in Europe and worldwide (WTO, 2006). In recent years, the growth rate in the tourism industry has been higher than in the overall world economy and this trend will be continued in the near future. According to Eurostat (2005), in the EU more than 1.4 million tourism enterprises employ about 8.1 million people contributing more than €419 billion of production value. One of the main characteristics of the tourism industry in Europe is almost 99% of companies in the tourism industry are Small Medium Sized Enterprises (SMEs).

The overall explosion of the global Internet economy is matched by online growth in the tourism industry. The number of Internet users shopping online for travel and leisure products and services has dramatically increased since 1998. Total online sales for the 2005 holiday season reached \$19.6 billion for non-travel retail with a 25 percent increase over the same period in 2004 (eMarketer, 2006). It is regarded that Online tourism market is one of the most successful eCommerce implementations and it was forecasted that online travel comprises about 25% of all travel booking, and it is growing by 30 to 40 percent a year and is projected to reach 33 % of all travel by 2006 (eMarketer Daily, 2004). In addition, Economist (2004) predicted that most travel bookings are likely to move online within a decade.

According to ComScore (2005) which data are taken from a global panel of more than 2 million consumers and the research firm obtains explicit permission to confidentially capture the browsing and transaction behaviour, including on- and offline purchasing., Weekly holiday retails sales have increased dramatically in 2005 compared to 2003.

With regard to online travel in the US, eMarketer (2006) revealed that even though the rate of US online travel sales growth is declining due to the challenging economic environment and a maturing travel market, however, online leisure or unmanaged business travel sales will reach \$78 billion in 2006 and this trend will be continued and total online travel sales will reach \$122.4 billion in 2009. (See table 3.12)

Table 3.12 US Online Leisure/Unmanaged Business Travel Sales, 2004-2009
(billions and % increase vs. prior year)

| Year | Sales (\$ Billions) | % Increase |
|------|---------------------|------------|
| 2004 | 52.3 | 27.6% |
| 2005 | 64.9 | 24.1% |
| 2006 | 77.7 | 19.7% |
| 2007 | 91.3 | 17.6% |
| 2008 | 106.1 | 16.2% |
| 2009 | 122.4 | 15.3% |

In Europe, research on trends in online travel market size was conducted by Marcussen (2006) and his research revealed that online travel sales increased 34% from 2004 to 2005 and reached EUR 25.2 billion in the European market in 2005 which is equivalent to 10.3% of the EU market. A further increase of around 15% during 2006 to about EUR 31.5 billion may be expected which is equivalent to 12.6% of the market. Furthermore, Marcussen (2006) forecasts that the European online travel market could increase by 6 or 6.5 billion EUR per year after 2006. (See table 3.13)

Table 3.13 Trends in Overall Online Travel Market Size-Europe 1998-2006

| Europe Year | Market (billion E) | Internet Sales (billion E) | Internet Sales (in % of Market) | Internet Sales (Increase %) |
|-------------|--------------------|----------------------------|---------------------------------|------------------------------|
| 1998 | 218 | 0.2 | 0.1% | N.A. |
| 1999 | 231 | 0.8 | 0.3% | 256% |
| 2000 | 247 | 2.5 | 1.0% | 213% |
| 2001 | 244 | 4.9 | 2.0% | 97% |
| 2002 | 242 | 8.6 | 3.6% | 75% |
| 2003 | 237 | 13.2 | 5.6% | 53% |
| 2004 | 240 | 18.9 | 7.9% | 43% |
| 2005 | 244 | 25.2 | 10.3% | 34% |
| 2006 | 249 | 31.5 | 12.6% | 25% |

Source: (Marcussen, 2006).

In terms of geographic status for the European online travel market, UK accounted for 35% of the European market in 2005, with Germany in second place at 20% (Marcussen, 2005). The research also revealed that direct sellers accounted for 66% of online sales in the European market in 2005, intermediaries 34% and air travel (56%) was the most popular service, followed by hotels (16%), package tours (16%), rail (10%) and rental cars (2%).

With regard to the demographic profile of tourism products purchasers, the Forrester research (2000) revealed the profile of the bookers, lookers and sideliners. Table 3.14 shows that the actual purchasers of travel on the Internet are more affluent and educated than the lookers. The propensity of this group to book online may in part be due to the time they spend online and their experience in using the Internet. It was found that bookers travel more often and spend considerably more than lookers. The research also shows that 43% of bookers have used a live travel agent and this means that the 'clicks and mortar' eBusiness model is well supported by this result.

Table 3.14 Profile of Bookers, Lookers and Sideliners.

| Characteristics | Bookers | Lookers | Sideliners |
|--|---------|---------|------------|
| Average age | 35 | 36 | 37 |
| Average income (US\$) | 71,000 | 53,200 | 39,400 |
| Male (%) | 59 | 56 | 66 |
| Married (%) | 60 | 58 | 50 |
| College degree or higher (%) | 52 | 34 | 25 |
| Months online | 34 | 27 | 22 |
| Travelled for leisure in the past year (%) | 97 | 82 | 55 |
| Have used a live travel agent | 43 | 30 | 10 |
| Average leisure trips per year | 3.1 | 2.6 | 2.1 |
| Average amount spent per year on leisure travel (US\$) | 2,152 | 1,458 | 907 |

Sources: Forrester Research; Bear Stearns (2000)

Research on differences between shoppers and non-shoppers regarding online travel products shopping by Card et al (2003) revealed that shoppers and non-shoppers were similar how they viewed differences between Internet shopping and shopping at traditional stores. However, shoppers and non-shoppers differed on personal characteristics but not store characteristics.

3.3.2 eCommerce (ICT) Applications in the Tourism Industry

The application of the Information communication technology (ICT), in particular, Internet-based eCommerce applications play a very important role within tourism industry. Figure 3.5 shows the summary of a wide range of hardware, software and network which used in tourism and hospitality industry (Buhalis, 2003). These applications are incorporated to increase efficiency and reduce the cost and time required for undertaking particular activities and processes within tourism and hospitality organisations. Each application normally integrated into more comprehensive Information Management System in order to maximise their operational effectiveness and enable organisations to contribute to the organisational strategic competitiveness.

Figure 3.5 Examples of Information Technology Applications in Tourism

- Entire range of hardware, software and network
- Stand-alone computers and network devices
- Office automation, reservation, accounting, payroll and procurement management
- Portable/wireless communication devices
- Internal management tools such as management support systems, decision support systems and management information systems
- Tailor-made internal management applications
- Databases and knowledge management systems
- Internet/intranets/extranets
- Networks with partners for regular transactions (EDI or extranets)
- Networking and open distribution of products through the Internet
- Computer reservation systems (CRSs)
- Global Distribution Systems (GDSs) (e.g. Galileo, Sabre, Amadeus, Worldspan)
- Switch applications for hospitality organisations (e.g. THISCO and WIZCOM)
- Destination Management Systems (DMSs)

- Internet-based travel intermediaries (e.g. Expedia.com, Travelocity.com, Preview Travel, Priceline.com)
- Mobile/WAP-based reservation systems
- Traditional distribution technologies supporting automated systems (e.g. videotext)
- Calling centres
- Interactive digital television (IDTV)
- CD-ROMs
- Kiosks and touch-screen terminals

Source: Buhalis (2003)

eBusiness Watch (2005) produced comprehensive eBusiness report investigating 10 different sectors including tourism industry in Europe and according to eBusiness Watch (2005), above mentioned eCommerce applications are widely used by various different tourism and hospitality companies in Europe. In terms of ICT infrastructure, the diffusion of Internet access in tourism companies (92%) in Europe is still lagging behind penetration rates in other sectors (95%-99%) of the European economy. One of reasons for the relatively low diffusion rate is that there is a lack of awareness of potential benefits of the Internet by many tourism enterprises. With regard to the recruitment of ICT specialists, the picture of tourism industry is very similar to other sectors.

Concerning integration of internal processes, it was found that tourism industry is rather slow adopter of ICT solutions. The use of ICT solutions for internal work process and external collaboration with business partners is less developed in tourism sector than other sectors in Europe. However, in terms of supplier facing activities, online purchasing is widespread (57%) and the relative share of supplies bought online has increased. Further, nearly 40% of those firms that use special ICT systems for e-procurement use functionalities of e-marketplace.

Due to the characteristics of tourism products and services, communication and transactions with customers is the key application area of ICT and eBusiness in tourism. With regard to customer-facing activity, the share of companies selling online in tourism is approximately twice as high as on average for all other sectors in Europe and 36% of tourism companies reported making online sales. In addition, about 20% use special ICT systems to support eMarketing or sales processes (eBusiness Watch, 2005).

3.3.3 Impact of eCommerce on Tourism

As mentioned previously, various different ICT applications are used in the tourism industry and the rapid growth of the travel industry requires sophisticated Information Communication Technologies (ICTs) for managing the increasing volume and quality of tourism traffic (Law et al, 2004). Some ICT applications affect the production of goods and services and others have more impact on the marketing process. Cash *et al* (1992) developed a model to show how different industries can use ICT to improve both their production and marketing. The model uses a two-by-two matrix in which the horizontal axis represents the impact of ICTs on marketing activities and the vertical axis represents its impact on the production of goods and services. According to this model, the travel industry sectors placed on the matrix are airlines, travel agents, tour operators, hotels, and attractions. Most sectors are placed on the right side of the matrix since ICT has a strong impact on marketing all tourism products (Sheldon, 1998).

Due to the above mentioned strong impact of IT on tourism industry, many tourism organisations have been actively adopting IT for the business purposes strategically. The strategic use of Information Communication Technology (ICT) can take many forms and have many effects and Poon (1993) stated that the rapid diffusion of a system of information technologies throughout the travel and tourism industry has four key impacts. These are 1) IT will improve the efficiency of production, 2) IT will

improve the quality of services provided to customers, 3) IT will lead to the generation of new services and 4) IT will engineer the spread of a whole new industry 'best practice'. Furthermore, the role of each player in the value-creation process of the tourism industry has been substantially altered by Information Technology and new, flexible and high quality travel and tourism services can be produced by IT. In addition, Information Technology helps to engineer the transformation of travel and tourism in order to provide more flexible, customer-oriented products and services (Sheldon, 1998).

More comprehensive multi-dimensional strategic framework was suggested by Buhalis (2003) in order to identify the use of information technologies in the tourism industry using three dimensions such as inter-organisational, intra-organisational and consumers and also this framework illustrates all strategic implications between/among players in the tourism industry.

Within the current eCommerce environment, the increased use of Internet-based Information Communication Technologies (ICT) in the tourism industry has extensive effects on market processes and structures in supply and demand. ICT have affected the way tourism organisations conduct their business and in particular, the way organisations distribute their tourism products in the market place (Buhalis, 1998, Buhalis and Licata, 2002). In addition, it modifies the value chain; changes market shares, affects jobs and working conditions as well as the competitiveness of destinations. (European Commission, 2005). Furthermore, ICT has revolutionised information linkages and blurred boundaries among industry members and this has a significant impacts as tourism industry can be considered as a dynamic information network (Fesenmaier et al, 2004).

According to Scottish eBusiness survey (2005), the majority (85%) of tourism organizations in Scotland have benefited from the use of eCommerce/eBusiness applications and the most frequently reported benefits was increased efficiency (50%) and other benefits such as improved communications (28%), better access to

information (10%) and increased turnover (12%) were also reported. However, even though above mentioned benefits, around 30% of tourism organizations are not adopting any eCommerce/eBusiness applications. It was found that 70% of non-adopters believe that eBusiness is not relevant to their organization and 57% of non-adopters do not know how eBusiness could help their business. This result suggests that awareness of benefits of eBusiness among tourism organizations is low and a lack of relevant skills and knowledge are essential in order to overcome these barriers through marketing and support by local government such as Destination Marketing Organisations (Scottish Enterprise, 2005)

With regard to impacts of eBusiness for tourism companies, especially for Small and Medium Sized Tourism Enterprises (SMTEs) such as accommodation sectors, eBusiness Watch (2005) identified that there are negative impacts of eBusiness as well as positive impacts (see table 3.15). In general, ICT was considered by SMTEs to be an important enabler of product and process innovation in tourism and also ICT can assist to establish high-quality Customer Relationship Management (CRM) strategy. In addition, investment in eBusiness is required by tourism companies in order to meet the steady increase in demand for online services and these services can be delivered through innovative mobile technologies. With regard to DMOs, there are some opportunities for DMOs as virtual enterprises which represent specific destination and eBusiness application can assist for advancement of interactive integrated destination management systems. For traditional intermediaries, eBusiness can be both opportunities and threats.

Table 3.15 Opportunities and Risks by eBusiness

| Opportunities | Risks |
|---|---|
| <p>ICT is still a source of competitive advantage</p> <p>Customer-driven demand for eBusiness products and services</p> <p>eBusiness may upgrade destination management</p> <p>ICT may help to establish high-quality CRM</p> <p>Innovative mobile e-services</p> <p>Re-intermediation and dis-intermediation in parallel</p> | <p>Exclusion of IT-laggards</p> <p>Inadequate ICT solutions for SMEs</p> <p>Lacking cooperation within eBusiness networks</p> <p>Asymmetrical adoption of eBusiness across tourism sub-sectors</p> <p>Lack of sustainable business models for mobile e-services</p> |

Source: eBusiness Watch (2005)

Having mentioned those opportunities, however, there are some risks or barriers to eBusiness. First of all, traditionally, tourism companies are reluctant to introduce ICT in their business and this may cause the lost of market share. In addition, most ICT applications such as CRM and online-booking functionalities are tailored for fairly large companies and therefore, sometime these ICT applications are not adequate for SMEs. In terms of eBusiness network in destination, failures of successful destination system can be found due to lack of cooperation among stakeholders of network users.

Another area which is emerging as one of the most important criteria for successful tourism companies in eBusiness environments is virtual community which provide virtual space for P2P or C2C interactions. Kim et al (2004) investigated factors that affect community member's loyalty and determine if the loyalty to an online virtual

community would lead members to purchase products and four main factors such as membership, influence & relatedness, integration & fulfilment of need, and shared emotional connection were found to be associated with a sense of online virtual community.

In addition to above impacts, one of the most profound impacts of eCommerce on the tourism industry is its effects on the structure of tourism distribution system. The figure 3.6 shows the traditional structure of tourism distribution system suggested by Werthner (1994) and Froschl & Werthner (1997). This figure describes the supply and demand side and the respective intermediaries within the tourism distribution system and there are two intermediaries both public intermediaries who are normally holding vast information on specific destination but not involved in the booking process such as DMOs and commercial intermediaries including CRS/GDS, tour operator, travel agents. Traditionally, there are limited interaction between DMOs and commercial intermediaries.

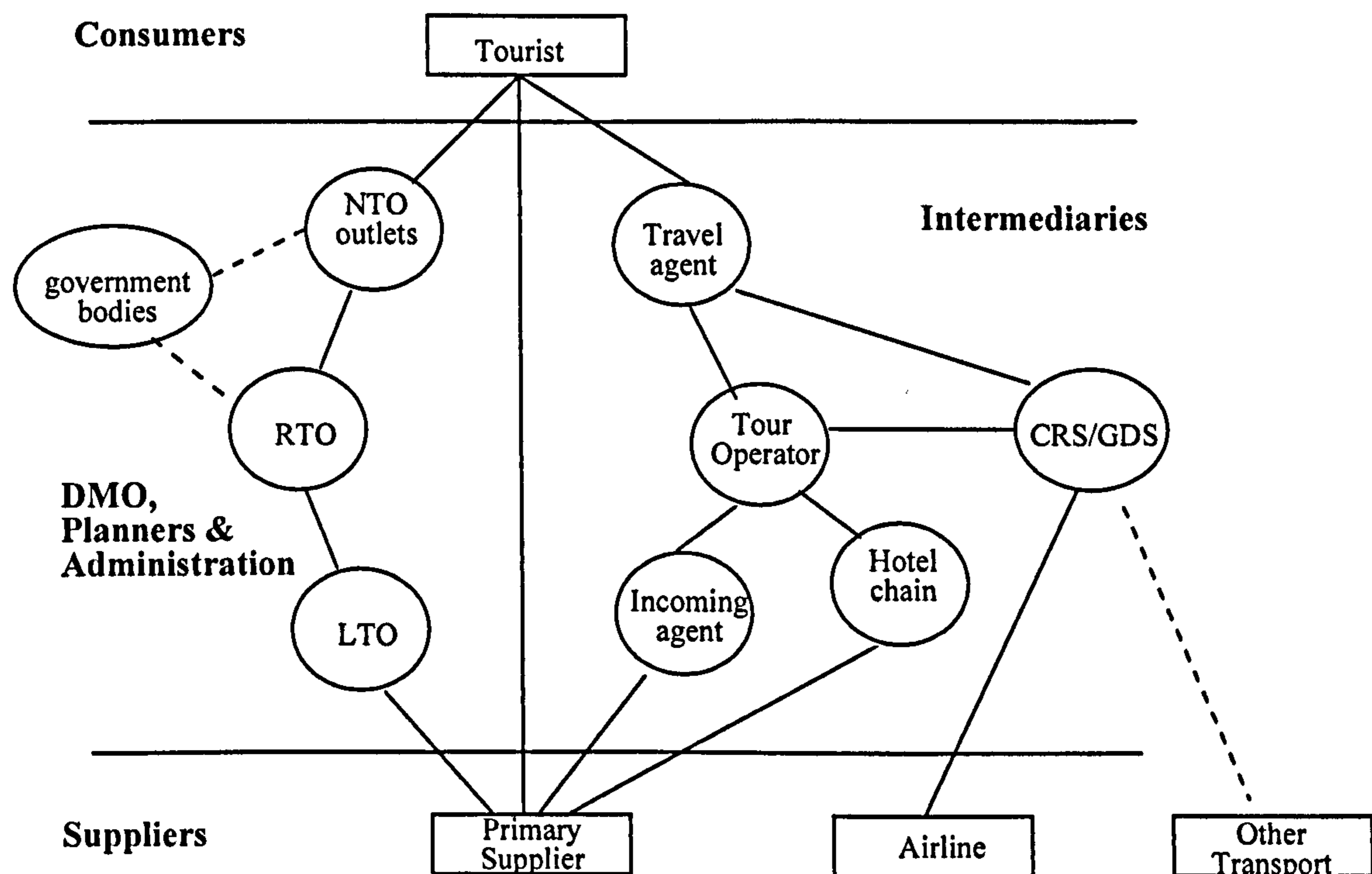


Figure 3.6 Structure of Tourism Distribution System
(Werthner 1994; Froschl and Werthner 1997)

However, above mentioned traditional structure of tourism distribution system has been dramatically changed due to Internet based Information Communication Technologies (ICTs). Figure 3.7 shows the Internet-enabled tourism which represents new tourism distribution structure due to the diffusion of Internet technology across tourism industry. Internet has revolutionised information linkage in terms of B2B and B2C interactions in the tourism industry and tourism companies not only existing intermediaries but also suppliers can do direct business with customers without using traditional GDS/travel agent route. Furthermore, the web-based travel agencies such as Travelocity, ebookers are emerging as one of the most powerful competitors to existing intermediaries.

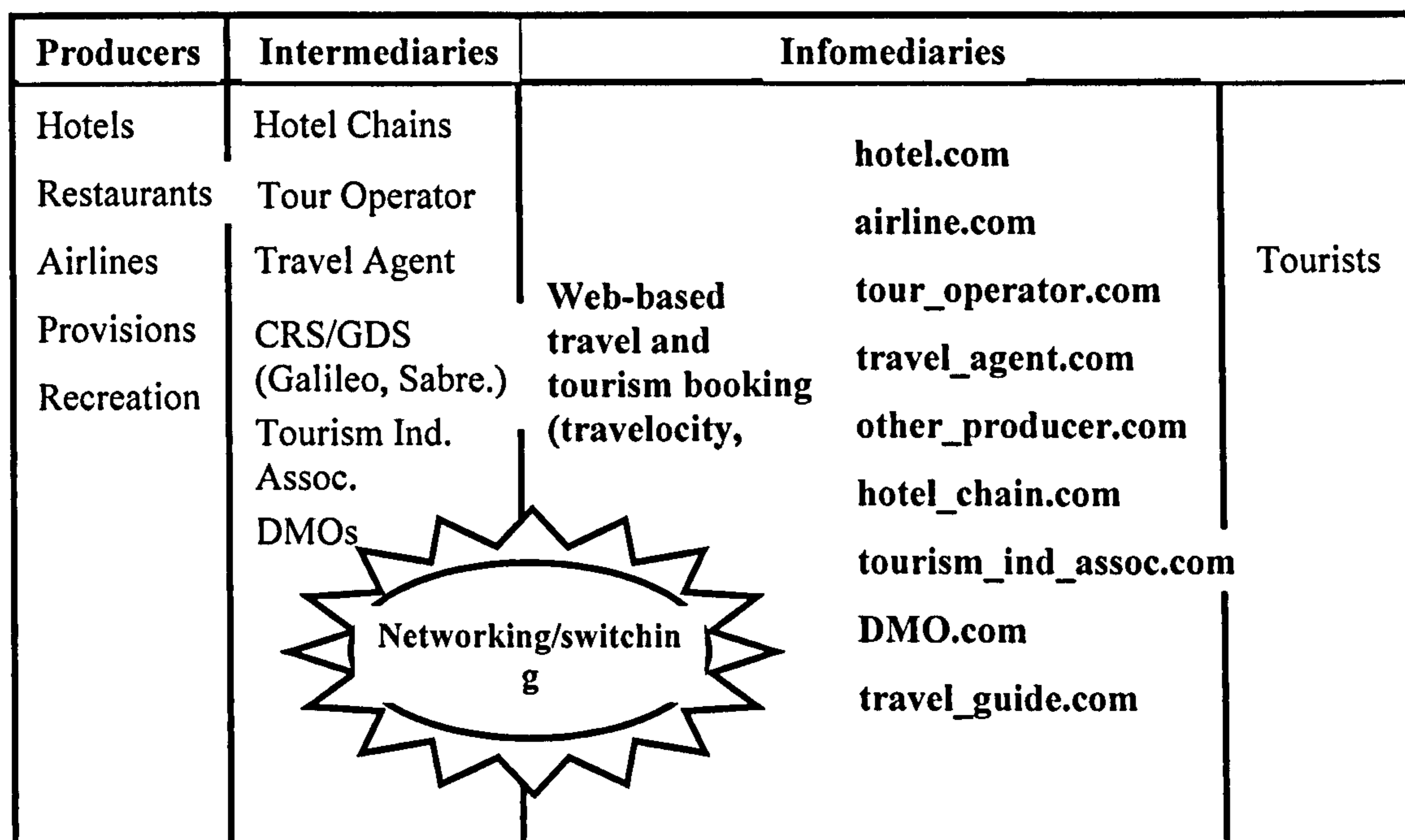


Figure 3.7 Internet-enabled Tourism (European Commission, 2002)

3.3.3.1 Impact of eCommerce on Airline Industry

The airline industry has driven the development and proliferation of global online distribution systems (GDS) since the late 60s and recently the diffusion of the web usage (Werthner and Klein, 1999, 2000). The market structure in the airline industry was described by Klein (2002) and he illustrated three major players such as travel agents, CRS/GDS and airlines in the airline market in terms of distribution channel. First of all, travel agents are the core distribution channels for airline tickets and they intermediate transactions between airlines and customers and the travel agency market has been fairly protected by fixed airline commissions. Secondly, Computerised Reservation Systems (CRS) and later Global Distribution Systems (GDS) have been developed in the 1960s by airlines in order to make internal booking information available to travel agents. In the meantime GDS operate as industry platforms, usually owned by several airlines, and handle the bulk of booking transactions for scheduled flights, car rentals and international hotel chains. CRS/GDS intermediate relationship between tourism principals and customers with service based on the capabilities of data storage, information retrieval and transactions processing in the 1970s (an early form of cyber-mediation between supplier and retailer). Finally, all airlines have different types of direct sales activities. They operate travel agents, call centres and increasingly branded web sites. Especially low cost airlines, such as Southwest airlines, Ryan airs, focus on direct sales.

Due to the emergence of Internet, especially World Wide Web, airline industry was changed dramatically and airline industry is among the most important application domains on the World Wide Web. For airline industry, online sales enable an extension of their yield management activities, as it becomes easier to sell remaining capacity on a last minute basis and to differentiate prices even further. Customers can benefit from easier access to a wealth of current information, efficient transactions and increased market transparency. However, initial expectations for huge online revenues have been modified recently as it has become apparent that many travellers consult the web for information but conduct their purchase offline. (Klein, 2002)

3.3.3.2 Impact of eCommerce on DMOs (Destination Marketing Organisations)

DMOs play an important role in the promotion and management of a tourism destination. In order to accomplish marketing goals, DMOs are usually active in a variety of tasks (Pearce, 1992). DMOs provide information through various different channels and Destination Information Systems (DIS) or Destination Management Systems (DMS) were introduced in order to disseminate destination information electronically. The distribution of destination information to travel intermediaries is still heavily dominated by Global Distribution Systems (GDS) and, recently, WWW has become an increasingly common way to provide destination information (Sheldon, 1998).

The growing influence and the use of the Internet have introduced a new form of competition and opportunity for the destination and many DMOs are using the Internet for destination marketing. DMOs incorporate all kinds of IT applications and use them to facilitate a wide array of their organisational activities (Yuan, et al 2003). Use of eCommerce applications enables DMOs to promote their destination's tourism products and services, present associated organisations equally and effectively communicate with customers (Yuan et al, 2006). According to Yuan et al (2006), it was revealed that ICT enable American Convention and Visitors Bureaus (CVBs) to improve communication, coordination, and collaboration that were previously unimagined. However, organisational capability influences ICT use and leads to distinct implementation effects.

3.3.3.3 Impact of eCommerce on travel intermediaries

Travel intermediaries currently play three key roles. First, they act as information brokers, passing information between customers and suppliers of tourism products and services. Second, they process transactions by printing tickets or forwarding money. Third, they act as advisors to travellers. Information technology profoundly

affects first two roles. The rapid growth of the Internet, the World Wide Web and other public access networks is having a profound impact on traditional travel product distribution and intermediaries. Increasingly consumer can access online information on-line and therefore can bypass traditional intermediaries. The increasingly widespread use of Internet as a means to deliver up-to-date content created the conditions for the emergence of new electronic intermediaries (Buhalis and Licata, 2002). These include suppliers selling direct on the Internet, and web-based travel agents (e.g. Lastminute.com), allowing consumers direct access to their inventory systems and secure on-line booking facilities. Most of these emerging electronic intermediaries are new entrants. However, some of the major operators in this field are owned or powered by exiting non-travel organisations (e.g. Microsoft Expedia). Even though traditional intermediaries are losing market share due to the emergence of new Web-based intermediaries, Law et al (2004) predicted that both online and traditional distribution channels can coexist in the future as even though customers are using Internet based eChannels dominantly, they still used professional services and advice offered by traditional travel agencies.

3.3.4 Customer Benefits of eCommerce in Tourism

There are many benefits of eCommerce to customers in tourism context. First of all, travellers can access reliable and accurate information as well as to undertake reservation instantly in a convenient and cost effective way through ICTs (O'Connor, 1999). Thus, travellers can gain improved service quality and satisfaction. When customers search tourism products and services, ICTs can offer a range of tools to facilitate and improve the process (Morrison et al, 2001). Another benefit of eCommerce is that it reduces uncertainty and perceived risks by using Virtual Travel Community (VTC) or electronic Word of Mouth (WOM) which makes it easier for customers to obtain information, maintain connections, develop relationships, and eventually make travel-related decisions (Walker, 2001; Stepchenkova et al, 2007).

As Buhalis (1998) stated, customers are becoming more independent and sophisticated on using a wide range of options to arrange for their trips. ICTs/eCommerce systems allow customers to use various eCommerce applications such as search engines, online travel agencies, destination management systems, social networking and web 2.0 portals, price comparison sites as well as individual suppliers and intermediaries sites (Buhalis and Law, 2008). Especially, the emergence of Web 2.0 or Travel 2.0 provides customers with independent travel reviews and comments written from Trip Advisor members and expert advisors and provides a powerful platform for interaction between peer travellers (Wang & Fesenmaier, 2004).

Within eTourism context, customers have variety of choices and they can have much more options for searching and subsequently purchasing on the Internet and this change enable customers to enjoy low-cost travel including no-frills airline, holiday packages and hotel rooms discounted at the last-minute (Buhalis and Law, 2008) and also travel recommender system helps customer to assist an appropriate decision-making process by providing valuable information. (Fesenmaier et al 2002; Ricci and Werthner, 2006).

3.3.5 eCommerce System Evaluation in Tourism

According to research by University of Trento eTourism Group (UNITN, 2005), 249 titles of scientific works on the general subject of web evaluation and more that 50 titles of publications specifically dedicated to the tourism industry. From the investigation, it was found that there is no universally accepted method or metrics for a tourism website evaluation.

For example, Morrison et al (2004) conducted research on evaluation of past, present and future recommended approaches for evaluating tourism and hospitality website from the perspective of the balanced scorecard approach. The research suggested that the industry leaders, academics and consultants need to develop a unified procedure

for tourism and hospitality website evaluation. Corigliano and Baggio (2006) carried out research on the significance of tourism website evaluation using bootstrapping techniques and the results showed that this particular technique for the assessment of tourism website is useful in order to improve their quality and acceptance by the users. There are some other researches undertaken in tourism using well known DeLone & McLean's information system success model. Stockdale and Borovicka (2006) reviewed the DeLone and McLean's IS success model and made an effort to apply to tourism context. The study confirmed Law & Leung's contention that many tourism websites are of inadequate quality (2002). It was found that service quality dimension was adequate in tourism context as well as information quality and system quality dimensions however, service quality dimension was found to be the weakest area of development in tourism. Jang et al (2005) also conducted research on hotel information system quality based on updated DeLone and McLean's IS success model in order to improve to facilitate hotel employees' use of system and their satisfaction of system use. The results showed that information quality and service quality have a positive influence on user satisfaction and system use however system quality appears not to have a significant influence on users' intention to use and their satisfaction with system. Further, Bai et al (2008) developed and empirically tested a conceptual model of the impact of website quality on customer satisfaction and purchase intentions within the context of Chinese tourism market and they found that website quality has a direct and positive impact on satisfaction and also satisfaction leads to purchase intentions in the online environment.

3.3.6 eService Quality Evaluation in Tourism

Prarasuraman et al (1988) proposed five dimensions of service quality (SERVQUAL) which include tangibles, reliability, responsiveness, assurance, and empathy and from their research further modifications of SERVQUAL have been conducted in the hospitality industry such as LODGESERV by Knutson et al (1990) and DINESERV by Stevens et al (1995). Since these researches, the research focus on the measurement

of service quality has been always extremely important for tourism providers (Luchars and Hinkin, 1996; Weiermair and Fuchs, 1999; Ekninci and Riley, 2001).

Later, Parasuraman and Grewal (2000) asserted the need for research within new eCommerce environment and Zeithamal et al (2002) examined the key differences between service quality and eService quality and subsequently they developed a multiple-item scale (E-S-QUAL) for the assessment of the service quality delivered by Websites (Parasuraman et al, 2005). Further, Santos (2003) proposed a conceptual model of the determinants of eService quality that has multi-faceted dimensions for increasing hit rates, stickiness, and customer retention.

Despite these efforts by many researchers, the issue of measurement of eService Quality appears to be understudied (Stockdale and Borovicka, 2006) and lacks well-developed instruments. The most common method of assessment of website eService quality used by tourism marketers is through an evaluation of website success and marketing effectiveness (Jung and Butler, 2000; Wober et al, 2002). Another approach to assess eService quality in tourism and hospitality is the availability of the different quality features on the websites (Chung and Law, 2003) and they provided an assessment technique for evaluating the eService Quality of tourism websites. Furthermore, Law and Hsu (2005) examined customer perceptions of the importance of quality characteristics of hotel websites and developed a scale-like indicator of hotel website quality as perceived by consumers. These new approaches in eBusiness environments are particularly important as tourism businesses can achieve significant competitive advantage differentiate themselves through online delivery of customer value and improving eService quality in the tourism and hospitality industry (Sigala and Sakellaridis, 2004). In the hospitality industry, a series of research on E-mail service quality as part of eService were conducted. (Frey et al., 2003; Gherissi-Labben, et al, 2003; Shegg et al, 2003; Shegg et al, 2006; Murphy et al, 2007). Within this research, they identified two broad dimensions of eService quality such as responsiveness and quality.

3.4 Summary

This chapter has discussed the main characteristics and issues including benefits and barriers in the area of Internet based electronic commerce. This chapter also examined the impacts of eCommerce on various sectors in tourism and hospitality industry.

The next chapter looks into the customer behaviour in eCommerce environments and in particular the customer channel choice behaviour within the context of customer relationship management (CRM).

CHAPTER FOUR

CHAPTER FOUR: eCONSUMER & CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

4.1 Introduction

The purpose of this chapter is to investigate the consumer behaviour in eCommerce environments. First of all, definition, trends, benefits, marketing communication model and strategy of eMarketing are discussed. Secondly, consumer behaviour model and consumer decision making process including information search and purchasing behaviour in eCommerce are examined. Thirdly, the importance and benefits of Customer Relationship Management (CRM) are discussed. Finally, in particular, channel management strategy, one of the most critical issues for both academics and industry in recent years, in conjunction with Customer Relationship Management is discussed within the context of the multi-channel eBusiness environment.

4.2 eMarketing

4.2.1 Definition of eMarketing

Electronic Marketing or eMarketing started in the nineteenth century when people using telegraphs as a marketing communication tools to do business with others and there has been dramatic changes in the nature of eMarketing over the past few years and the scope of communication tools shifted from traditional channels including telephone, television and radio to more recent electronic channels such as Internet,

teletext, mobile phone. The term 'eMarketing' has various alternative terms such as 'Internet Marketing', 'Digital Marketing' or 'Cyber Marketing'. Even though, there are different terms used by both academics and industry, these terms have more or less similar meaning and in this study 'eMarketing' is used as a representative term which contains other terms.

The efforts to define 'eMarketing' were made by many researchers. Tetzeli (1994) is one of the researchers who stated the business use of Internet which close to the definition of eMarketing and he mentioned that the business use of Internet includes electronic mail for communication and collaboration with business counterparts, information gathering, advertising, and direct marketing. Later, in the middle of 1990s when industry started to adopt Internet as a marketing medium after realising the potential benefits of Internet for business purposes, Dufour (1997) defined 'eMarketing' as the use of actions, tools and techniques implemented by an organisation to promote the growth of its commercial activities using Internet (both the global network and its tools, such as the web or e-mail) or on-line services. Efforts to define eMarketing considering customers which one of the most powerful eBusiness drivers were made by Siegel (2000) and he stated that eMarketing is not about building a web site, but building a web business and further it is about harmonising the poser of customers. Smith and Chaffey (2005) mentioned various electronic marketing mediums are involved with eMarketing and firms are using web sites, banner ads, opt-in e-mail, interactive kiosks, interactive TV or mobile commerce for marketing over the Internet. Strauss et al (2003) defined eMarketing as the application of a broad range of information technologies for 1) transforming marketing strategies to create more customer value through more effective segmentation, targeting, differentiation, and positioning strategies, 2) more efficient planning and executing the conception, distribution, promotion, and pricing of goods, services and ideas, and 3) creating exchanges that satisfy individual consumer and organisational customer's objectives. This definition is from the perspective that eMarketing is the results of information technology applied to traditional marketing. Therefore, eMarketing increases efficiency in traditional marketing functions and also

technology of eMarketing transforms many marketing strategies. (Strauss et al, 2003). Albert and Sanders (2003) divided eMarketing into three common themes such as creating and selling products to customer, value exchanging that will benefit both customers and firms, and process involving with various stakeholders and they defined the eMarketing as utilising the relevant technologies to manage the firm's organisation in relation to the aspects of electronic commerce, business intelligence, customer relationship and supply chain management (Albert and Sanders, 2003). More recently, Chaffey et al (2006) defined eMarketing as 'achieving marketing objectives through applying digital technologies including Internet media (web sites, email) as well as other digital media such as wireless or mobile and media for delivering digital television such as cable and satellite'.

4.2.2 eMarketing Communication Model

Hoffman and Novak (1996) outlined three communication models that serve to identify several unique characteristics of hypermedia Computer Mediated Environments (CMEs) such as web. Three communication models are mass media, interpersonal and computer-mediated communication, and the new marketing communication model in eCommerce environment.

4.2.2.1 Mass Media Model

The primary feature in figure 4.1 is a one-to-many communications process, whereby the firm (F) transmits content through a medium to consumers(C). Depending on the medium (i.e., broadcast, print, and billboards), either static (i.e., text, image, and graphics) and/or dynamic (i.e., audio, full-motion video, and animation) content can be incorporated. In this model, there is no interaction between firms and customers. According to Kotler (2005), this traditional model of communication process affects all contemporary models of mass media effects.

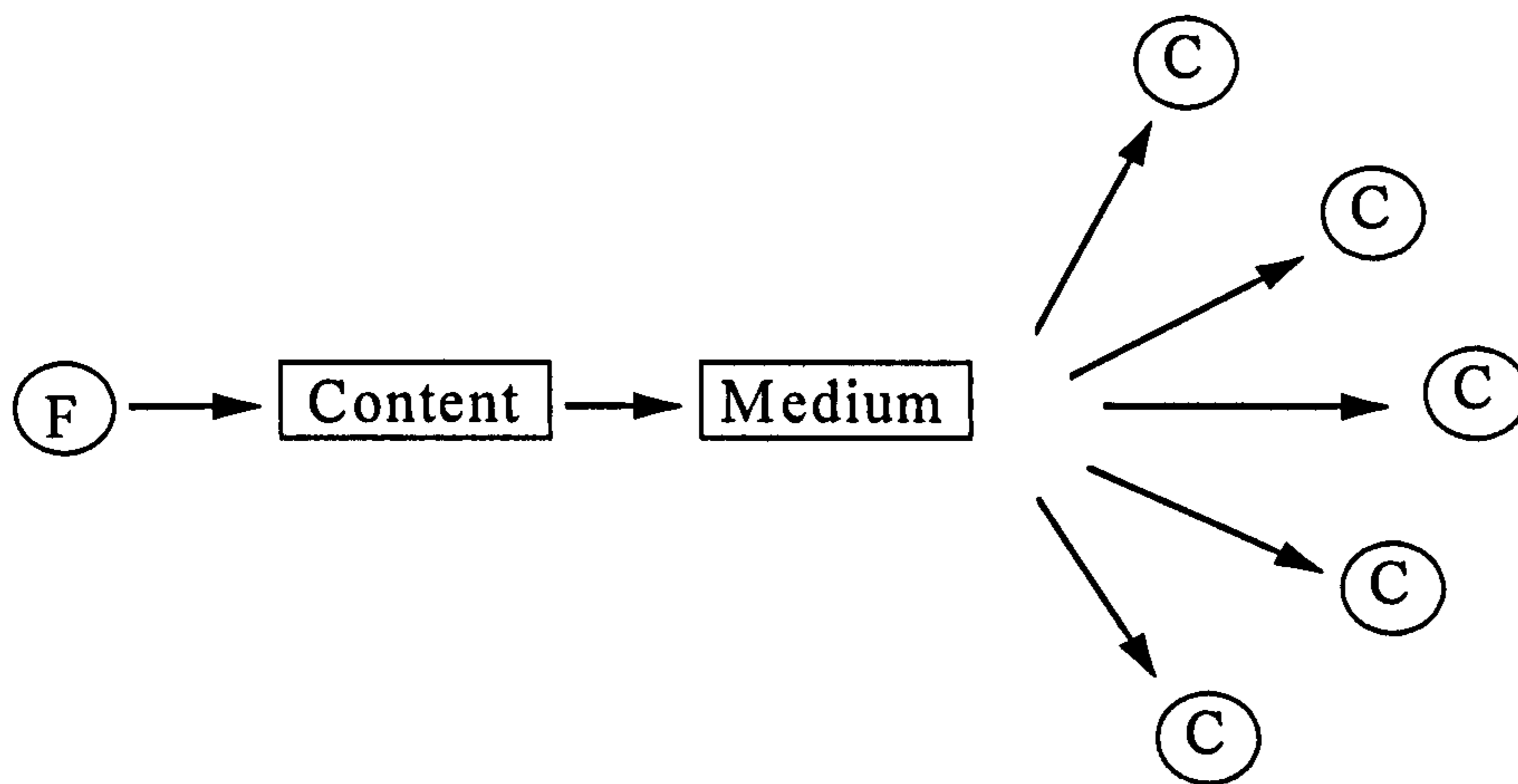
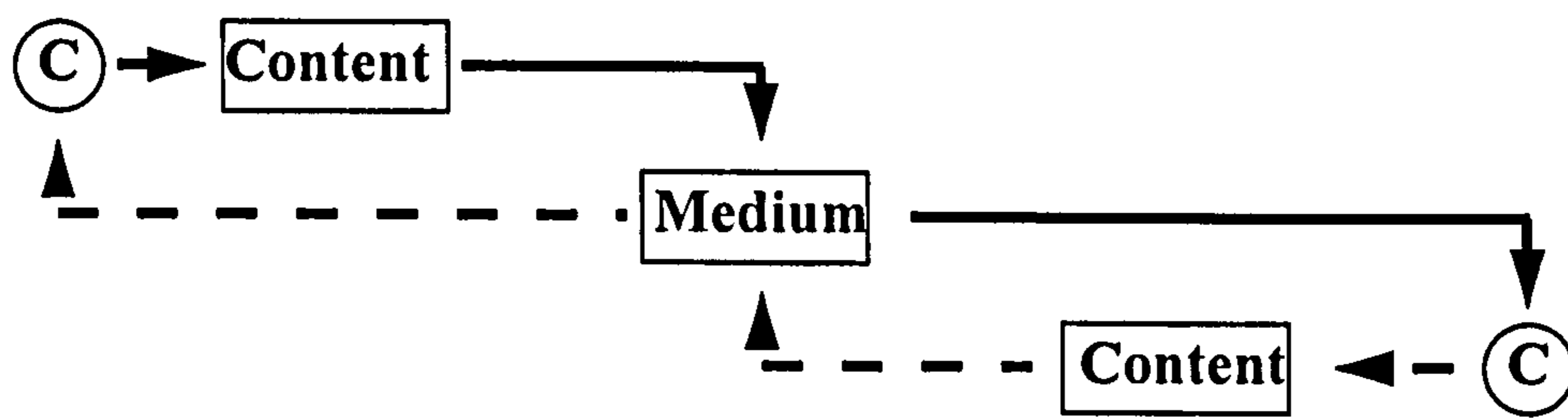


Figure 4.1 Traditional One-To-Many Marketing Communications Model for Mass Media (Source: Hoffman & Novak, 1996)

4.2.2.2 Interpersonal and Computer-mediated Communication Model

In figure 4.2, a simplified model of interpersonal communication, based on traditional models of communication from sender to receiver, is presented. The solid and dashed lines indicate communication flows through a medium for two distance consumers. This model incorporates a feedback view of interactivity, which is consistent with Rafaeli's (1988) definition of interaction as "an expression of the extent that in a given series of communication exchanges, any third transmission is related to the degree to which previous exchanges referred to even earlier transmissions"



Note: C=Consumer

Figure 4.2 Model of Interpersonal and Computer-Mediated Communication

(Source: Hoffman & Novak, 1996)

4.2.2.3 New Marketing Communication Model

Figure 4.3 shows the range of communication relationships possible in a hypermedia CME. Consumers can interact with the medium, as can firms. In addition, firms can provide content to the medium. Therefore, consumers can put product-related content in the medium- the most radical departure from traditional marketing environments.

The new model is a many-to-many communication model for hypermedia CMEs and this particular model is considered as a suitable model which explains the relationship between firms and customers in eCommerce environment. After brief reviewing three different marketing communication models, it is imperative for firms to identify trends of marketing communication channel which will be discussed further in next section. Furthermore firms should re-design their business process in order to respond these changes where customers are more powerful in the marketplace.

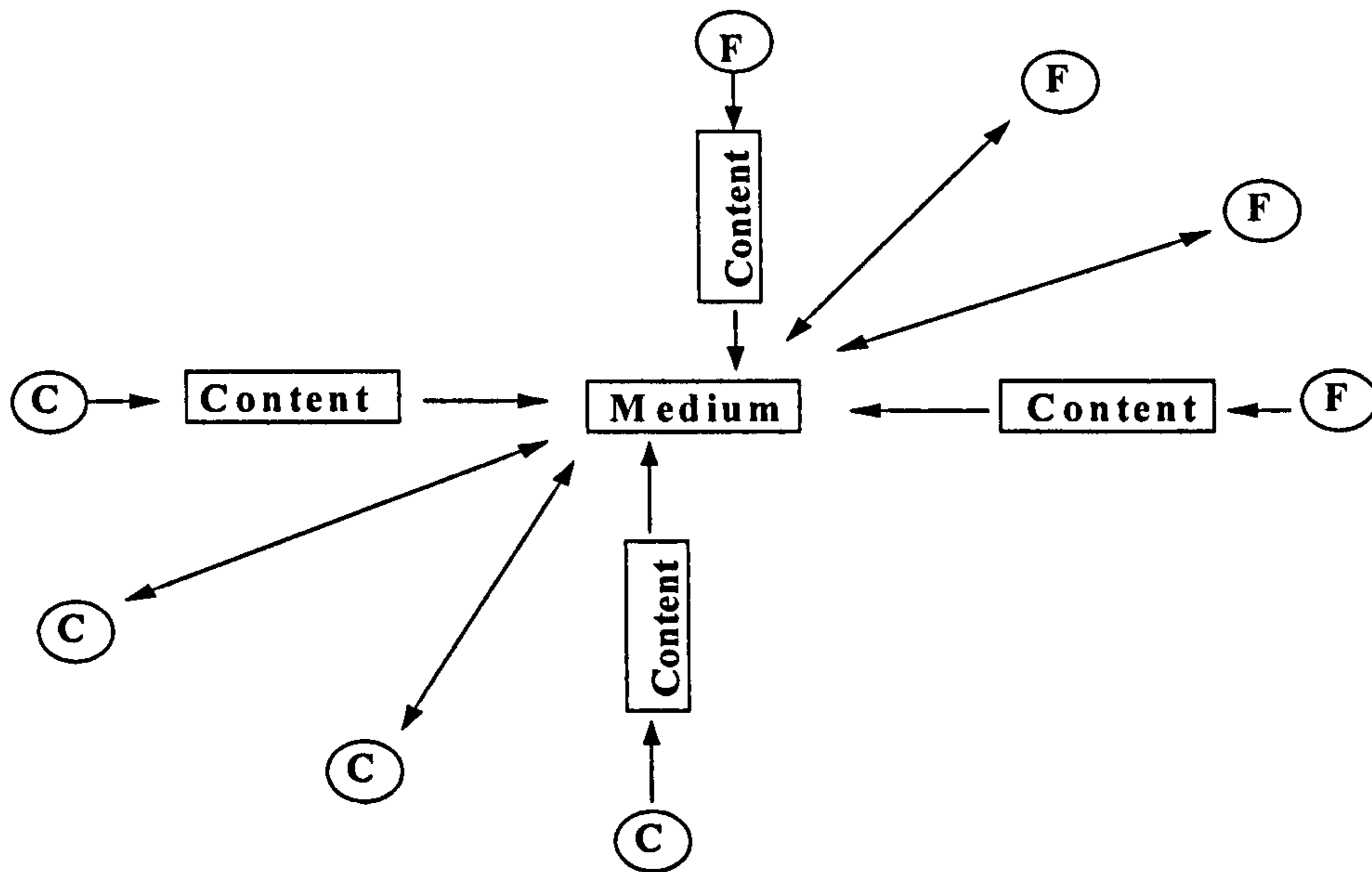


Figure 4.3 A Model of Marketing Communications in a Hypermedia CME (Source: Hoffman & Novak, 1996)

4.2.3 Trends of eMarketing

The changing face of Marketing was mentioned by Wind (2001) and table 4.1 shows the comparative analysis between old model and new model with regard to various aspects including relationship with customers, customer needs, segmentation, products and services, new product development, pricing and brand and so on. Whilst old marketing model focuses on mass marketing or segmented marketing, new model emphasise on customisation. Customer orientation is the key criteria for successful business in the Internet based eBusiness environment and therefore, companies should alter their marketing strategy according to the customers' needs and demands.

Table 4.1 The Changing Face of Marketing

| | Old Model-Mass and Segmented Marketing | New Model-Customisation |
|--------------------------------|---|---|
| Relationship with customers | Customer is a passive participant in the exchange | Customer is an active Co-producer |
| Customer Needs | Articulated | Articulated and unarticulated |
| Segmentation | Mass market and target segments | Segments looking for customised solutions and segmented targets |
| Product and service offerings | Line extensions and modification | Customised products, services, and marketing |
| New product development | Marketing and R&D drive new product development | R&D focuses on developing the platforms that allow consumers to customise |
| Pricing | Fixed prices and discounting | Customer determined pricing; value-based pricing models |
| Communication | Advertising and PR | Integrated, interactive, and customised marketing communication, education, and entertainment |
| Distribution | Traditional retailing and direct marketing | Direct (online) distribution and rise of third-party logistics services |
| Branding | Traditional branding and cobranding | The customer's name as the brand |
| Basis of Competitive Advantage | Marketing power | Marketing finesse and 'capturing' the customer as 'partner' while integrating marketing, operations, R&D, and information |

Source: Wind (2001)

4.2.4 Benefits of eMarketing

Benefits of eMarketing to customers and firms are mentioned by various researchers. Watson et al (2002) pointed out that efficiency of communication and transactions can be improved through effective use of Internet based information communication technology (ICT) not only between members within organisation but also with organisation's stakeholders such as customers, suppliers and employees. Furthermore, Watson et al (2002) stated that the primary advantages of eMarketing is reducing costs and enhancing reach global customers. They also mentioned that there are three key areas of advantage for customers and firstly, the marketing firm can provide unlimited information to customers without human intervention. Secondly, the eMarketing firm can create interactions by customising information for individual customers that allow customers to design products and services that meet their specific requirements. Finally, eMarketing platforms can allow transactions between customers and firms that would typically require human contact.

With regard to the benefits of eMarketing, Reedy and Schullo (2003) advised that several benefits can be achieved when a company doing the online business. First of all eMarketing can enhance the communication speed in both internal and external aspect. Secondly, eMarketing enable company to conduct more effective marketing research and also support to develop marketing planning and sales. In addition, monitoring cost management and increasing productivity as well as maintaining the partnering and logistics within the organisation can be much easier using advanced technology. Finally, in terms of relationship with external partners, eMarketing can improve ability of doing business-to-business effectively and also encourage company to reach global customers. Furthermore, eMarketing can assist the customer's buying experience and customer loyalty. Recently, Smith & Chaffey (2005) have identified 5Ss of eMarketing which suggest five broad benefits or reasons for adopting eMarketing which marketers can use to set objectives for eMarketing and key benefits of Internet Marketing include growing sales, adding value, getting closer to customers, saving costs and extending the brand online

Chaffey et al (2006) identified typical benefits of eMarketing and classified into tangible benefits which monetary savings or revenues can be identified and intangible benefits which monetary savings or revenues can not be identified. Firms can obtain tangible benefits from eMarketing through increased sales or revenues from both new and existing customers and cost reduction. On the contrary, intangible benefits can be achieved from eMarketing in different ways and these benefits are related to corporate image, brand, and customer service and so on.

Table 4.2 Tangible and Intangible Benefits from eMarketing

| Tangible Benefits | Intangible Benefits |
|---|--|
| <p>Increased sales from new sales leads giving rise to increased revenue from:</p> <ul style="list-style-type: none"> • New customers, new markets • Existing customers (repeat-selling) • Existing customers (cross-selling) <p>Cost reductions from:</p> <ul style="list-style-type: none"> • Reduced time in customer service • Online sales • Reduced printing and distribution costs of marketing communications | <ul style="list-style-type: none"> • Corporate image communication • Enhance brand • More rapid, more responsive marketing communications including PR • Improved customer service • Learning for the future • Meeting customer expectations to have a web site • Identify new partners, support existing partners better • Better management of marketing information and customer information • Feedback from customers on products |

Source: Chaffey et al (2006)

4.2.5 eMarketing Strategy

“The Key question is not whether to deploy Internet technology-companies have no choice if they want to stay competitive-but how to deploy it.” (Porter, 2001)

As Porter (2001) previously mentioned, Internet is the key to modern business strategy as Internet-based eMarketing strategy crucial for companies to provide consistent direction for an organisation’s eMarketing activities in order to integrate with its other marketing activities and supports its objectives in eBusiness environment.

As Ranchhod (2004) stated, due to the fact that technology becomes more sophisticated and can deliver data and video links at high speed within a multi-channel environment including mobile devices, it is critical for firms to understand its capability in delivering effective customer relationship management through Internet-based networks because these digital/networked interactive technologies will create fundamentally new ways of doing business (Oliva, 2002).

Considering current technology-driven dynamic market situation, it is important for firms to set channel-specific objectives and develop a differential channel-proposition and channel-specific communications consistent with the characteristics of the channel and customer usage of it. As Duffy (2004) mentioned, multi-channel marketing in the retail environment involves the integration of marketing activities in retail stores, with catalogs and with online marketing. Therefore, within competitive eBusiness environment, the focus of eMarketing strategy should be decisions about how to use the channel to support existing marketing strategies and how to exploit its strengths and manage its weaknesses and to use it in conjunction with other channels as part of a multi-channel marketing strategy (Chaffey, 2006). For example, most firms use combination of traditional channels such as face to face, phone, direct mail communications and eChannels including website whilst low cost airlines focus on website and email marketing for delivering services and communication with customers.

In international market, Sheth and Sharma (2006) argued that evolution of eMarketing strategies is based on the countries infrastructure and marketing institutional development. For example, in countries with developed infrastructure and competitive marketing institutions, the focus will be on reducing marketing costs and increasing reach and therefore, brick and click strategies will be the main eMarketing strategies. These eMarketing strategies were used by many retailers (Wal-Mart), manufacturers (Dell, Cisco), service firms (Pizza Hut), music services (iTune) and Airlines (easyjet.com). On the contrary, in countries where there is both low infrastructure development and low marketing institutional development, successful eMarketing strategies will include an extension of both infrastructure and marketing institutions and typically, these strategies will be firm driven eMarketing strategies and/or corporate exchange.

| | | | |
|--|------|---|--|
| Country's Marketing Infrastructure Development | High | Third Party eMarketing/ Direct eMarketing | Bricks and Clicks/ Digitised Product & Services |
| | Low | Firm Driven eMarketing/ Corporate Exchange | Buying Groups/ Alternative infrastructure |
| | | Low | High |
| | | Country's Marketing Institutional Development | |

Figure 4.4 eMarketing Strategy in International Market

4.3 Consumer Behaviour in eCommerce

4.3.1 eConsumer Behaviour Model

Market researchers have been trying for decades to understand ‘consumer behaviour’ (East, 1997) and their findings are summarised in a model of consumer behaviour. Turban et al adjusted (2006) this model particularly for the new eCommerce environments. Figure 4.5 shows that the purchasing decision process is basically a customer’s reaction to stimuli and the process of buyer’s decision is influenced by the buyer’s characteristics, the environment, the technology, the eCommerce logistics, technical support and customer service.

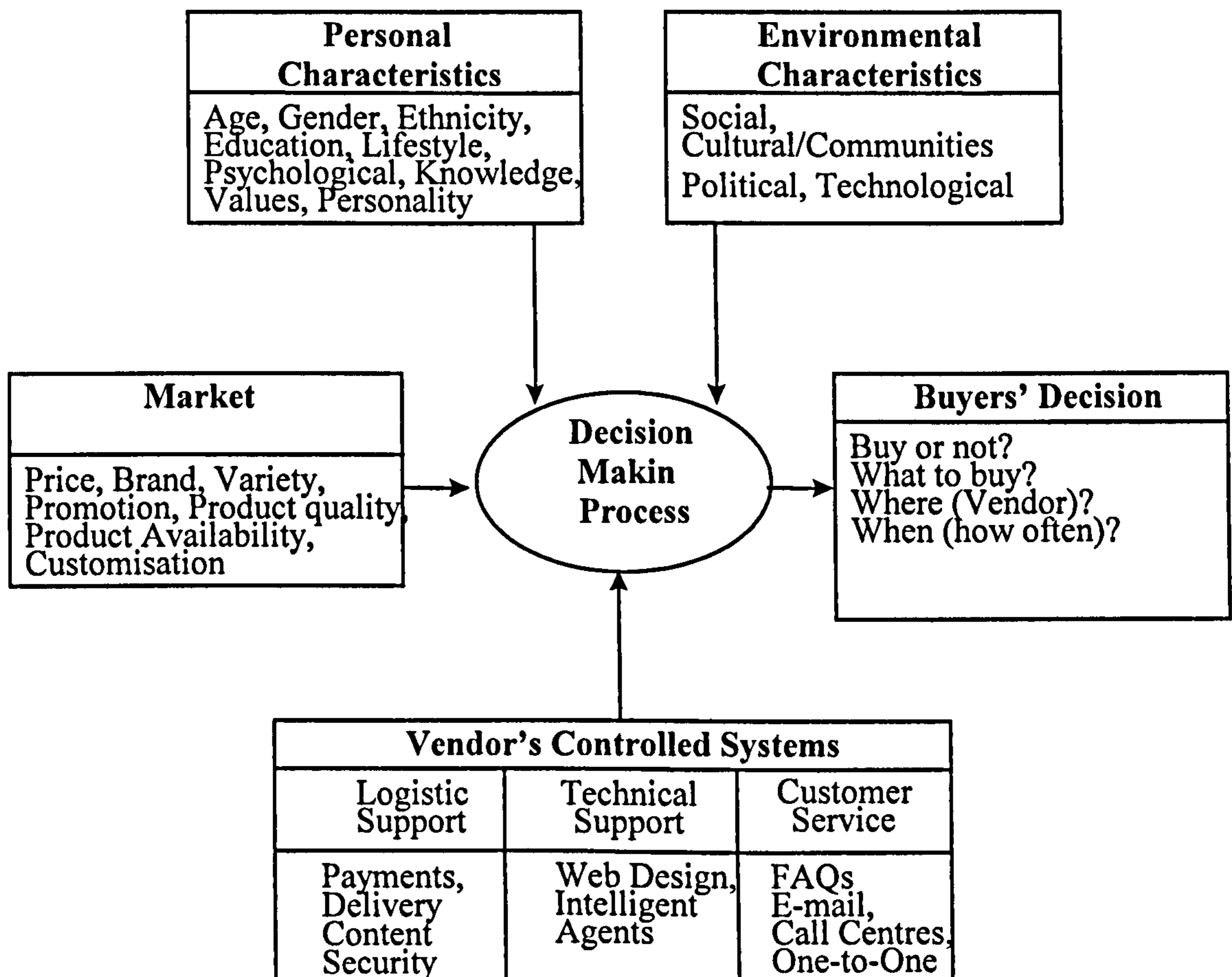


Figure 4.5 Electronic Commerce Consumer Behaviour Model (Turban et al, 2006)

However, consumer behaviour in the eCommerce is complicated issue for both researchers and practitioners. One of the most distinctive characteristics of consumer behaviour in the eCommerce from that of traditional commerce is that Internet has shifted the control of communication to the hands of the user. Figure 4.6 shows consumer control of different marketing communications (Fletcher, 1999) and in the eCommerce environment, consumer have more power of control of contact and content.

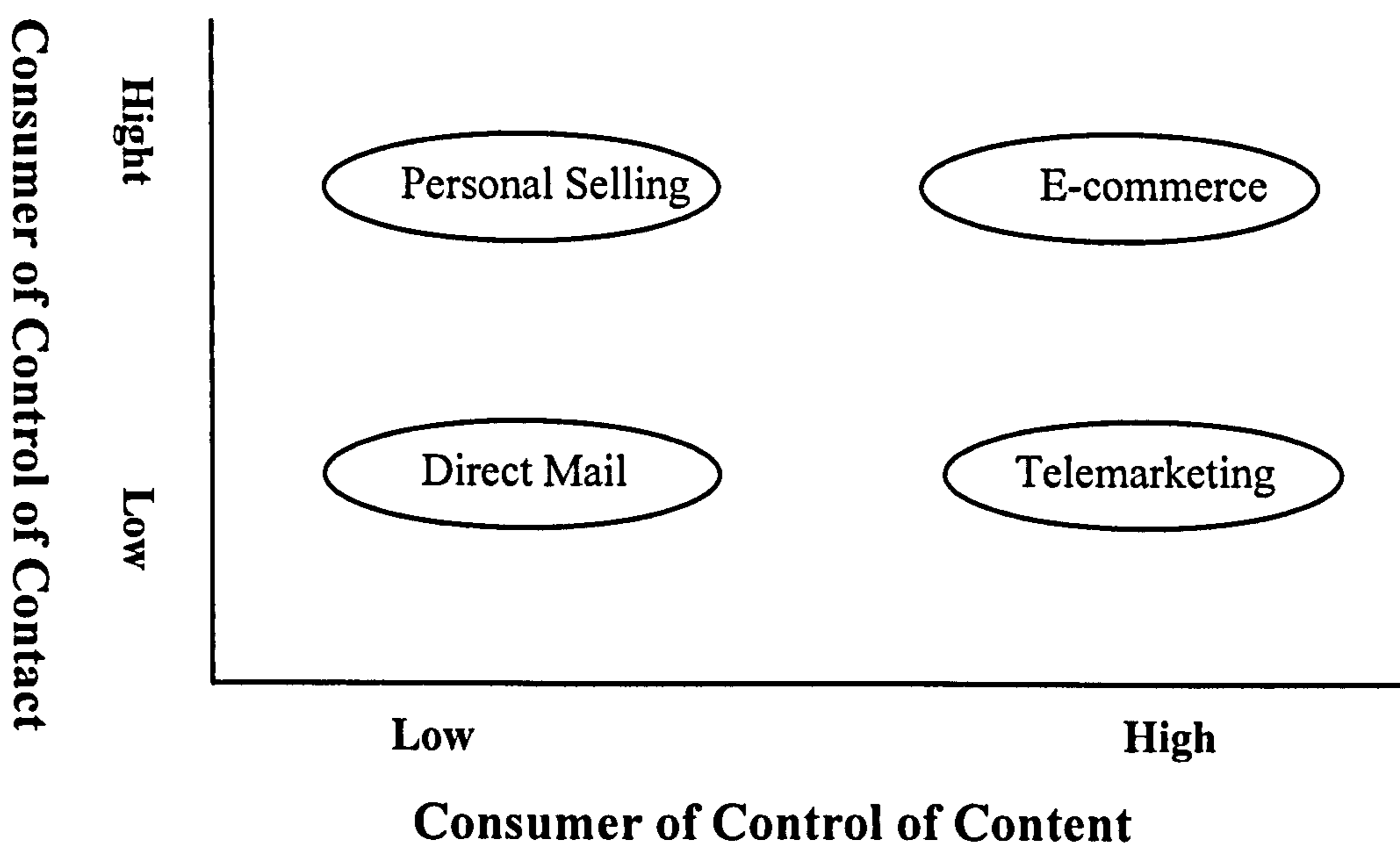


Figure 4.6 Consumer Control of Different Marketing Communications (adapted from Fletcher 1999)

Nevertheless, researchers usually accept the Fishbein's model to interpret the process of influencing decisions through communication (Lin et al, 2000; Pereira, 1999). The generic model of Attention, Interest Desire and Act (AIDA) in the form of decision process; 1) Need Recognition, 2) Information Search, 3) Evaluation of Alternatives, 4) Purchase/ Choice, 5) Post-purchase Evaluation (Kotler, 2005) has been accepted for consumer purchase of good on the Internet (Butler and Peppard, 1998; O'Keefe et al, 1998).

4.3.2 eConsumer Purchasing Decision-Making Process.

Rayport and Jaworski (2003) emphasised the importance of understanding of consumer decision making process in eCommerce environment and they asserted that it is important for firms to understand the consumers' decision making process which is a series of steps including awareness of the experience, the purchase experience, and the use experience. It is obvious that all these considerations may not only help consumers to assess the risks when buying things from retailers but also influence consumers' motivations.

Figure 4.7 shows a general purchasing decision-making model for consumers suggested by Kotler (2005). It consists of five major phases and the five stages are 1) need identification, 2) information search, 3) alternatives evaluation, 4) purchase and delivery, and 5) after purchase evaluation. The brief explanations of each stage are as follows.

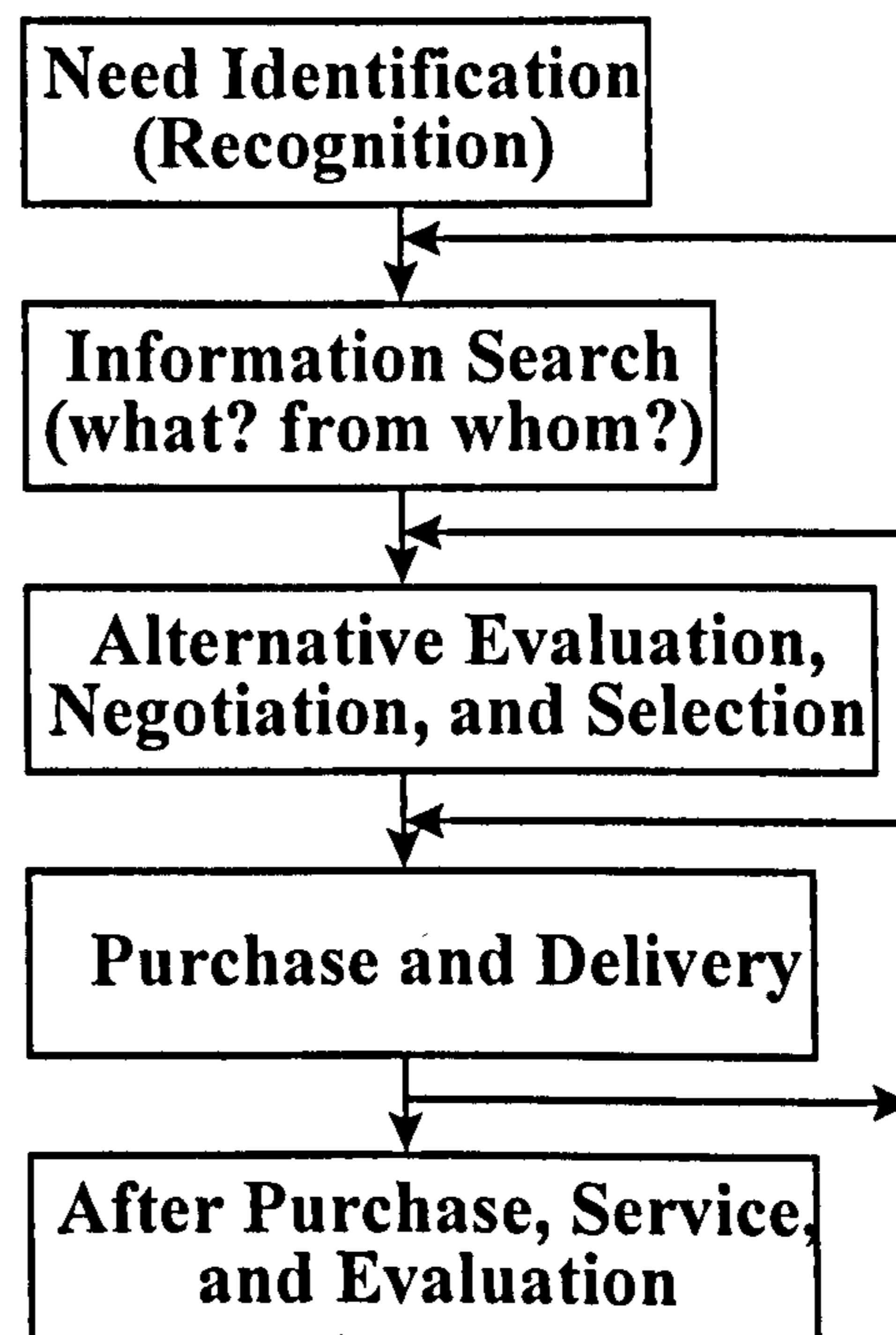


Figure 4.7 Purchasing Decision-Making Process (Kotler, 2005)

Need identification stage occurs when a consumer is faced with an imbalance between actual and desired states of a need. After identifying the need, the consumer searches for information about the various alternatives available to satisfy the need. Information search stage can occur both internally and externally and this information search stage normally generate a smaller set of preferred alternatives. From this set, the buyer will further evaluate the alternatives and this is the evaluation stage. In the next stage the consumer will make the purchasing decision, arrange payment and delivery, buy warranties, and so on. Finally, there is a post purchase stage of customer service and evaluation of the usefulness of the product.

Above presented model is widely used in research on consumer based electronic commerce (Cheung and Lee, 2003), however this model is generic and some researchers attempt to adjust this model in the eCommerce environment. O'Keefe and McEachern (1998) proposed a framework called Consumer Decision Support System (CDSS) and according to this framework, each of the phases of the purchasing model can be supported by both CDSS facilities and generic Internet and Web facilities. The CDSS facilities support the specific decision in the process, whereas the generic technologies provide information and enhance communication. Butler and Peppard (1998) also identified the different needs for information and interaction during the various stages of the decision process and they agree that the Internet has various tools that facilitate satisfaction of the users' needs and the transaction process.

Table 4.3 shows the consumer decision support system and the summary of presentation of the marketing issues and facilities that response to the various stage of the decision making by O'Keefe and McEachern (1998). In accordance with this, Pereira (1999) also mentions that user have different information needs during the process of decision making and therefore web developers should present consumers with a dynamic web site that satisfies and adjusts to various information needs in the Internet based eCommerce environment.

Table 4.3 Consumer Decision Support System

| Stages in Decision Process | O'Keefe and McEachern (1998) | |
|-----------------------------------|---|--|
| | Generic Internet and Web Facilities | CDSS Facilities |
| Need Recognition | Banner advertising on other web sites, URL on physical material, Discussions on news groups | Agents and event notification |
| Information Search | Web directories and classifiers, External search engines, Focused directories and information Brokers | Virtual catalogs, Internal search on a web site, Structural interaction and question/answer sessions Links to (and guidance on) external Sources |
| Evaluation of Alternatives | Discussions in news groups, Cross site (i.e., firm) comparisons, Generic models | FAQs and other summaries Samples and trial, Provisions of evaluative models, Pointers to (and information on existing customers |
| Choice/Purchase | Electronic cash and virtual banking, Logistics providers and package Tracking | Product or service ordering, Payment methods, Arrangement of delivery |
| Post-purchase Behaviour | Discussions in news groups | Customer support via e-mail and news group, E-mail communication and Response |

Source: O'Keefe et al. (1998)

Other researchers have developed similar models in order to provide framework to understand consumer decision making process. Silverman et al (2001) developed a model for website that supports buyer decision making and searching based on Miles et al (2000) and Guttman et al (1998). Furthermore, other purchasing decision models have been proposed by Chaudhury et al (2001) suggested that the buying decision is influenced by how much time is available and the locale (space) where the purchasing is done.

4.3.3 Consumer Purchasing Process

It is critical to understand how the individual consumer makes purchase choice decisions in order to understand consumer behaviour in cyberspace. Marketers can analytically follow through in developing marketing strategies if they know how the purchase decision is made, and if they identify the stages in the purchase decision.

Figure 4.8 shows the classic typology of purchasing categories and it illustrates a continuum extending from routine problem-solving behaviour through limited problem solving to extensive problem solving. Routine-solving behaviour is a simple and straightforward task for the individual. In this process, the consumer is comfortable and experienced and it is assumed that the consumer does on a daily basis and there is no great sense of personal involvement in the purchase. The price is normally low and the risks associated with getting the wrong product are negligible.

Limited-solving behaviour is in the between the two extremes. The involvement of consumer is relatively low, when the alternatives are not perceived to be widely differentiated, and when the time frame is relatively short, then this situation prevails. In the extensive problem-solving behaviour process, there is a great sense of personal involvement in the decision, the purchase is infrequent and so the consumer does not have any or much experience and the perceived risks are high.

online store (Park and Kim, 2003).

Within on-line shopping context, as consumers cannot touch or smell the items, consumer-purchases are mainly based on the website appearance such as pictures, images, quality of information, and video clips of products (Kolesar and Galbraith, 2000). Therefore, the success of eCommerce and online shopping is depends on user interfaces and how people interact with computers (Griffith et al; 2001). In other words, characteristics of information presentation, navigation, order fulfilment in an interactive shopping medium is considered much more important factor in building eCommerce trust than traditional retailing (Alba et al., 1997; Reynolds, 2000).

With regard to factors affecting online buying behaviour, Smith and Rupp (2003) found that consumers are influenced by factors such as marketing efforts, socio-cultural influences, psychological factors, personal questions, post-decision behaviour and experience. When it comes to the use of eCommerce and online shopping, Raijas and Tuunainen (2001) reported the result of survey on the factors affecting store choice and the most important factor in choosing an electronic store instead of a conventional store was the avoidance of product picking and delivery (90%). Next was time saving (61%) and easiness to order groceries (38%). This result support that the main motivation for using an eStore is time saving for those who use eChannels regularly (Raijas and Tuunainen, 2001). Therefore, product/service provider should focus on customer's time savings issue so that consumers have positive attitudes towards and experiences with eShopping will continue to usage of eStore in the future. In order to retain customers continuously, ordering product should be as convenient as possible: the web-interface of the store should be easy to use, and products should be easily searched and found. Also in order to support the notion of time savings, the delivery time should be as flexible as possible and the time window as narrow as possible. Therefore, for eStore to compete with a conventional store, an essential requirement is to develop the customer's trust. Furthermore, the value added compared to the conventional form of shopping has to be obvious for a consumer.

The advantage and disadvantage of eShopping are examined by Verhoef and Donkers (2001) and convenience, saving time, larger geographical coverage of shops and larger product assortment when customer shop at home are identified main advantages of Internet based eShopping. However, there are some disadvantages of eShopping and these are summarised as 1) personal needs encompass the need for sensory stimulation, physical activity and learning, 2) social needs comprise the need for social experiences, communication with other shoppers and the pleasure of bargaining when shopping, and finally 3) the loss of shopping enjoyment, 4) higher search costs, 5) waiting times. With regard to the loss of shopping enjoyment, however, eShopping via the Internet allows consumers to communicate with other consumers using discussion groups and communities. Therefore, the Internet may offset the loss of shopping enjoyment that consumers encounter while not going the shop.

According to research by EIAA (2005), there are dramatic changes in on-line consumer buying behaviour in eCommerce and one of the key features of on-line shopping is consumers are buying majority of products after searching, however, some products such as cars and properties, consumers used the Internet for search tool. Even though purchase of the product or service browsed can be either from the Internet or from traditional channels, it is not certain that user, who browse and spend time gathering information, will eventually complete the transaction via the Internet (Phau et al, 2000). However, this result indicates that even though individual customers might have their own channel preference, however most of consumers are using multiple channels including Internet before purchasing products and services. Recently, the concept of multi-channel shopping was supported by many researchers and Schoenbachler and Gordon (2002) proposed multi-channel shopping behaviour model which categorised into five aspects such as perceived risk, past direct marketing experience, motivation to buy from a channel, product category and website design.

4.4 Customer Relationship Management (CRM)

4.4.1 Definition of Customer Relationship Management (CRM)

Different definitions of CRM put emphasis on different perspectives such as technological perspective (Peppers and Rogers, 2001; Shaw et al, 2000; Verhoef and Donkers, 2001), knowledge management perspective (Massey et al, 2001) and business re-engineering and continuous improvement perspective (Anton, 1996). Considering various different perspectives, Teo et al (2006) attempted a holistic framework integrating all three perspectives of CRM to provide better understanding of CRM implementation and expands the paradigm of customer service to include integration with business process and technology adoption.

The concept of Customer Relationship Management (CRM) was defined many researchers. Zablah et al (2004a) demonstrated that how CRM is variously conceptualised in the literature as a process; strategy; philosophy; capability and a technological tool. CRM has become a topic of concern amongst both practitioners and academics with organisations experiencing major difficulties in implementing CRM programmes (Woodstock and Starkey, 2001; Wilson et al, 2002)

Kalakota and Robinson (2000) defined CRM as an integrated sales, marketing and service strategy that prevents 'lone showmanship' and relies on coordinated actions and Scott (2001) defined CRM as a set of business processes and overall policies designed to capture, retain and provide service to customers. However, Dodds (2001) argued that CRM is about servicing customers better across the entire organisation, while CRM experts (Thomson, 2002) asserted that CRM is a customer-centric business philosophy and culture that sustains effective marketing, sales and service process. Further, Injazz and Karen (2004) mentioned that CRM is a coherent and complete set of processes and technologies for managing relationships with current and potential customers and associates of the company, using the marketing, sales and

service departments, regardless of the channel of communication and Lindgreen (2004) asserted CRM is the application of the management of relationship marketing to customers based early definition of relationship marketing by Gronroos (1990: p7). Recently, Chalmers (2006) defined CRM as a set of business, marketing and communication strategies and technological infrastructure designed with the aim of building a lasting relationship with customers, which involves identifying, understanding and meeting their needs.

4.4.2 Importance of CRM

As Goodhue et al (2002) and Wilson et al (2002) mentioned, the power of the seller shifts to the buyer and therefore, more and more firms are realising that competing with cheaper, better or different products is not sufficient, and competitive advantage can not be achieved by purely differentiating products alone, but through enhanced customer relationships (Puschmann and Alt, 2001). From the customer perspective, as they are experiencing lower switching costs, they can easily redirect their loyalty from one company to another (Massey et al, 2001) and furthermore, their expectations have also risen in recent years (Pan and Lee, 2003). In order to respond this customer trend, successful adoption of IT-enabled CRM is important (Karakostas et al, 2004) as it enables firms to redefine the traditional models of interaction between businesses and their customers, both nationally globally. Recently, the importance of CRM concept has expanded to public sector and CRM is seen as a key element in delivering citizen-centric public services in the UK (King, 2006). Therefore, within current customer-driven business environment, CRM is one of the most critical factors for future success.

4.4.3 Benefits of CRM

Piccoli et al (2003) mentioned various benefits of CRM and firstly, by developing a closer relationship with customers, the firm may gain a competitive advantage. Secondly, effective CRM can lead to increased customer satisfaction. Finally, using CRM techniques contributes to decreasing overall marketing expenditure.

Through effective CRM System, firms can have an integrated, single view of customers and also manage customer relationships in a single way, regardless of the communication channel and further, firms can improve the effectiveness and efficiency of the process involved in customer relationship (Bergeron, 2001). As a result of successful implementation of CRM Systems, firms can improve in their performance and competitiveness.

According to Chalmeta (2006), successful implementation of CRM enable firms to achieve greater customer satisfaction, greater business coherence and manage to increase the number of customers and secure greater loyalty. In addition, CRM can improve and extend customer relationships and therefore generate new business opportunities and it help to understand how to segment customers. Furthermore, CRM can increase effectiveness of providing customer service by having complete, homogeneous information and also provide sales & marketing information about customer requirements, expectations and perceptions in real time.

Krakostas et al (2004) provided suggestions for the success of CRM and first of all, the design of services should include CRM technologies and the implementation of services should be supported by changes in the organisational process. Secondly, the evaluation metrics of CRM approaches and systems should be the same as those used for process management, customer satisfaction, and strategy development. Finally, integration with the customers should be a priority.

4.4.4 CRM Failure and reasons

Due to the various potential benefits, firms commit significant hardware, software, and human resources and often restructure their process in order to implement CRM. However, despite extensive commitment, it is suggested that many of these systems fail to fulfil expectations (Price, 2002; Rigby et al, 2002; Woodcock and Starkey, 2001).

According to research by Rigby et al (2002) and Zablah et al (2004), between 35% and 75% of CRM programmes failed. Further CRM programmes not only fail to deliver in economic terms, but also damage the organisation's relationships with its customers. Rigby et al (2002) examined the reasons for CRM programmes failure and suggested that companies are prone to making unquestioned assumptions and building on implicit beliefs and also planning and managing positive interventions in turn becomes problematic. Swift (2002) also suggested that the lack of proper integration of data across organisational functions is one of the reasons why many companies struggle with their CRM systems.

In order to avoid CRM failures and obtain benefits fully from CRM, Goodhue et al (2002) suggested that firms may need to undergo a major change in organisational culture and business practices. Organisational change requires significant commitment and has high potential in terms of opportunities and challenges. However, they recommended that different levels of integration, transformation, and application for CRM should be considered according to the organisational needs and maturity.

4.4.5 CRM and Channel Management

Peelen (2005) demonstrates that different channels forms different phase of relationship and Internet can be seen as a useful multi-channel communication tool which can stand for a direct print mail, a leaflet, a free local paper and Internet advertising and so on.

Within multi-channel environment, Crosby and Johnson (2001) mentioned that customer relationship management is aimed to enhance the efficiency of interactions between consumers and a company. As Schoenbachler and Gordon (2002) pointed out, the power of consumer is unprecedented when facing the coming era of the eCommerce and also they believe the powerful consumers result in accelerated situation of buying on price. They also demonstrate that through variety ways of multi-channel shopping, consumers become more powerful than ten years ago. According to Windham and Orton (2000), some of the firms even sell the products below cost and the main goal for these firms is to attract consumer to visit their website so that the firm can make profit through charge their advertisers. They also point out that when a retailers offer multi-channel alternatives, they will win the consumers' loyalty. In multi-channel competitive marketplace, it becomes increasingly important for marketers to focus on customers' demands. From a firms' point of view, a good customer relationship was suggested by focusing on customers' choice of channel instead of dealing with channel-related problems.

Feinberg and Kadam (2002) suggested that CRM on the Web is related to customer satisfaction with a retail site but not to retail sales and profit. They also pointed out that the high percentages of accessing Internet can be considered as the most popular touch-point for both customers' and a firm's point of view. According to Bean et al (2003), Internet tools, such as e-mail, can serve to increase customer loyalty and create opportunities to generate additional business in the market. However, they also advised that an in-depth understanding of the importance of using multi-channel communication tool should be developed comprehensively. In Taiwan, Lin et al (2006) have found that Internet can develop relationship with others and in recent years, using Internet as a communication tool is increasingly preferred. They also discovered that e-mail has a stronger intention to be forwarded is that display richer information, or include audio and visual information so that it can be a good implementation for building relationship with others.

Reviewing current literature, it is clear that the effective management of multi-channel strategy is one of the key factors of successful Customer Relationship Management within the context of customer-driven eBusiness environment. Therefore, it is required for firms to improve the effectiveness and efficiency of the process involved in customer relationships management which will lead to sustainable competitive advantage and successful business performance.

4.4.6 CRM in Tourism and Hospitality

CRM is crucial strategy for sustaining competitive advantage in tourism and hospitality marketplace. As customers are becoming more price sensitive and sophisticated but less brand loyal, CRM is becoming more attractive and strategically important as a way for tourism and hospitality companies to differentiate themselves from their competitors in order to attract new customers and retain existing customers. In hotel industry, Picolli et al (2004) highlighted the data-ownership dilemma and outlined several possible future scenarios leading to its solutions in order to take advantage of CRM initiatives. Sigala (2005) proposed a model for managing and integrating ICT capabilities into CRM strategies and business processes. The model argues that successful CRM implementation requires the management and alignment of three managerial processes: ICT, relationship (internal and external) and knowledge management. The empirical research by Sigala (2005) argued that ICTs are more important in large than small hotels, while other organisational and managerial factors such as culture, staff innovation, and development also play a vital role on CRM's success.

According to E-Business Watch report (2005), larger companies in tourism and hospitality industry actively adopted the CRM strategy however, CRM practices in an eCommerce environment is not widely diffused among the tourism SMTEs and therefore productivity can be achieved through the implementation of an effective CRM. Ozgener and Iraz (2006) identified major factors influencing CRM in small and medium sized tourism enterprises and they were communication-distribution

infrastructure, business dynamics, customer relations and innovation quality. However, there are some barriers faced by SMTEs such as inadequate supporting budgets, lack of senior management commitment to CRM, and poor communications.

Due to these reasons, Fux et al (2007) asserted that most SMTEs have been unable to capture the considerable potential that CRM systems offer for efficiency improvement whilst DMOs face the threat of disintermediation. Fux et al (2007) suggested that partnership between the SMTEs and the DMO through the outsourcing of CRM processes could be one solution for both SMTEs and DMOs.

4.5 Consumer and Multichannel eCommerce Environment

4.5.1 Definition of Channel

A channel can be an independent intermediary, such as an agent in the insurance industry, a retail outlet or a firm's in-house sales force. In today's market environment, channel can be described as a way of communication between firms and customers to provide valuable information on products and services provided by firms. Coughlan et al (2001) defined electronic channel as the shopping channel that involves the use of the Internet as a means of reaching the customers. According to O'Connor (2004), electronic distribution channel is defined as an electronic media to provide relevant information to the customer to allow a purchase decision, and subsequently allow the transaction to be completed by facilitating the ordering and purchase of the product.

4.5.2 Traditional Channels to Electronic Channels

Traditional channel options evolved primarily around the choice of involving wholesaler or dealer, a distributor or an in-house sales force to market and distribute products and services. However, the advent of Information Technology (WWW) in mid 1990s' makes it possible to move from traditional channel configurations to composite channel arrangements. In traditional channels, all channel functions (from demand generation to after-sales service) are usually performed by the chosen

configuration. However, in composite electronic channels, these functions can be distributed over several channels including existing traditional channels and new Internet based electronic channels and it is becoming clear that synergies can be obtained between electronic and traditional channels (Simons et al, 2002)

According to Hughes (2006), there are some drivers for the adoption of new channels. In general, attraction of new channels is primarily in their potential to lower costs in serving the customer and also meet the needs of customer willingness to use and access to lower cost channel and productivity gains such as amount of automation, possibilities for moving administration/processing/customer service globally to lower cost regions, self service by end customers or intermediaries and ability to use existing channels more productively. In addition, potential for expansion of their current business according to customer demand, pricing and type of product can be considered to acquire new channels.

Table 4.4 Drivers for the Adoption of New Channels

| Driver | Main factors involved |
|-------------------------------------|--|
| Cost savings and productivity gains | <p>Lower overheads on new channels</p> <p>Amount of automation that can be built in</p> <p>Possibilities for moving administration/processing/customer service globally to lower cost regions</p> <p>Customer willingness to use and access to lower cost channel</p> <p>Self-service by end customers or intermediaries</p> <p>Ability to use existing channels more productively</p> |
| Potential for business expansion | <p>Customer demand</p> <p>Pricing</p> <p>Type of product involved</p> |

Source: Hughes (2006)

In tourism industry, traditionally, the distribution of travel and tourism products is carried out by travel agents, travel intermediary, through Computer Reservation System (CRS), with the travel agents serving as intermediaries between the customers and tourism suppliers. Until 1980s, making holiday reservation for a customer usually entailed at least one lengthy telephone call between agency and tour operator. They were lengthy because telephone lines were expensive and in scarce supply, resulting in frequently engaged lines and secondly, because the reservations information was held manually by most principals, with the need for reservations staff to check availability on a number of charts relating to departure and return journeys, and for rooms in each hotel.

Due to the delay and uncertainty of confirmation of tourism products and services, tour operators invested computerised reservations systems (CRS). The traditional tourism distribution channels used phone, fax and Global Distribution System (GDS) terminals as the main communication media between suppliers and customers.

According to tourism distribution system, the traditional distribution channels in the tourism industry was relatively simple compared to the current Internet based electronic distribution channels. From the customers' point of view, there were only limited two ways of acquiring information about tourism products and services.

However, this simple tourism distribution channel was changed dramatically by the rapid adoption of the Internet. The Internet enables potential customers to access directly at home to current information on the availability of travel services linked to rapid and simple booking facilities. This has the potential to alter existing channel structures by providing much more convenient and direct links to a very wide range of distant providers in contrasts to the current pattern in which customers visit (or phone) travel retailers who then contact CRS systems on their behalf.

The proliferation of the Internet strengthen the role of existing e-mediaries such as Computer Reservations Systems (CRSs), Global Distribution Systems (GDSs) and

Destination Management Systems (DMSs) to facilitated the distribution of tourism products and services. Moreover, they also transform the business model for several organisations by introducing new distribution strategies such as creating or co-branding Internet portals, auctions, name-your-price and other innovative distribution strategies (Buhalis, 2003)

It is clear that the Internet is the central hub of all accessibility, creating a link between the customer's PC and a plethora of travel data. The traveller can access all different sources of information including GDS information, travel intermediaries, suppliers' home pages and even specialised travel databases such as TravelFile and Online Airline Guide (OAG).

The impact of Internet on traditional tourism distribution channels is enormous and key players, suppliers, intermediaries and customers in the tourism market is facing opportunities and threat due to the proliferation of the Internet since 1994. The Internet as a medium for eCommerce is relatively well adopted in the tourism industry partly due to the existing high level of computerisation in airlines and travel agencies.

From the suppliers' point of view, they can achieve lower booking costs by selling over the Internet, as the distribution cost of voice calls and commission levels are eliminated (ByLine Research, 1999). Jeong and Lambert (1999) stated that suppliers can get opportunities through the web which facilitates direct access to customers with little or no barrier to entry. Therefore many suppliers in the tourism distribution have already adopted the Internet as a major distribution channel (Pusateri and Manno, 1998) and the Internet is having a profound effect on the way in terms of marketing, distribution, selling and delivery of tourism products (William and Palmer, 1999). To the small and medium sized enterprises (SMES) in the tourism industry including individual suppliers and intermediaries, Internet is the effective new systems make global distribution possible for many smaller establishments that could never have afforded to be included in the traditional GDS/CRS channel because there is little or no capital investment is required for Internet based business (OECD, 2004). Due to

the above-mentioned impacts of Internet, Buhalis (2003) mentioned that eventually, Internet will transform the operation, distribution and structure of the tourism industry.

From the customer perspective, Internet provides not only data and pricing but also allows images and short video clips to be delivered on demand to the customers. More advanced web sites allow customers to visit hotel properties, take virtual tours and to develop their individualised package by collecting products in their basket (Cline and Rach, 1997). Also customers are becoming increasingly comfortable booking tourism products and services over the Internet, with recent research demonstrating that customers are purchasing airline tickets and hotel rooms over the Internet than any other tourism products (TIA, 2001)

According to the survey on a travel & lifestyle for Concierge (2000), across the US population as a whole, the Internet had already become one of the most important sources of information consulted when customers choose or plan a holiday. It was found that customers used Internet (26%) for the first source of information more than traditional channels such as travel agents (26%), travel guide books (11%) and newspaper or magazine (10%) when they research and plan a holiday. The Travel Industry Association of America (TIA) research in 2001 showed how Internet influences on the role of traditional channels. This survey revealed that due to the Internet, around 70% of Internet using travellers were using travel agents and state tourism offices less often. Also many Internet using travellers placed fewer calls directly to airlines (68%), rental companies (58%) and lodging companies (57%). Also 57% of travellers who are using Internet answered that ordering travel brochures by phone was less often used.

With regard to the UK on-line tourism market, which tends to follow 18-24 months behind the US market, similar study on the impact of Internet on the traditional channels was conducted. The e-Travel Tracker Survey by Scottish Tourist Board (2001) revealed that when interviewee were asked which source of provided the most

complete information, the Internet (31%) was rated much highly than brochures (22%) or any other sources such as travel agent (16%), guide books (12%), friends or relatives (11%) and teletext or TV Travel programmes (2%). When it comes to the source of information for booking decisions, the e-Travel Tracker Survey by Scottish Tourist Board (2001) showed that Internet (51%) and brochures (50%) and travel agent (47%) were used in similar proportions, as source of information for booking holidays or other forms of travel by Internet using travellers. Figure 4.9 also showed the other traditional channels such as friends or relatives (29%), teletext (24%), guide books (16%), national press (16%), magazines (12%) and TV Travel programmes (11%) were used less than Internet for the source of information for booking decision. (See figure 4.9).

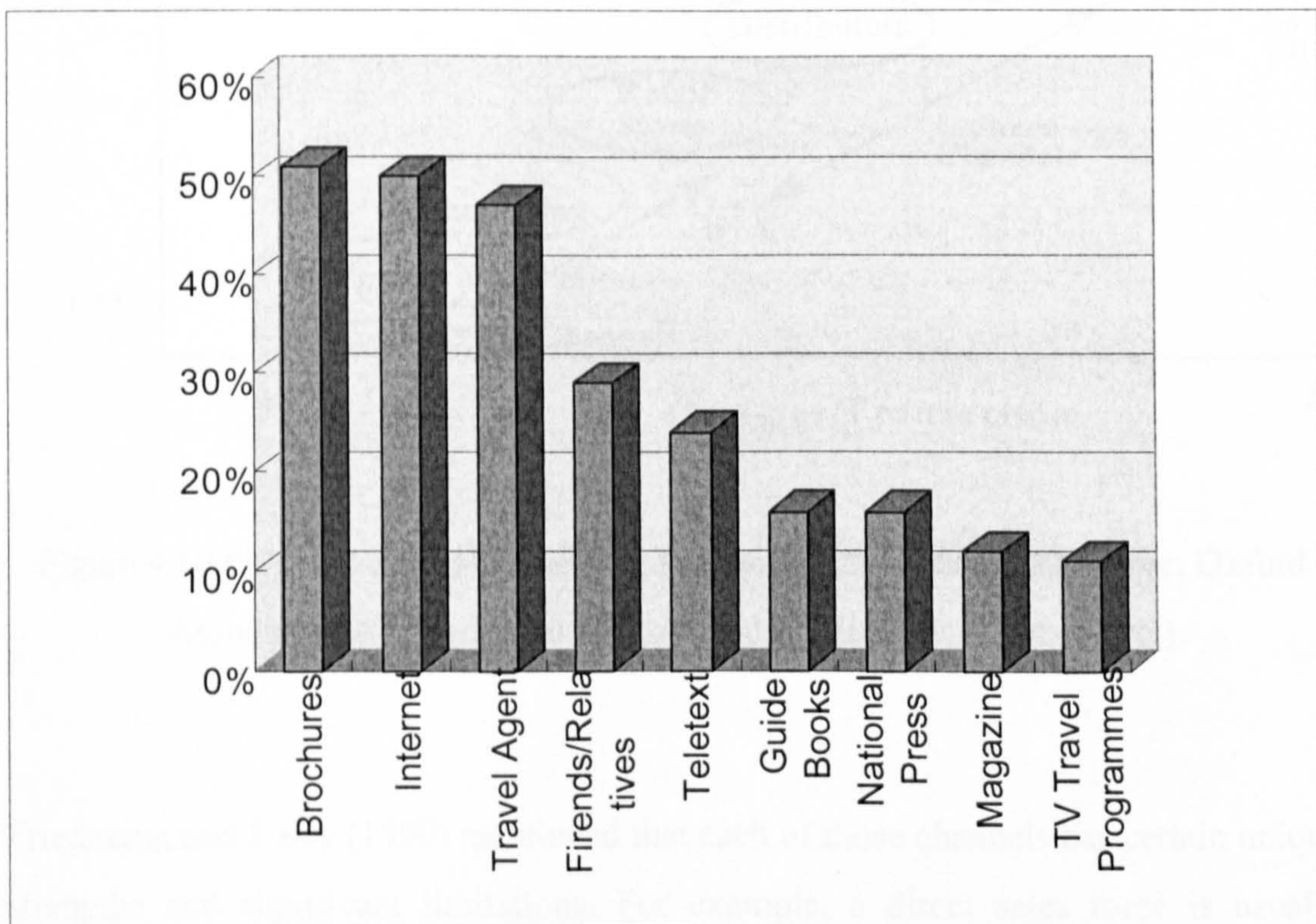


Figure 4.9 Use of Different sources of Information for Booking Decision - UK Internet users (Source: www.scotexchange.net, March 2001)

4.5.3 Advantages/disadvantages of eChannels

Companies generally have a wide variety of options for connecting products with customers, from sales forces to distributors, from direct mail to the Internet. Figure 4.10 shows the variety of sales channels for connecting products with customers.

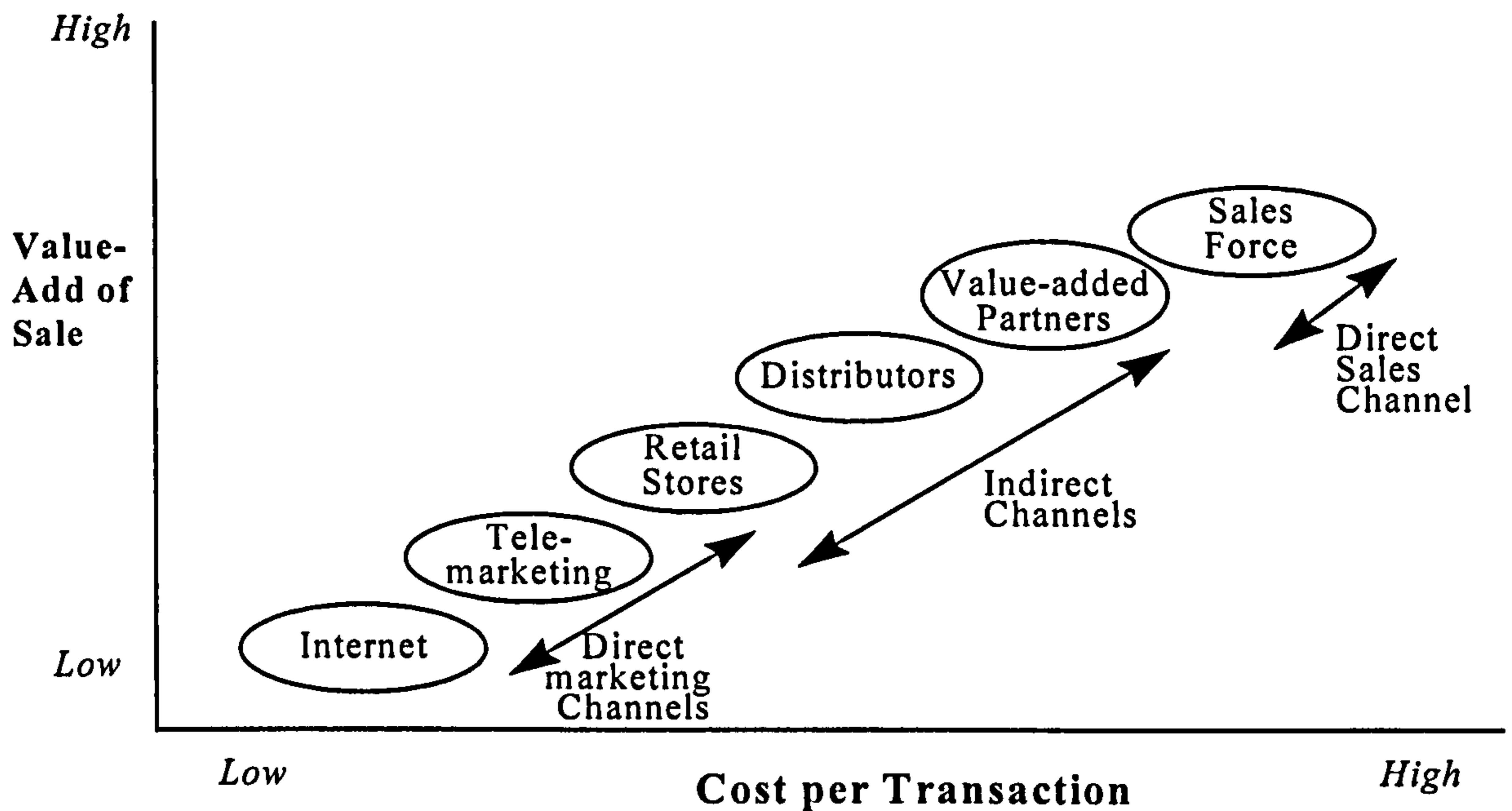


Figure 4.10 Sales Channels-Connecting Products with Customers (Source: Oxford Associates, Adapted from Dr Rowland T. Moriarty, Cubex Corp.)

Friedmann and Furey (1999) mentioned that each of those channels has certain unique strengths and significant limitations. For example, a direct sales force is usually optimal for complex, high-cost transactions where face-to-face interaction is expected and required, however this channel is very expensive. The Internet-based eChannels can be used to get the message out to untold millions at an extremely low cost and it works well for some types of products, but not suitable for other products and it is not suitable for sales that require a lot of training or hand-holding. Distributors

(intermediaries) can dramatically increase market coverage, however, this channel can also remove firm further from the end-customer, whose brand loyalty the firm need and whose up-to-the-minute requirements you may need to understand.

Hoffmann and Novak (1996) mentioned some specific advantages of the WWW to the consumer as a channel of distribution. These are 1) 24-hour availability, 7 days a week, 2) instant gratification, because the user does not have to wait some time before information becomes available, 3) interactivity, i.e., the consumer controls the flow of information. Doherty et al (1997) mentioned that accessibility, direct communications, cost savings and new markets are the main advantages of eChannel from the firms' point of view. Rajas and Tuunainen (2001) assert that the primary reason to choose an eChannel over a traditional channel is consumer preferences between lower price-level, better service from e-Channel and the information needs of the customer. The benefits of e-Channel to the consumer and firm compared to the traditional channel also reported by Rajas and Tuunainen (2001). The customers are expected to benefit from the ease and convenience of electronic shopping, as compared to the traditional way (Kalakota and Whinston, 1997; Bunker and MacGregor, 2000). In addition to home delivery, eChannels can provide the consumer with new, value adding services. The benefits to the firms are they can increase of potential of capability to facilitate in collecting information on consumer habits and purchasing history, and high shopping frequency enabling close customer relationships. Licata et al (2001) identify the 3 main advantages of Internet distribution channel as 1) greater flexibility and convenience, 2) increased penetration and reach of customer base and 3) lower distribution costs, Kiang et al (2000) classified the advantages of Internet channel into three channels such as communication, transaction and distribution channel based on the functions performed.

Table 4.5 Advantage of Internet Channel Based on the Functions Performed

| Function | Advantages |
|---|---|
| Communication channel: information exchange between sellers and buyers | <ol style="list-style-type: none"> 1. For accessing, organising, and communicating information 2. To improve interactivity and perceptual experience 3. To gather information about customers via surveys and contests for new product development and introduction, relationship building and personalisation |
| Transaction channel: sales activities | <ol style="list-style-type: none"> 1. To improve visibility and reach a much bigger customer base 2. To improve revenues by exploiting cross-selling opportunities 3. To streamline transaction processing, thereby reducing risk complexity, paperwork and transaction costs 4. To customise promotion and sales to individual customers and improve flexibility |
| Distribution channel: physical exchange of products/services | <ol style="list-style-type: none"> 1. To eliminate huge inventories, storage costs, utilities, and space rental 2. To shorten supply chain and reduce commission and operating costs |

Source (Kiang et al, 2000)

However, electronic channels also have some disadvantages compared to traditional channels. KPMG (2000) reported barriers to Internet trading from the tourism organisations' point of view and those main barriers are security of Internet trading, change of business process/working method, lacking IT skills, cost of implementation, company's understanding of selling via the Internet. Anite Travel System's Online Travel Booking Survey (2000) revealed that worries about credit card security are still acting as a brake on the success of eCommerce, with more than half of respondents admitting concerns about giving out financial details over the Web. Forrester Research (2000) reported the main reason of why consumers do not purchase travel online and those main reasons are preference for using travel agent, finding inconsistent

information and not trusting travel sites. Also lack of human contact during the transaction, lack of face-to-face up-sell/cross-sell opportunities, volatile customer base and security issues were identified as a main disadvantages of Internet distribution channel for travel companies (Buhalis and Licata, 2002).

4.5.4 Channel Preference

In eBusiness era, due to the dynamic changes in the technological developments, diffusion of other technologies such as WAP mobile phone, PDA, Bluetooth, 3G, General Packet Radio Service (GPRS), Interactive Digital TV, VoIP, SMS, Blog as well as PC Internet are available for customers. Therefore customers have a variety of options for channel choice in order to search and purchase products and services (MORI, 2006).

Within multi-channel eBusiness environments, it is critical to identify factors which affecting customer channel choice. Even though they are not directly related to the determinants of customer channel choice behaviour, but more broadly, Rose et al (1999) identified six impediments to Electronic Commerce including download delays, limitations in the web interface, search problems, inadequate measurement of web application success, security weakness and a lack of Internet standards.

According to previous studies in the online channel, researchers have found that consumers' choice goes beyond economic factors into perceptions of risk, quality of service and convenience (Jarvenpaa and Tiller, 1999; Limayem et al, 2000). Further, Devaraj et al (2005) have examined the determinants of online consumers' satisfaction from a socio-economic perspective and they found that time responsiveness, personalisation, security and reliability are also significantly related to the consumer satisfaction outcome with the channel. However, there was no evidence that website design is strongly related to the consumers' preference for the online channel.

Recently, more various and sophisticated Internet-based multi-channel options are

available to customers according to the diffusion of new technologies. Table 4.7 shows the percentage who considers the different information sources as important when researching or considering a product or service (BrandNewWorld, 2004). The results revealed that search engines is the most preferred channel and therefore the higher the rank of a company and products in the search engine results pages, firms will be expecting more visitors. This implies that effective search engine marketing is critical for future success. The results also showed that informal channels such as personal recommendations or review by experts or peer customers are very influential channels for customer decision making process as well as well known websites.

Table 4.6 Percentage Who Consider the Different Information Sources as Important

| Channel | Percentage |
|---|------------|
| Search engines | 71% |
| Personal recommendations | 67% |
| Websites of well known brands | 57% |
| Websites of well known retailers | 57% |
| Price comparison websites | 56% |
| Reviews/opinions on the Internet written by experts | 50% |
| Customer opinions/reviews on websites | 47% |
| Product information in shops | 46% |
| Content provided by Internet Service Provider | 35% |
| Television | 34% |
| Newspapers/magazines | 34% |
| Salespeople in shops | 24% |

Source: BrandNewWorld (2004).

4.5.5 Channel Preference in Tourism and Hospitality

When it comes to channel preference research in tourism industry, Online Travel Survey by Anite Travel System (2000) showed that with 66% of respondents believing that the Internet will be the dominant technology for booking travel, against 23% nominating digital TV and 10% choosing mobile phones with regard to the dominant travel booking channels of the future.

Anite Online Travel Survey showed that the travel booking online by the sector and the results revealed that the sector making greatest impact by on-line booking is the flights market, with 38% of respondents having booked a flight online. Accommodation came next (30%), with car rental (10%), travel insurance (10%) and ferry (8%) a significant distance behind. However, many people in the industry believe that Interactive digital TV will have a profound impact on the package holiday marketplace. The place of TV in people's living rooms, at the centre of family life, means that it is arguably a more obvious technology than PCs for a family to harness in choosing where to go on holiday. In addition, digital TV's greater bandwidth means it is perfect for high-quality images and multimedia-just right for presenting holidays to the home audience.

The research by Buhalis and Licata (2002) reported the opinions of tourism industry experts on the future of both new and traditional e-mediaries. The table 4.6 shows the comparison between the most prominent distribution channels in 5 years and 15 years time. It was identified that three main channels, Internet, IDTV and WAP mobile phone will be predominantly used in 5 years time. The conventional telephone also obtained high percentage of positive votes and this indicates that despite increasing consumer confidence in on-line bookings, many consumers may still feel happier to confirm their bookings or ask queries by calling a call centre and talking to a travel agent. On the contrary, most of respondents believed that Mobile phone would play an important role in tourism distribution in the next 15 years. However, it was expected that the importance of the Internet channel will be slightly decreased. GDSs as well as

high street shops, Viewdata systems and conventional telephone all recorded a higher negative response rate than in 5 years.

Table 4.7 The most prominent distribution channels in 5 years and 15 years.

| Channels | In 5 years | | Channels | In 15 years | |
|---|------------|------|---|-------------|------|
| | Mean | SD | | Mean | SD |
| Internet | 4.70 | 0.53 | Mobile Phones/ Portable communication devices | 4.67 | 0.47 |
| Interactive TV | 4.10 | 0.98 | Interactive TV | 4.59 | 0.78 |
| Mobile Phones/ Portable Communication Devices | 4.03 | 0.95 | Internet | 4.52 | 0.74 |
| Conventional telephone | 3.86 | 1.01 | Self service kiosk | 2.85 | 1.23 |
| GDS | 3.61 | 0.94 | High street shops | 2.73 | 0.98 |
| High street shops | 3.41 | 1.03 | Conventional telephone | 2.73 | 1/16 |
| Self service kiosk | 3.04 | 1.05 | GDS | 2.69 | 1.03 |
| Viewdata | 2.00 | 0.96 | Viewdata | 1.12 | 0.43 |

Source: Buhalis and Licata (2002)

More recent research by eDigital Research (2007) showed that the most preferred channel by travellers before booking a holiday is search engines. In addition, family and friends were very influential channels for their decision making process and user review website such as trip adviser and traditional travel agent were also considered for their research on holiday products and services and these results are similar to that of BrandNewWord research in 2004. The survey also demonstrated that the increasing influences of social networking and user-generated content sites, and the recommendations of friends and family, are having on consumer buying behaviour.

In order to identify determinant factors affecting channel choice, the research on the use of multiple tourism distribution channels to make travel, accommodation, and attraction arrangement to New Zealand was conducted by Pearce and Schott (2005)

from the visitors' perspective. The results showed that Ease of use and Simplicity was the single most important factor influencing how visitors book their transport and accommodation.

4.5.6 Multi-Channel Management Strategy in eBusiness

In today's competitive eMarket, strategic channel design is an important issue to the company. Internet-based technology is rapidly changing traditional marketing, distribution and sales strategies and practices from the middle of 1990s'. It is a key aspect for the eBusiness company how to customise the channel in order to maximise the needs of customers. Therefore the question is how channels can be managed and configured to enhance channel outcomes and performance. A company that has invested in the wrong channel can find itself trapped in an inappropriate delivery system, which can be very costly to reconfigure. Therefore, assessment of current channels and the identification of alternatives, based on creative combinations of value-adding channel functions, are important for the company in order to make an appropriate channel investment decision (Venkatraman and Christiaanse, 1996; Anghern and Meyer, 1997).

In traditional channels, all channel functions are usually performed by the chosen configuration and each channel target different segments and provides comprehensive and integrated service to niche markets (Buhalis, 1998). However, in composite electronic channels, these functions can be distributed over several channels (Christiaanse and Zimmerman, 1999). In particular, in the Internet based eBusiness environments, due to the emergence of new technologies such as Wireless Application Protocol (WAP), General Packet Radio Service (GPRS), Bluetooth and Interactive Digital TV and their widespread diffusion, enable customers to have more channel options to choose in addition to the traditional channels in order to assist their decision making process (Berman and Thelen, 2004). Therefore, it is important to design multiple channel strategies carefully and to think carefully about the most

appropriate way of dispersing channel functions over delivery channels.

Prior to design multiple channel strategy, it is imperative to understand various different types of multi-channel strategy. According to Muller-Lankenau et al (2006), there are four different types of multi-channel strategies which firms can adopt for their main marketing strategy according to their . These are offline focused strategy, online focused strategy, isolation strategy and integration strategy. In an Offline focused strategy, the online channel plays a supporting role and is mainly used to increase allocation efficiency of the offline channel. On the contrary, in online focused strategies, the offline channel is configured to guide customers to a corporate website or similar online offerings. When online and offline channels are managed as separate or independent entities, possibly operating under different brand names, an isolation strategy is adopted. Finally, in integration strategies, the channels are seen as complementary components of a multi channel system that aim to provide a high level of convenience to customers, e.g. through supporting channel hopping in and between transaction phases. (Muller-Lankenau et al, 2006).

Firms can adopt one of these multi-channel strategies according to their situation and each strategy has its own benefits, however the literature revealed that that compared to other strategies, implementation of integration strategy provides a range of benefits to firms. According to OC & C (2002), it was reported that many firms were able to multiply revenue per customer by following integration strategy. Doubleclick Inc (2004) also reported that by adding more than two channels, revenue per customer increased exponentially. Click-and-mortar strategy one of the examples of integration strategy and Steinfield et al (2002) mentioned that there are various areas of improvement through harmonising physical and virtual presences using click-and-mortar strategy. According to survey by Schramm-Klein, 2003), it was revealed that consumers prefer extensive multi channel strategies based on far-reaching channel integration. Therefore, extensive on-line activities and channel integration are often considered to be the best approach to multi-channel retailing and it is claimed that these holistic approaches are needed (Muller-Lankenau et al, 2006) and also equally feasible for all firms, independent of their individual situations

(Gorsch, 2003). However, as Hughes (2006) mentioned, the addition of new channels alongside existing channels opens up new areas of the organisation to customer contact and creates significant challenges in relation to staff roles and existing processes for interacting with customers. Therefore, channel integration is strategic issue potentially requiring structural changes to the organisation and changes in the behaviour of customers.

However, the issue of the channel in eBusiness environments is that more power accrues to the customer in the company/consumer relationship. Furthermore, consumer has perceived portfolio on the channels which they are intend to use for information search and purchasing products. Therefore, the study on the perceived customer channel portfolio is the key aspect in the future for the company in order to design appropriate multiple channel strategies. As Ganesh (2004) and Coelho et al (2003) mentioned, more and more companies become multi-channel operators and they make efforts to utilise metrics that help them to assess the performance of each individual sales channel, as well as the inter-relationship among the different sales channels in their portfolio (Gensler et al, 2006). However, these metrics should be based on customers' channel preferences (Reardon and McCorkle, 2002) and the channel portfolio provided by companies should be based on customer channel portfolio.

Multiple sales channels are now commonplace in the tourism and hospitality industry, with many retailers employing phone, Internet, storefront and countless other means to sell holidays and travel services. In today's new eBusiness environments in the tourism market, eChannel concept is plural concept because customers use multiple channels for information search, evaluation and purchasing (Louvieris, Jung and Pandazis, 2001). Therefore, identifying the most appropriate channel mix including both traditional channels and electronic channels to maximise the benefits for the customer is critical to the suppliers. Also multiple channel strategy is the key aspects of the determinants of the successful Internet based eBusiness in the future as no one channel is likely to have enough distribution capability to place a product in front of

all potential buyers and from the company's perspective, focus on only one or two delivery mode to reach customers may result ignoring part of customer base or potential prospects and failure to receive that information could mean lost revenue or even a lost customer. Therefore company need to consider resource capability to expand into other modes of communication (King, 2006). Moreover, it is required for suppliers to use not just a single distribution channel strategy, but also a multiple channel management distribution strategy with a portfolio management approach in the multi-channel eBusiness environments (Jung, Louvieris and Oppewal, 2002) and this approach will fulfil the main purpose of CRM as building and maintaining a profit-maximising portfolio of customer relationship (Zablah et al, 2004 b)

Regarding multi-channel experience, Menteth et al (2005) conducted survey in order to assess the relative importance of consistency between channels when customers are buying luxury car. The result showed that the showroom experience is very important to the overall attitude towards the brand and purchase intent. Subsequently, website experience quality is also important and especially its role in the propensity to recommend. Compared to other channels such as TV, Print, Direct Mail, Contact Centre, interactive channels delivered better channel experience.

4.6 Summary

This chapter has discussed the concepts of eMarketing and key issues of consumer behaviour in eCommerce environments. This chapter also examined the importance and benefits of Customer Relationship Management (CRM) and customer channel choice behaviour within CRM and channel management strategy within the context of customer-driven eBusiness environment.

The next chapter looks into the methods of research to be employed in this study. It also discusses the research process, the development of questionnaire, the survey procedures and statistical techniques used for the analysis.

CHAPTER FIVE

CHAPTER FIVE:

METHODOLOGY

5.1 Introduction

This chapter discusses the methodological approach employed throughout this research and it includes review of research aims and objectives, the overview of research process and theoretical research framework. In addition, justification of research methodology, research strategy and instrument, research procedure, questionnaire design and method of analysis which used in this research are discussed.

5.2 Review of Research Aims, Objectives and Hypotheses

As discussed in chapter one, there are two main aims of this study and the first aim is to identify perceived gaps in the critical success factors of web-based eCommerce systems between suppliers and customers in the tourism industry. The second aim is to investigate consumer channel choice behaviour against tourism firms' channel investment in order to enhance strategic channel alignment by identifying perceived channel gap between tourism suppliers and customers.

In order to achieve these aims, the specific objectives of the research were set in chapter one is listed again below.

- To identify the perception of the effectiveness of the Internet by tourism suppliers and consumers.
- To investigate the measuring methods of a tourism eCommerce systems by tourism suppliers and consumers

- To examine the perceived critical factors of successful tourism eCommerce systems by tourism suppliers and consumers
- To determine the consumer preferences for different channels in the information search and the purchasing stage of the consumer decision making process in the eBusiness environments.
- To determine the current and expected future customer channel portfolio according to their importance in the information search stage and purchasing stage

According to the above research aims and objectives, five hypotheses are formulated.

In chapter six, following hypotheses are formulated to test further whether there are any differences in the perceived success factors of tourism eCommerce systems between tourism suppliers and customers.

Hypothesis 1: There are no differences in the perceived views and effectiveness of the Internet between tourism suppliers and customers

Hypothesis 2: There are no differences in the perception of measuring methods of tourism eCommerce systems between tourism suppliers and customers.

Hypothesis 3: There are no differences in the perceived critical success factors of tourism eCommerce systems between tourism suppliers and customers.

In chapter seven, following hypotheses are formulated to test further whether there are any differences in the channel preference between information search stage and purchasing stage.

Hypothesis 4: There are no differences in the channel preference between information search stage and purchasing stage

Hypothesis 5: There are no differences in the current and future customer channel portfolio between information search stage and purchasing stage

5.3 Research Process Overview

All successful research is supported by efficient and effective information (Frank, 1996). Like other research, considerable quantities of information collection are required for this research through groundwork in order to achieve research aims and objectives. According to Zikmund (2000), a research design contains the research methods, data collection and analysing manners. This can be used as a blueprint for overall research process. Further, this research design needs to be clarified earlier stage of research. According to Frankfort-Nachmias and Nachmias' definition (1996), the main stage of research process within this research has been illustrated in figure 5.1. This diagram illustrated that research problem, hypotheses, research design, measurement, data collection, data analysis and generalisation of this research. As this diagram shows, research problem which focus on the issue of identifying gaps between tourism industry eCommerce system investment and user acceptance is derived from the theoretical background of eCommerce systems evaluation and the other research problem which focus on the issue of identifying channel gap is from eConsumer behaviour.

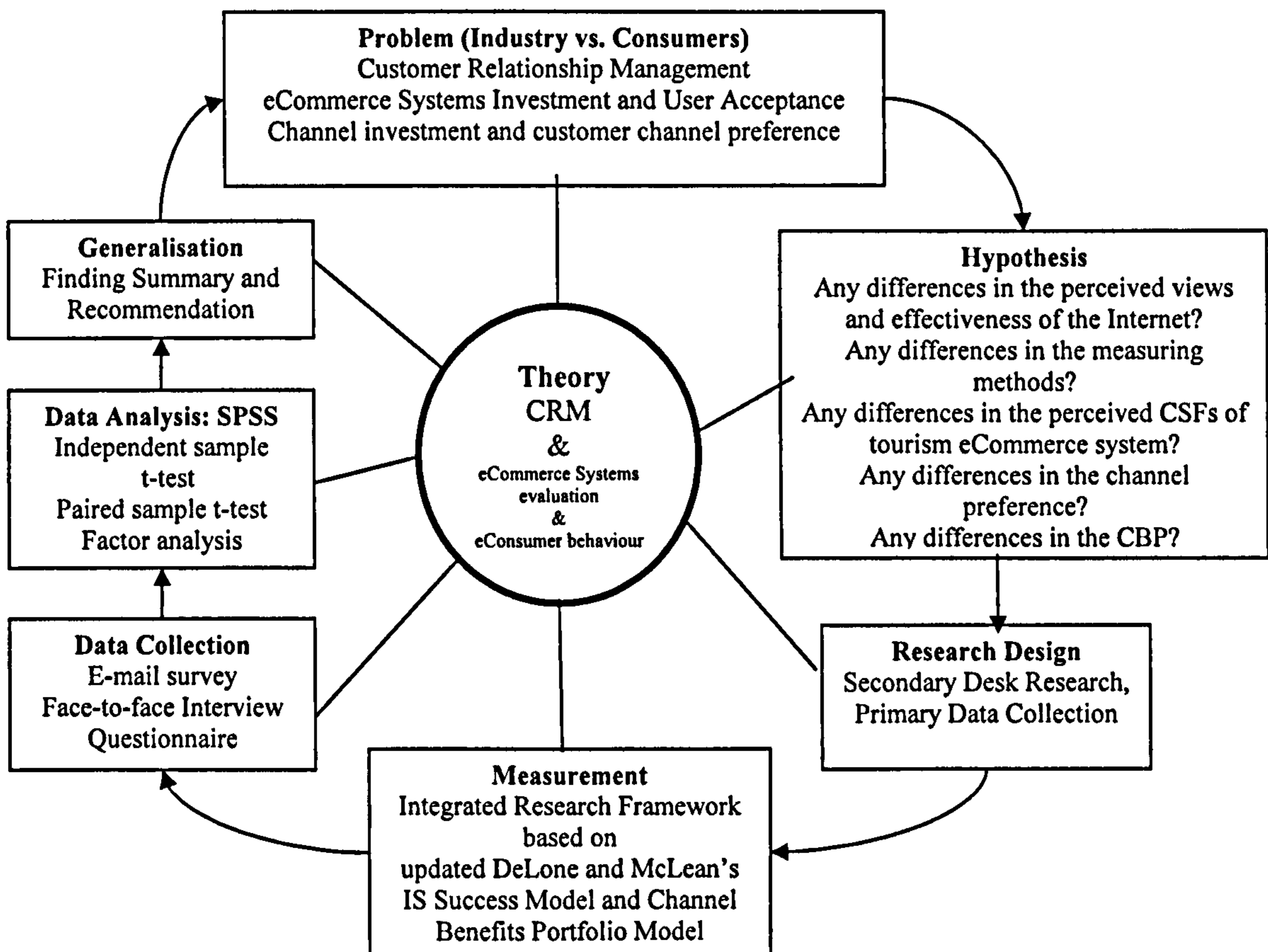


Figure 5.1 The Main Stages of the Research Process within this Research (adopted from Frankfort-Nachmias and Nachmias, 1996)

5.4 Theoretical Research Framework

With reference to Frankfort-Nachmias and Nachmias (1996), a scientifically conceptual approach is to utilise a concept of models which can apply the real world situation into the ideal theories. Therefore, in this study, integrated theoretical research framework which combined both updated DeLone & McLean's IS success model and Channel Benefits Portfolio Model is proposed for measuring perceived gaps in the critical success factors of tourism eCommerce systems and perceived channel preference against tourism firms' current channel investment. As mentioned earlier, Net Benefits is highly related to usability of eCommerce system. In other words, all variables such as Information Quality, System Quality, Service Quality, System Use

and User Satisfaction within DeLone and McLean's IS success model influence on Net Benefits. Further this Net Benefits explains the user's current and future usage of channels. This research does not empirically test the proposed integrated research framework but tried to verify this model through factor analysis. Further this research framework suggests that CBP approach can be used in order to identify channel investment gap not only between firms and customers for successful Customer Relationship Management (CRM) but also between firms and various stakeholders for strategic Partnership Relationship Management (PRM).

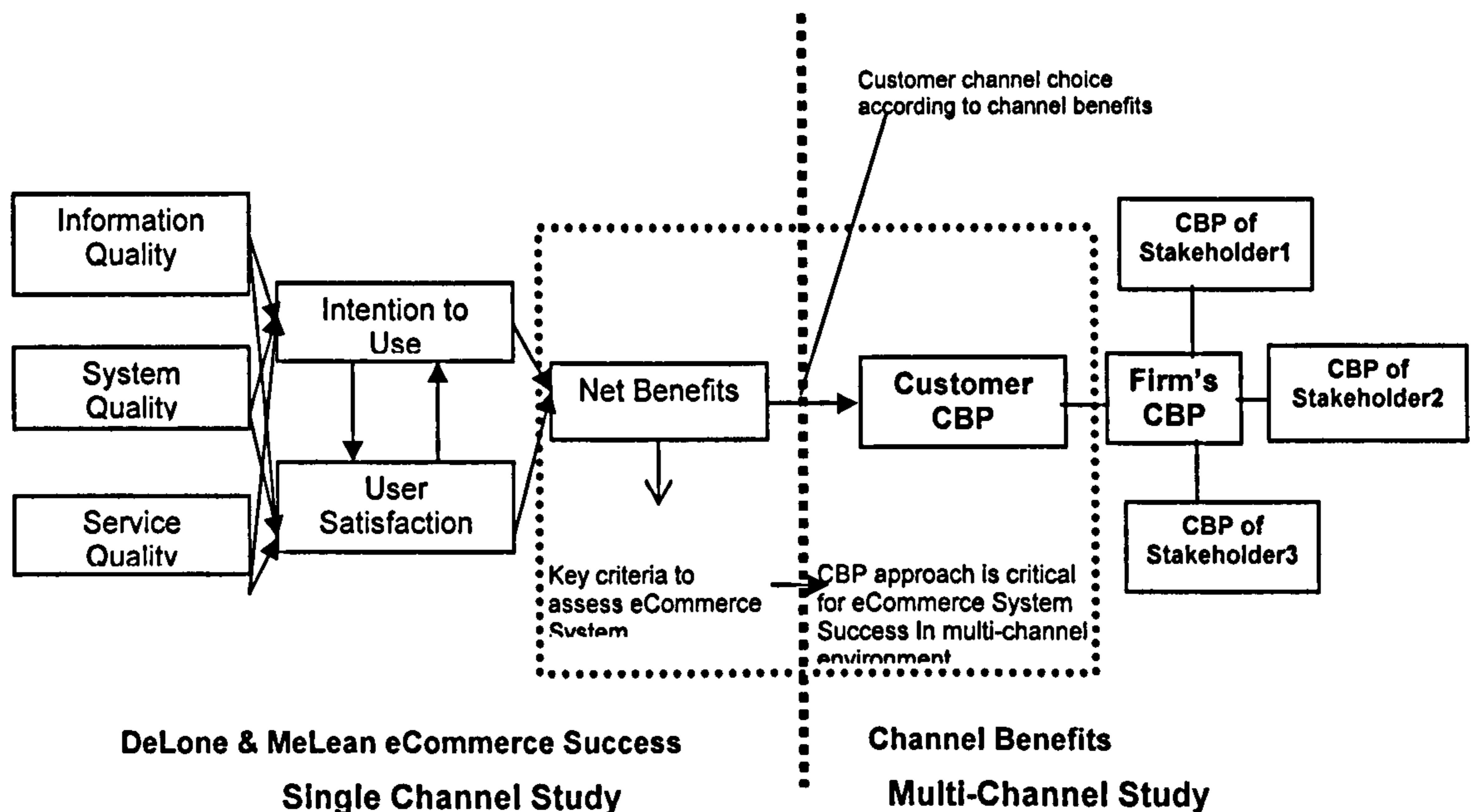


Figure 5.2 Integrated Research Framework (eBusiness System Success Model)

5.5 Justification of Methodology

In order to achieve research aims and objectives, various methodological approaches are considered in this research. With regard to the methodological approach, several methodological issues were considered in order to achieve aims and objectives of this research. First of all, due to the nature of this study which examines social behaviour in particular, technology acceptance behaviour from both industry managers and

consumers, quantitative research approach was chosen instead of qualitative approach. However, qualitative research approach was also partially introduced as a form of in-depth qualitative interview in order to find out the determinants of channel choice behaviour in the in the pilot study of eConsumer channel preference survey. When it comes to data collection technique, in general, two main data collection methods were considered and in this research, direct data collection method was mainly used in order to achieve research aims and objectives.

With reference to research instrument, several methods of survey including mail survey, telephone survey and qualitative interview were considered. For industry survey, the e-mail based on-line survey was selected because the employment of traditional method of survey such as mail or telephone survey is regarded as an ineffective way in terms of geographical limits and costs in order to investigate the perceived effectiveness of web-based eCommerce system by marketing managers of various international tourism organisations.

When it comes to the research instrument for the study on eConsumer channel preference survey, mixed mode of in-depth qualitative interview and semi-structured interview based questionnaire survey were chosen. Due to the fact that this type of research on the identification of determinants of eConsumer channel choice behaviour is in the primitive stage, exploratory research method is preferable in order to discover the major factors which constitute the eConsumer channel choice behaviour. These main factors identified in the pilot study were used as a basis of preparation for the next stage of semi-structured interview based questionnaire. Within this context, even though several other methods of survey were available, semi-structured interview based questionnaire with several specific channel choice environments was chosen in order to find out customer channel choice behaviour in the eBusiness environment. The restricted conditions for the consumer decision making process in each scenarios based situation were controlled by researcher.

5.6 Research Strategy and Instrument

Following research strategy and specific research instruments were employed in this research in order to achieve research aims and objective. For industry survey, even though e-mail based on-line survey is still considered a relatively new method of data collection, an increasing number of academics have been adopting it with relative success especially for purposes of research on Internet related subjects. Therefore, e-mail based on-line survey was employed for the tourism industry survey due to following particular reasons. First, compared to traditional survey modes such as mail or telephone survey, e-mail based on-line survey can be completed faster. Second, the costs associated with data collection are substantially reduced for e-mail survey since the methodology eliminates postage, printing and interviewer costs (Smith, 1997; Walsh, Keisler, Sproull & Hesse, 1992). The third, e-mail survey can be used as a valuable research tool by way of selecting marketing managers in tourism industry who are interested in travel issues and wish to contribute for improvements within the industry (Mehta and Sivada, 1995). However, there are several limitations of e-mail based on-line survey. First, the non-response rates are considered to be high even when focusing on specific target groups. Second, Internet environment itself has general technical problems such as over-loaded systems, lack of disk space for email download and slow connection (Dommeyer and Moriaty, 1999). Third, a majority of Internet users' repudiation of unsolicited e-mail cause low response rate and also some Internet users regarded e-mail survey as an invasion of privacy (Jackson and Decormier, 1999). In order to deal with these disadvantages, researcher contacted selected webmaster of tourism eCommerce system in tourism and hospitality industry and then obtained an e-mail address of marketing managers of tourism organisations. Then, researcher got permission to contact marketing managers by e-mail and e-mail questionnaires were sent only to selected marketing managers of tourism industries who consider the subject relevant.

5.7 Research Procedure, Questionnaire Design and Method of Analysis

5.7.1 Industry Survey

5.7.1.1 Research Procedure

In order to investigate the perceived effectiveness of the Internet, methods of measuring eCommerce systems success and critical success factors of eCommerce systems, those who responsible for eCommerce systems at tourism and hospitality organisations, generally marketing directors in tourism and hospitality industry, were considered for industry survey. The tourism and hospitality organisation's web sites were obtained from the main tourism/hospitality related web sites including the Tourism Offices World Directory (TOWD), International Air Transport Association (IATA), Hospitality Net, Hotel Travel and Yahoo.

The procedure of industry survey is consists of three main stages. The first stage was to select a sample from the tourism and hospitality companies' websites and to compile the lists of the e-mail address of the webmaster of each tourism organisations. The second stage was to send a request to each of these for the name and e-mail address of their marketing mangers. The final stage was to send the e-mail questionnaire to these people who had been identified. The sample size in this industry survey consisted of 33 marketing managers of national level DMOs (Destination Marketing Organisations), 33 marketing managers of international chain hotels, 16 marketing managers of airlines, and 33 marketing managers of travel agencies mainly in European region.

A list of 218 national DMOs, 343 international chain hotels, 215 travel agencies and 165 airlines' e-mail addresses was compiled and a request sent to each of them for the name and e-mail address of their marketing directors. Ninety-six DMOs, ninety-one

hotels, ninety-nine travel agencies and sixty airlines replied to this request and the e-mail questionnaires were sent to the people who had been identified. From this population, thirty-three from DMOs, thirty three from international chain hotels, thirty three from travel agencies and sixteen from airlines marketing managers were participated in the research. The response rates from each tourism and hospitality organisations were a little over one third.

Table 5.1 shows the response rate for the each group of respondents. The highest response rate (36%) was obtained from the marketing or general managers of hotel industry which responded 33 respondents from 91 dispatched questionnaire. The next following highest response rate was generated from DMOs (34%), travel agencies (33%) and the lowest response rate was obtained from the airline industry (26%).

Table 5.1 Response Rate

| | DMOs | Hotels | Travel Agencies | Airlines | Total |
|-------------------------------------|------|--------|-----------------|----------|-------|
| Number of compiled e-mail addresses | 218 | 343 | 215 | 165 | 941 |
| Number of dispatched Questionnaire | 96 | 91 | 99 | 60 | 346 |
| Number of Respondents | 33 | 33 | 33 | 16 | 115 |
| Response Rate | 34% | 36% | 33% | 26% | |

5.7.1.2 Questionnaire Design

A simple questionnaire was designed to find out 1) perceived effectiveness of the Internet, 2) measurement methods of eCommerce systems, 3) perceived critical success factors of tourism eCommerce systems from the perspective of marketing managers of tourism and hospitality organisations. The questionnaire was designed to be delivered by e-mail and in order to encourage a high response rate, it was necessary to keep both the numbers and complexity of the questions strictly limited. In addition,

in order to achieve effective collection of data, respondents were asked to enter numbers in the appropriate places on the e-mail questionnaire.

The questionnaire consisted of five main sections and the first section contained five questions to determine the marketing directors' view of the Internet, including the effectiveness of the Internet as a marketing tool, the importance of the Internet as a marketing strategy, and any changed views on the Internet within the last 2 years and expectations in the next 2 years. The questionnaire also asked about the average number of visits which were made to their web sites each month and when the web sites were first established in the first section.

The second section contained nine questions in order to examine the success of the web site and the measurement which each tourism and hospitality organisation used to determine its effectiveness such as number of hits, time spent on the web site, booking rate, number of browser, interactivity, regular updating, and feedback received and so on. The final section is consisted of 27 questions and theses questions were concerned with identifying the important elements of successful eCommerce system including information quality, system quality, service quality, usage, user satisfaction and net benefits.

5.7.2 Consumer Survey

5.7.2.1 Research Procedure

In order to investigate the perceived effectiveness of Internet by consumers, a questionnaire was designed that asks respondents about their views about Internet and perceived important factors of measurement method, key factors of successful eCommerce system. Respondents were invited individually to complete the questionnaire regarding Internet and a total of 128 samples were collected and used for further analysis.

5.7.2.2 Questionnaire Design

A questionnaire was designed to investigate the respondent's view in the effectiveness of the Internet and how the success of eCommerce systems is measured, what they regard as important factors in terms of successful eCommerce systems. The content of questionnaire is similar to the questionnaire used for industry survey.

The questionnaire consisted of five main sections and the first section contained five questions to determine the consumers' view of the Internet, including the effectiveness of the Internet and any changes in views about the Internet within the last 2 years and expectations about the next 2 years. The second section contained nine questions in order to examine which criteria used by consumers in order to assess the success of eCommerce system. The final section is consisted of 27 questions and theses questions were concerned with identifying the important elements of successful eCommerce systems.

In order to conduct the statistical analysis, the level of agreement of each statement in the questions was rated on the scale from 1= strongly disagree to 5=strongly agree.

5.7.2.3 Method of Analysis for Consumer Survey and Comparative Analysis

Two statistical techniques were introduced in the consumer survey and comparative analysis. First of all, factor analysis was used in order to verify DeLone and McLean's information systems success model. Secondly, independent sample t-test was utilised in order to compare the views of the tourism eCommerce systems between industry and customers

5.7.2.3.1 Factor Analysis:

Factor analysis is a technique used to identify factors that statistically explain the variation and covariation among measures. Generally, the number of factors is considered smaller than the number of measures and, consequently, the factors succinctly represent a set of measures. From this perspective, factor analysis can be viewed as a data-reduction technique since it reduce a large number of overlapping measured variables to a much smaller set of factors. The main purposes of conducting factor analysis are 1) estimating the degree to which items are involving the same concept, 2) determining the degree to which a larger number of variables can be reduced to a smaller set, and 3) trying to make sense of the bewildering complexity of social behaviour by reducing it to a more limited number of factors (Sekaran, 2000). In this research, factor analysis technique was employed in order to make an effort to determine net benefits within the context of DeLone and McLean's model. In other words, this analysis tried to verify DeLone and McLean's model which was not examined previously.

5.7.2.3.2 Independent Sample T-test

Independent sample t-test is used when researcher compares the mean score, on some continuous variable, for two different groups of subjects. Normally, independent sample t-test tells whether there is a statistically significant difference in the mean scores for the two groups. In this study, an independent sample t-test was introduced in order to test whether there are any perceived differences on the views of the Internet, measuring methods of eCommerce systems and critical success factors of eCommerce system between marketing managers of tourism/hospitality industry and customers.

5.7.3 Pilot Study for eConsumer Channel Preference Survey

5.7.3.1 Research Procedure

In order to determine channel choice behaviour, in-depth qualitative and scenario-based interviews were held with ten students from various Schools within the University of Surrey. The participants were recruited through an email announcement that asked for volunteers to participate in the pilot study. The interviews were conducted in a University computer laboratory that had PC with access to the web. The length of an interview was maximum two hours and the whole interview was recorded on audiotape.

5.7.3.2 Interview Design

In the pilot study, in-depth qualitative interview is carried out with several series of scenarios. The reason why scenario-based interview is employed in the pilot study was to provide more specific channel choice environments with restricted conditions to respondents. Each interview consisted of five channel-based scenarios. Before scenario 1, interviewer asked respondents general questions in respect of interests, experience, type of accompanying persons, preferred type of holiday, and other important factors that may influence situation when making a holiday plan. In scenario 1 the interviewer asked respondents to explain *how they would go about to planning and purchasing a ski holiday*. During the first scenario there only open questions were employed. There was minimal intervention by the researcher in order to reveal respondents' implicit preferences about channel choice. In scenario 2, respondents were introduced to a specific set of context and were asked how they would plan and purchase a trip under those conditions. Conditions specified the time of departure (January), destination (Europe), length of holiday (2 weeks), number of accompanying persons (1 person), and the approximate budget per person all-in (£1000). There was again minimal initial prompting by the interviewer but after the respondent had explained their 'story', the interviewer asked some additional questions that focused

upon channel choice. In Scenarios 3 and 4, two different channel choice environments were introduced and were subject to the same conditions employed in scenario 2 (time of travel etc.). The ten respondents were split into two groups of five. The first group followed the scenarios according to numerical order but in the case of the second group scenarios 3 and 4 were reversed. Hence, half of the respondents saw the brochure first and the other half saw the web first. The aim behind this was to eliminate any scenario order bias because all respondents had to go through all five scenarios.

In scenarios 3 and 4 the interviewer asked respondents questions about whether they found enough information, their intention to use alternative channels, their reasons for switching to other channels, including advantages/benefits about their preferred channel in the information search stage of their decision making process. In a fifth and final scenario, the interviewer asked some concluding questions about channel preference and intention to purchase. Additional questions were asked concerning respondents' first choice of travel agency and first choice of travel Web site for making holiday plans because this has a direct bearing on the role of the channel in needs recognition and Thomascook.com customer acquisition strategies to get the customer into TC channels first.

5.7.4. eConsumer Channel Preference Survey

5.7.4.1 Research Procedure

In order to investigate channel choice behaviour, a questionnaire was designed that asks respondents about their past and future trip planning and purchasing behaviour. The questionnaire was administered to 110 respondents in a University computer laboratory that had PC with access to the web and the Thomascook.com web site. Respondents were invited to attend sessions in which they individually completed their tasks in a group of maximum ten subjects at a time. Sessions lasted approximately two hours and were supervised by researcher. The participants were

recruited through an email announcement that asked for volunteers to participate in a study about holiday purchasing behaviour.

5.7.4.2 Questionnaire Design

The questionnaire consisted of two main sections. In the first section, general questions regarding respondents' most recent non-domestic holiday were asked. Respondents are first asked about their previous holidays, their experiences with skiing holidays, their sources of information when they booked that holiday (or whether someone else booked), and the most valuable sources of information in the preparation of their holiday and booking time before departure and their satisfaction with the booked holiday.

The second section asked respondents to imagine that they intend to go on a ski holiday and are searching for ski holiday information. They are given specific fixed conditions, that is, it is said that the holiday concerns a one-week ski holiday and that there are four weeks left before departure. Questions are asked regarding the prospective number of accompanying persons, travel destination, mode of transportation, type of accommodation and the expected budget that would be available for such a ski holiday. The second section specifically focused on the respondents' preferences for channels in the information search and booking stages. A total of 11 channel options were provided in the questionnaire and respondents are asked to choose one of channel options in terms of the first orientation, next stages of information stage and booking stage in order to identify the optimal channel combination (mix) of the respondents. The purpose of using different scenarios is to identify whether channel usage or choice behaviour is affected by specific context according to different scenarios.

5.7.4.3 Method of Analysis

In the eConsumer channel preference survey, descriptive statistical analysis containing summarised data (frequency), measures of central tendency percentiles (mean, median, mode) and measures of dispersion (standard deviation) was mainly used and cross tab analysis was also used in order to identify the channel mix.

5.7.5 eConsumer Channel Benefits Portfolio Survey

5.7.5.1 Research Procedure

In order to determine the importance of channels, and also evaluate current and future channel benefits which contribute channel usage during information search stage and purchasing stage, a questionnaire was designed that asks respondents about their perceived importance of channels.

A questionnaire regarding the perceived importance of channels was distributed among a class of postgraduate management students. A total of 41 students volunteered to participate and completed the questionnaire. Though the sample obviously represents a convenience sample, it should be noted that in the context of this study, students are a highly relevant group of respondents. Students represent customers of the future for many eBusiness-based companies and it is relevant to know how this segment evaluates their current and future channel portfolios.

5.7.5.2 Questionnaire Design

The questionnaire regarding channel benefit portfolio (CBP) is consisted of two main sections. In the first section, twenty seven channels were presented in the information search stage including relatively new channels such as *WAP mobile phone*, *Interactive*

digital TV, Email, Consult with people in the virtual community and so on. The questions asked respondents to express the degree of current and future importance of presented 27 channel options during the information search stage.

In the second section, less channel options were presented in the purchasing stage to the respondents because some channels such as *Consult with people in the virtual community* and *News/Magazine* are not currently offering the booking facilities for the customers. Respondents were asked to show the degree of current and future importance of provided channel options in the booking stage.

5.7.5.3 Method of Analysis

In the eConsumer channel benefits portfolio survey, paired sample t-tests was introduced to identify any difference between two customer behaviour stage, namely information search stage and purchasing stage. This technique used to test the differences between the perceived current and future importance of the channels in terms of information search stage and purchasing stage. In the questionnaire, both questions were rated on the same scale from 1 = not at all important to 10 = very important.

5.8 Summary

This chapter has identified the methodological approach to be employed in this study. This chapter also discussed the research process, the development of questionnaire and the survey procedures. In addition, the statistical techniques used for the analysis are discussed.

The following three chapters present the results of the thesis. Chapter six provides the results of both industry and customer survey. In addition, the results of comparative analysis between industry and customers were presented.

CHAPTER SIX

CHAPTER SIX: RESULTS OF COMPARATIVE ANALYSIS (INDUSTRY VS CONSUMER)

6.1 Introduction

This chapter examines the perception of the Internet and eCommerce system by marketing managers from different tourism/hospitality organisations and customers. Further, a comparative analysis between marketing managers and customers in order to identify the gap between these two parties will be presented. This chapter begins with the review of the research objectives and hypotheses and then, a short description of sample which used in this research will be presented. For finding sections, firstly, results from each group of tourism organisations will be analysed. Secondly, results of consumer survey which shows the perception of the Internet, key measuring methods, and critical success factors of tourism eCommerce systems by consumers will be analysed. Finally, comparative analysis between marketing managers and customers regarding above mentioned aspects of Internet and eCommerce systems will be conducted using an independent sample t-test.

The aim of this chapter is to investigate the perceived gap in the Internet and web-based eCommerce systems between marketing managers and consumers. Several research objectives were established in accordance with above aim.

- To identify perceived gap in the effectiveness of the Internet between tourism suppliers and customers.
- To identify perceived gap in the methods of measuring tourism eCommerce systems between tourism suppliers and customers
- To identify perceived gap in the critical factors of successful tourism eCommerce system between tourism suppliers and customers.

According to the above aims and objectives, following hypotheses (null hypothesis) are formulated to test further whether there are any differences in the perception of the Internet, measuring methods and perceived critical success factors of eCommerce systems between tourism suppliers and customers.

Hypothesis 1. (Ho): There are no differences in the perceived effectiveness of the Internet between tourism suppliers and customers.

Hypothesis 2. (Ho): There are no differences in the perception of the methods of measuring the effectiveness of tourism eCommerce systems between tourism suppliers and customers.

Hypothesis 3. (Ho): There are no differences in the perceived critical success factors of eCommerce system between tourism suppliers and customers.

6.2 Results of Industry Survey

This section contains the results of industry survey regarding the perceived views of the Internet, measurement methods and critical success factors of tourism eCommerce systems. First of all, results of DMOs survey will be reported and then results of hotels, travel agencies and airlines will be followed.

6.2.1 Profile of Respondents

This research reports the results of a survey by e-mail of those responsible for web sites at tourism organisations, generally marketing managers. Four major tourism/hospitality organisations such as DMOs, hotels, travel agencies and airlines were selected as main respondents in the tourism/hospitality industry. Figure 6.1 shows the response rate for the each group of respondents. The highest response rate (36%) was obtained from the marketing managers of hotel industry which responded

33 respondents from 91 dispatched questionnaire. The next following highest response rate was generated from DMOs (34%), travel agencies (33%) and the lowest response rate was obtained from the airline industry (26%).

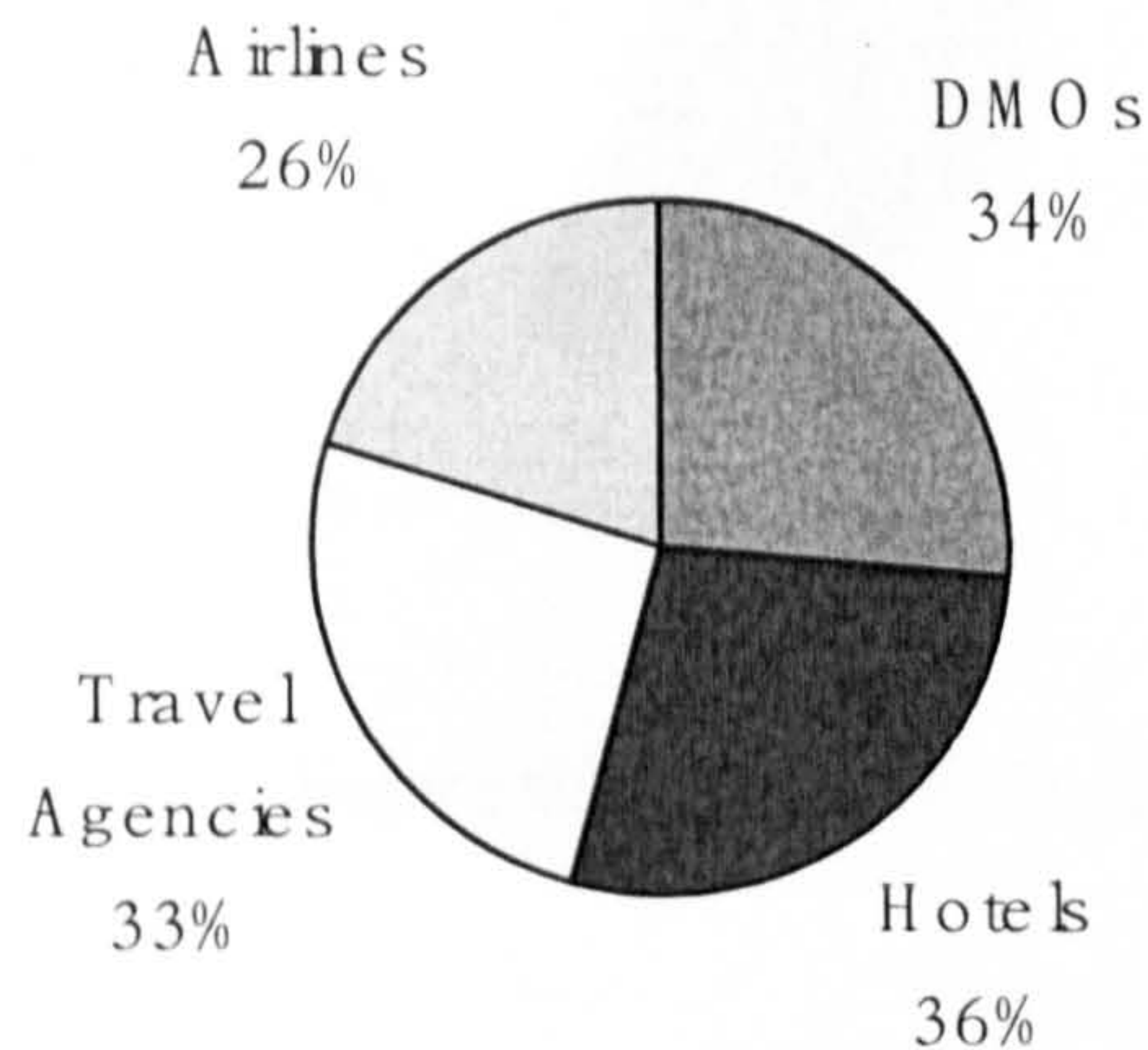


Figure 6.1 Response Rate

The ratio of the type of organisations which considered in this research was shown in figure 6.2 and 28.9% of respondents came from the National Destination Marketing Organisations (DMOs), 28.1% of respondents obtained from hotel industry, 28.9% of respondents from travel agency and 14% of respondents obtained from the airline industry. A total of 114 respondents from various industries were included in this survey.

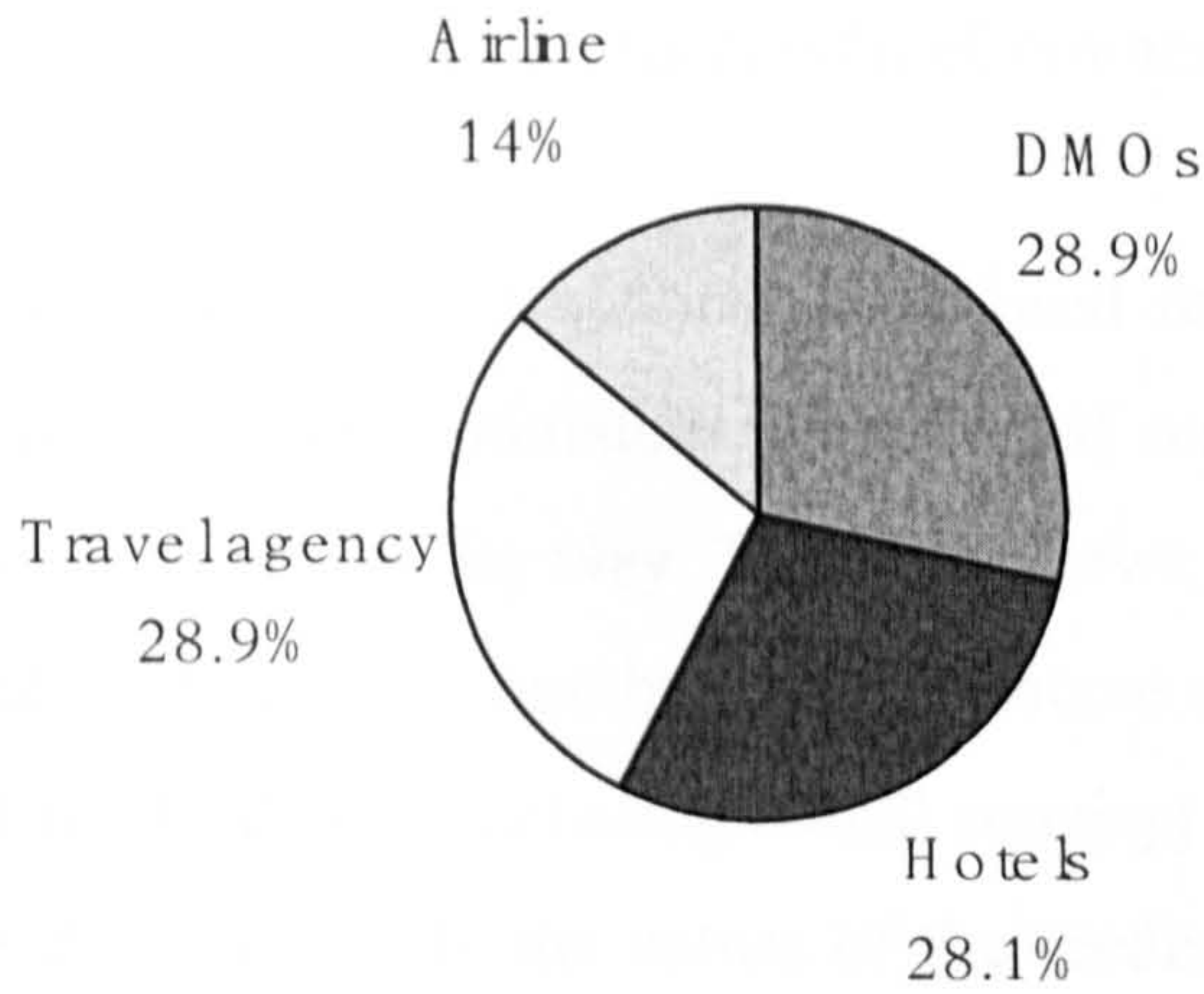


Figure 6.2 Type of Organisation

6.2.2 DMOs

6.2.2.1 Views of the Internet

The first three questions asked respondents for their level of agreement with the following statements: ‘The Internet is an effective marketing tool’; ‘Internet promotion is important in our marketing strategy’; ‘My view about the importance of Internet marketing has changed within the last twelve months’. Table 6.1 shows the results and Marketing Directors regard the Internet as an effective marketing tool and Internet promotion is considered an important part of their marketing strategies. Further, the majority have changed their view about the Internet within the last twelve months.

Table 6.1 Views of the Internet

(1: Disagree/strongly disagree, 2: Neither disagree nor agree, 3: Agree/Strongly agree)

| View | 1 | 2 | 3 |
|---|-----|-----|-----|
| Effectiveness of the Internet as a marketing tool | 12% | 3% | 84% |
| Importance of Internet | 15% | 3% | 84% |
| Change of views on Internet | 27% | 15% | 54% |

6.2.2.2 Measurement Methods of Successful eCommerce Systems

The next question asked what methods were used for measuring the success of the eCommerce systems. Approximately a quarter of respondents did not measure the success of their web site in any way. Table 6.2 shows the percentage of the remainder using different methods. The number of eCommerce site visits (or number of visitors to a web site) and feedback (including e-mail enquiry) are the main methods used. The questionnaire did not specify the nature of the feedback, so it is not possible to say whether feedback was acquired informally or in an organised way.

Table 6.2 Measures of Success: percentage using each method

| Method | Proportion of Sample using Method |
|---------------------------------|-----------------------------------|
| Number of eCommerce site Visits | 92% |
| Length of Stay | 20% |
| On-line Booking Capability | 24% |
| Interactivity | 24% |
| Repeat Visit | 16% |
| Feedback | 80% |

6.2.2.3 Key Factors of successful eCommerce Systems

Figure 6.3 shows the outcome of the last question, which asked the respondents to rate the different factors of successful eCommerce systems according to their perceived importance, using a scale of 1 to 8. The table shows the weighted score for each factor, i.e. each score is weighted by the proportion choosing that score. Content, which is related to information quality, was rated as the most important factors by respondents. System Quality factors such as ease of use, attractiveness of website and ease of

navigation were also rated as important. Surprisingly few respondents rated transaction support (system quality) as important.

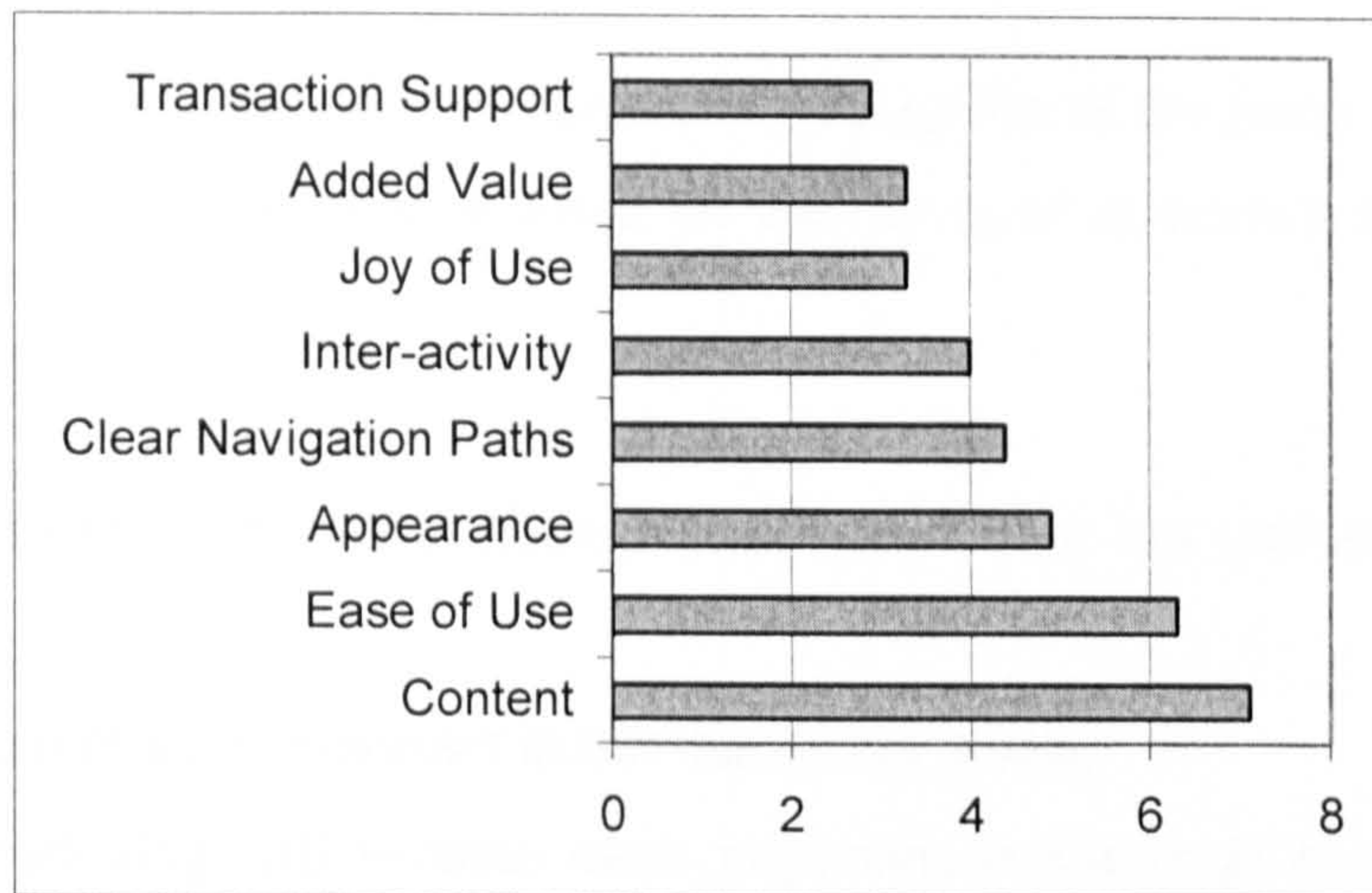


Figure 6.3 Rating of Factors of successful eCommerce System (1: Lowest 8: Highest)

The respondents were also asked to commit if they wished, to giving several interesting insights. It was clear, for instance, that some were thinking carefully about how they should measure success. First, most respondents wanted to know about factor which is related to system usage such as the number of visitors to an eCommerce site and to each page ('hits' being identified as a misleading term). Second, respondents were interested in how they can improve service quality on existing eCommerce system and specifically, feedback from the customer, including e-mail inquiries following a visit to the site was considered as an important factor. Finally, respondents were interested in online booking capability and especially the time taken to convert enquires to concrete bookings. The importance of promoting the website off-line was also stressed by respondents.

6.2.3 Hotels

6.2.3.1 Views and Effectiveness of the Internet

The first set of questions related to managers' perception of the Internet as a strategic marketing tool. Respondents were asked for their level of agreement to the following statements:

- My view of the importance of the Internet marketing has changed in the last 2 years.
- Internet marketing is important in our marketing strategy
- Internet marketing will become more important in the hotel industry in next 2 years.

Figure 6.4 shows the results of the second set of questions. The majority of general and marketing managers of chain hotels have changed their views about the importance of the Internet marketing within the last 2 years, and most of them now regard the Internet as a mainstream marketing strategy. Furthermore, they considered that Internet marketing will become even more important in the hotel industry in the next 2 years.

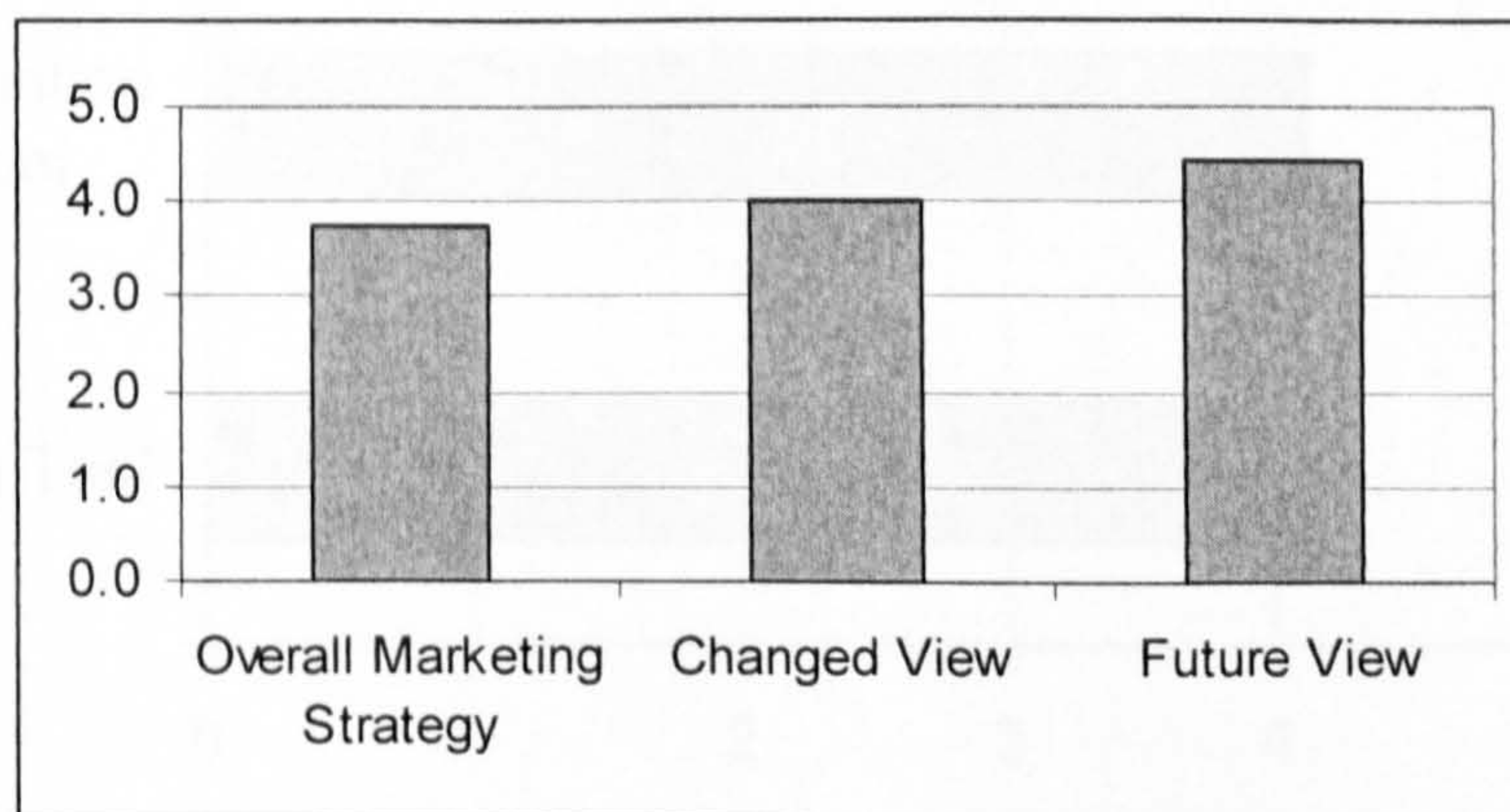


Figure 6.4 Views of the Internet as a Strategic Marketing Tool
(1: Strongly Disagree-5: Strongly Agree)

In the second section, respondents were asked for their level of agreement on the following statements:

- The Internet is an effective marketing tool
- The Internet is an effective reservation tool
- The Internet is an effective promotion tool.

Figure 6.5 shows the result of these questions. Marketing managers of international chain hotels regard the Internet as an effective marketing tool and reservation tool. They also considered Internet promotion to be an important factor. Interestingly, the mean score of effectiveness of the Internet as a reservation tool was relatively lower than that of the perceived effectiveness of the Internet as a marketing tool and a promotion tool. The reason of this lower score is probably due to the issue of security, a factor that has been identified as a potential barrier to marketing on the Internet (Turban et al, 2006).

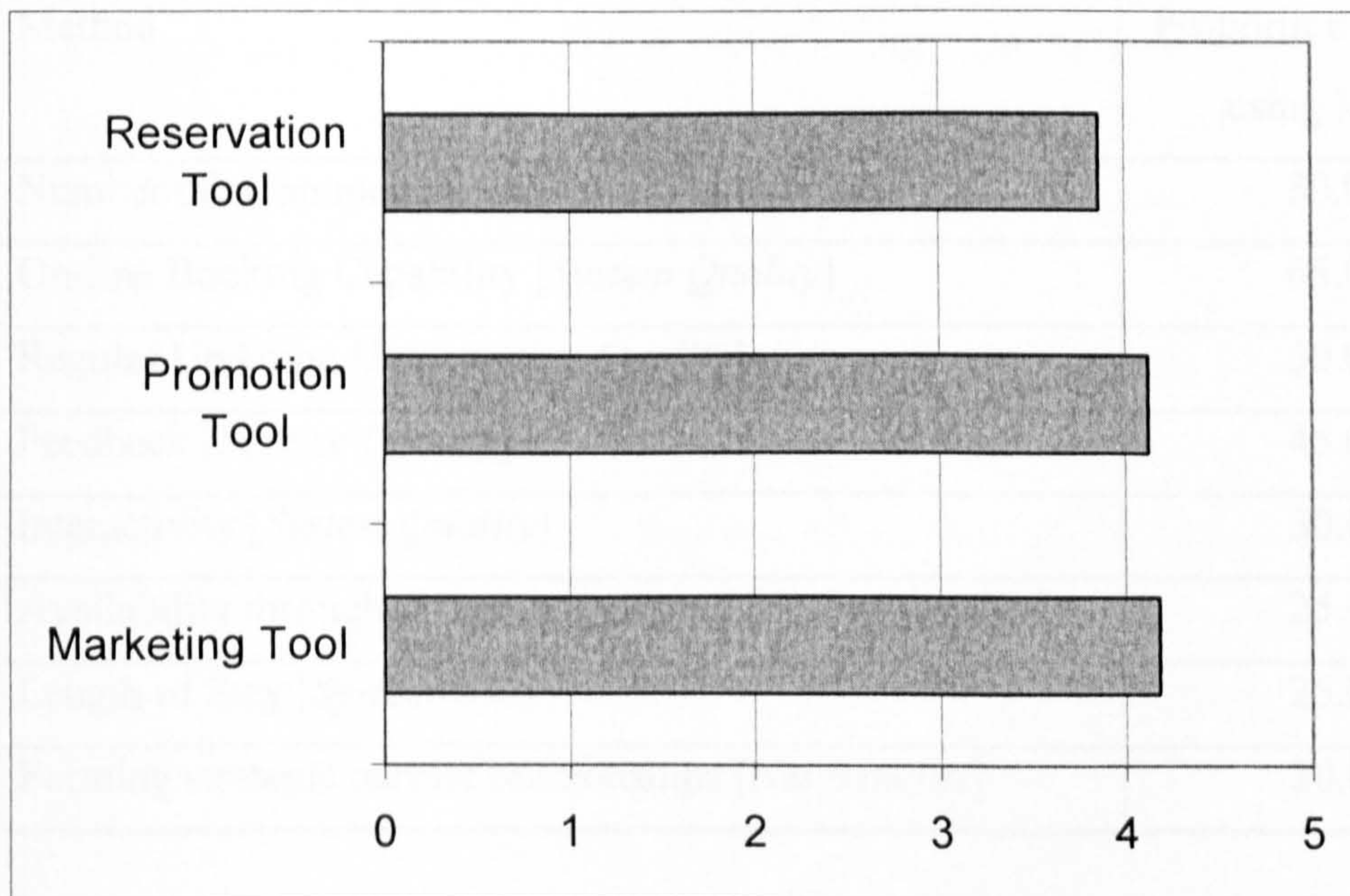


Figure 6.5 Views of the Internet's Value (1: Strongly Disagree-5: Strongly Agree)

6.2.3.2 Measurement Methods of Web-based eCommerce Systems

The fourth section contained questions related to the measurement of the success rate of the web sites. The questions asked respondents if they measured the success rate of their web site and if so, what methods were used for measuring the success of the web site. Approximately 40 percent of respondents did not measure the success of the web site in anyway. Table 6.3 shows the different methods used by the remaining respondents. The number of eCommerce site visit (system use) was the main method used by hotel industry. Interestingly, the On-line booking (net benefits, 65 %) is the second most widely used method for measuring and this result presents a significant difference to the proportion of DMOs who reported using this method (24 %) in the Jung and Baker (1998) study. The next widely used methods were regular updating (information quality, 50 %) and feedback (service quality, 45 %). (Respondents could list more than one measure of success used, so proportions total more than 100%).

Table 6.3 Measures of Success: Percentage Using Each Method

| Method | Proportion of Sample using Method |
|---|-----------------------------------|
| Number of eCommerce site Visits [<i>System Use</i>] | 80.0 % |
| On-line Booking Capability [<i>System Quality</i>] | 65.0 % |
| Regular Updating [<i>Information Quality</i>] | 50.0 % |
| Feedback [<i>Service Quality</i>] | 45.0 % |
| Interactivity [<i>System Quality</i>] | 30.0 % |
| Availability through different Browsers [<i>System Quality</i>] | 25.0 % |
| Length of Stay [<i>System Use</i>] | 25.0 % |
| Forming strategic partner relationships [<i>Net Benefits</i>] | 20.0 % |

6.2.3.3 Factors of Successful Web-based eCommerce System

As suggested by several researchers with reference to the key factors that comprise the successful web-based eCommerce system, this section contained twelve statements concerning potentially important elements of successful eCommerce system. Respondents were asked to express their level of agreement with each of the following statements representing a key factor of successful web sites.

- Regular updating is important
- Repeat visits of customer is important
- Appearance of the web site is important
- Providing useful information is important
- Interactivity with customers is important
- Web site design fitting the marketing purpose is important
- Promoting the web site through off-line channels is important
- Forming strategic partners of marketing consortia is important
- Provision of value-added information is important
- Institutional support (support from the whole organisation) is important
- Developing a relationship and building loyalty with the customer is important
- Clear navigation paths to allow smooth movement around the site is important

Figure 6.6 shows the rating of factors of a successful website. Most respondents regarded useful information (*information quality*, Mean: 4.67) as the most important factors of successful eCommerce systems. Clear navigation (*system quality*, Mean: 4.58) was the second most important factors and appearance (*system quality*, Mean: 4.55), regular updating (*information quality*, Mean: 4.42), web design (*system quality*, Mean: 4.39), and building a loyalty with customers (*net benefits*, Mean: 4.39) were also considered important elements.

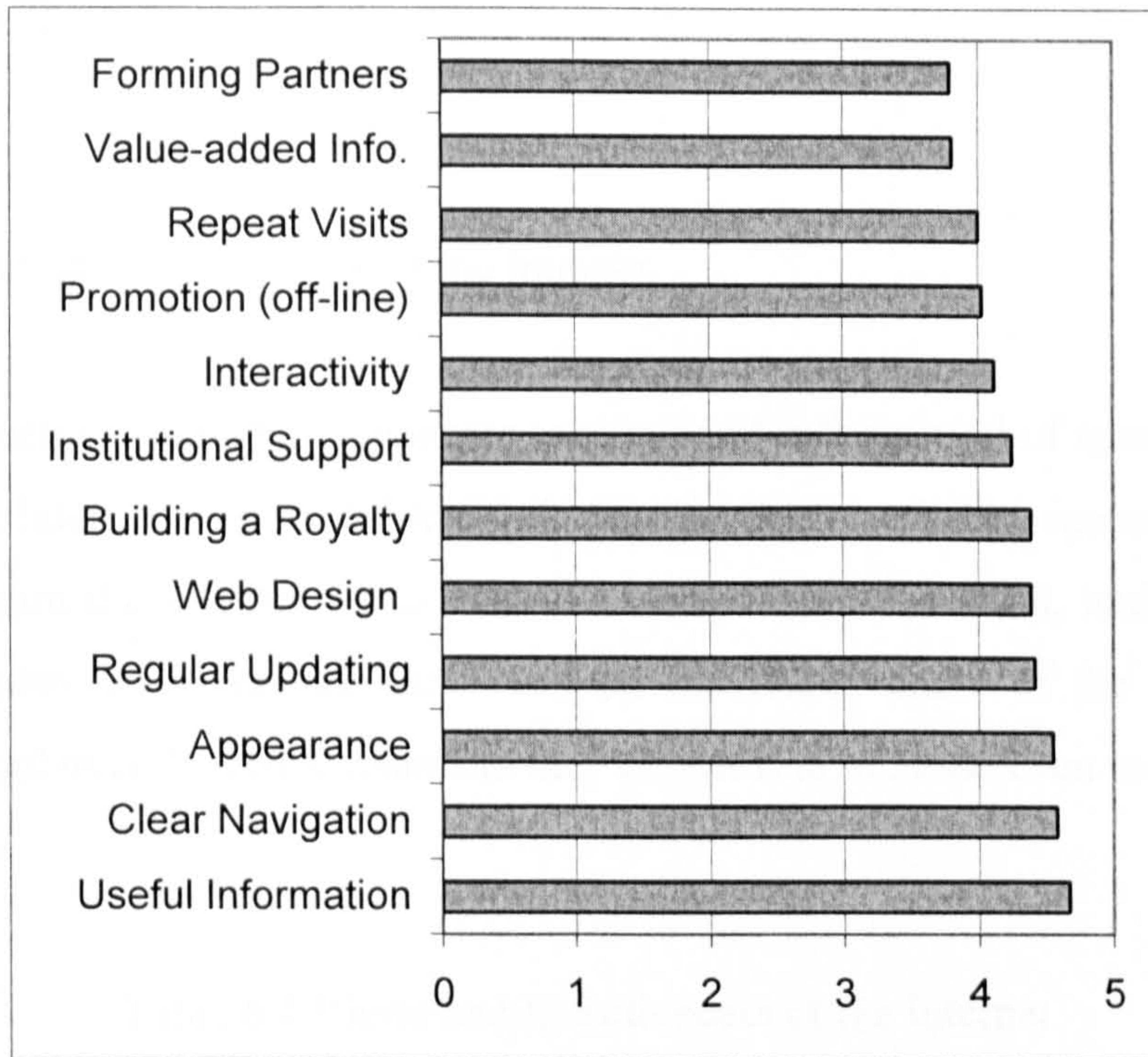


Figure 6.6 Rating of Factors of Successful eCommerce System

| View | Mean | Standard Deviation |
|---|------|--------------------|
| Efficiency of the system | 4.51 | 0.47 |
| Effectiveness of the system | 4.71 | 0.50 |
| Efficiency of the system (continued) | 4.41 | 0.45 |
| Importance of the system | 4.51 | 0.47 |
| Change with time the importance of the system | 4.75 | 0.43 |
| Importance of the system (continued) | 4.71 | 0.47 |

6.2.3.2 Measurement of Success of eCommerce System

The second section of the study is related to the measurement method of the success of the web-based e-commerce system. Currently, measurement is done by several marketing managers who measure how successful their web site is in some ways. Table 6.9 shows the methods used by the respondents and the number of e-commerce sites visited by the respondents. The most frequently used method is Building a Royalty (4.3%) followed by regular updating (interactivity) (37.0%) and Useful Information (31.0%).

6.2.4 Travel Agencies

6.2.4.1 Views and Effectiveness of the Internet

In the first section, marketing managers were asked for their level of agreement on the views of the Internet's value. Table 6.4 shows that most marketing managers of travel agencies regard the Internet as an effective marketing, reservation, and promotional tool. They also have changed their view on the effectiveness of the Internet as a marketing tool over the last 2 years and they expect it to increase even more important in the future.

Table 6.4 Views and Effectiveness of the Internet

| View | Mean | SD |
|---|------|------|
| Effectiveness as a marketing tool | 4.61 | 0.54 |
| Effectiveness as a reservation tool | 3.73 | 0.63 |
| Effectiveness as a promotional tool | 4.48 | 0.84 |
| Importance as a marketing strategy | 4.55 | 0.67 |
| Changed view about the importance of the Internet | 4.55 | 0.85 |
| Importance of the Internet in the future | 4.79 | 0.78 |

6.2.4.2 Measurement Methods of Success of eCommerce System

The second section of questions related to the measurement method of the success rate of the web-based eCommerce systems. Concerning measurement issues, 97 percent of marketing managers are measuring how successful their web sites are in some ways. Table 6.5 shows the methods used by the respondents and the number of eCommerce site visits (*system use*) is the main method used. The next most widely used method is booking rate (*net benefits*, 69.7%) followed by regular updating (*information quality*, 57.6%) and Interactivity (51.5%).

Table 6.5 Measuring Methods of Success of eCommerce System

| Rank | Method | Yes | No |
|------|--|-------|-------|
| 1 | Number of eCommerce site visits [System Use] | 84.8% | 15.2% |
| 2 | On-line booking capability [System Quality] | 69.7% | 30.3% |
| 3 | Regular updating [Information Quality] | 57.6% | 42.4% |
| 4 | Interactivity [System Quality] | 51.5% | 48.5% |
| 5 | Feedback [Service Quality] | 36.4% | 63.6% |
| 5 | Forming strategic partners relationships [Net Benefits] | 36.4% | 63.6% |
| 7 | Repeat visits [System Use] | 33.3% | 66.7% |
| 8 | Availability through off-line channels [Service Quality] | 21.2% | 79.8% |
| 9 | Length of stay [System Use] | 15.2% | 84.8% |

6.2.4.3 Factors of Successful eCommerce System

The next section of questions contained the factors that mark successful eCommerce systems. Table 6.6 shows that most respondents regarded that factors which related to *information quality* are the three most important factors. These are useful information (mean: 4.9) or quality of content (mean: 4.84) and regular updating (mean: 4.73). Interestingly, *System Quality* factors including interactivity with customers (mean: 4.58), easy navigation paths (Mean 4.52), ease of use (Mean, 4.39) and transaction support (Mean 4.30) were considered as a major factors of successful eCommerce systems.

Table 6.6 Rating Factors of Successful eCommerce System

| Rank | Factors | Mean | SD |
|------|--|------|------|
| 1 | Providing useful information [<i>Information Quality</i>] | 4.90 | 0.45 |
| 2 | Quality of Content (Information) [<i>Information Quality</i>] | 4.84 | 0.36 |
| 2 | Regular updating [<i>Information Quality</i>] | 4.73 | 0.37 |
| 3 | Repeat visit [<i>System Use, User Satisfaction</i>] | 4.60 | 0.86 |
| 4 | Interactivity with customers [<i>System Quality</i>] | 4.58 | 0.57 |
| 5 | Relationship with Customers [<i>Net Benefits</i>] | 4.54 | 0.43 |
| 6 | Easy navigation paths [<i>System Quality</i>] | 4.52 | 0.66 |
| 7 | Ease of Use [<i>System Quality</i>] | 4.39 | 0.84 |
| 8 | Transaction support [<i>System Quality</i>] | 4.30 | 0.69 |
| 9 | Joy of use [<i>Service Quality</i>] | 4.21 | 0.72 |
| 10 | Creating relationship/ loyalty with customers [<i>Net Benefits</i>] | 4.19 | 0.94 |
| 11 | Web design fits for marketing purpose [<i>Net Benefits</i>] | 4.15 | 0.72 |
| 12 | Providing added value or service [<i>Service Quality</i>] | 4.09 | 0.88 |
| 13 | Institutional support [<i>System Quality</i>] | 4.03 | 0.98 |
| 14 | Added value [<i>Service Quality</i>] | 4.03 | 0.66 |
| 15 | Promotion through off-line channel [<i>Net Benefits</i>] | 3.97 | 0.59 |
| 16 | Forming strategic partners/marketing consortia [<i>Net Benefits</i>] | 3.79 | 0.32 |
| 17 | Appearance of web site [<i>System Quality</i>] | 3.76 | 0.69 |

6.2.5 Airlines

6.2.5.1 Views and Effectiveness of the Internet

In the first section, marketing managers were asked for their level of agreement on the views about the Internet's value. Table 6.7 shows that most marketing managers of airlines regarded the Internet as an effective marketing and promotional tool. However, with regard to the reservation tool, the mean score (M: 3.93, SD: 0.85) was relatively lower compared with marketing tool and promotion tool. They also have changed their view on the effectiveness of the Internet as a marketing tool over the last 2 years and they expect it to increase even more important in the future.

Table 6.7 Views and Effectiveness of the Internet

| View | Mean | SD |
|---|------|------|
| Effectiveness as a marketing tool | 4.50 | 0.51 |
| Effectiveness as a reservation tool | 3.93 | 0.85 |
| Effectiveness as a promotional tool | 4.18 | 0.65 |
| Importance as a marketing strategy | 4.37 | 0.80 |
| Changed view about the importance of the Internet | 4.31 | 0.87 |
| Importance of the Internet in the future | 4.40 | 0.63 |

6.2.5.2 Measurement Methods of Success

The second section of questions related to the measurement methods of the successful eCommerce system. Concerning measurement issues, 86.7 percent of marketing managers are measuring how successful their web sites are in some ways. Table 6.8 shows the methods used by the respondents and the number of eCommerce site visits (system use) is the main method used. The next most widely used method is on-line booking capability (*system quality*, 53.3%) and feedback (*service quality*, 53.3%) followed by Interactivity (*System Quality*, 46.7%) and availability through different of browsers (*System Quality*, 33.3%).

Table 6.8 Measuring Methods of Successful eCommerce System

| Rank | Method | Yes | No |
|------|---|-------|-------|
| 1 | Number of eCommerce site visits [System Use] | 73.3% | 25.0% |
| 2 | On-line booking capability [System Quality] | 53.3% | 46.7% |
| 2 | Feedback [Service Quality] | 53.3% | 46.7% |
| 4 | Interactivity [System Quality] | 46.7% | 53.3% |
| 5 | Availability through off-line channels [System Quality] | 33.3% | 66.7% |
| 6 | Length of stay [System Use] | 26.7% | 73.3% |
| 6 | Regular updating [Information Quality] | 20.0% | 80.0% |
| 8 | Forming strategic partners relationships [Net Benefits] | 20.0% | 80.0% |
| 9 | Repeat visits [System Use] | 6.7% | 93.3% |

6.2.5.3 Factors of Successful eCommerce System

The next section of questions contained the factors that constitute successful eCommerce systems. Table 6.9 shows that most respondents regarded *Information Quality* related factors including regular updating (mean: 4.86), quality of contents (mean 4.81) providing useful information (mean: 4.73), frequent updating (mean: 4.68) as the most important factors. The next group of key factors are concerning about *System Quality* and these factors are ease of use (mean: 4.87), security (mean: 4.62), loading time (mean: 4.56) and easy navigation paths (mean: 4.53

Table 6.9 Rating Factors of Successful eCommerce System

| Rank | Factors | Mean | SD |
|------|---|------|------|
| 1 | Ease of use [<i>System Quality</i>] | 4.87 | 0.33 |
| 2 | Regular updating [<i>Information Quality</i>] | 4.86 | 0.35 |
| 3 | Quality of Content (Information) [<i>Information Quality</i>] | 4.81 | 0.40 |
| 4 | Providing useful information [<i>Information Quality</i>] | 4.73 | 0.45 |

| | | | |
|----|--|------|------|
| 5 | Security [<i>System Quality</i>] | 4.62 | 0.61 |
| 6 | Creating relationship/ loyalty with customers [<i>Net Benefits</i>] | 4.60 | 0.63 |
| 7 | Loading time [<i>System Quality</i>] | 4.56 | 0.62 |
| 7 | Clear navigation [<i>System Quality</i>] | 4.56 | 0.51 |
| 9 | Easy navigation paths [<i>System Quality</i>] | 4.53 | 0.51 |
| 10 | Feedback [<i>Service Quality</i>] | 4.50 | 0.63 |
| 11 | Repeat visit [<i>System Use, User Satisfaction</i>] | 4.46 | 0.51 |
| 11 | Appearance of web site [<i>System Quality</i>] | 4.46 | 0.51 |
| 13 | Promotion through off-line channel [<i>Net Benefits</i>] | 4.40 | 0.73 |
| 14 | Interactivity with customers [<i>System Quality</i>] | 4.37 | 0.88 |
| 14 | Availability through different browsers [<i>System Quality</i>] | 4.37 | 0.61 |
| 16 | Forming strategic partners/marketing consortia [<i>Net Benefits</i>] | 4.33 | 0.81 |
| 17 | Transaction support [<i>System Quality</i>] | 4.31 | 0.74 |
| 17 | Added value [<i>Service Quality</i>] | 4.31 | 0.74 |
| 17 | Design and creativity [<i>System Quality</i>] | 4.31 | 0.62 |
| 20 | Web design fits for marketing purpose [<i>Net Benefits</i>] | 4.26 | 0.59 |
| 20 | Institutional support [<i>System Quality</i>] | 4.26 | 0.79 |
| 22 | Providing added value or service [<i>Service Quality</i>] | 4.20 | 0.77 |
| 23 | Integration with existing business systems [<i>Net Benefits</i>] | 4.12 | 0.80 |
| 24 | Relationship with customers [<i>Net Benefits</i>] | 3.93 | 0.77 |
| 25 | Joy of use [<i>Service Quality</i>] | 3.81 | 0.83 |
| 26 | Organised message [<i>Information Quality</i>] | 3.68 | 0.79 |
| 27 | Meta statement [<i>Information Quality</i>] | 3.62 | 0.61 |

However, using Meta statement (*Information Quality*, mean: 3.62), organized message through website (*Information Quality*, mean: 3.68), Joy of Use (*Service Quality*, mean 3.81), and relationship with customers (*Net Benefits*, mean: 3.93) are regarded relatively less important factors of successful eCommerce system by airline marketing managers.

6.3 Results of Consumer Survey

6.3.1 Profile of the Respondents

A total of 128 respondents were involved in the consumer survey and table 6.10 presents the demographic profiles of the respondents.

Table 6.10 Demographic profiles of the respondents (n=128)

| Demographic profiles | | |
|----------------------|--|--------------------------------------|
| Gender | Male: 69 (62.7%) | Female: 41 (37.3%) |
| Nationality | Chinese (30.9%), Korean (12.7%) | British (17.3%) Other (39.1%) |
| Age group | 18-22:37 (33.6%), 26-35:39 (35.5%), | 23-25:32 (29.1%), 36-45: 2 (1.8%) |
| Occupation | Undergraduate (50.9 %), postgraduate (48.2%) other (0.9%) | |

With regard to the gender, male represented 62.7% of the respondents and female accounted for 37.3% of the respondents. The majority nationality of respondents was Chinese (30.9%) and the British students were the next and Korean students were the third. Concerning the period of living in UK, 43.6% of the respondents lived in UK less than 1 year and 22.7% of the respondents lived in UK 1-2 years, 10% of the respondents lived 3-5 years and 21.8% of the respondents lived more than 5 years respectively.

With reference to the age group, 33.6% of the respondents were between age of 18-22 and 29.1% of the respondents were between age of 23-25, with highest proportion (35.5%) being between 26 and 35. Concerning occupation, half of the respondents were undergraduate (50.9%) and the other half were postgraduate (48.2%) students

from various schools within the University. The majority of them are from the school of management studies and the next major group were from electronic engineering (22.7%).

Concerning the location of the Internet access, most of the respondents (63.6%) access the Internet at school/University and 31.8% of the respondents access the Internet at home. Concerning the question on how long the respondents were using the Internet, more than 60% answered that they have used the Internet more than 4 years and more and 32.7% answered that they have used Internet between 1-3 years. The majority of the respondents (77.3%) access the Internet 1-4 times/day and the half of the respondents (45.5%) had a previous experience of the on-line buying over the Internet and the typical price range of the on-line buying was 0-50 pounds (70%).

6.3.2 Views of the Internet

With regard to views of the Internet, respondents were asked for their level of agreement with the following statements: 'My view about the importance of Internet marketing has changed within the last twelve months' and 'The importance of the Internet will be increasing in the future'. Table 6.11 shows the results of the customer's view of the Internet. The majority of respondents have changed their view about the Internet within the last twelve months. Also respondents regarded that the Internet will be much more important in the future for their holiday planning.

Table 6.11 Views of the Internet

| Views | Mean | SD |
|--------------|------|------|
| Changed view | 3.74 | 0.95 |
| Future view | 4.32 | 0.73 |

With reference to the perceived effectiveness of the Internet, questions asked respondents regarding the effectiveness of the Internet as an information search tool, marketing tool, promotion tool and reservation tool. Figure 6.7 shows that in general respondents regarded the Internet as an effective tool for information search, marketing, promotion and reservation.

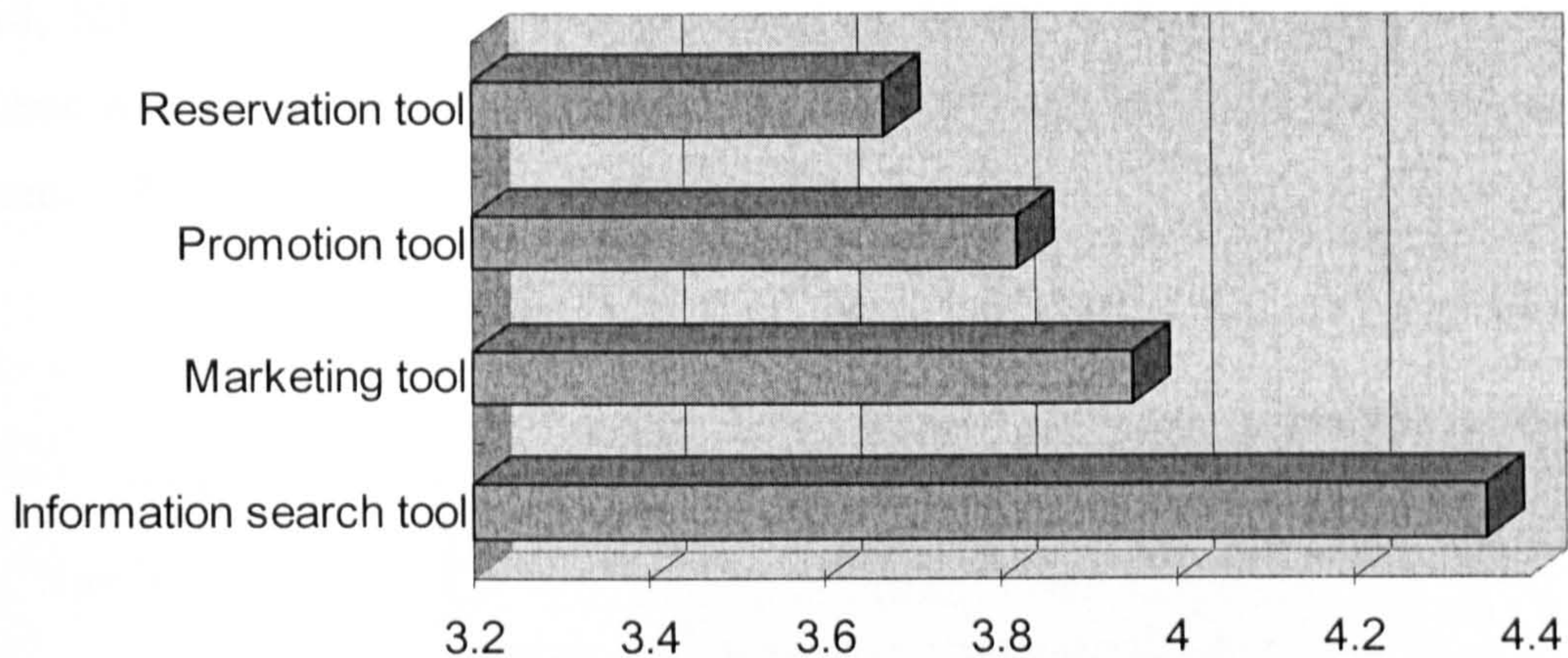


Figure 6.7 Effectiveness of the Internet

Interestingly, respondents considered the Internet as the very effective information search tool (Mean: 4.35, SD: 0.74), however, when they purchase tourism product, the Internet was relatively less effective tool for the reservation purpose (Mean: 3.67, SD: 0.86). This result indicates that from the customer’s point of view, even though the Internet was regarded as a useful and effective tool when they are searching information on tourism product, Internet was not regarded as a safe way for booking purpose. This is related to the security issue and customers still have lack of trust in the transaction system over the Internet in the eCommerce environments (Turban et al, 2006).

6.3.3 Measurement Methods of Successful eCommerce Systems

The next section of questions related to the measurement methods of the success rate of eCommerce systems. Concerning methods of measurement of eCommerce systems,

a total of nine methods were considered and question was asked if respondents were to measure the success of eCommerce systems which method would respondents use. Figure 6.8 shows the preferred methods which will be used by the respondents and method which is related to *Information Quality* such as regular updating (Mean: 4.50, SD: 0.84) was the most preferred method of measuring success of eCommerce systems. The next most preferred method was feedback (*Service Quality*, Mean: 4.18, SD: 0.89) and repeat visit (*System Use*, Mean: 4.03, SD: 0.85) followed by Interactivity (*System Quality*, Mean: 3.99, SD: 0.84) and length of stay (*System Use*, Mean: 3.98, SD: 0.87).

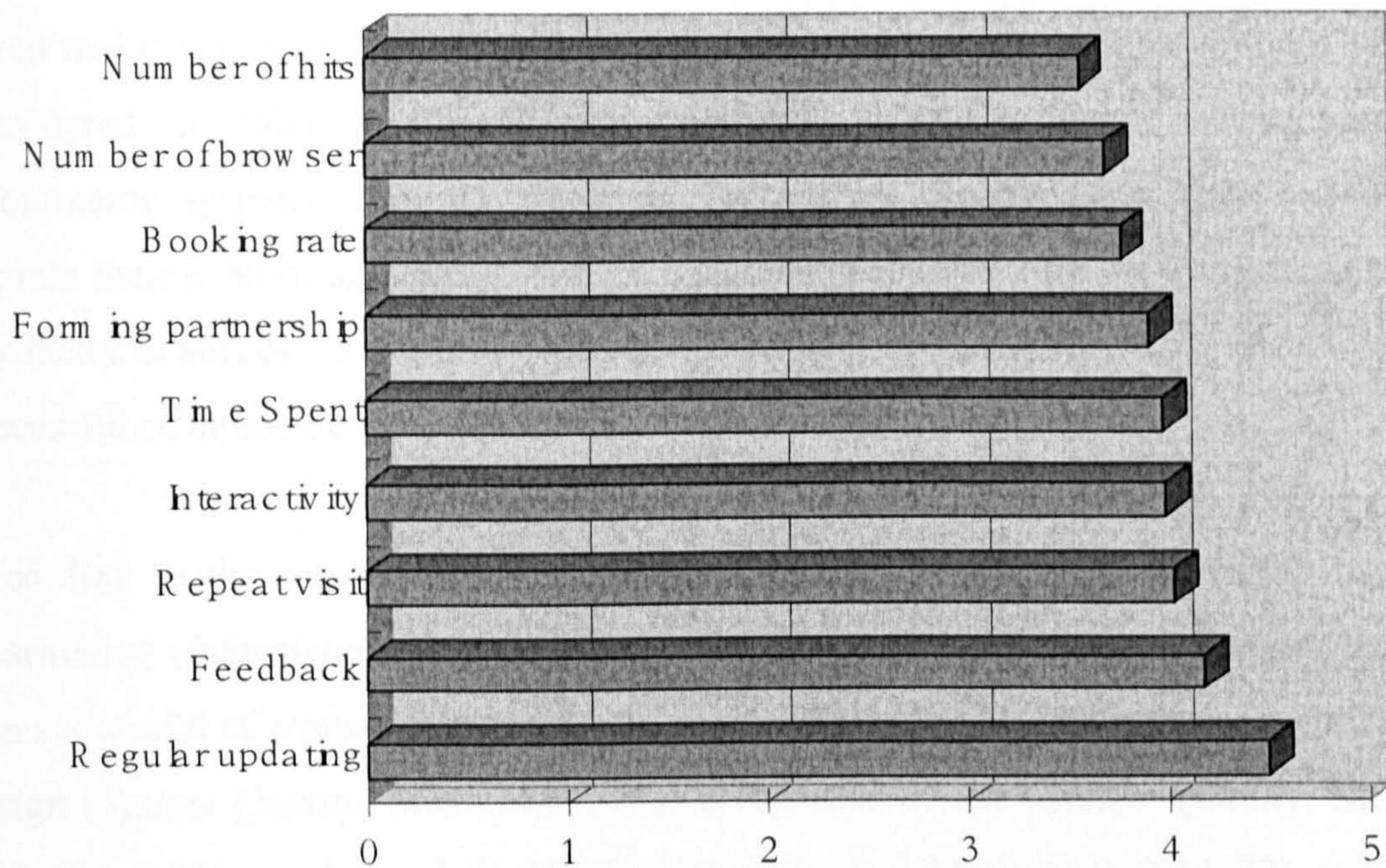


Figure 6.8 Method of Measurement of Successful eCommerce System

From the above result, it was found that customer have a different preference for the measurement criteria of successful eCommerce systems. For example, from the findings in chapter six, industry marketing managers used ‘number of eCommerce site visits (*System Use*)’, ‘feedback (*Service Quality*)’ and ‘booking rate (*Net Benefits*)’ as

the main method of measurement. However, customers regarded 'number of eCommerce site visits (*System Use*)' as the least preferred method of measurement and they considered that regular updating (*Information Quality*) is the most critical factors of measuring success of eCommerce systems. This implies that marketing managers of tourism and hospitality industry need to pay attention to the customers' measurement criteria in order to acquire and retain customers for their web-based business.

6.3.4 Successful eCommerce Systems

From the literature review of the successful eCommerce systems, a total of twenty seven major variables which constitute successful tourism eCommerce systems were considered in order to identify the perception of these factors of successful eCommerce systems from the customer perspective. Respondents were asked to express their level of agreement with each statement representing the importance of a key factor of successful eCommerce systems. Table 6.12 shows the rating of factors of successful eCommerce systems.

According to the results, it was found that respondents regarded providing useful information (*Information Quality*, Mean: 4.64, SD: 0.67) as the most important factor of a successful eCommerce systems. The next most important factors were security in design (*System Quality*, Mean: 4.61, SD: 2.70), ease of use (*System Quality*, Mean: 4.60, SD: 0.82), regular updating (*Information Quality*, Mean: 4.59, SD: 0.72), content (*Information Quality*, Mean: 4.52, SD: 0.77), frequent updating (*Information Quality*, Mean: 4.50, SD: 0.76), ease of navigation (*System Quality*, Mean: 4.43, SD: 0.71) and clear navigation paths (*System Quality*, Mean: 4.41, SD: 0.72) followed by length of stay (*System Use*, Mean: 4.60, SD: 0.82) and appearance of website (*System Quality*, Mean: 4.24, SD: 0.85).

However, other factors such as transaction support (*System Quality*, Mean: 3.98, SD: 0.75), relationship with customer (*Net Benefits*, Mean: 3.98, SD: 0.81), promoting

web site through off-line channels (*Net Benefits*, Mean: 3.87 SD: 0.81), organised message (*Information Quality*, Mean: 3.85, SD: 0.87), integration (*Net Benefits*, Mean: 3.81, SD: 0.82), and meta statement (*Information Quality*, Mean: 3.50, SD: 0.86) were regarded as less important factors of successful eCommerce systems.

Table 6.12 Critical Success factors of eCommerce Systems

| Rank | Successful eCommerce Systems | Mean | SD |
|------|---|------|------|
| 1 | Providing useful information [<i>Information Quality</i>] | 4.64 | 0.67 |
| 2 | Security in design [<i>System Quality</i>] | 4.61 | 2.70 |
| 3 | Ease of use [<i>System Quality</i>] | 4.60 | 0.82 |
| 4 | Regular updating [<i>Information Quality</i>] | 4.59 | 0.72 |
| 5 | Content (information) [<i>Information Quality</i>] | 4.52 | 0.77 |
| 6 | Frequent updating [<i>Information Quality</i>] | 4.50 | 0.76 |
| 7 | Ease of navigation [<i>System Quality</i>] | 4.43 | 0.71 |
| 8 | Clear navigation paths [<i>System Quality</i>] | 4.41 | 0.72 |
| 9 | Loading time [<i>System Quality</i>] | 4.40 | 0.94 |
| 10 | Appearance of website [<i>System Quality</i>] | 4.24 | 0.85 |
| 11 | Length of Stay [<i>System Use</i>] | 4.23 | 0.73 |
| 12 | Availability through different browsers [<i>System Quality</i>] | 4.21 | 0.80 |
| 13 | Web design fits the marketing purpose [<i>Net Benefits</i>] | 4.19 | 0.75 |
| 14 | Added value products of services [<i>Service Quality</i>] | 4.14 | 2.70 |
| 15 | Joy of use [<i>Service Quality</i>] | 4.13 | 0.86 |
| 16 | Developing a relationship with customers [<i>Net Benefits</i>] | 4.13 | 0.84 |
| 17 | Interactivity with customer [<i>System Quality</i>] | 4.12 | 0.77 |
| 18 | Repeat visits of customers [<i>System Use</i>] | 4.08 | 0.89 |
| 19 | Feedback [<i>Service Quality</i>] | 4.07 | 0.83 |
| 20 | Provision of value-added information [<i>Service Quality</i>] | 4.03 | 0.79 |
| 21 | Design & creativity [<i>System Quality</i>] | 4.00 | 0.88 |
| 22 | Transaction support [<i>System Quality</i>] | 3.98 | 0.75 |
| 23 | Relationship with customer [<i>Net Benefits</i>] | 3.98 | 0.81 |
| 24 | Promoting website through off-line channels [<i>Net Benefits</i>] | 3.87 | 0.87 |
| 25 | Organised message [<i>Information Quality</i>] | 3.85 | 0.87 |
| 26 | Integration [<i>Net Benefits</i>] | 3.81 | 0.82 |
| 27 | Meta statement [<i>Information Quality</i>] | 3.50 | 0.86 |

It was found that most of customers considered factors which are related to *Information Quality* such as providing useful information (Mean: 4.64, SD: 0.67), ease of use (Mean: 4.60, SD: 0.82), quality of content or information (Mean: 4.52,

SD: 0.77) and regular updating (Mean: 4.59, SD: 0.72). This result suggested that to the customers, successful eCommerce system meant that the web site that provides useful information for their information search and purchasing purposes. Therefore, regular updating and easy to navigate the web site were also regarded as an important factors which constitute the successful eCommerce systems in order to obtain useful information.

Interestingly, *System Quality* factors are also highly ranked in terms of importance and these factors are security in design (Mean: 4.61, SD: 2.70), ease of use (Mean: 4.60, SD: 0.82), ease of navigation (Mean: 4.43, SD: 0.71) and clear navigation paths (Mean: 4.41, SD: 0.72). This result suggested that the primary concern from the customer perspective was security issues on Internet-based transaction. In addition, to the customers, factors in relations to ease of use including clear navigation paths, short loading time, availability through different browsers and appearance of web site were considered as important aspects to constitute the successful eCommerce systems. This result indicated that when marketing managers of tourism and hospitality industry are trying to create or rebuild their eCommerce systems, they need to consider these points during their web presence investment decision making process in order to attract more customers to their web site and these will eventually lead to more effective customer acquisition and retention.

The main purpose of conducting factor analysis was mentioned by Sekaran (2000) and this technique was employed in this study in order to explore interrelationships among the customer's perceptions of the critical success factors of eCommerce systems. The first step in order to conduct principal component analysis (CPA) is to test the suitability of data for factor analysis. In order to find out the factorability, the correlation matrix, Kaiser-Meyer-Olkin value and Bartlett's test of Sphericity were examined. The correlation matrix between the factors of successful eCommerce system revealed that the presence of many confidants of 0.3 and above and there is a relatively large number of Pearson's correlation coefficients between the respondent's perceived important factors of successful eCommerce systems. Also the

Kaiser-Meyer-Olkin value was .75, exceeding the recommended value of .6 and the Bartlett's Test of Sphericity reached statistical significance ($p= 0.000$), supporting the factorability of the correlation matrix. From the results of correlation matrix, Kaiser-Meyer-Olkin value and Bartlett's test of Sphericity, it was found that data which contains a total of twenty seven variable of successful eCommerce system is suitable for principal component analysis.

After the assessment of the suitability of the data for factor analysis, principal components analysis (PCA) was conducted and it revealed that there are five components with engenvalues exceeding 1. The results of the screeplot test revealed a clear break after the five components and according to Catell's scree test, it was decided to retain five components for further investigation. Varimax rotation was used and the rotated solution revealed the simple structure with five components showing a number of strong loadings, and all variables loading substantially on only one component. The five factor solution explained a total of 68.15 % of the variance, with component 1 (*System Quality Related*) contributing 24.53%, component 2 (*Information Quality Related*) contributing 15.23%, component 3 (*Information Quality Related*) contributing 12.64%, component 4 (*Net Benefits Related*) contributing 8.30% and component 5 (*Net Benefits Related*) contributing 7.45%.

According to guidelines for identifying significant factor loadings based on sample size in table 6.13 (Hair *et al*, 1995), this consumer survey contains 128 sample size therefore, cut off point for interpretation purposes is all loadings 0.49 or above, in other words, factor loadings of 0.49 and above are considered significant in this case.

Table 6.13 Guidelines for Identifying Significant Factor Loadings

| Factor Loading | Sample Size Needed for Significance |
|-----------------------|--|
| 0.30 | 350 |
| 0.35 | 250 |
| 0.40 | 200 |
| 0.45 | 150 |
| 0.50 | 120 |
| 0.55 | 100 |
| 0.60 | 85 |
| 0.65 | 70 |
| 0.70 | 60 |
| 0.75 | 50 |

Note: Significance is based on a 0.05 significance level.

The table 6.14 suggests that there are three groups of components and the first component includes five variables and these are regular updating, providing useful information, clear navigation paths, appearance of web site and length of stay. These items are highly correlated each other and regular updating represented the main factor of this group. All these five variables have positive signs and they are highly correlated each other. According to this outcome, it was found that customers preferred tourism web site with impressive home page and successful web site required updating on a regular basis with useful information and also web site needs to be designed with clear navigation paths in order to provide user-friendly web interface.

The second component includes three variables such as promoting web site through off-line channel, web design fits the marketing purpose and provision of value-added information or services and these items are highly correlated each other. And promoting web site through off-line channel represented as the main factor of this

group. The last component includes two variables such as interactivity with customers and repeats visit of customer and these two variables are highly correlated each other and interactivity with customer represented as the main factor of the third group. This indicated that customers regarded that good relationship and interactivity with customers has a very strong relationship with repeat visit of customers.

Table 6.14 Structure Matrix of Critical Success Factors of eCommerce Systems

| Factors | Component | | | | |
|---|-----------|-------|-------|------|------|
| | 1 | 2 | 3 | 4 | 5 |
| Ease of Navigation [System Quality] | .849 | | | | |
| Ease of Use [System Quality] | .764 | | | | |
| Frequent updating [Information Quality] | .701 | | | | |
| Loading time [System Quality] | .657 | | | | |
| Browser friendliness [System Use] | .643 | | | | |
| Design & creativity [System Quality] | .465 | | | | |
| Security in design [System Quality] | - | - | - | | |
| Regular updating [Information Quality] | | .848 | | | |
| Providing useful information [IQ] | | .841 | | | |
| Content (information) [Information Quality] | | .693 | | | |
| Ease of Navigation [System Quality] | | .659 | | | |
| Appearance of web site [System Quality] | | .622 | | | |
| Length of stay [System Use] | - | .567 | | | |
| Meta statement [Information Quality] | - | | .780 | | |
| Integration [Net Benefits] | - | | .677 | | |
| Organised message [Information Quality] | - | | .548 | | |
| Joy of use [Service Quality] | - | | - | | |
| Relationship with customer [Net Benefits] | - | - | | .766 | |
| Interactivity with customer [Net Benefits] | - | - | | .743 | |
| Repeat visit of customer [System Use] | - | | | .629 | - |
| Transaction support [System Quality] | - | | | .541 | |
| Developing a relationship and building loyalty with customer [Net Benefits] | | | | .511 | |
| Feedback [Service Quality] | - | - | | .501 | |
| Promoting web site through off-line channel [Net Benefits] | - | | | | .762 |
| Web design fits the marketing purpose [Net Benefits] | - | | | | .722 |
| Provision of value-added info or service [Service Quality] | - | | | | .651 |
| Added value [Service Quality] | - | - | - | | - |
| % of variance explained | 24.53 | 15.23 | 12.64 | 8.30 | 7.45 |

Extraction Method: Principal Component Analysis. Rotation Method: Varimax

with Kaiser Normalization. a Rotation converged in 10 iterations.

As mentioned previously, the cut off point is 0.49 and above and for interpretation purpose, factor loadings above 0.49 are shown in table 6.14. The above results suggests that there are five group of components and the first component includes seven variables such as clear navigation, ease of use, frequent updating, loading time, availability through different browsers, design & creativity and security in design and majority of these factors related to *System Quality* dimension of DeLone & McLeans eCommerce system success model (2004). However, design & creativity and security in design were excluded as the factor loading is below 0.49. These variables are highly correlated each other and showed positive signs. Ease of navigation (*System Quality*) represented as the main factor of the first component. The second component includes six variables such as regular updating, providing useful information, quality of content, clear navigation paths, appearance of website and length of stay. These six variables are highly correlated each other and for main factor of this group regular updating (*Information Quality*) was selected. Most of factors in the second component were *Information Quality* related factors from DeLone & McLeans Model (2004) and it is interesting that customers considered appearance of website as part of *Information Quality* of eCommerce systems.

The third component includes four variables such as Meta statement, integration, and organised message. However, joy of use was excluded as the factor loading is below 0.49. These four variables are highly correlated each other and for main factor of this group Meta statement (*Information Quality*) was selected. This result indicated that integration and organised message has a very strong relationship with Meta statement. The fourth component includes six variables and these are relationship with customer, interactivity with customer, repeat visit of customers, transaction support and developing a relationship & building loyalty with customers and feedback. It is interesting that transaction support variable is highly correlated to relationship with customers and interactivity with customers. All these variables are categorised in to *Net Benefits* dimension in eCommerce success model by DeLone and McLean. The

last component contains four variables such as promoting website through off-line channels, web design fits the marketing purpose, provision of value-added information or services and added value. These variables are also part of *Net Benefits* category but these variables are more focused on companies marketing activities whilst previous components are concerned with relationship with customers.

6.4 Results of Comparative Analysis

6.4.1 Views and Effectiveness of the Internet (Industry vs. consumers)

Table 6.15 shows the group statistics of views of the Internet between industry and customers. From the table, the mean scores of changed views (Mean: 4.03) and future views (Mean: 4.56) of the Internet were higher than consumers' mean scores of changed view (Mean: 3.78) and future view (Mean: 4.32).

Table 6.15 Group Statistics of Views about Internet

| Views | Industry | | | Consumer | | |
|--------------|----------|--------|--------|----------|--------|-------|
| | N | Mean | SD | N | Mean | SD |
| Changed view | 113 | 4.0354 | 1.0685 | 127 | 3.7480 | .9509 |
| Future view | 80 | 4.5625 | .6333 | 128 | 4.3203 | .7310 |

An independent samples t-test was conducted to compare the changed view scores for industry and consumers. Table 6.16 represents the results of independent sample t-test and there was a significant difference in scores for industry (M=4.03, SD=1.06), and consumers [M=3.74, SD=0.95; $t(238) = 2.20, p = 0.28$]. In order to compare the future view scores for industry and consumers, an independent samples t-test was conducted and the result showed that there also was a significant difference in scores for industry (M=4.56, SD=0.63), and consumers [M=4.32, SD=0.73; $t(206) = 2.44, p = 0.28$].

Table 6.16 Results of an Independent Sample T-test: Views about Internet

| Views | Industry | | Consumers | | t | df | Sig. (2-tailed) |
|---------------------|----------|------|-----------|------|-------|-----|--------------------|
| | Mean | SD | Mean | SD | | | |
| Changed view | 4.03 | 1.06 | 3.74 | 0.95 | 2.205 | 238 | .028* |
| Future view | 4.56 | 0.63 | 4.32 | 0.73 | 2.444 | 206 | .015* |

Significance at $p < 0.05$

The results of independent sample t-test revealed that there was a statistically difference on the perception of the Internet between marketing managers of tourism industry and customers. The marketing managers of tourism industry rapidly adopted enthusiastically the Internet as an important tool for business purpose in some ways than customers and the mean score of their future view about Internet as a business tool was greater than that of customers.

With regard to the effectiveness of Internet, table 6.17 shows the group statistics of views of the effectiveness of the Internet between industry and customers. In general, both industry and customers perceived the Internet as an effective marketing, promotion and reservation tool. From the table, the mean scores of the effectiveness of the Internet as a marketing tool (Mean: 4.33), reservation tool (Mean: 3.77) and promotion tool (Mean: 4.17) were higher than consumers mean scores of marketing tool (Mean: 3.95), reservation tool (Mean: 3.67) and promotion tool (Mean: 3.82). It was also found that both industry and consumers regarded that Internet is the effective marketing tool rather than reservation tool.

Table 6.17 Group Statistics of Views about Effectiveness of Internet

| Effectiveness | Industry | | | Consumer | | |
|----------------------------|----------|--------|-------|----------|--------|-------|
| | N | Mean | SD | N | Mean | SD |
| Effective marketing tool | 113 | 4.3363 | .8925 | 128 | 3.9531 | .8949 |
| Effective reservation tool | 81 | 3.7778 | .8803 | 128 | 3.6719 | .8613 |
| Effective promotion tool | 113 | 4.1770 | 1.002 | 128 | 3.8203 | .9087 |

In order to compare the effectiveness of the Internet as a marketing, reservation and promotion tool between industry and consumers, an independent samples t-test was conducted to (see table 6.18). Firstly, with regard to the effectiveness of the Internet as a marketing tool, there was a significant difference in scores for industry (M=4.33, SD=0.89), and consumers [M=3.95, SD=0.89; $t(239) = 3.32$, $p = 0.001$]. In order to compare the effectiveness of the Internet as a promotion tool scores for industry and consumers, an independent samples t-test was conducted and the result showed that there also was a significant difference in scores for industry (M=4.17, SD=1.00), and consumers [M=3.82, SD=0.90; $t(239) = 2.89$, $p = 0.004$]. However, there was no significant difference in scores on the perceived effectiveness of the Internet as a reservation tool between industry (M=3.77, SD=0.88), and consumers [M=3.67, SD=0.86; $t(207) = 0.85$, $p = 0.392$].

Table 6.18 Results of an Independent Sample T-test:
Views about the Effectiveness of the Internet

| Effectiveness | Industry | | Consumers | | t | df | Sig. (2-tailed) |
|---------------------------------|----------|------|-----------|------|-------|------|--------------------|
| | Mean | SD | Mean | SD | | | |
| Effective marketing tool | 4.33 | 0.89 | 3.95 | 0.89 | 3.321 | 239 | .001* |
| Effective reservation tool | 3.77 | 0.88 | 3.67 | .859 | 207 | .392 | .859 |
| Effective promotion tool | 4.17 | 1.00 | 3.82 | 0.90 | 2.898 | 239 | .004* |

Significance at $p < 0.05$

This results indicated that regarding the effectiveness of the Internet as a marketing tool and promotion tool, marketing managers of tourism industry started to perceive the importance and potential of the future strategic use for their business, however, from the previous consumer survey result in this chapter, it is believed that consumers are considering the Internet as an important information search tool rather than marketing or promotion tool or reservation tool. Also the results revealed that there was no perceived difference regarding the effectiveness of the Internet as a reservation tool from both industry and consumers and this indicated that unlike marketing and promotion tool, marketing managers of tourism industry are not enthusiastic about offering booking facilities through their web site at the time of survey conducted.

6.4.2 Measurement Methods of Success of eCommerce Systems

The next section is dealt with the measurement method of successful eCommerce systems. The questions asked to marketing managers whether they measure the success rate of eCommerce systems and if yes, which method they were using. To the consumers, similar question such as 'if they were measure the success rate of web site which method would they use' were asked.

A total of nine methods of measurement were presented in the questionnaire and marketing managers of tourism industry answered that 80.7% of respondents used the methods in order to measure the success rate of web site in some ways. Table 6.19 shows the perceived methods of measurements by industry. This table represented that number of eCommerce site visits was the most popular method of measuring success of eCommerce system by marketing mangers of tourism industry. Other methods such as booking rate, feedback and regular updating were also regarded as important criteria for marketing mangers of tourism industry.

Table 6.19 Perceived Methods of Measurement by Industry (N=114)

| Rank | Methods of Measurement | Yes | No |
|------|---|-------|-------|
| 1 | No of eCommerce site visits [<i>System Use</i>] | 68.4% | 30.7% |
| 2 | Booking rate [<i>Net Benefits</i>] | 44.7% | 54.4% |
| 3 | Feedback [<i>Service Quality</i>] | 43.0% | 56.1% |
| 4 | Regular updating [<i>Information Quality</i>] | 38.6% | 60.5% |
| 5 | Interactivity with customers [<i>Net Benefits</i>] | 27.2% | 71.9% |
| 6 | Forming partnership [<i>Net Benefits</i>] | 23.7% | 75.4% |
| 7 | Availability through different browsers [<i>System Quality</i>] | 21.1% | 78.1% |
| 8 | Repeat visit [<i>System Use</i>] | 18.4% | 80.7% |
| 9 | Length of stay [<i>User Satisfaction or System Use</i>] | 16.7% | 82.5% |

However, the result from table 6.20 shows that that customer have a different preference for the measurement criteria of successful web site. For example, customers regarded ‘number of eCommerce site visits’ as the least preferred method of measurement while marketing managers considered ‘number of eCommerce site visits’ as the most important criteria. On the contrary, customers perceived that regular updating is the most critical method of measuring success of eCommerce systems. The other criteria such as feedback and repeat visit were also used for key criteria of measurement. This implies that marketing managers of tourism and hospitality industry need to pay attention to the customers’ measurement criteria in order to acquire and retain customers for their web-based business.

Table 6.20 Perceived Methods of Measurement by Customers (N=128)

| Rank | Methods of Measurement | Mean | SD |
|------|---|------|------|
| 1 | Regular updating [<i>Information Quality</i>] | 4.50 | 0.84 |
| 2 | Feedback [<i>Service Quality</i>] | 4.18 | 0.89 |
| 3 | Repeat visit [<i>System Use</i>] | 4.03 | 0.85 |
| 4 | Interactivity with customers [<i>Net Benefits</i>] | 3.99 | 0.84 |
| 5 | Length of stay [<i>User Satisfaction or System Use</i>] | 3.98 | 0.87 |
| 6 | Forming strategic partnership [<i>Net Benefits</i>] | 3.91 | 0.82 |
| 7 | On-line Booking capability [<i>System Quality</i>] | 3.77 | 0.92 |
| 8 | Availability through different browsers [<i>System Quality</i>] | 3.70 | 0.94 |
| 9 | Number of eCommerce site visits [<i>System Use</i>] | 3.57 | 0.94 |

6.4.3 Factors of Successful eCommerce System (Industry vs. consumers)

The next section contains the comparative analysis between tourism industry and customers regarding critical factors of successful tourism eCommerce system. With regard to the factors of successful eCommerce system, table 6.21 shows the group statistics of different perception about important factors of successful eCommerce system between industry and customers.

In general, both industry and customers perceived providing useful information (*Information Quality*, Mean: 4.78, Mean 4.64), regular updating (*Information Quality* Mean: 4.63, Mean 4.59) and clear navigation (*System Quality*, Mean: 4.53, Mean 4.41) as top three important factors of successful web site. These results indicated that with regard to the success of the eCommerce system, both industry and customers had a common view about importance of above-mentioned three factors. Providing useful information was regarded as the most important aspect in the Internet-based business and in addition, provision of frequently updated information was another key aspect. Therefore, it is critical for Internet based tourism companies to provide correct and regular updated useful information with user friendly web interface to attract, retain potential customers which lead to the online purchasing and enhance the long term relationship with customer in eBusiness environments.

When it comes to the least important factors, both industry and customers regarded promoting web site through off-line channel (Mean: 4.08, Mean: 3.87) and provision of value added information and services (Mean: 3.98, Mean: 4.03). However, the ranking of the perceived view about other factors such as repeat visit of customers (Mean: 4.33, Mean: 4.05), appearance of web site (Mean: 4.21, Mean: 4.24) and web site design fits marketing purpose (Mean: 4.26, Mean: 4.19) were different between industry and customers. These will be examined below introducing the independent sample t-test to find out whether there is statistically difference regarding these factors between industry and customers.

Table 6.21 Group Statistics of Views of Factors of Successful eCommerce Systems
(N=80, Industry, N=128, Customer)

| Factors of Successful eCommerce Systems | Industry | | | Consumer | | |
|---|----------|--------|-------|----------|--------|-------|
| | Rank | Mean | SD | Rank | Mean | SD |
| Providing useful information <i>[Information Quality]</i> | 1 | 4.7875 | .4117 | 1 | 4.6406 | .6727 |
| Content (information) <i>[Information Quality]</i> | 2 | 4.7722 | .5535 | 5 | 4.5238 | .7768 |
| Regular updating <i>[Information Quality]</i> | 3 | 4.6375 | .5335 | 4 | 4.5938 | .7257 |
| Security in design <i>[System Quality]</i> | 4 | 4.6250 | .6191 | 2 | 4.6172 | 2.703 |
| Clear navigation paths <i>[System Quality]</i> | 5 | 4.5375 | .5499 | 6 | 4.4141 | .7266 |
| Ease of use <i>[System Use]</i> | 6 | 4.4177 | .9003 | 3 | 4.6016 | .8261 |
| Developing a relationship and building loyalty with customer <i>[Net Benefits]</i> | 7 | 4.3418 | .7141 | 11 | 4.1172 | .9275 |
| Repeat visit of customer <i>[System Use]</i> | 8 | 4.3375 | .7621 | 12 | 4.0547 | .8989 |
| Interactivity with customer <i>[Net Benefits]</i> | 9 | 4.3375 | .7106 | 8 | 4.2344 | .7369 |
| Design & creativity <i>[Information Quality]</i> | 10 | 4.3125 | .6021 | 14 | 4.0078 | .8829 |
| Web design fits the marketing purpose <i>[Net Benefits]</i> | 11 | 4.2692 | .5959 | 9 | 4.1953 | .7324 |
| Appearance of web site <i>[System Quality]</i> | 12 | 4.2125 | .7580 | 7 | 4.2422 | .8580 |
| Promoting web site through off-line channel <i>[Net Benefits]</i> | 13 | 4.0886 | .7711 | 16 | 3.8730 | .8196 |
| Provision of value-added info or service <i>[Service Quality]</i> | 14 | 3.9872 | .8137 | 13 | 4.0391 | .7977 |
| Relationship with customer <i>[Net Benefits]</i> | 15 | 3.9375 | .7719 | 15 | 3.9843 | .8163 |
| Joy of use <i>[Service Quality]</i> | 16 | 3.4051 | 1.391 | 10 | 4.1563 | .8271 |

In order to identify perceived gap of the critical success factors of eCommerce systems between tourism industry and customers, a comparative analysis was conducted. Above table shows the differences in the ranking of importance of successful eCommerce systems from marketing managers of tourism industry and consumers. From the industry perspective, content (information) (*Information Quality*, Mean: 4.77) and security in design (*System Quality*, Mean: 4.62) were regarded as the most and second most important factors of successful eCommerce system respectively whilst customers regarded security in design (*System Quality*, Mean: 4.52) and ease of use (*System Use*, Mean: 4.60) as the most and the second most important factors of successful eCommerce system. Loading time (*System Quality*, Mean: 4.56), feedback (*Service Quality* Mean: 4.50), ease of use (*System Use* Mean: 4.37), design & creativity (*System Quality*, Mean: 4.31) were also regarded as important factors by industry. Content (information) which considered as the most important factor of successful eCommerce systems by industry was regarded as the third most important by customers (Mean: 4.52) and appearance of web site (Mean: 4.15) and added value (Mean: 4.14) were also regarded as important factors by customers. However, transaction support (Mean: 3.30, Mean: 3.98) was regarded as the least important factor by both industry and customer at the time of survey conducted.

In order to compare the perceived importance of the factors of successful eCommerce systems, an independent samples t-test was conducted and the table 6.22 shows the results of independent sample t-test. The result of t-test revealed that there was a substantial difference in the perceived importance of the specific factors between industry and customers. With regard to the 'repeat visits of customers' 'joy of use', there was a statistically significant difference in scores for industry [(M=4.33, SD=0.76), (M=3.40, SD=1.39) to consumers [M=4.05, SD=0.89; M=4.13, SD=0.86] t [(206) =2.33, p= 0.020, (115.492) =-4.178, p= 0.000]. Likewise, there were statistically significant differences in those factors, content (information), design and creativity, ease of use scores from industry [(M=4.77, SD=0.55), (M=3.39, SD=1.27), (M=3453, SD=1.04)] to consumers [(M=4.52, SD=0.77), (M=4.14, SD=2.70), (M=4.15, SD=0.82)], t [(199.627)=2.667, p= 0.008, (203)=-2.310, p= 0.022,

(137.052)=-4.502, p= 0.000].

However, there were no statistically significant differences in scores on the perceived importance of the other factors such as ‘regular updating’, ‘appearance of web site’, ‘providing useful information’, ‘promoting web site through off-line channel’, ‘provision of value-added information or service’, ‘developing a relationship and building loyalty with customer’, ‘clear navigation paths’, ‘interactivity with customer’, and ‘web design fits the marketing purpose’ and ‘relationship with customer’ from industry [(M=4.63, SD=0.53), (M=4.21, SD=0.75), (M=4.78, SD=0.41), (M=4.08, SD=0.77), (M=3.98, SD=0.81), (M=4.34, SD=0.71), (M=4.53, SD=0.54), (M=4.33, SD=0.71), (M=4.26, SD=0.59)] to consumers [(M=4.59, SD=0.72), (M=4.24, SD=0.85), (M=4.64, SD=0.67), (M=3.87, SD=0.81), (M=4.03, SD=0.79), (M=4.11, SD=0.92), (M=4.41, SD=0.72), (M=4.23, SD=0.73), (M=4.19, SD=0.73)], $t[(206)=.466, p=.642, (206)=-.254, p=.80, (206)=1.953, p=.52, (203)=1.875, p=.062, (204)=-.449, p=.654, (205)=1.84, p=.067, (206)=1.304, p=.123, (206)=.995, p=.321, (204)=.752, p=.453]$.

Table 6.22 Results of Independent Samples Test

| | Industry | | Consumers | | t | df | Sig. |
|------------------------------|-------------|-------------|-------------|-------------|-------------|------------|--------------|
| | Mean | SD | Mean | SD | | | |
| Providing useful information | 4.78 | 0.41 | 4.64 | 0.67 | .466 | 206 | .642 |
| Content (information) | 4.77 | 0.55 | 4.52 | 0.77 | 2.6 | 199 | .008* |
| Regular updating | 4.63 | 0.53 | 4.59 | 0.72 | .499 | 200 | .618 |
| Security in design | | | | | | | |
| Clear navigation paths | 4.53 | 0.54 | 4.41 | 0.72 | 1.38 | 198 | .167 |
| Ease of use | 4.41 | 0.90 | 4.60 | 0.82 | -4.5 | 137 | .000* |

| | | | | | | | |
|---|-------------|-------------|-------------|-------------|--------------|------------|---------------|
| Developing a relationship/loyalty with customer | 4.34 | 0.71 | 4.11 | 0.92 | 1.38 | 198 | .167 |
| Repeat visit of customers | 4.33 | 0.76 | 4.05 | 0.89 | 2.37 | 206 | .020** |
| Interactivity with customer | 4.33 | 0.71 | 4.23 | 0.73 | 1.04 | 172 | .317 |
| Design & creativity | 4.31 | 0.60 | 4.00 | 0.88 | -4.5 | 137 | .000* |
| Web design fits the marketing purpose | 4.26 | 0.59 | 4.19 | 0.73 | 0.79 | 187 | .430 |
| Appearance of web site | 4.21 | 0.75 | 4.24 | 0.85 | -0.26 | 183 | .794 |
| Promoting web site through off-line channel | 4.08 | 0.77 | 3.87 | 0.81 | 1.90 | 173 | .059 |
| Provision of value-added info or service | 3.98 | 0.81 | 4.03 | 0.79 | -0.44 | 160 | .655 |
| Relationship with customer | 3.93 | 0.77 | 3.98 | 0.8163 | -4.0 | 106 | .063 |
| Joy of use | 3.40 | 1.39 | 4.15 | 0.82 | -4.17 | 115 | .000* |

Significance at $p < 0.05$

The implication of these results is that in general, concerning factors of successful eCommerce system, industry and customers had a similar view about the importance of the factors with one exception, 'repeat visit of customers (*User Satisfaction* or *System Use*)'. Regarding repeat visits of customers, the perceived importance of this factor by marketing managers of tourism industry was much higher than that of customers'. This is probably due to the fact that the conversion rate is one of the key issue for the most of Internet-based tourism companies in the eBusiness environments and in order to increase the conversion rate, not only customer acquisition stage but also customer retention stage, in other words, how to make consumers to revisit the web site is the critical aspects for tourism companies to the future success in order to generate revenue through Internet based web business.

Further, both tourism industry have agreed that several factors such as ‘ease of use (*System Quality*)’, ‘relationship with customers (*Net Benefits*)’, ‘design & creativity (*Information Quality*)’, and ‘security (*System Quality*)’ are important factors of eCommerce system especially when tourism website is designed. Concerning ‘content (*Information Quality*)’ it was found that marketing managers of industry considered this much more important than customers. With regard to other factors of successful eCommerce system such as ‘appearance of web site (*System Quality*)’, ‘joy of use (*Service Quality*)’, ‘added value (*Service Quality*)’ and ‘transaction support (*System Quality*)’ customers regarded these factors much more important than marketing managers of tourism industry. This result indicated that in general, industry had more emphasis on the ‘content (*Information Quality*)’ in terms of successful eCommerce system however, customers had a different view and they wanted other functions in relation to *Service Quality* (entertainment, joy of use, appearance of web, added value product) and also they wanted to have facilities to buy tourism product over the Internet. Therefore, from this result, marketing managers of tourism industry must consider what are the customers’ needs and their preference when customers navigate eCommerce system and these factors needed to be considered during their web features investment decision making process in order to create a successful eCommerce system.

6.5 Summary of Study

The results of a comparative analysis using independent sample t-test revealed some useful findings. Firstly, the results of comparative analysis showed that there are differences in the perceived views and effectiveness of the Internet between tourism industry and customers. The marketing managers of tourism industry rapidly adopted enthusiastically the Internet as an important tool for business purpose in some ways than customers and the mean score of their future view of the Internet as a business tool was greater than that of customers.

With regard to the effectiveness of the Internet, marketing managers of tourism industry started to perceive the importance and potential of the future strategic use for their business and comparative analysis revealed that there were perceived difference in the effectiveness of the Internet as a marketing and promotion tool between industry and consumers however, there was no difference in the perceived effectiveness as a reservation tool.

Secondly, with regard to the methods of measurement, there were differences between industry and consumers. For example, customers regarded 'number of eCommerce site visits' as the least preferred method of measurement while marketing managers considered 'number of eCommerce site visits' as the most important criteria. This result indicated that marketing managers of tourism and hospitality industry need to pay attention to the customers' measurement criteria in order to acquire and retain customers for their web-based business.

Finally, with reference to the factors of successful eCommerce systems, it was found that there were differences in the perceived critical success factors of eCommerce systems between tourism industry and customers regarding those factors such as 'joy of use (*Service Quality*)', 'content (*Information Quality*)', 'transaction support (*System Quality*)', 'design & creativity (*Service Quality*)' and 'ease of use (*System Quality*)'. With regard to those factors of successful eCommerce system, customers regarded

these factors much more important than marketing managers of tourism industry. This result indicated that industry more focused on the '*Information Quality* (information)' whilst customers preferred to experience *Service Quality* such as entertainment, joy of use, ease of use, design & creativity and booking facilities in the eCommerce system.

Furthermore, independent sample t-test shows that, in general, there were no statistically differences in the perceived critical success factors of eCommerce system between tourism industry and customers. However, with regard to factors such as repeat visits of customers, quality of content, transaction support, ease of use, design & creativity, it was clear that there are statistically differences between marketing managers of tourism industry and customers. These factors should be examined carefully by tourism industry in order to bridge the gaps between consumers and further consideration should be made by tourism industry in order to build successful eCommerce system

The factor analysis for successful eCommerce system from customer's perspective revealed that five main components were identified and in particular, the presentation of first component indicated that clear navigation, ease of use, frequent updating, short loading time, user-friendly interface and security are regarded as important factors and the second component showed that regular updating, providing useful information, clear navigation paths, high-quality contents and provision of up-to-date information to the customers are regarded as one important factor for success of tourism eCommerce system and they are highly correlated each other. The implication of this result is that in order to be successful in web-based tourism business, managers of tourism and hospitality companies need to consider above variables together in order to provide proper web features or functions to the customers when they operate their web site.

6.6 Summary

This chapter investigated perceived differences on effectiveness of the Internet, measuring methods of eCommerce systems and critical success factors of tourism eCommerce systems between marketing managers of tourism industry and customers by using an independent sample t-test.

The next chapter investigates the customer channel preference and channel benefits portfolio from the customer point of view in the information search stage and purchasing stage during their decision making process.

CHAPTER SEVEN

CHAPTER SEVEN: RESULTS OF eCONSUMER BEHAVIOUR

7.1 Introduction

This chapter presents the results of customer channel choice behaviour in the information search stage and purchasing stage. This chapter begins with the review of the research objectives and hypotheses in relation to the eConsumer channel choice behaviour. For finding sections, firstly, the findings from the pilot study for channel preference survey based on the qualitative interview will be presented. Secondly, findings from eConsumer channel preference survey regarding past and future trip planning and purchasing behaviour in terms of their channel preference will be reported. Finally, results from eConsumer channel portfolio survey in relation to the channel benefits will be analysed using paired sample t-test. The results of this chapter are mainly from the reports from the interactive eBusiness research project with ThomasCook.com and all the results in this chapter were used for the development and the preparation of the future web-based eConsumer survey with larger samples using real ThomasCook.com consumers.

The key research aim of this chapter are to determine the consumers' channel preference and channel benefits portfolio both in the information search stage and purchasing stage during their decision making process in the eCommerce/eBusiness environment.

Following research objectives were established in accordance with above aims and this study examine following objectives.

1. To determine the consumer preferences for different channels in the information search and purchasing stage of the consumer decision making process in the eBusiness environments.
2. To determine the current and expected future customer channel portfolio according to their importance in the information search stage and purchasing stage

According to the above aims and objectives, following hypotheses (null hypothesis) are formulated to test further whether there are any differences in the channel preference between information search stage and purchasing stage.

Hypothesis 1. (Ho): There are no differences in the channel preference between information search stage and purchasing stage

Hypothesis 2. (Ho): There are no differences in the current and future customer channel portfolio between information search stage and purchasing stage

Considering above research aim/objectives and research hypotheses, following sections will present and discuss the results of eConsumer survey which shows several interesting results and key findings from pilot survey, the first eConsumer survey and the second eConsumer survey.

7.2 Results of Pilot Study for eConsumer Channel Preference Survey

In accordance with the main aim of the research on eConsumer behaviour which is to investigate consumer channel choices and their influence on buyer behaviour and identify the customer channel benefits portfolio that maximises customer retention, the pilot study is conducted with a particular focus on the first stage of the customer decision making process in order to investigate the channel preference and key channel benefits. A total of 10 university students participated in the pilot study and distribution of respondents showed that half of participants were male student (50%) and half of them were British students (50%). Majority of participants were single students (90%) with age between 21 and 25 (70%).

The pilot study shows a number of noteworthy results and key findings on consumer channel preference will be addressed in the beginning and then findings on perceived channel benefits or channel advantages will be discussed.

7.2.1 Channel Preference

From the pilot study, which is based on the interviews with ten students, it was found that there were differences in the channel preference of respondents between information search and purchasing stage.

With regard to the channel preference, results of pilot study show that respondents expressed their preference for the channel choice when they search and purchase tourism products. Interestingly, significant differences were shown in the preference for the specific channel between the information search stage and purchasing stage during their decision making process. For example, PC-Internet (Web) was regarded as the most preferred channel by most respondents in terms of initial choice in the information search stage whilst high street travel agency was regarded as the most favoured choice of channel in the purchasing stage.

Another interesting point was that some respondents prefer to use one specific channel

in their decision making process and also they showed greater trust than on specific preferred channel than other channels. For example, 20% of respondents wanted to use PC-Internet from the information search stage and to final booking stage and they wanted to do everything over the Internet. This may be due to the fact that they can print out and keep documentary evidence of online purchase in the event of a dispute and also they believe that on-line payment method is much more secure than verbal transaction over the telephone. In contrast, traditional high street travel agency was regarded as the most preferred channel for some respondents and they wanted to visit travel shop and consult with travel adviser and purchase the product as this channel provides the one-stop shopping and the most secure payment method.

However, even though specific channel, for example, PC-Internet for information search stage and travel agency for purchasing stage, was regarded as the most preferred channel by most respondents, in reality, it was observed that most respondents used various channels and made several channel switches during their decision making process. For example, on respondent use the PC-Internet as the initial channel and then switched to friends, travel shop, brochure and the final booking channel was PC-Internet. From the results of pilot survey, it was found that most respondents did not want to stick or use one or two limited channels but they preferred to have various multiple channel options in order to compare various holiday offers in terms of price, value for money etc. in the information search stage and they wanted to make a choice the best option in their final booking stage after comparison from the various options from different channels.

7.2.2 Channel Benefits/Advantages

With respect to the channel attributes, the interviewer asked questions such as “why do you choose a specific channel?” and “what are the advantages or benefits of the chosen channel?” It is worth noting the advantages of PC access to the Web mentioned by the respondents in the *information search stage* of their decision making process and these are listed in table 7.1 below.

Table 7.1 Advantages of Web in the Information Search Stage

- Easy to get lots of additional holiday information
- Easy and free to access
- Easy to compare an assortment of offers from different Web site
- Easy to contact
- Familiarity with web
- Convenient
- Quick and time saving
- No pressure to buy by travel consultant
- Planning their own holiday
- Electronic format of information
- 24-hour access
- Efficient
- Cheaper offer
- No security problem
- Good transaction support
- Less commission to pay
- Stable and reliable information
- Using book-mark to recall important information
- Printing and keeping the copy of all documents
- Meeting and discussing with experienced skiers on the Net (C2C discussion foray).

Similar findings on *information search* are common throughout the online retail sector (Ernst & Young, 2000). Ernst & Young (2000) assert that eShoppers universally cited three attributes of their favourite Web sites. These are good product selection, competitive prices, and ease of use. These preferences have unmistakable parallels for merchandising the ski product in the physical travel shop.

However, the disadvantages of Web, as articulated by the respondents, were mostly confined to the *booking stage* (see Table 7.2). This implies poor quality control and an inconsistent communications strategy across the service channels which will precipitate channel switching to competitors' channels. Therefore, all the effort and resources that went into acquiring and retaining the customers in company's channels is wasted together with the potential revenue generation opportunity - will the prospect return? What is the re-acquisition strategy for the Web and other channels? Is there a re-acquisition strategy and what is the role of the channels in this?

Table 7.2 Disadvantages of Web in the Booking Stage

- Incorrect information (not up-to-date)
- Not trustworthy
- Poor security
- Unsafe payment
- No documents/broken hypertext links
- Time consuming
- Lack of detail
- Less choice
- Less lists of prices and countries
- No experience
- No personal opinion
- No recommendation and advice.

Every respondent expressed different perception towards different channel attributes and the results show that *friends* are very influential in the decision making process both in information search stage and booking stage. Friends always have a positive impact on respondents' decisions and respondents stated that there are no disadvantages in this channel. With regard to the advantage of the Web, one respondent mentioned that she can meet experienced people and ask them about the destination and other information through the communication space such as chat rooms on the Web. Another respondent preferred the Web because he can have his own format of information and edit information from the web and therefore he can create his own electronic brochure from the various Web sites. A "Tell a friend" or "Invite a Friend" button might be a useful web attribute for maximising market penetration and extension possibilities.

During the information search stage, respondents believed that the objective of a travel consultant is to sell holidays and persuade people to buy a holiday. Therefore, they do not want to talk or discuss anything with them during the early part of the information search. In the booking stage, the most influential channel was the travel shop. Respondents regarded that there are fewer disadvantages in this specific channel than other channels. Regarding the relatively new channels such as WAP and interactive digital TV (iDTV), these are less used simply because respondents did not yet have any experience using these channels. This result can be explained by the one type of buyer behaviour, Extensive Problem Solving (EPS). The literature states that EPS is appropriate in the early stage of consumer-level electronic commerce, given the *lack of experience* of potential customers, the perceived risks in payment security, and the time taken to learn and become familiar with the purchase routines on the Web. (Butler and Peppard, 1998).

However, it is noteworthy that the number of WAP users is increasing continuously and UK Government intend to eliminate analogue television between 2006 and 2010 and the number of households adopting digital television in the UK are estimated to be around the 80% by 2008 (RCSFP, 2000). The implication of this fact is that even

though these new channels currently are not key components of a multiple channel-based communications strategy, nevertheless WAP and iDTV and other C2C channels including blog will be key success factors in the development of future channel strategies.

7.2.3 Customer Channel Journey

It is essential to comprehend the customer purchasing decision process in order to understand customer channel journey. The consumer decision-making process consists of 5 key steps (Kotler, 2005). The consumer progresses firstly from a state of felt deprivation (problem recognition) to the Search for Information on possible solutions. The information gathered either from internal sources or external sources provides the basis for the evaluation of alternative stage. This stage requires the development and comparison of purchasing evaluation criteria. The Choice/Purchase stage concerns the action or activity of the purchase, and includes such issues as the place and means of purchase as well as the actual decision to buy. Finally, Post-Purchase behaviour, as an explicit stage in the process, is critical in the marketing prospective.

The first step of customer channel journey is information search stage and the final stage is channel choice. From the pilot survey which investigates the usage of different channels according to decision making process, the interview with respondents revealed that respondents showed a different pathway in channel journey during their decision making process within specific context under different scenarios. For example, one respondent used the *Web* was the initial channel and then switched to *friends, travel shop or brochure* and the final booking channel was web in scenario 1. However, in different scenario, the respondent collected the *brochure* first and subsequently switched to *travel shop, brochure and friend*. With regard to the booking channel, the respondent had no preference for the particular channel before she found the right ski holiday product.

7.3 Results of eConsumer Channel Preference Survey

The eConsumer channel preference survey was conducted in order to investigate channel usage of respondent's past trip and also future trip planning and purchasing behaviour in terms of their channel preference in the information search and purchasing stage.

7.3.1 Profiles of Respondents

A convenience sample of 110 university students participated in the study, a large proportion being from overseas. Figure 8.1 shows the nationality of the respondents and the majority of the participants (82.7%) was of overseas origin, which is partly due to the large proportion of overseas students at the University of Surrey but also reflects a greater willingness overall of these overseas students to participate in this type of research. 66.3 percent of the respondents had lived in the UK for less than 2 years.

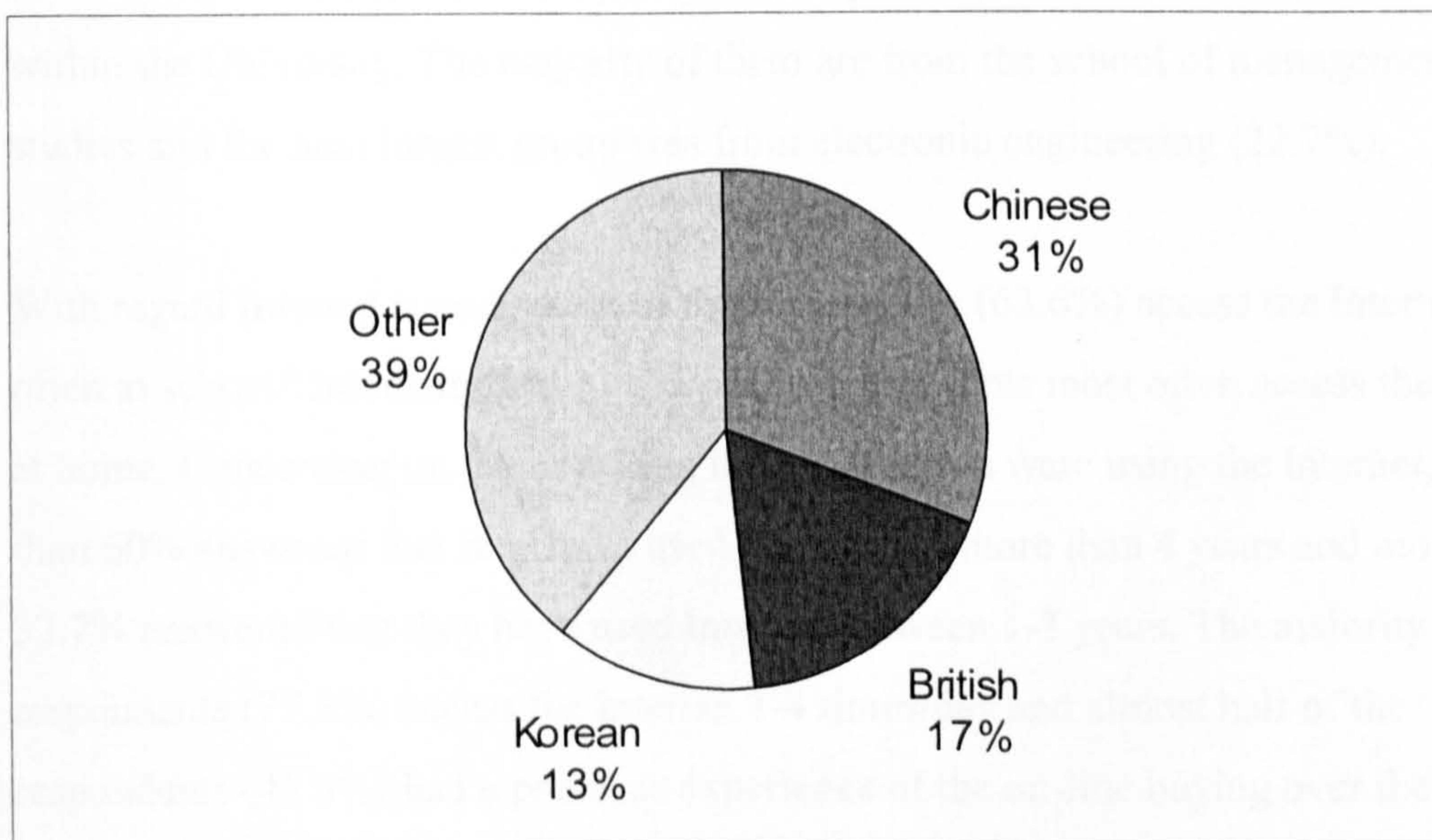


Figure 7.1 Nationality

Concerning age group, 33.6% of the respondents were between age of 18-22 and 29.1% of the respondents were between age of 23-25, with highest proportion (35.5%) being between 26 and 35. (See figure 8.2)

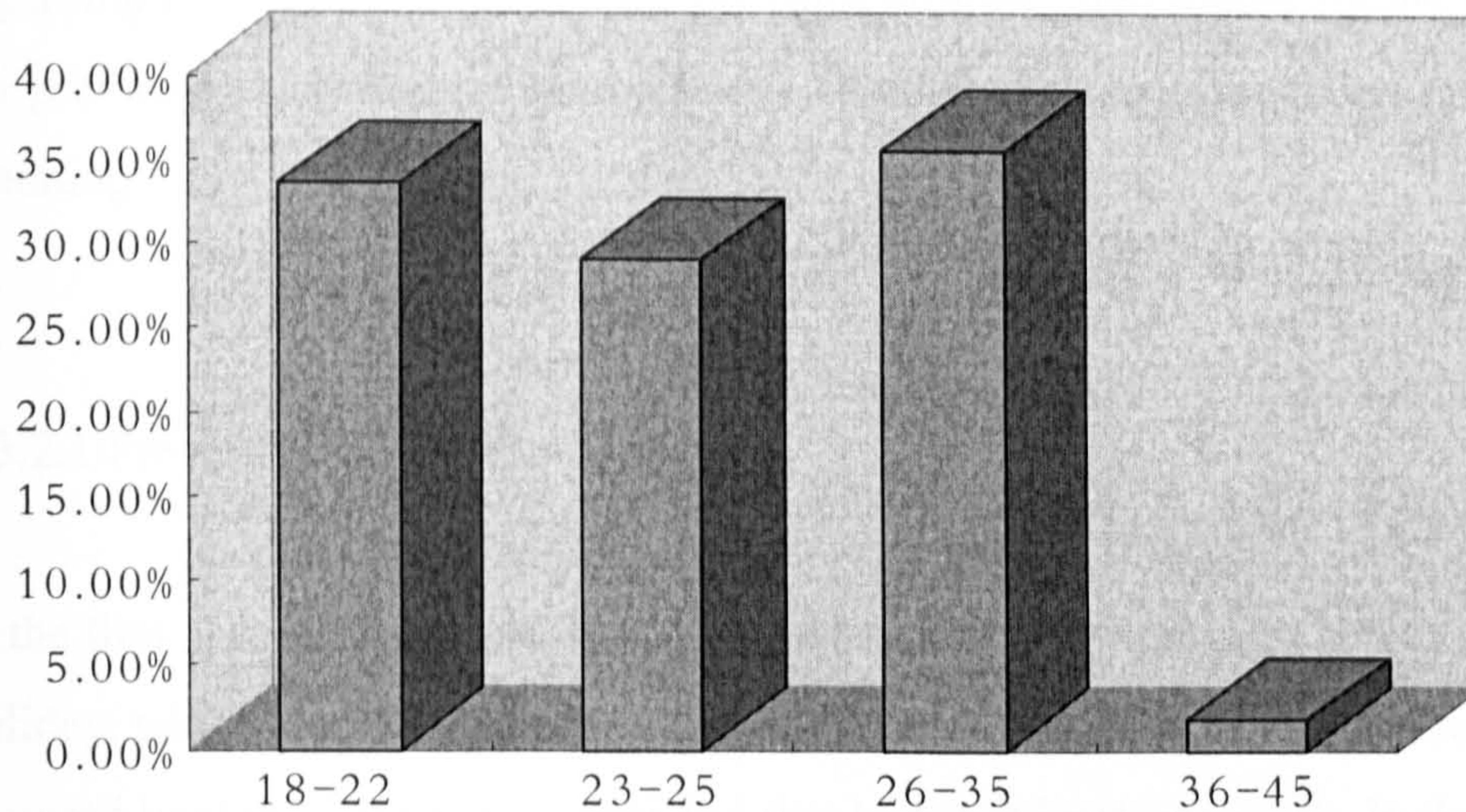


Figure 7.2 Age group

With regard to the gender, male represented 62.7% of the respondents and female accounted for 37.3% of the respondents. Half of the respondents were undergraduate (50.9%) and the other half were postgraduate (48.2%) students from various schools within the University. The majority of them are from the school of management studies and the next largest group was from electronic engineering (22.7%).

With regard Internet access, most of the respondents (63.6%) access the Internet most often at school/University and 31.8% of the respondents most often access the Internet at home. Concerning on the how long the respondents were using the Internet, more than 60% answered that they have used the Internet more than 4 years and more and 32.7% answered that they have used Internet between 1-3 years. The majority of the respondents (77.3%) access the Internet 1-4 times/day and almost half of the respondents (45.5%) had a previous experience of the on-line buying over the Internet. The typical price range of the on-line buying within those who bought was 0-50 pounds (70%).

7.3.2 Channel Preference for the Previous Holiday

Findings from the first eConsumer survey are presented below. First follows findings regarding channel preference in the previous holiday, then follow findings regarding the preferred channel combination (mix), channel choices in the future holiday planning.

7.3.2.1 Previous Holiday Experience

In the first section, respondents were asked to describe their most recent non-domestic holiday, which was defined as holiday made outside of their country of residence that required booking before departure and that lasted at least one week. In the sample the type of the holiday which respondents had most recently been on was a beach or sun holiday (45.5%), followed by city and short breaks (41.8%). Only 5.5% of the respondents reported a ski holiday as their most recent non-domestic holiday – but given that the study was conducted in September this is not so surprising.

Table 7.3 Most recent holiday

| Type of Holiday | Per cent |
|-----------------------|----------|
| Beach or Sun | 45.5% |
| City and Short breaks | 41.8% |
| Ski | 5.5% |
| Cruise | 1.8% |
| Other | 5.5% |

Concerning the number of non-domestic holidays in the last five years, 30.9% of the respondents had been on such a holiday 2-3 times, 20% had been 4-5 times and 22.7% had been more than 5 times. 15.5% of respondents had taken one holiday only and 10.9% of respondents have not been on any holidays. 61.8% of respondents had a

holiday less than one year ago and 26.4% of respondents had a holiday between one and 2 years ago.

Table 7.4 shows the results of the destination and country of residence when respondents booked their most recent holiday. Questions on the holiday destination were asked and France was the most popular destination (12.7%) and China was the next (10.9%). Singapore (8.2%), Spain (7.3%) and Thailand (7.3%) were the next most popular destinations. UK (39.1%) was the most frequent country of residence when they booked the last holiday and China (16.4%), Malaysia (8.2%) were the next group of most popular country of residence. The most likely reason why Asian countries were so frequently mentioned is that a high proportion of the respondents were overseas students from Asia.

Table 7.4 Destination and Country of residence

| Destination | Percent | Country of residence | Percent |
|-------------|---------|----------------------|---------|
| France | 12.7% | UK | 39.1% |
| China | 10.9% | China | 16.4% |
| Singapore | 8.2% | Malaysia | 8.2% |
| Spain | 7.3% | Singapore | 6.4% |
| Thailand | 7.3% | Greece/Hong Kong | 3.6% |

Regarding the main mode of transport to get to the destination, 62.7% of the respondents used aircraft, and 15.5% of respondents used train and 9.1% of respondents used car and bus/coach respectively. More than half of respondents (55.5%) had stayed at moderate accommodation (3-4 star), 30.9% of respondents had stayed at budget accommodation (1-2 star), 9.1% of respondents stayed at luxury accommodation (5+ star).

For 60% of respondents, the holiday had been on a non-package holiday whereas 38.2% of respondents had taken a package deal holiday. Most respondents had been with friends as their accompanying person (56.4%), followed by those who had taken their partner (19.1%). Only 0.9% of the respondents went to the holiday with children, which reflects the fact that this study was conducted on a student sample. Regarding the duration of the holiday, 48.3% of respondents had taken a holiday of up to 1 week and 34.5% of respondents had taken a holiday of 1 up to 2 weeks. Only few had been on longer holidays (17.3%) Regarding the person who booked the holiday, 52.7% of respondent had booked the holiday by himself/herself; someone else booked for the rest of respondents (47.3%).

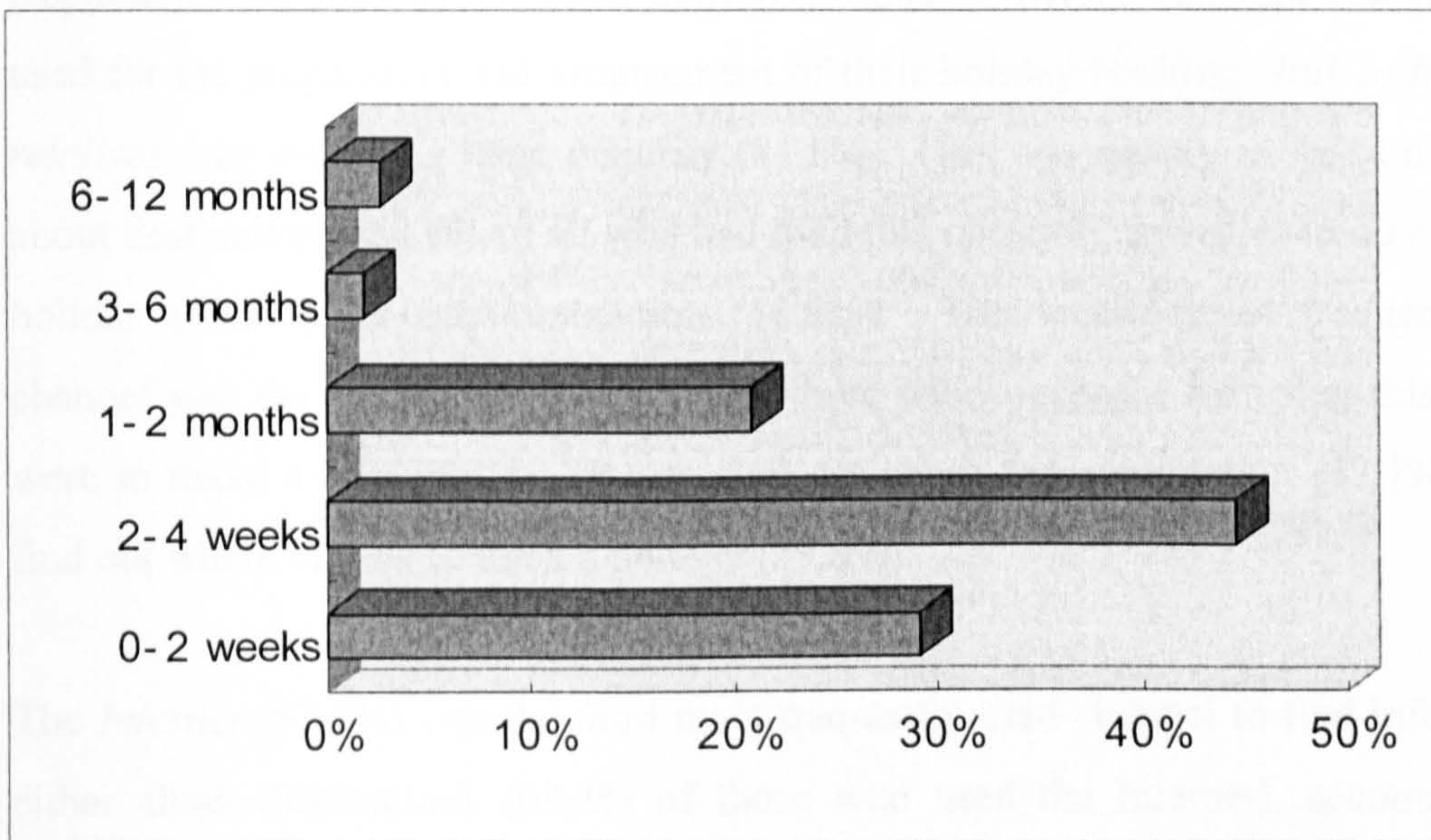


Figure 7.3 Time left until departure

Above figure 7.3 shows the time left until departure when the last holiday was booked. 44.5% of respondents booked their holiday between 2 and 4 weeks before departure and 29.1% of respondents booked their last holiday between 1 and 2 weeks before departure. So, 76.6 % of the respondents booked their holiday less than one month before departure.

7.3.2.2 Channel Usage for the Most Recent Holiday

With regard to channel preference, several channel options were given to respondents and they were asked about the sources of information they used for the purpose of searching and booking their last holiday. They were also asked for the most valuable sources of information during the preparation of their holiday and at the time of booking.

Most respondents had used various sources of information to prepare and arrange the booking of their most recent holiday. Table 7.5 shows the channel usage of 110 respondents for their most recent holiday. A total of twelve different channels were used for the preparation and arrangement of their holiday booking. *Talk to friends or relatives* was used by a large majority (81.8%). This was mostly to find information about destinations (68.8% of all who had used this channel), activities to do during the holiday (63.3%), or accommodation (56.6%). The second most frequently used channel was the *Telephone* (60.9%). The three main purposes for using this channel were to make a booking (59.7%), to find out about accommodation (47.7%) and to find out where or how to book a holiday (29.8%).

The *Internet* (57.3%) was the third most frequently used channel to find information, either about destinations (63.4% of those who used the Internet), accommodation (53.9%) or activities (47.6%). Note that 39.6% of the Internet-using respondents used this channel to find out where or how to book and 38% used this channel to make their booking.

Various other channels such as *Travel Store* (53.6%), *Email* (42.7%), *Travel Brochure* (40.95%), *TV* (27.3%), *Fax machine* (20%), *Postal mail* (17.3%) were used for the preparation and arrangement of these holidays. Among the traditional channels, *Teletext* (9.1%) was the least frequently used channel. Relatively new eChannels such as *Interactive Digital TV* (3.6%) and *WAP mobile phone* (2.7%) were used least frequent to arrange the most recent holiday.

It is noteworthy that when it comes to the purpose of channel usage, certain channels including *Telephone* (59.7%), *Visit travel store* (49.1%), *Fax* (72.7%), *Internet* (38%), *Email* (44.6%), *Postal mail* (62.5%) were used more often for booking purposes than other channels. This result indicates that respondents have a channel preference for these specific channels when they book a holiday product.

Table 7.5 Channel usages for the arrangement of the most recent holiday (n=110)

| Rank | Channel | Yes | Purpose: to find information about _ (proportion of users of this channel) |
|------|------------------------------|-----------------|--|
| 1 | Talk to friends or relatives | 81.8% (n=90) | 1. destination (68.8%, n=62) 2. activities (63.3%, n=57) 3. accommodation (56.6%, n=51) 4. where or how to book (43.3%, n=39) 5. contact a travel store (17.7%, n=16) 5. contact destination (17.7%, n=16) 7. contact a TA at their general No. (8.8%, n=8) |
| 2 | Use the Telephone | 60.9% (n=67) | 1. booking (59.7%, n=40) 2. accommodation (47.7%, n=32) 3. how to book (29.8%, n=20) 4. destination (28.3%, n=19) 5. contact TA at their general No. (26.8%, n=18) 6. contact destination (25.3%, n=17) 7. activities (23.8%, n=16) 7. contact travel store (22.3%, n=15) |
| 3 | Use the Internet | 57.3% (n=63) | 1. destination (63.4%, n=) 2. accommodation (53.9%, n=) 3. activities (47.6%, n=) 4. where or how to book (39.6%, n=) 5. make your booking (38%, n=) |
| 4 | Visit travel store | 53.6% (n=59) | 1. pick up a brochure (57.6%, n=34) 2. talk to a staff (55.9%, n=33) 3. make your booking (49.1%, n=29) |

| | | | |
|----|----------------------------|------------------|---|
| 5 | Use e-mail | 42.7% (n=47) | 1.make your booking (44.6%, n=21) 1.activites (44.6%, n=21) 3.accommodation (40.4%, n=19) 3.contact destination (40.4%, n=19) 5.destination (34%, n=47) 6. where or how to book (21.2%, n=10) 7. contact TA at their general No. (17%, n=8) 8. contact a travel store (12.7%, n=6) |
| 6 | Use travel brochure | 40.95% (n=45) | 1.destination (77.7%, n=35) 2.activities (62.2%, n=28) 3.accommodation (60%, n=27) 4. where or how to book (20%, n=9) |
| 7 | Use normal TV | 27.3% (n=30) | 1.destination (70%, n=21) 2.activities (63.3%, n=19) 3.accommodation (30%, n=9) 4. where or how to book (16.6%, n=5) |
| 8 | Use fax machine | 20.0% (n=22) | 1.make your booking (72.7%, n=16) 2. contact travel store (31.8%, n=7) 3.contact destination (27.2%, n=6) 4. contact TA at their general No. (13.6%, n=3) 5. where or how to book (9%, n=2) |
| 9 | Use Teletext | 9.1% (n=10) | 1.destination (50%, n=5) 2.where or how to book (40%, n=4) 3. activities (30%, n=3) 4. accommodation (10%, n=1) |
| 10 | Use postal mail | 7.3% (n=8) | 1.make your booking (62.5%, n=5) 1.contact destination (62.5%, n=2) 3. contact a travel store (25%, n=2) 4. where or how to book (12.5%, n=1) 5. contact a TA at their general No. (0%, n=0) |
| 11 | Use Interactive Digital TV | 3.6% (n=4) | 1.destination (75%, n=3) 1.activities (75%, n=3) 3. accommodation (50%, n=2) 3 where or how to book (50%, n=2) 5. make your booking (25%, n=1) |
| 12 | Use WAP Mobile phone | 2.7% (n=3) | 1.activites (66.6%, n=2) 1.accommodation (66.6%, n=2) 3. destination (33.3%, n=1) 3. where or how to book (33.3%, n=1) 5. make your booking (0%, n=0) |

7.3.2.3 Purpose of Channel Usage

To further analyse these results reported positive uses of a channel were classified into three possible types: used for information only, used for booking only, used for both information and booking. Table 8.6 shows the results when items “to find out where or how to book” and “to make your booking” are both regarded as concerning “booking”. The percentage use types are calculated out of the total number of positive uses of the channel, that is, the non-users per channel were excluded.

The first column of Table 7.6 shows that *Talk to friends or relatives* was the most frequently reported used channel, followed by *Telephone*. Both *Internet* and *travel store* had been visited by approximately 55 percent of the respondents. Brochures had been used by 41 percent.

The purposes of these uses are tabulated in the next three columns in table 8.6, taken as percentages within users to allow comparison of use type within channels. It appears that 45 percent of Internet users have used the Internet for information search purposes only, 11 percent have used the Internet only to book. The remaining 43 percent of Internet users used this channel to find information as well as for booking, hence a majority of 54 percent did use the Internet for booking purposes. Among those who visited a travel store these percentages are different as 51 percent used this channel for information purposes only and 17 percent went there for booking purposes only; 49 percent used the travel store for booking purposes.

Table 7.6 Purpose of Channel Usage

| Channel | Used Channel | Percentage use for_ ('booking' is find information about booking or do actual booking; used channel = 100%) | | | Percentage use for_ ('booking' is do actual booking; used channel = 100%) | | |
|------------------------------|--------------|---|--------------|-----------------------|---|--------------|-----------------------|
| | | Information only | Booking only | both info and booking | Information only | Booking only | both info and booking |
| Talk to friends or relatives | 81.8% | 58.9% | 2.2% | 38.9% | 100.0% | 0.0% | 0.0% |
| Use the telephone | 60.9% | 25.5% | 23.8% | 50.7% | 40.2% | 10.5% | 49.3% |
| Use the Internet | 56.4% | 45.2% | 11.3% | 43.4% | 61.2% | 4.8% | 33.9% |
| Visit travel store | 53.6% | 50.9% | 17.0% | 32.3% | 50.9% | 17.0% | 32.3% |
| Use e-mail | 42.7% | 44.7% | 8.4% | 46.8% | 55.3% | 8.4% | 36.3% |
| Use travel brochure | 40.9% | 80.0% | 2.2% | 17.8% | 62.3% | 0.0% | 37.9% |
| Use normal TV | 27.3% | 83.2% | 0.0% | 16.5% | 100.0% | 0.0% | 0.0% |
| Use fax machine | 20.0% | 18.0% | 45.5% | 36.5% | 27.5% | 41.0% | 32.0% |
| Use Teletext | 9.1% | 60.4% | 29.7% | 9.9% | 100.0% | 0.0% | 0.0% |
| Use postal mail | 7.3% | 37.0% | 12.3% | 49.3% | 37.0% | 12.3% | 49.3% |
| Use iDTV | 3.6% | 50.0% | 0.0% | 50.0% | 75.0% | 0.0% | 25.0% |
| Use WAP mobile phone | 2.7% | 66.7% | 33.3% | 0.0% | 100.0% | 0.0% | 0.0% |

When we apply a more strict definition and not classify the item “to find out where or how to book” as concerning booking but as a channel use to obtain information search, then these figures change as indicated in the three right hand columns of Table 8.6. 5 percent of those who used the Internet used it exclusively to book and another 34 percent used it to get information and do the booking. 17 percent of those who used a travel store visited this store exclusively to book and another 32 percent of store visitors used the visit to get information and do the booking. Hence, the total

percentage of users for booking was 39 for the Internet and 49 for the travel store.

The analysis of channel usage shows that respondents' channel usage depends on the stage in the booking process. For example, respondents mostly used channels including *Talk to friends/relatives, Internet, Travel brochure, TV* for information search. They used other channels, *Telephone, Email, Fax machine and Postal mail* for the booking of their holiday. Remarkable is that respondents used the *Travel store* and the *Internet* as channels for both information and booking purposes. With regard to eChannels, the *Internet* channel was mainly used for information search but nevertheless the proportion of the booking via the Internet is higher relatively than any other eChannel. Respondents perceived *Email* as a useful method of booking. The newer eChannels *Interactive Digital TV* and *WAP mobile phone* were used very infrequently and were not used for booking in the stricter sense by any of the respondents.

Table 7.7 Summary of Purpose of Channel Usage and Main Channels

| Purpose | Main Channel (percentages of total sample using channel for listed purpose) |
|-------------------------------------|--|
| Information search | Talk to friends/relatives (48.2%) Travel brochure (32.7%) Visit travel store (27.3%) Internet (25.5%) TV (22.7%) Email (19.1%) |
| Booking | Telephone (14.5%) Visit travel store (9.1%) Fax (9.1%) Internet (6.4%) Email (3.6%) |
| Both Information search and booking | Talk to friends/relatives (31.8%) (When 'find out where and how to book' category is included in the booking) Telephone (30.9%) Internet (24.5%) Use Email (20.0%) Travel store (17.3%) |

7.3.2.4 Valuable Sources of Information

Table 7.8 shows which source of information respondents deemed most valuable in the preparation of their holiday trip. Internet (42.7%) was most often regarded as the most valuable source, travel store (19.1%) and Talk to friends or relatives (10.9%) were also relatively often considered important sources of information in the preparation of the holiday trip. Brochures were only mentioned as important by 8.2% of the sample. Teletext (0.9%) and postal mail (0.9%) were mentioned least often as valuable sources.

Table 7.8 The First and Second Most Valuable Sources of Information (n=110)

| Rank | The most valuable source | Rank | The first or second most valuable source |
|------|--|------|---|
| 1 | Internet (42.7%, n=47) | 1 | Internet (55.4%, n=61) |
| 2 | Travel store (19.1%, n=21) | 2 | Travel store (33.6%, n=37) |
| 3 | Friends or relatives (10.9%, n=12) | 3 | Friends or relatives (32.7%, n=36) |
| 4 | Brochure (8.2%, n=9) | 4 | Brochure (20%, n=22) |
| 5 | Telephone (3.6%, n=4) | 5 | Telephone (18.1%, n=20) |
| 6 | Email (2.7%, n=3) | 6 | Email (10.0%, n=11) |
| 6 | TV (2.7%, n=3) | 7 | TV (6.3%, n=7) |
| 8 | Teletext, Fax or postal mail (0.9%, n=1) | 8 | Fax (1.8%, n=2), Teletext (0.9%, n=1), or postal mail (0.9%, n=1) |

Respondents were also asked their second most valuable source of information. The percentage of respondents finding a channel either first or second most valuable is shown in the right-hand column of Table 8.8. It appears that the Internet is the most valued channel as it appears in the top two set of a majority of the respondents in our sample.

To inspect which combinations of sources occur most often, table 7.9 presents the frequencies of combinations of the two most valuable sources of information. The

most typical combination of most valuable sources was the Internet and Talk to friends and relatives with 19 respondents showing a preference for this combination. The second most popular combination of most valuable sources was the Internet and Travel Shop, 17 respondents showing a preference for this combination. The next most popular combinations were [Travel shop and Travel brochure, n=10], [Internet and Telephone, n=7], [Internet and Email, n=7].

Table 7.9 Combinations of sources chosen as most valuable (n=97)

| Channel: | TB | Internet | TEL | T-F&R | Other (TV/FAX/Email) |
|------------------------|----|----------|-----|-------|-------------------------|
| TS | 10 | 17 | 4 | 5 | 1 |
| TB | | 5 | 1 | 5 | 1 |
| Internet | | | 7 | 19 | 11 |
| TEL | | | | 5 | |
| T-F&R | | | | | 1 |
| Other (TV/TXT/Emil) | | | | | 2 |

However, these data are based on retrospective reports and they do not allow us to infer to which extent sources are substitutes (access to one of them being sufficient for the customer) or whether respondents valued them as a combination, such that both sources have to be present to be of value. Our next section analyses the responses for a planned future trip and will allow looking into this issue.

7.3.3 Channel Preference for the Future Holiday

7.3.3.1 Characteristics of the future holiday

In this section, respondents were asked to describe their future holiday plan from the beginning of their information search to the payment of the holiday product. The specific product category condition, ski holiday, was given to the respondents. They were asked how many people would be included in the holiday booking (over 18 years old). Over half (57.3%) of the respondents answered that 3-5 people would be included in the booking. Most respondents (89.1%) wanted to go on a ski holiday without any children.

With regard to the main mode of transport which would be used to get to the ski holiday destination, 74.5% of the respondents expected to travel by air and 7.3% of respondents expect to use bus/coach as their main transport; 13.6% expect to go by train. More than half of the respondents (58.2%) expect to stay in moderate accommodation (3-4 star), 36.4% will stay in budget accommodation (1-2 star) and 4.5% of respondents expect they will stay in luxury accommodation (5+ star).

Table 7.10 Mode of Transport and Accommodation

| Mode of transport | Percent | | Accommodation | Percent |
|-------------------|---------|--|---------------------|---------|
| Aircraft | 74.5% | | Budget (1-2 star) | 36.4% |
| Bus/coach | 7.3% | | Moderate (3-4 star) | 58.2% |
| Train | 13.6% | | Luxury (+5 star) | 4.5% |
| Car | 4.5% | | Other | 0.9% |
| Total | 100% | | Total | 100% |

In terms of budget for their prospective ski holiday, almost half of the sample (46.4%) expects to spend 401-800 pounds for their ski holiday. A majority (63.6%) expects they will book a package deal holiday.

Table 7.11 Budget for Ski Holiday

| Budget (pounds) | Percent |
|-----------------|---------|
| Up to 400 | 27.3% |
| 401-800 | 46.4% |
| 801-1200 | 23.65 |
| Over 1200 | 2.7% |
| Total | 100% |

7.3.3.2 Channel Preference for the Future holiday

This section measured channel mix preferences based on how the respondent would plan his or her next ski trip. For specific conditions it was asked how they would arrange their ski holiday, that is, where they would go first and where they would go next.

Table 7.12 shows the frequency of choosing particular combinations of channels. The most favoured channel for a first orientation on ski-holiday products was the Internet (40.9%). Travel brochures came second (24.5%). Only 15.5% indicated they would first like to talk to a travel agent. Even fewer said they first wished to talk to friends. After visiting their first choice, respondents were asked where they expected to go next to find out about ski-holiday products. Of those who chose Internet as their first channel 35.6% said they expect they would then go to a travel agent whereas 24.4% said their next orientation would through the use of a travel brochure. Of those respondents who chose the travel brochure for their first orientation, 59.3 expect to next use the Internet and 22.2% expect to then first talk to a travel agent. Of the respondents who prefer to first talk to a travel agent, 64.7 per cent expect to next also use Internet whereas 17.6% said they expect to use a brochure next.

Overall, 73.8 percent of the respondents indicated they would (prefer to) use the Internet as their first or second source of information when they are finding out about ski-holiday products. It seems the Internet is the most frequently used channel either

as the initial choice or as the second choice.

Table 7.12 The First Orientation and Go Next (n=107)

| Rank | First Orientation | Go Next |
|-------|-------------------------------|---|
| 1 | Internet (40.9%, n=45) | 1.Talk to a travel agent (35.6%, n=16) 2.Travel brochure (24.4%, n=11) 3. Call to travel agent (13.3%, n=6) 3. Talk to friends (13.3%, n=6) 5. Internet (8.9%, n=4) 6. IDTV (2.2%, n=1) 6.Fax to a travel agent (2.2%, n=1) |
| 2 | Travel brochure (24.5%, n=27) | 1.Internet (59.3%, n=16) 2.Talk to a travel agent (22.2%, n=6) 3.Call to a travel agent (7.4%, n=2) 4.Travel brochure (3.7%, n=1) 4.Television (3.7%, n=1) 4.Teletext (3.7%, n=1) |
| 3 | Talk to a TA (15.5%, n=17) | 1.Internet (64.7%, n=11) 2.Travel brochure (17.6%, n=3) 3.Talk to friends (11.8%, n=2) 4.Television (5.9%, n=1) |
| 4 | Talk to friends (10%, n=11) | 1.Internet (36.4%, n=4) 1.Talk to a travel agent (36.4%, n=4) 3.Travel brochure (18.2%, n=2) 4. Email to travel agent (9.1%, n=1) |
| 5 | Call to TA (5.5%, n=6) | 1.Internet (50%, n=3) 2.Talk to a travel agent (33.3%, n=2) 3.Talk to friends (16.7%, n=1) |
| 6 | TV (0.9%, n=1) | 1.Travel brochure (100%, n=1) |
| Total | n=107 | |

The expected combinations of first channel for orientation and booking channel are presented in table 7.13. Of those who prefer to visit the Internet for their first orientation, 30.2 percent expect to book by visiting a travel agent in person whereas another 25.6 percent expect to book by telephone. 20.9% expect to make their booking on-line. Of those respondents who prefer to first look at a travel brochure 40.7 percent expect to book in person at a travel agent whereas 33.3% expect to book by calling a travel agent. 7.4 % expect to book on-line. Of the respondents who wish to talk to a travel agent for their first orientation, 58.8 percent expect to book in person

at the travel agent, whereas 23.5 per cent expect to book by telephone by calling a travel agent.

Table 7.13 The First Orientation and Booking (n=107)

| Rank | First Orientation | Booking |
|-------|-------------------------------|---|
| 1 | Internet (40.9%, n=45) | 1. Talk to a travel agent (30.2%, n=14) 2. Call to travel agent (25.6%, n=12) 3. Internet (20.9%, n=10) |
| 2 | Travel brochure (24.5%, n=27) | 1. Talk to a travel agent (40.7%, n=11) 2. Call to a travel agent (33.3%, n=9) 3. Internet (7.4%, n=2) |
| 3 | Talk to a TA (15.5%, n=17) | 1. Talk to a travel agent (58.8%, n=10) 2. Call to a travel agent (17.6%, n=4) |
| 4 | Talk to friends (10%, n=11) | 1. Talk to a travel agent (45%, n=5) |
| 5 | Call to TA (5.5%, n=6) | 1. Call to a travel agent (66.6%, n=4) |
| 6 | TV (0.9%, n=1) | 1. Call to a travel agent (100%, n=1) |
| Total | n=107 | |

The presented channel combinations reveal that the Internet is the most preferred channel in the information search stage (40.9%, n=45 out of 104) and that talk or call to a travel agent is the most popular channel in the booking stage (67.3%, n=70 out of 104)

7.4 Results of eConsumer Channel Portfolio Survey

The eConsumer channel portfolio survey was conducted to investigate channel choice; particularly, how channel benefits are evaluated and realised in the *information search* and *purchasing* stages of the customer decision making process. In addition, this section aims to identify the most appropriate *channel mix* that maximises benefits for the customer.

A questionnaire was distributed in order to determine channel importance, and evaluate existing and future benefit contribution to channel usage during information search and purchasing in order to 1) determine the customer preferences for different channels in the information search stage and purchasing stage of the customer decision making process, 2) determine the current and expected future customer channel portfolio according to their importance in the information search and purchasing stage. A convenience sample of 41 postgraduate students from the University of Surrey participated in the study, a large proportion being from Europeans. Followings are the key results and findings from research study.

7.4.1 Channel Preference: Information Search stage vs. Purchasing Stage

Building on the results of the pilot study and the first eConsumer channel choice study, the third research phase included more options for the channel choice of respondents in order to investigate more detailed and complex channel preference. There were marked differences in the importance for specific channels between the information search stage and purchasing stage. Figures 8.4 and 8.5 show the respondents' mean importance ratings for each channel in the information search and purchasing stages.

In the information search stage, respondents regarded *Talk to Friends* (Mean: 8.00, SD: 1.89) as the most important channel when they search for a holiday product. The *Internet* (Mean: 7.56, SD: 1.41), and *Travel Shop* (Mean: 7.34, SD: 2.11) were also

regarded as an important channel. However, *WAP mobile phone* (Mean: 2.93, SD: 1.94) was perceived as the least important channel in the information search stage by respondents and *Consult with people in the Virtual community (VC)* (Mean: 3.34, SD: 2.38) and *Teletext* (Mean: 3.94, SD: 2.42) were regarded as less important source of information by the respondents.

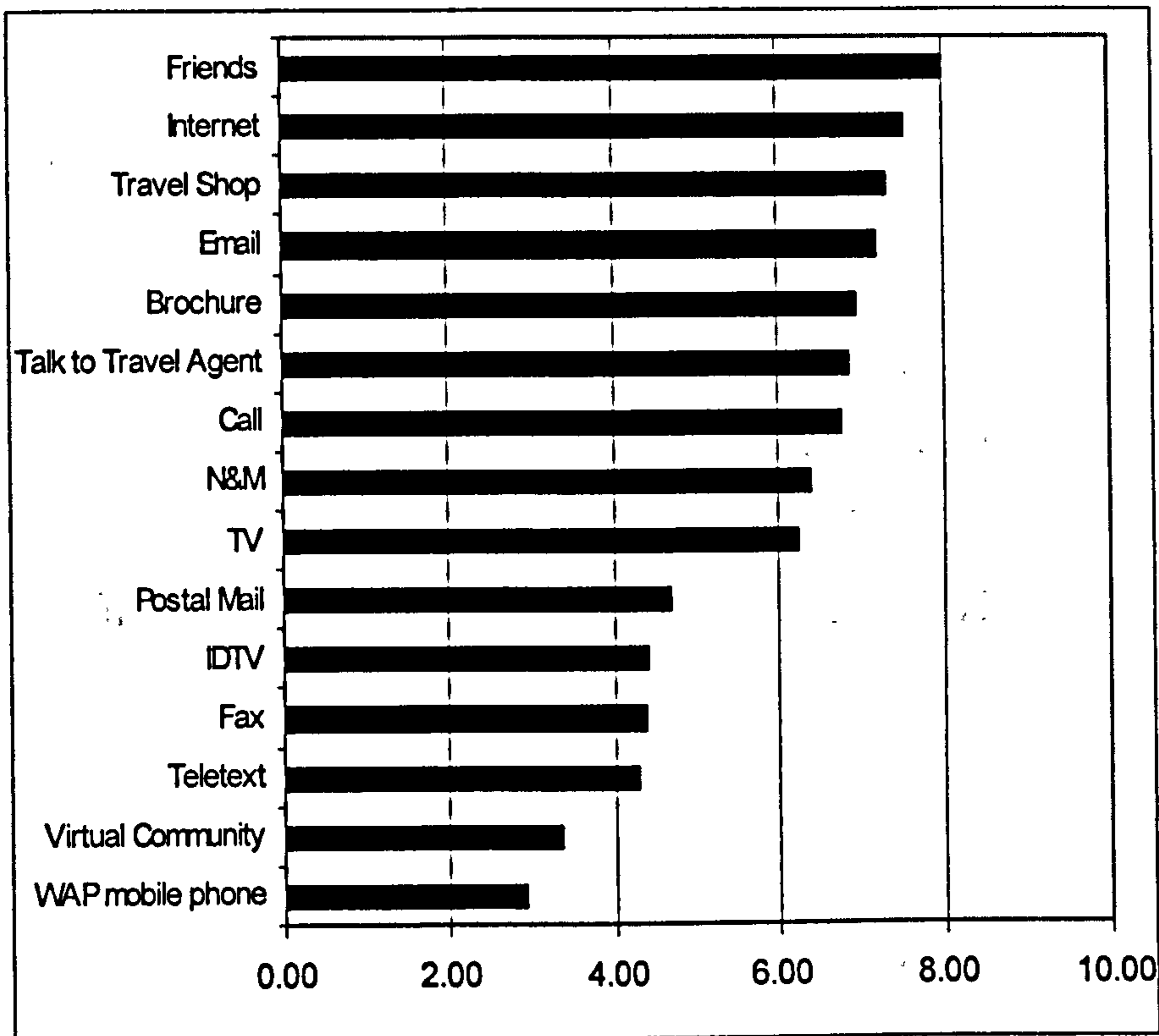


Figure 7.4 Channel Preference-Information Search Stage

Figure 7.5 shows the results of the perceived importance of the current booking channel. *Telephone Call-overall* (Mean: 7.68, SD: 1.71) was regarded as the most important channel for the booking and *Talk to Travel Agent* (Mean: 7.53, SD: 1.88), *Email-overall* (Mean: 7.14, SD: 2.68), *PC Internet* (Mean: 6.92, SD: 1.88) were also regarded as important channels for booking. However, *Teletext* (Mean: 3.94, SD: 2.42) and *WAP mobile phone* (Mean: 3.17, SD: 2.16) were not perceived as the key channel option for the booking.

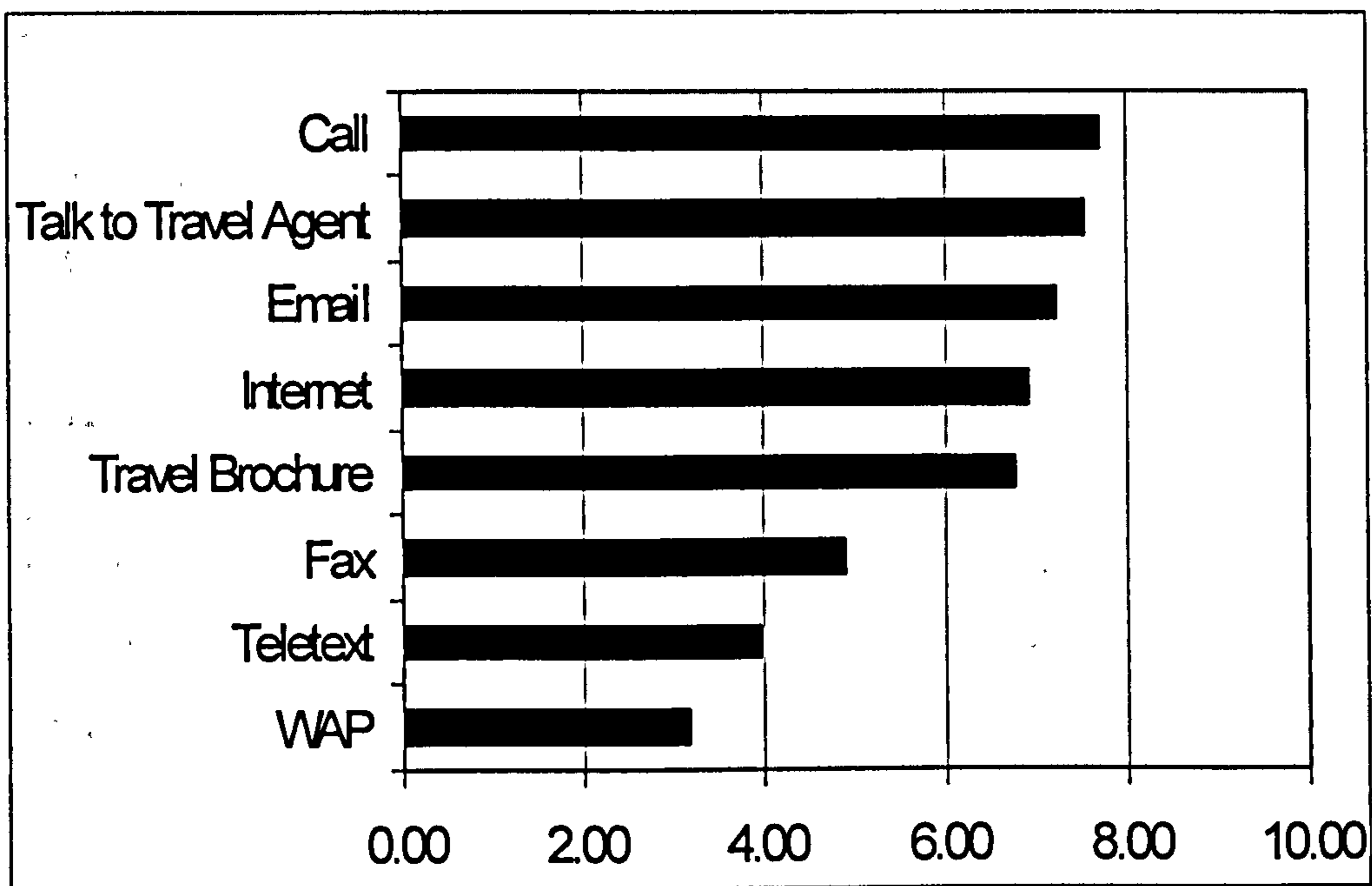


Figure 7.5 Channel Preference-Purchasing Stage

7.4.2 Perceived Channel Benefits in the Information Search Stage (Current vs. Future)

A paired sample t-test revealed a number of distinct differences between the importance scores of several channels in the current and future. The more detailed channel options are presented in the table 7.14 and it shows the respondents' perceived current and future importance for the each channel with mean value in the information search stage and also presents the results of paired sample t-test and it revealed that there were substantial differences in the preference for the specific channel between current and future time scale. As can be seen from table 7.14, the mean score for importance was significantly different (at the 5% confidence level) in the case of several channels.

There was a statistically significant decrease in *Travel shop* channel scores from current (M=7.34, SD=2.11) to future (M=6.02, SD=2.44), $t(40) = 3.801$, $p < 0.05$ ($p = 0.000$). Also there was a significant decrease in other channels such as *Travel brochure*, *Talk to travel agent*, *Call-overall*, *Call to travel agent*, *Call to brochure*, *Fax to brochure*, *Postal mail* and *News & Magazine* from current scores to future scores.

However, with reference to eight relatively new Internet based eChannels, including *PC Internet*, *WAP mobile phone*, *IDTV*, *VC*, *Email-overall*, *Email to travel agent*, *Email to brochure*, and *Email to PC Internet*, there was a statistically significant increase from current scores to future scores. This results demonstrate that customers' perceived benefits from the traditional channel in the information search is expected to become less important in the future however, the customers' perceived eChannels benefits in the information search stage is expected to become more important in the future.

Table 7.14 Paired Sample T-Tests Comparing Mean Scores for current and Future Importance of Channels in the information Search Stage

| Channel | Current | | Future | | t | df | Sig. (2-tailed) |
|-------------|---------|------|--------|------|--------|----|-----------------|
| | Mean | SD | Mean | SD | | | |
| PC Internet | 7.56 | 1.41 | 9.17 | 0.89 | -9.855 | 40 | .000* |
| TS | 7.34 | 2.11 | 6.02 | 2.44 | 3.801 | 40 | .000* |
| TB | 6.95 | 2.26 | 6.07 | 2.46 | 3.163 | 40 | .003* |
| WAP | 2.93 | 1.94 | 5.17 | 2.83 | -6.465 | 40 | .000* |
| TV | 6.25 | 2.26 | 6.15 | 2.43 | .539 | 39 | .593 |
| Teletext | 4.29 | 2.44 | 4.36 | 2.51 | -2.70 | 40 | .789 |
| IDTV | 4.42 | 2.35 | 6.77 | 2.57 | -7.653 | 39 | .000* |
| Talk- F | 8.00 | 1.89 | 8.07 | 1.75 | -.723 | 40 | .474 |
| Talk-TA | 6.87 | 2.28 | 5.70 | 2.24 | 5.060 | 40 | .000* |
| VC | 3.34 | 2.38 | 5.04 | 2.68 | -6.299 | 40 | .000* |
| Call-OA | 6.76 | 2.27 | 5.97 | 2.15 | 2.583 | 38 | .014* |
| Call-TA | 6.78 | 2.01 | 5.41 | 2.14 | 4.787 | 40 | .000* |
| Call-B | 5.70 | 2.33 | 4.73 | 2.20 | 3.717 | 40 | .001* |
| Call-I | 6.63 | 2.15 | 6.29 | 2.31 | 1.236 | 40 | .224 |
| Call-TXT | 4.63 | 2.53 | 4.09 | 2.11 | 1.89 | 40 | .066 |
| Fax-OA | 4.38 | 2.41 | 4.0 | 2.52 | 1.793 | 30 | .083 |
| Fax-TA | 4.65 | 2.60 | 4.12 | 2.60 | 1.934 | 40 | .060 |
| Fax-B | 4.21 | 2.29 | 3.82 | 2.20 | 2.389 | 40 | .022* |
| Fax-I | 4.82 | 2.54 | 4.68 | 2.70 | .628 | 40 | .534 |
| Fax-TXT | 3.39 | 2.07 | 3.26 | 1.91 | .625 | 40 | .535 |
| Email-OA | 7.19 | 2.10 | 8.58 | 1.97 | -5.079 | 30 | .000* |
| Email-TA | 6.85 | 2.21 | 7.80 | 2.32 | -3.854 | 40 | .000 |
| Email-B | 6.21 | 2.28 | 6.85 | 2.60 | -2.549 | 40 | .015* |
| Email-I | 6.97 | 2.43 | 7.90 | 2.36 | -3.702 | 40 | .001* |
| Email-TXT | 4.70 | 2.45 | 5.07 | 2.78 | -1.263 | 40 | .214 |
| Postal mail | 4.68 | 3.11 | 3.80 | 2.89 | 5.009 | 40 | .000* |
| News/Mag | 6.39 | 2.07 | 5.56 | 2.32 | 3.148 | 40 | .003* |

Significance at $p < 0.05$

KEY: TS: Travel Shop, TB: Travel Brochure, Talk-F: Talk to Friends, Talk-TA: Talk to Travel Agent, VC: Consult with people in the Virtual Community, Call- OA: Call Overall, Call-TA: Call to Travel Agent, Call-B: Call to a contact number in a Brochure, Call-I: Call to a contact number from the Internet, Call-TXT: Call to a contact number in the Teletext, Fax-OA: Fax Overall, Fax-TA: Fax to Travel Agent, Fax-B: Fax to a contact number in a Brochure, Fax-I: Fax to a contact number from the Internet, Fax-TXT: Fax to contact number in the Teletext, Email-OA: Email Overall, Email-TA: Email to Travel Agent, Email-B: Email to a contact address in a Brochure, Email-I: Email to a contact address from the Internet, Email-TXT: Email to a contact address in the Teletext, News/Mag: Newspaper or Magazine.

7.4.3 Perceived Channel Benefits in the Purchasing Stage (Current vs. Future)

In order to find out whether there is difference on the perceived importance of the channels between current and future in the purchasing stage, a paired sample t-test was conducted to compare the perceived importance scores of the each channel between current and future. The table 7.15 shows the respondent's perceived current and future importance for the each channel with mean value in the purchasing stage and the results of the paired sample t-test revealed that there were substantial differences in the preference for the specific channel between current and future time scale.

There was a statistically significant increase in the *PC Internet* channel scores from current (M=6.92, SD=1.88) to future (M=8.85, SD=1.79), $t(40) = -10.178$, $p < 0.05$ ($p = 0.000$). For other channels such as *WAP mobile phone*, *Email-overall*, *Email to travel agent*, *Email to brochure*, *Email to PC Internet* and *Email to teletext*, there was also a statistically significant increase from current scores to future scores. On the contrary, there was a distinctive decrease from the current scores to future scores in the traditional channels including *Travel brochure*, *Talk to travel agent*, *Call to travel agent*, *Call to brochure*, *Call to teletext*, *Fax-overall*, *Fax to travel agent* and *Fax to brochure* in the purchasing stage.

Table 7.15 Paired Sample T-Test Comparing Mean Scores for Current and Future Importance of Channels in the Purchasing Stage

| Channel | Current Importance | | Future Importance | | t | df | Sig. (2-tailed) |
|-------------|--------------------|------|-------------------|------|---------|----|-----------------|
| | Mean | SD | Mean | SD | | | |
| PC Internet | 6.92 | 1.88 | 8.85 | 1.79 | -10.178 | 40 | .000* |
| TB | 6.78 | 2.04 | 5.92 | 2.27 | 3.438 | 40 | .001* |
| WAP | 3.17 | 2.16 | 5.04 | 3.02 | -6.077 | 40 | .000* |
| Teletext | 3.94 | 2.42 | 4.05 | 2.46 | -.755 | 38 | .455 |
| Talk-TA | 7.53 | 1.88 | 6.07 | 2.04 | 5.981 | 40 | .000* |
| Call-OA | 7.71 | 1.70 | 6.56 | 2.28 | 3.614 | 38 | .001* |
| Call-TA | 7.70 | 1.95 | 6.65 | 2.30 | 3.446 | 40 | .001* |

| | | | | | | | |
|-----------------|-------------|-------------|-------------|-------------|---------------|-----------|--------------|
| Call-B | 6.58 | 1.98 | 5.39 | 2.37 | 4.113 | 40 | .000* |
| Call-I | 7.39 | 1.65 | 6.95 | 2.22 | 1.371 | 40 | .178 |
| Call-TXT | 5.32 | 2.64 | 4.65 | 2.62 | 1.2954 | 39 | .034* |
| Fax-OA | 4.89 | 2.45 | 4.21 | 2.25 | 2.865 | 36 | .007* |
| Fax-TA | 5.12 | 2.80 | 4.43 | 2.57 | 2.765 | 38 | .009* |
| Fax-B | 4.63 | 2.61 | 3.95 | 2.30 | 3.332 | 40 | .002* |
| Fax-I | 4.53 | 2.37 | 4.34 | 2.41 | .805 | 40 | .426 |
| Fax-TXT | 3.67 | 2.26 | 3.37 | 2.09 | 1.433 | 39 | .160 |
| Email-OA | 7.23 | 2.46 | 8.58 | 1.81 | -4.009 | 33 | .000* |
| Email-TA | 6.82 | 2.27 | 8.00 | 2.22 | -3.892 | 39 | .000* |
| Email-B | 6.30 | 2.25 | 7.46 | 2.18 | -4.188 | 39 | .000* |
| Email-I | 7.10 | 2.09 | 8.43 | 2.02 | -4.462 | 39 | .000* |
| Email-TX | 4.77 | 2.46 | 5.48 | 2.81 | -2.351 | 39 | .024* |
| T | | | | | | | |

Significance at $p < 0.05$

7.4.4 Perceived Channel Benefits between Information Search Stage and Purchasing Stage

To find out whether there is difference on the perceived channel preference between the information search and purchasing stages, a paired sample t-test was conducted to compare the perceived importance scores of the each channel between the information search stage and purchasing stages.

Table 7.16 Paired Sample T-Test Comparing Mean Score for the Importance of Channels in the Information Search and Purchasing Stage

| Channel | Information Search Stage | | Purchasing Stage | | t | df | Sig. (2-tailed) |
|----------------|--------------------------|-------------|------------------|-------------|---------------|-----------|-----------------|
| | Mean | SD | Mean | SD | | | |
| PC Internet | 7.56 | 1.41 | 6.92 | 1.88 | 1.818 | 40 | .077 |
| TS | 7.34 | 2.11 | - | - | - | - | - |
| TB | 6.95 | 2.26 | 6.78 | 2.04 | .505 | 40 | .617 |
| WAP | 2.93 | 1.94 | 3.17 | 2.16 | -1.056 | 40 | .298 |
| TV | 6.25 | 2.26 | - | - | - | - | - |
| Teletext | 4.29 | 2.44 | 3.94 | 2.42 | 1.634 | 38 | .111 |
| IDTV | 4.42 | 2.35 | - | - | - | - | - |
| Talk-F | 8.00 | 1.89 | - | - | - | - | - |
| Talk-TA | 6.87 | 2.28 | 7.53 | 1.88 | -2.198 | 40 | .034* |

| | | | | | | | |
|-------------|------|------|------|------|--------|----|-------|
| VC | 3.34 | 2.38 | - | - | - | - | - |
| Call-TA | 6.78 | 2.01 | 7.70 | 1.95 | -2.703 | 40 | .010* |
| Call-B | 5.70 | 2.33 | 6.58 | 1.98 | -3.067 | 40 | .004* |
| Call-I | 6.63 | 2.15 | 7.39 | 1.65 | -2.394 | 40 | .021* |
| Call-TXT | 4.63 | 2.53 | 5.32 | 2.64 | -2.211 | 39 | .033* |
| Fax-TA | 4.65 | 2.60 | 5.12 | 2.77 | -1.667 | 39 | .104 |
| Fax-B | 4.21 | 2.29 | 4.63 | 2.61 | -1.187 | 40 | .242 |
| Fax-I | 4.82 | 2.54 | 4.53 | 2.37 | 1.182 | 40 | .244 |
| Fax-TXT | 3.39 | 2.07 | 3.67 | 2.26 | -.980 | 39 | .333 |
| Email-TA | 6.85 | 2.21 | 6.82 | 2.27 | .110 | 39 | .913 |
| Email-B | 6.21 | 2.28 | 6.30 | 2.25 | -.404 | 39 | .688 |
| Email-I | 6.97 | 2.43 | 7.10 | 2.09 | -.551 | 39 | .585 |
| Email-TXT | 4.70 | 2.45 | 4.77 | 2.46 | -.405 | 39 | .687 |
| Postal mail | 4.68 | 3.11 | - | - | - | - | - |
| News/Mag | 6.39 | 2.07 | - | - | - | - | - |

Significance at $p < .05$

Table 7.16 shows the respondents' preferences for each channel with the mean values for the information search and purchasing stages. It also presents the results of the paired sample t-tests. It appears that there are substantial differences in the preference for the specific channel between two stages. There is a statistically significant increase in the *Talk to Travel Agent* channel scores from information search ($M=6.87$, $SD=2.28$) to purchasing ($M=7.53$, $SD=1.88$), $t(40) = -2.198$, $p < 0.05$ ($p = 0.034$). Likewise, there are statistically significant increases in the *Call to Travel Agent* (*Call-TA*), Call to contact number in a Brochure (*Call-B*), Call to contact number from the Internet (*Call-I*) and Call to contact number in Teletext (*Call-TXT*) channel scores from information search stage (*Call-TA*; $M=6.78$, $SD=2.01$, *Call-B*; $M=5.70$, $SD=2.33$, *Call-I*; $M=6.63$, $SD=2.15$, *Call-TXT*; $M=4.62$, $SD=2.56$) to purchasing stage (*Call-TA*; $M=7.70$, $SD=1.95$, *Call-B*; $M=6.58$, $SD=1.98$, *Call-I*; $M=7.39$, $SD=1.65$, *Call-TXT*; $M=5.32$, $SD=2.64$), $t[(40) = -2.703, (40) = -3.067, (40) = -2.394, (39) = -2.211]$, $p < .05$ ($p = .010$, $p = .004$, $p = .021$, $p = .033$). This result indicates that respondents regarded these channels as much more important for purchasing than for seeking holiday product information.

7.4.5 Customer Channel Benefits Portfolio between Information Search Stage and Purchasing Stage (Current vs. Future)

It is found that the emergence of Internet enables consumers to have a greater channel options to choose for their information search and purchasing tourism products and services in the eCommerce environments. Therefore, the importance of evaluation and realisation of channel benefits from the customer perspective is increasing. However, even though realising channel benefits of Internet based eBusiness in tourism industry is regarded as a key issue, there is little research that explicitly addresses the specific methods necessary for measuring success in terms of customer benefits realisation in the new computer mediated eCommerce environments. Also, the literature review showed that there is a gap between the existing IS portfolio application theory and the current eBusiness application especially in terms of channel benefits management.

This section, therefore, has employed a *Channel Benefit Portfolio* (CBP) based on existing IS portfolio application as an analytical framework to evaluate and realise the channel benefits from the customers' point of view. In particular, consumer information search and purchasing behaviour in the eCommerce environment in terms of channel choice is examined within the context of CBP in order to assess perceived customer channel benefits.

Figure 7.6 shows the current and future customer CBP according to their importance in the information search and purchasing stage. The value of the X and Y axes represent the current and future importance of the each channel respectively and all the channels are located within the CBP framework that is Key Operational, Strategic, High Potential and Support. Each channel in the CBP framework is plotted as a diamond symbol for the information search stage and as a circle for the booking stage. From figure 8.6, it can be seen that in general, most channels tend to be located in the Strategic or Support sectors of the CBP model.

According to the CBP, eChannels based on the Internet such as *PC Internet*, *Email-overall*, *Email to a contact number from the Internet*, *Email to travel agent*, *Email to a contact number in a brochure*, *Call to a contact number from the Internet* were regarded as Strategic channels and interestingly *Talk to friends* are very influential in the customer decision making process in the information search stage. Respondents perceived that these channels are highly important both in the current and future when they find holiday product information. However, another group of eChannels, *IDTV*, *WAP*, *VC* and *Email to Teletext* were regarded as High Potential and respondents consider that these channels are currently less important but they may be important in achieving successful future choice.

Another group of channels including traditional channels such as *call-overall*, *call to travel agent*, *talk to a travel agent*, *TV*, *Travel Shop*, *Travel Brochure* and *newspaper & magazine* were also regarded as Strategic but they were relatively less important in the future importance compared to the group of eChannels. Traditional channels including *Fax-overall*, *Fax to a contact number from Internet*, *Fax to a contact number in a brochure*, *Fax to a contact number in the Teletext*, *Teletext-overall*, *Call to a contact number in the Teletext* and *Postal mail* were regarded Support channels. These channels are currently valuable and used by the respondents but they are not critical to successful customer choice. Only one channel, *Call to a contact number in a brochure*, was regarded as Key Operational in the information search stage.

7.4.6 Linkage between channel preference study and CBP study

The findings from consumer channel preference survey can be linked to the results of channel benefits portfolio survey.

First of all, as a channel for first orientation, Internet was considered as strategically more important than any other channels. Then, customers moved to face-to-face channels such as *talk to travel agent*, *call to travel agent* and *talk to friends* (see table 7.12). Even though various different channels are used in the information search stage, however, in the purchasing stage, fairly limited channels such as *talk to a travel agent* and *call to travel agent* were considered for purchasing tourism products (see table 7.13).

Above mentioned findings from channel preference study in the information search stage (first orientation and go next) and purchasing stage (booking) are well reflected in channel benefits portfolio in figure 7.6. The distribution of channels in CBP framework evidently showed that Internet is considered as strategically important channels in the information stage as well as emails, and other face to face channels including talk to travel agent, talk to friends and call to travel agents. However, results of CBP clearly demonstrated that when it comes to the purchasing stage, only few limited channels such as talk to travel agents and call to travel agent, call to contact number in brochure, call to contact number from the Internet and call to contact number in Teletext were considered as much more preferred channels in the purchasing stage.

The results of t-test also confirmed that that traditional or conventional channels are strategically important at the present however, Internet based electronic channels are more important in the future (table 7.15). Further, it demonstrated that face to face channels including *talk to travel agent* and *call to travel agent*, *call to Internet* or *brochure* were more important in the purchasing stage (table 7.16).

7.5 Summary of Study

There are several findings from the qualitative in-depth scenario based interview. Firstly, with regard to the channel preference, most respondents regarded web and travel shop as the initial choice of channel in the information search and the booking stage respectively. Interestingly, one respondent revealed more trust in on-line transaction as a method of payment than verbal transaction over the telephone and also some respondents showed the very strong dependability on preferred/favourite channels such as Web, travel shop, telephone call, and friends. The implication of this result is that during the customer channel journey, sometimes channel loyalty has more influence on customer purchasing decision. Therefore, it is critical to evaluate the current channel loyalty and future channel preference of the existing and prospective customers according to market segment and customer journey in the channels. Secondly, concerning channel switching, respondents switched to different channels in order to discover a range of products or suppliers and compare the value for money from various offers. This is because customers have different needs in different purchasing situations and the pilot study suggests that a single channel cannot satisfy the range and variety of customers' channel needs. Therefore the provision of flexible channel options, for example, presenting products both on-line and off-line channel options that meet customers' diverse purchasing needs is crucial for Internet based eBusiness tourism companies before they switch to competitors' channel. In addition, further research is required in how multiple channel portfolio strategies should be developed in order to respond to various buyer situations and behaviours that will maximise customer retention within one tourism company's channels. Thirdly, with reference to channel attributes, each channel has different strengths and weaknesses, and thus an ability to respond extremely well to certain customer buying criteria but not to others. In this exploratory pilot study, most respondents regarded the Web to be the most beneficial channel during the information search stage; however, some respondents mentioned their negative experiences in using this channel. Therefore, evaluation of the benefits and limitations of current channels including the realisation of channel benefits are vital for the

provision of superior customer services across the channels. Finally, with regard to the channel journey, most respondents used various different channel according to their needs and the different situation during their decision making process. The implication of this result is that it is critical to identify the customer channel portfolio according to the stage of customer buying process. Therefore tourism companies can manage effective channel strategy according to the customer's channel portfolio and provide appropriate products and services through customer's preferred channel. This will lead to retain more customers within one company's channel and also will generate revenue for company and will be the key determinant of success for any Internet-based eBusiness tourism company.

From the survey of previous holiday, it was found that the most frequently used communication channel was the telephone (61%); followed by Internet (57%), travel store (54%), and brochure (41%). Telephone was the dominant channel. The in-channel conversion from information search to booking (lookers to bookers ratio) was higher for the travel store than for the Internet. However, this does not preclude customers combining channels to create channel composites in ways that are unique to their choice behaviour; for example, when people talk to a travel agent over the telephone they may be referring to the brochure or the PC at the same time during the telephone call. Therefore channel design should consider how channels complement each other in *synchronous utility mode* as well as *asynchronous utility mode*.

In addition, as indicated in the previous pilot studies, the importance of private informal conversational channels (C2C/P2P) was again emphasised and confirmed where 82 percent of the respondents indicated that they had talked to friends or relatives to find information relevant in preparing their holiday. Clearly the influence of "important others" (subjective norm) can potentially expose brand/reputation weaknesses that may result in customers being directed to competitor channels.

While the Internet was deemed by respondents to be an important channel for arranging their previous holiday, it is important to note that many respondents indicated they would use multiple channels to search for information to prepare their

booking and that many would also switch channel when moving from information search on to booking. Relatively few respondents indicated they would use the Internet for booking.

The results in the stage of future holiday trip planning revealed that Internet, Travel Store and Brochure were cited in that order of priority as the most valuable sources of information used for planning a holiday. Also the Internet is the preferred channel as the primary/first or second channel choice when searching for information about ski holiday products. The results suggest that customers do demonstrate switching behaviour within same brand channels. However, whether the Internet is the respondents' first or second choice for information search, the results of this study imply that 73 percent of all customer journeys (for skiing) during the information search stage would engage the Internet. This suggests that the Internet is a key channel for customer acquisition (and retention).

Despite the preference to use the Internet for information search (42%), as far as booking was concerned 67 percent of the respondents preferred to book/purchase either in person with the travel agent or by telephoning the travel agent - these being the most popular channels for booking. This suggests that customers prefer conversational channels, possibly because they trust them more. To improve Internet transactions on this aspect a travel advisor's name could assign to the transaction to confirm named accountability in the event that something goes wrong.

The research revealed that customers have a different preference for the channel choice in the information search stage and purchasing stage. In the information search stage, *Talk to friends or relatives* was regarded as more important than *PC Internet* and *Travel shop* for the preparation of holiday. This result indicates that private or informal channels have a key role in the customer decision-making process and the customer value for the C2C (Customer to Customer) or P2P (Peer to Peer) conversation is becoming increasingly important during the customer buying process. The implication of this result is that the importance of socio-technical model of

channel management may be a key aspect for the success of the Internet based eBusiness company in the computer mediated eCommerce environment. Therefore, it is necessary for tourism firms to evaluate the customer value for these informal channels such as friends/relatives, online conversational interfaces in order to make an appropriate and successful channel investment decisions that realise or maximise customer channel benefits. _

However, in the purchasing stage, *Call* related channels, *Talk to travel agent*, *Email* and *Internet* were regarded as key channels for the booking. These results indicate that customers' channel benefits are changing according to information search and purchasing stage and therefore, from the firm's point of view, it is critical to identify the customers' current and future channel preference/benefits during their search stage and booking stage and provide an optimal channel combination (mix) according to the customer channel preference/benefits in order to acquire and retain the customers within the company's channel configuration/portfolio.

It is noteworthy that the future importance of the customers' perceived benefits on the Internet based eChannels is expected to increase both in the information search and purchasing stage. Though most of the traditional channels were regarded as less important in the future, however, when traditional channels were linked to the eChannels (e.g. *Email to travel agent*), the future importance of these channel combinations or mixed channels increased. The implication of this result is that it is important for a company to identify the customer benefits and risks of these relatively new eChannels in order to make an appropriate channel-investment decisions. Furthermore, there is an opportunity for Internet based eBusiness company to maximise the realisation of the customers' expected or unrealised channel benefits by providing an optimal channel mix of traditional channels and eChannels to the customers i.e. *Business Channel Reengineering*.

The distribution of channels within the CBP model shows that most of channels are located in either the Strategic or Support quadrant. This result suggests that there are

only a few Key Operational channels as far as customers are concerned, which tends to suggest customers do not value channels unless they are critical to their decision making needs and is a subject for further investigation.

7.6 Summary

This chapter examined the channel preference and channel benefit portfolio from the customer perspective in the information search stage and the booking stage during the customer decision-making process.

This study reveals the results of customer channel choice behaviour in the information search stage and purchasing stage. The findings of this chapter showed that customer had a different channel preference for the channel choice in the information search stage and purchasing stage during their decision making process according to their needs and situation. Also the study revealed that respondents had a different perceived channel benefits portfolio between the information search stage and the purchasing stage.

The next chapter is the final chapter of this thesis and it contains the purpose of study findings, limitations, contributions and implications. It will conclude with recommendations for the future research.

CHAPTER EIGHT

CHAPTER EIGHT: CONCLUSION

8.1 Introduction

This chapter begins by reviewing the purpose of this research and the summary of the key findings and implications from this research is presented. The next section outlines the limitations derived from industry survey, consumer survey and eConsumer survey respectively. And then the contributions of the research are discussed, with particular emphasis on the Internet-based multi channel management strategy within the context of integrated eBusiness systems success model, which proposed by researcher. Finally, recommendation and potential future research are suggested.

8.2 Purpose of Research

As discussed in chapter one and five (methodology), there are two main aims of this study. When this research initially started in late 1990s', the diffusion of Internet across tourism and hospitality industry and the proliferation of Internet use has resulted in vast changes in the tourism and hospitality industry. The Internet provided a huge potential of marketing channel for tourism industry and also it was the main predominant sources of information search for customers to evaluate the tourism products and services. Within this context, researcher suspected that there might be a gap between tourism suppliers and customers with regard to the views of the Internet, methods of measurement and critical success factors of eCommerce systems and how to fill this gap between two parties would be the key issue for successful future eCommerce systems investment. Therefore, the first aim is to identify these gaps between suppliers and customers in the electronic tourism market.

However, in the middle of the study on the views of the Internet and Internet-based

eCommerce systems, as new technologies are adopted by many consumers, it was found by researcher that even though Internet is important tool for search and purchasing, most consumers are using multiple channels in their decision making process. In addition, Internet based eChannel concept is a plural concept because customers use multiple channels for information search and purchasing in the new eBusiness environments. Therefore, without considering other eChannels and traditional channels, the study focus solely on the Internet is meaningless. Thus, this study was elaborated from Internet single channel study to multi channel study. Within this context, the second aim was set to determine the consumers' channel preference and channel benefits portfolio in the information search stage and the purchasing stage during their decision making process.

In order to achieve these two aims, several specific objectives of the research were set. With regard to the study focus on the eCommerce systems, three objectives were set. Firstly, this study aimed to identify the perceived effectiveness of the Internet by tourism industry and consumers. Secondly, this study investigates the methods of measuring the success of eCommerce systems by tourism industry and consumers. Finally, this study examined the perceived critical success factors of tourism eCommerce systems by tourism industry and consumers. According to the above research aims and objectives, several hypotheses were formulated and the results specifically focused on the evaluation of tourism eCommerce system were reported in chapter 6.

In relation to the study which focuses on the Internet-based multi-channel study, two objectives were set and achieved. These were firstly, determining the consumer preferences for different channels in the information search and purchasing stage of the consumer decision making process in the eBusiness environment. Secondly, determining the current and expected future customer channel portfolio according to their importance in the information search stage and the purchasing stage. According to these objectives, two hypotheses were formulated and the results specifically focused on the Internet-based multi channel study were reported in chapter 7.

8.3 Findings of Research

This research has achieved its principal aims and objectives, which examined the perception of web-based eCommerce systems and customer channel preferences within the context of the proposed integrated eBusiness systems success model. The main findings from this research are presented below.

8.3.1 Results of Comparative Analysis

According to the objectives of this study, following hypotheses (null hypothesis) are formulated to test further whether there are any differences in the perception of the Internet, measuring methods and perceived success factors of eCommerce systems between tourism industry and customers.

Hypothesis 1 (Ho): There are no differences in the perceived views and effectiveness of the Internet between tourism industry and customers.

Hypothesis 2 (Ho): There are no differences in the perception of the methods of measuring the effectiveness of tourism eCommerce systems between tourism industry and customers.

Hypothesis 3 (Ho): There are no differences in the perceived critical success factors of eCommerce systems between tourism industry and customers.

The results of comparative analysis, used an independent sample t-test, between industry and consumers was reported in the chapter 6. The results of comparative analysis showed that there are differences in the perceived views and effectiveness of the Internet, measuring methods and critical success factors of eCommerce system between tourism industry and customers.

With regard to views of the Internet (hypothesis 1), the results of independent sample

t-test revealed that there was a statistically difference on the perception of the Internet between marketing managers of tourism industry and customers. The marketing managers of tourism industry rapidly adopted enthusiastically the Internet as an important tool for business purpose in some ways than customers and the mean score of their future view of the Internet as a business tool was greater than that of customers. Concerning effectiveness of the Internet as a marketing or promotion tool, the result indicated that marketing managers of tourism industry started to perceive the importance and potential of the future strategic use for their business, however, from the previous consumer survey result, it is believed that consumers are considering the Internet as an important information search tool rather than marketing or promotion tool or reservation tool. Also the results revealed that there was no perceived difference regarding the effectiveness of the Internet as a reservation tool from both industry and consumers and this indicated that unlike marketing and promotion tool, marketing managers of tourism industry are not enthusiastic about offering booking facilities through their web site at the time of survey conducted.

With reference to the methods of measurement (hypothesis 2), there were differences between industry and customers. For example, marketing managers considered 'number of eCommerce site visits' as the most important criteria whilst customers regarded this measurement method as the least important criteria in order to evaluate success of eCommerce system. On the contrary, *Information Quality* (regular updating) was the key measurement criteria for measuring eCommerce systems by customers. This showed that there is gap between industry and consumers on key measurement method and tourism companies should consider consumers' preference for future investment on their eCommerce systems.

Further, it was found that there were differences in the perceived critical success factors of eCommerce systems between tourism industry and consumers (hypothesis 3) regarding those factors such as repeat visit of customers (*User Satisfaction or System Use*), ease of use (*System Quality*), joy of use (*Service Quality*), design and creativity (*System Quality*) and quality of content (*Information Quality*).

8.3.2 Results of eConsumer Channel Preference and Channel Portfolio

According to the objectives of this study, following hypotheses (null hypothesis) are formulated to test further whether there are any differences in the channel preference and channel benefits portfolio between information search stage and purchasing stage.

Hypothesis 4 (Ho): There are no differences in the channel preference between information search stage and purchasing stage

Hypothesis 5 (Ho): There are no differences in the current and future customer channel portfolio between information search stage and purchasing stage

With regard to hypothesis 4, the research revealed that customers have a different preference for the channel choice in the information search stage and purchasing stage. In the information search stage, *Talk to friends or relatives* was regarded as more important than *PC Internet* and *Travel shop* for the preparation of holiday however, in the purchasing stage, *Call* related channels, *Talk to travel agent*, *Email* and *Internet* were regarded as key channels for the booking. It was also pointed out that both information search stage and purchasing stage, relatively new eChannels are considered more important in the future than traditional channels and effective channel mix using both eChannels and traditional channels will be important issue for future eBusiness channel strategy.

With reference to hypothesis 5, this research revealed that there were differences in the current and future customer channel portfolio between information search stage and purchasing stage. The results indicate that customers' channel benefits portfolio are changing according to information search and purchasing stage and therefore, from the firm's point of view, it is critical to identify the customers' channel portfolio as channel management strategy which considers customers' CBP is a key aspect of future success for the Internet based eBusiness company in the tourism/hospitality industry.

8.4 Implications of Research

8.4.1 Theoretical Implications

This research suggests that there are theoretical implications on existing literature in the area of customer relationship management, evaluation of eCommerce systems investment and channel investment decisions in the tourism industry.

Firstly, this study proposed the integrated research framework using the updated DeLone & McLean's model and Channel Benefits Portfolio (CBP). Within this integrated model, all variables such as information quality, system quality, service quality, use and user satisfaction in DeLone and McLean's model are influencing net benefits. Net benefits is determinant factor which explains the customer's current and future usage of channels. In other words, these two models are well linked within integrated eBusiness system success model which is a useful framework to explain complex diffusion process of multiple channels among various stakeholders in eBusiness environments. The integrated eBusiness systems success model fills the gap between theory of IS system success evaluation and current multi-channel eBusiness systems.

Secondly, this study exposed the weaknesses of existing information systems success models including the Technology Acceptance Model (TAM) and DeLone & McLean's IS model. The literature in this area showed that one of the criticisms of these models are they do not cover behavioural perspectives and also they focus on single channel, eCommerce system, rather than multiple channels. In this study, researcher made an effort to investigate real customer behaviour which is complex network of inter-relation with different stakeholders. Thirdly, even though this study did not test the DeLone and McLean's model, it attempted to apply DeLone & McLean's eCommerce system success model in order to assess tourism eCommerce system and this approach will facilitate stronger theoretical foundation on exiting research on the assessment of tourism website.

Finally, Channel Benefits Portfolio (CBP) model is developed as a theoretical framework based on existing IS application portfolio model. CBP model fills the gap between theory of IS application portfolio and current eBusiness application especially in terms of channel benefits. Tourism firms can identify and prioritise customer's current and future channel preference and channel benefits and therefore, they can make an appropriate channel investment decision by using CBP in order to manage success customer relationship. The CBP concept can be extended and assist tourism firms not only to build customer relationship management but also to create various B2B Partner Relationship Management (PRM) according to stakeholders' CBP.

8.4.2 Practical Implications

There are some practical implications for tourism organisation managers from this study. Firstly, this research clearly showed that there are gaps between tourism industry and consumers with regard to perceived effectiveness of the Internet and measuring methods of eCommerce systems. Therefore, tourism firms should consider this gap for their future investment decision on eCommerce system as customer's acceptance will determine main aspects of web-based B2C interface which lead to successful customer relationship management in the eBusiness environment.

Secondly, this research also demonstrated that there are perceived gaps in the critical success factors of tourism eCommerce system between tourism industry and consumers. The result implies that even though tourism companies focused on the *Information Quality* related factors (quality of information) for successful eCommerce system, customers expressed that they are more interested in the aspects of *Service Quality* (entertainment) in the eCommerce systems. Therefore, tourism companies should actively consider *Service Quality* aspect in their eCommerce system in order to provide additional and enjoyable services over the web-based system to attract and retain customers and this will enable companies to implement successful CRM programme.

Thirdly, the management implications of this channel benefits portfolio approach is that Internet based eBusiness in tourism/hospitality companies need to identify the current and future channel benefits portfolio of their existing and prospective customers in order to be successful in the multi-channel eCommerce environment. It is critical to assess the company's current channels and identify alternative ones according to the customer's CBP in order to make appropriate and successful channel investment decisions that maximises channel benefits; thus, making the company much more effective in the management of its customer decision support services across multiple customer channels. Therefore, channel management strategy which considers customers' CBP is a key aspect of future success for the Internet based eBusiness company in the tourism/hospitality industry.

Finally, with regard to CBP, this research demonstrates how CBP can be used to identify channel gaps and prioritise the customer's current and future channel preference and perceived benefits between the information search stage and purchasing stage. Moreover, CBP could be used for tourism companies to assess their current channel investment and identify alternative channels according to not only customer's CBP but also other stakeholder's CBP in order to make appropriate and successful channel investment decisions in order to achieve strategic channel alignment. In the eBusiness environment which is characterised by multiplicity of eChannels, one can no longer remain focused solely on applications but must address the key channel investment decision that underpins eBusiness performance in the eCommerce environments.

Therefore the effective management of customer services across plural channels (not competitors) in a seamless manner will be a major influence on buyer behaviour and customer retention - a key operational eBusiness activity.

8.5 Limitations of Research

8.5.1 Industry Survey

There are several limitations to the industry survey that have to be acknowledged. Firstly, even though the period of time involved for each survey was similar (approximately 1 month), the times at which the four surveys were conducted were different. For example, DMOs survey was conducted in September 1999 and Hotels in November 2000, Travel Agencies in November 2001 and Airlines in December 2001 respectively. Therefore, the research did not record the results about perceptions of the Internet by four different tourism and hospitality organisations at the same time. Given the rate of change and innovation introduction that information technology is currently experiencing, the period of 2 years over which the surveys were conducted means that some data sets are not directly comparable because of changes in parameters over this time. The different elements, however, do provide indications of changing attitudes and behaviour over this period, and future researchers could use the rates of change involved. Secondly, a larger sample size is required, especially from travel agencies and hotels in order to increase reliability and representativeness. Third, the questionnaire for the industry survey was gradually developed and improved from a basic questionnaire to a more sophisticated one, and thus there were some differences in the number of criteria tested in each survey.

Finally, relatively short e-mail questionnaire was used in the industry survey. A note of caution has to be introduced here. While there is no obvious bias in the sample which did respond to the survey, the relatively low overall response rate (10%) does mean that the results have to be regarded as tentative and complete representativeness of web site operators cannot be claimed. A response rate of 10% to a conventional mail survey is not unusual (Arleck and Settle, 1995) but in such surveys controls and weights can normally be applied to the response to achieve a confident degree of representation because the population is normally known. In the case of the highly dynamic population of web site operators, no accurate data are available on the

population and thus appropriate sampling and post-response adjustment are not feasible. As the use of web site matures and more data are available a greater level of confidence will be ascribable to results of surveys such as the one described here. Until then, results have to be taken as indicative, rather than absolute.

8.5.2 Consumer Survey and Comparative Analysis

In the consumer survey, there are several potential limitations that have to be admitted. First of all, the sample used in the consumer survey was a total of 128 and an additional 41 University students. This sample can not be generalised as a consumer group as a whole and at the same time the sample has a lack of representativeness of the population of whole customers. The information derived from the consumer survey should be considered within the parameters of the method by which it was collected. The research population is not reflective of the general consumers and the population sampled can be considered as one at least amenable to the research proposal. However, these problems are endemic all research studies that do not have a budget to sample the entire population. As such the findings can be considered instructive in the likely usage by a specific population.

Even though the sample in the consumer survey obviously represents a convenience sample, it should be noted that students are highly relevant group of respondents because students represents customer of the future for many tourism companies and it is relevant to know how this specific market segment perceive the Internet. Therefore, the results in this survey should be considered as the perception of the specific market segment (student market) which is one of the high potential future market segments rather than that of whole consumer market.

In the comparative analysis between industry and consumers, there are few potential limitations. As discussed previously, the weakness in the comparative analysis can be described as the time differences which the surveys were conducted between the industry survey and consumer survey. The industry surveys were conducted from

September 1999 to November 2001 whilst the consumer survey was conducted in September 2001. Due to the parameter changes over survey period between industry and consumer, the results of this comparative analysis did not compare the views between the two groups at the same time. Therefore, this result may not represent the true picture of perceived differences between two groups and it needed to be treated as indicative.

Another limitation in the comparative analysis are that the measurement scale between industry survey and consumer survey was similar in general, however there was some differences. Most of questions in the consumer survey were consisted of 5-point scale whilst nominal scale was used in some questions in the industry survey. Therefore, the statistical technique in particular, an independent sample t-test was not conducted in order to compare the differences between industry and consumer. The examples used different measurement scale were the questions regarding method of measurements and barriers using Internet. This is due to the fact that the questionnaire used in the industry survey was gradually developed and improved from a basic questionnaire to a more sophisticated one.

8.6 Contribution of the Research

Firstly, this research contributed to the body of knowledge in the area of evaluation of Information System success by developing the integrated eBusiness system success model from existing DeLone & McLean's model and Channel Benefits Portfolio Model with more robust and rigorous analysis. When we move into eBusiness environments, there is a need to investigate the adoption of single technology such as Internet rather than information system and existing Technology Acceptance Model (TAM) or DeLone and McLean's' Model are not enough in order to explain the diffusion of Internet-based multi-technologies. Therefore, the proposed integrated eBusiness system success model can be used as one very useful research framework for multi-channel eBusiness system study.

Another contribution of this research is that findings regarding the perception of the Internet from the customer's perspective in chapter 6 are useful indicator for the development and management of tourism eCommerce systems. In chapter 6, critical success factors of eCommerce system from the customers' view was examined and moreover, factor analysis was conducted in order to identify main factors in relation to successful eCommerce system. This result provides the guideline for tourism and hospitality companies not only to identify key factors that comprise successful eCommerce systems but also to determine main aspects of web-based B2C interface which lead to successful eCustomer Relationship Management (eCRM). These results are particularly critical as the power of customer is increasing in the traditional company/customer relationship, without considering the customers' perception of the Internet and their perceived important factors, which constituted successful tourism eCommerce systems, it is impossible for Web-based tourism companies to create successful eCommerce systems.

This study made an effort to identify gaps between tourism industry and consumers with regard to measurement methods and critical success factors of eCommerce systems in tourism and hospitality industry based on DeLone and McLean's modified

eCommerce success model. Even though this study has weaknesses and also this study did not test the model, however, the approach to the application of DeLone & McLean's IS success model to tourism eCommerce system provided more stronger foundation to carry out research in this area. The results also will provide tourism and hospitality companies guidance for their eCommerce system investment decision making.

One of the major contributions of this research is the development of theoretical framework of Channel Benefits Portfolio (CBP), which discussed in the chapter 2, theoretical framework. The concept of CBP is derived from the existing Information System application portfolio and the traditional portfolio approach gave a guidance to the firm's investment decision on the information systems within the firm (Ward, 1996) and this IS application portfolio approach was widely accepted as an useful concept to help make a proper IS investment decision from the firm's perspective. However, there is a gap between the theory of IS application portfolio and current eBusiness application especially in terms of channel benefits. In the eBusiness environment, which is characterised by multiplicity of eChannels, the concept of CBP from the customer perspective is a useful tool for company to identify and to prioritise the customer's current and future channel preference and perceived benefits from each channel. By using this approach Internet based eBusiness tourism companies could construct appropriate multiple channel strategy according to the customer's channel portfolio. In relation to Technology Acceptance Model (TAM), this model could be used to explain the diffusion of single channel such as Internet. However, when it comes to multi-channel study including existing traditional channels and eChannels, a new framework which considers a variety of technologies all together is essential and CBP approach is an effective tool to explain this complex diffusion process of different channels in the eBusiness environment.

This research also demonstrated how CBP could be used to reveal the channel gap between the information search stage and purchasing stage when considering critical usage. The fact that customers have a different perception on the critical usage of

these channels implies that for the booking stage most eChannels are not sufficiently developed for customer to place their trust in online transactions. The issue of customer trust in eBusiness seems to be a key aspect for the future success of the eBusiness environment

8.7 Recommendations for Future Research

There are several recommendations from this study for future research and the first recommendation is that in this research, the integrated eBusiness system success model is not empirically tested even though DeLone & McLean's IS model is partially verified through factor analysis and CBP model is applied in order to identify channel preference from the customer perspective. Therefore, further empirical research is required in order to validate this integrated model which explains current complex eBusiness environment.

The second recommendation is that the speed of adoption of technology by both consumers and companies is rapid in the new eBusiness environments due to the high-speed development of information communication technology. Therefore, it is suggested that similar survey in the view of the critical success factors of eCommerce systems from both industry and consumer is required to conduct continuously on a regular basis, for example, twice per year within the same period in order to find out the trends and gaps between two parties.

The third recommendation is that the sample used in the consumer survey was convenience sample and as already discussed in the limitation section of this chapter, the results from this specific students sample cannot be generalised as a consumer group as a whole. Thus, it would be useful to conduct further research not only student group but also real customers in the tourism market.

The fourth recommendation is that further research could be conducted on critical success factors of other key electronic channels, such as WAP mobile phone and interactive digital TV and so on which are used principally for customers' decision making process. This research solely focused on PC Internet and eCommerce system, however, recently, due to the rapid development of new technology and more user-friendly applications are available to the customers, customers are adopting these applications rapidly in order to get benefits from these to find out better products or services. Therefore, it would be valuable for tourism companies to examine the customers' view and marketing effectiveness of these other Internet-based channel options in order to make a proper investment decision on marketing and information technology.

With regard to the Channel Benefits Portfolio (CBP) analysis, the fifth recommendation suggests that the concept of CBP approach can be applied to the other industry. This research concentrated on the customer channel choice behaviour within the context of CBP in the tourism industry. However, this model can be used not only in tourism companies but also for any Internet-based eBusiness companies in other industries such as retail, banking industry and so on. In addition, further research can be conducted on the benefits of Web features of Web site within the context of CBP approach in order to identify customers' preference for specific features of Web site and this can be used for the guidance to the future development and investment of Web site and this approach can be called as 'Web Feature Benefits Portfolio (WFBP)'. Moreover, the same approach can be applied to the WAP mobile phone as a WAP Feature Benefits Portfolio (WAFBP).

The sixth recommendation is that according to the pilot study in this research, it is obvious that customers have a different channel preference between when they search information and when they actually buy products. Thus, additional research can be conducted in order to identify whether customer Channel Portfolio (CP) is changed according to customer decision making process such as information search, evaluation, purchasing and post purchase stage. Likewise, it would be valuable to examine the

relationship between customer channel portfolio and several other factors such as product category, market segment, and age group. Moreover, it would be interesting to investigate whether brand, loyalty, trust and convenience factors will have an effect on customer CP.

The seventh recommendation is that within this research, the study on the channel benefits from the customer's perspective was conducted. However, it would be useful to conduct a future research in the evaluation and realisation of channel benefits from the perspective of stakeholder in order to establish legitimate and adequate criteria for decision making about strategic channel deployment and investment. Furthermore, research into the appreciation of the channel attributes and role in determining customers' channel choice is required in order to understand what makes an effective channel benefits management strategy, and will provide further insights for a much more effective CBP analysis.

Finally, there are some issues in eConsumer behaviour currently, and as previously mentioned, consumers are using both traditional and electronic channels during their decision making process. However, within the multi-channel environment, the usage of channels by customers can be different according to various different factors such as product category, trust on channels, channel loyalty, brand loyalty, channel benefits and also channel choice in different contexts. Therefore, further research on the appreciation of the channel attribute will be key area in order to understand and help to make an effective channel tactics and strategy.

8.8 Summary

This chapter reviewed the purpose of this research and the key findings from this research are presented with the discussion of theoretical and practical implications. In addition, the limitations of the research outlined and finally, recommendation and potential future research is suggested.

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APPENDICES

Appendix I Industry Survey e-mail Questionnaire-Airline

My name is Timothy (H.S) JUNG, and I am completing a Ph.D. in Tourism Marketing at the University of Surrey.

As part of my studies, I am carrying out research into the perceptions of the Internet as a marketing tool by marketing managers. I would be grateful, if you could take the time to complete this questionnaire.

After reading the questions, please write in the brackets provided the number that corresponds to your answer. Thank you very much for taking time to complete this questionnaire.

For question 1 to 6, please pick a number from the scale to show how much you agree or disagree with each statement & put it in the space to the right of the item.

Scale

1: Strongly Disagree 2: Disagree 3: Uncertain 4: Agree 5: Strongly Agree

1. Internet is an effective marketing tool. ()
2. Internet is an effective reservation tool. ()
3. Internet is an effective promotion tool. ()
4. Internet marketing is important in our marketing strategy.()
5. My view about the importance of Internet marketing has changed in the last 2 years. ()
6. Internet marketing will become more important in the hotel industry in next 2 years. ()

For question 7 to 9, please put a correct number in the bracket.

7. When was your Website first established? Please put year of establishment in the bracket.()
8. How many people accessed your website in an average month.
()
9. Do you measure the success rate of your website? ()
1. Yes 2. No

For question 10, if you measure the success rate of website of your airline, please put a number in the bracket each measure you use to measure effectiveness. ()

1. No of eCommerce site visits
2. Time Spent
3. No of Browsers
4. Booking Rate
5. Interactivity
6. Repeat Visit
7. Feedback
8. Regular Updating
9. Forming partnership or marketing consortia to promote a major gateway
10. Other (please specify:)

The questions from 11 to 27 dealt with the important elements of successful eCommerce system. Please pick a number from the scale to show how much you agree or disagree with each statement & put it in the space to the right of the item.

Scale

1. Strongly Disagree 2. Disagree 3. Uncertain 4. Agree 5. Strongly Agree

1. Ease of use is important.()
2. Joy of use is important. ()
3. Content (Information) is important. ()
4. Interactivity with Customers is important.()
5. Transaction support is important. ()
6. Added Value is important. ()
7. Appearance of website is important. ()
8. Browser friendliness is important. ()
9. Design & Creativity is important. ()
10. Feedback is important. ()
11. Integration is important. ()
12. Loading time is important. ()
13. Meta statement is important. ()
14. Organised message is important. ()
15. Relationship is important. ()
16. Security is important. ()
17. Regular Updating is important.()
18. Repeat visits of customer is important. ()
19. Providing useful information is important.()
20. Web design fits the marketing purpose is important. ()
21. Promoting website through off-line channels is important. ()
22. Forming strategic partners or marketing consortia is important. ()
23. Provision of value-added informations or services is important. ()
24. Institutional support (supporting from whole organisation is important.()
25. Developing a relationship and building a loyalty with customer

is important.()

26. Clear navigation paths to allow smooth movement around the site
is important.()

27. Frequent updating is important. ()

The results of this research will be available to you when I finish this survey.

Fax: +44 1483 259-387, in case of having difficulty in completing the survey.

Appendix II Consumer Survey Questionnaire

Questionnaire

After reading questions, please write in the brackets provided the number that corresponds to your answer. Thank you very much for taking time to complete this questionnaire.

For questions, please pick a number from the scale to show how much you agree or disagree with each statement and put it in the space to the right of the item.

Scale

- 1. Strongly agree**
- 2. Agree**
- 3. Neutral**
- 4. Disagree**
- 5. Strongly disagree**

Section A: Perceived Effectiveness and Views

- Q1. Internet is an effective information search tool. ()
- Q2. Internet is an effective reservation tool. ()
- Q3. Internet is an effective promotion tool. ()
- Q4. Internet is an effective marketing tool. ()
- Q5. My view about the effectiveness of Internet has changed in the last 2 years. ()
- Q6. Internet will become more effective tool in next 2 years. ()

Section B: Methods of Measuring eCommerce System

For following questions, please pick a number from the scale to show how much you agree or disagree with each statement and put it in the space to the right of the item.

Scale

1. Strongly agree
2. Agree
3. Neutral
4. Disagree
5. Strongly agree

What is the most important criteria if you were to measure the success of eCommerce system? Please use the rating scale to show your level of agreement.

- | | |
|--|---------|
| Q1. Number of Hits is important. | () |
| Q2. Time spent is important. | () |
| Q3. Number of Browsers is important. | () |
| Q4. Booking rate is important. | () |
| Q5. Interactivity is important. | () |
| Q6. Repeat visit is important. | () |
| Q7. Feedback is important. | () |
| Q8. Regular updating is important. | () |
| Q9. Forming partnership/marketing consortia to promote a major gateway is important. | () |

Section C: Success Factors of eCommerce System

The following questions deal with the important factors of a successful eCommerce system. Please pick a number from the scale to show how much you agree or disagree with each statement and put it in the space to the right of the item.

Scale

1. Strongly agree
2. Agree
3. Neutral
4. Disagree
5. Strongly disagree

- Q1. Regular updating is important. ()
- Q2. Repeat visits of customer is important. ()
- Q3. Appearance of Web site is important. ()
- Q4. Providing useful information is important. ()
- Q5. Interactivity with customer is important. ()
- Q6. Web design fitting the marketing purpose is important. ()
- Q7. Promoting Web site through off-line channels is important. ()
- Q8. Provision of value-added information or services to customers is important. ()
- Q9. Developing a relationship and building a loyalty with customer is important. ()
- Q10. Clear navigation paths to allow smooth movement around the site is important.()
- Q11. Ease of use is important. ()
- Q12. Joy of use is important is important. ()
- Q13. Content (Information) is important. ()
- Q14. Interactivity with customer is important. ()
- Q15. Transaction support is important. ()
- Q16. Added value is important. ()
- Q17. Clear navigation path is important. ()
- Q18. Browser friendliness is important. ()
- Q19. Design & Creativity is important. ()
- Q20. Feedback is important. ()
- Q21. Frequent updating is important. ()
- Q22. Integration is important. ()
- Q23. Loading time is important. ()
- Q24. Meta statement is important. ()
- Q25. Organised message is important. ()
- Q26. Relationship with customer is important. ()
- Q27. Security is important. ()

Section D. Demographic Profiles

These questions are to see if our research has included people from different backgrounds, your answers will be kept strictly confidential and will only be used for research purposes.

Q1. What is your age? _____

Q2. What is your gender? Male Female

Q3. How many adults live in your household (yourself included)?

1 2 More than 2

Q4. How many children (<18) live in your household?

1 2 3 – 4 5 or more

Q5. What is the age of the youngest child in your household?

0-4 years 5-7 8-11 12-17

Q6. What is your highest completed level of education?

Primary Secondary Further
University (undergraduate) Postgraduate

Q7. May we know your annual household income (before tax)?

0 - £10.000 £10.000-£20.000 £20.000-£30.000
£30.000-£40.000 over £40.000

Q8. What is your postcode? _____

Q9. What is your nationality?

Thank you for your time and help!

Appendix III Semi-constructed Questionnaire

Section A: Episode

Opening

O101. Hello! My name is Timothy and I am currently doing research project on Interactive e-Business.

O102. The purpose of the interview is to investigate the information search behaviour

O103. You will have 4 different situation when you make a holiday. I will give you questions in each episode and your main job is simply answer those questions.

O104. The whole length of the interview will be 2 hours.

Body :Episode I, II, III, IV

Episode 1: [Non-structured]

E101 Before we start this interview, I want to ask some general questions. Do you like skiing? Are you interested in skiing?. Tell me about your experience or view about ski holiday. Which ski resort would you go?

E102. Have you ever been to ski resort in UK, Europe or other places for your holiday?

E103. If then, how many times and where did you usually go for ski holiday?

E104. Do you normally go to ski holiday by yourself or with other people?

E105. Are you usually responsible for organising ski holiday or do someone else organise the holiday for you?

E106. Do you prefer to buy each component of ski holiday or prefer to package holiday?

E107 What is the most important thing you consider when you make a holiday plan?

E 108. Now, here is an opportunity for you to make your own ski holiday plan. If you make a ski holiday, how do you find info and book and buy? Suppose you're going to ski resort, let say, in 1 month time, please make your own ski holiday story from the

beginning of information search to the payment of the ski holiday product.

| Channel | Brochure | Travel Shop | WEB | WAP | iDTV |
|--------------------|----------|-------------|-----|-----|------|
| Initial C (Search) | | | | | |
| Second C (Search) | | | | | |
| Third C (Search) | | | | | |
| Final C (Book) | | | | | |

E109. That's good. Now, I would like to introduce new situation. This is more detailed condition. Suppose you have 2 months and you're going to any ski resort in Europe and you will spend 2 weeks with your friend and the budget is 1000 pounds per person. Please make your own ski holiday plan from the beginning of info search to the payment of the ski holiday product.

Given condition

- Time until departure: 2 months
- Destination: ski resort in Europe
- Length of holiday: 2 weeks
- Number of tourist: 2 persons
- Budget per person: 1000 pounds

| Channel | Brochure | Travel Shop | WEB | WAP | iDTV |
|--------------------|----------|-------------|-----|-----|------|
| Initial C (Search) | | | | | |
| Second C (Search) | | | | | |
| Third C (Search) | | | | | |
| Final C (Book) | | | | | |

INFO SEARCH STAGE

E110. If you are searching ski holiday information where would you find usually (travel shop, web, brochure etc)?

E111 Is there any reason (advantage or benefit) why you choose it?
Do you get any better service from it?

E112. Why you are not using other information sources such as (if interviewee choose brochure) web or wap etc? What are the disadvantages of these sources?

E113. In the beginning of info search, you used brochure (web), but you take web (brochure and other channel) during your search journey. Why did you switch to another channel?

BOOKING SEARCH STAGE

E114. If you want to book ski holiday where would you book? (travel shop, web, brochure etc)?

E115. Is there any reason (advantage or benefit) why you choose it?

Do you get any better service from it?

E116. Why you don't want to use other booking channel such as (if interviewee choose brochure) web or wap etc? What are the disadvantages of these sources?

Episode 2: Same condition, Channel : Brochure

[Moderately structured]

Now, I would like to introduce another situation. Suppose you have same condition as Episode I but, the difference is that you are going to start from brochure. In this case, simply suppose you have this holiday brochure in front of you and please disregard the brochure collection procedure such as where and how do you get this brochure.

I would like to give you 3-5 minutes. Please look at the brochure and try to find some information on ski holiday.

INFO SEARCH STAGE

E201. Did you find ski holiday information which you are looking for in this brochure?

E202. Do you want to use this brochure or do you want to use alternative channels for further information?

E203. If you want to use alternative then, where would you go?

E204. Why do you want to switch to another channel?

E205 Is there any reason (advantage or benefit) why you choose it? Do you get any better service from it?

BOOKING STAGE

I would like to give you 3-5 minutes. Please find ski holiday product which you would like to take.

E 206. Are you likely to buy ski holiday in the brochure ?

E207. Suppose if you find the right ski holiday product, are you likely to buy in this brochure? How do you want to book?

E208. Suppose if you have to select and book ski holiday in this brochure, how do you book?

E 209. If you want to use alternative channels for booking, where would you go and how do you want to book?

E210. Why do you want to switch to another channel?

[CL210:

E211. Is there any reason (advantage or benefit) why you choose it? Do you get any better service from it?

Episode 3: Same condition, Channel: Web

This time, I would like to introduce another situation. Suppose you have same condition as Episode II, but the difference is that you are going to start from web.

I would like to give you 3-5 minutes. Please browse the web and try to find some information on ski holiday.

E301 Are you likely to return to previous channel? (brochure)

E302. Do you want to use web or do you want to use alternative channels for further information?

E303. If you want to use alternative then, where would you go?

E304. Why do you want to switch to another channel? Is there any reason (advantage or benefit) why you choose it? Do you get any better service from it?

BOOKING STAGE

I would like to give you 3-5 minutes. Please find ski holiday product which you would like to take.

E 305. Are you likely to buy ski holiday on the web?

E306. Suppose if you find the right ski holiday product, are you likely to buy on the web? If yes, how do you want to book?

E307. Suppose if you have to select and book ski holiday on the web, how would you book?

E 308. If you want to use alternative channels for booking, where would you go and how do you want to book?

E309. Why do you want to switch to another channel?

E310. Is there any reason (advantage or benefit) why you choose it? Do you get any better service from it?

Episode 4: Final and general questions

E401 What is your most preferred channel?

E402. Are you likely to buy?

E403. What is your first choice of Travel Agency when you make a holiday plan?

E404. What is your first choice of Travel website when you make a holiday plan?

E405. How many travel webiste do you know? Please list the name of travel website.

Closing

Thank you for your participation for this interview

This research is an academic research funded by Thomascook.com and also this research is part of my PhD research. The results of the research will be made available by the end of this year, when this research project is finished.

Socio-demographic Profile of Respondents

Tell me about yourself.

Sex:

Male Female

Age

Under 20, 21-25, 26-30
 31-35, Over 36 ()

Occupation

Student, Retired, Other

Marital Status

Married, Single

Apendix IV eConsumer Channel Preference Survey Questionnaire

Holiday Planning Questionnaire

Welcome. This questionnaire will ask you about your experiences regarding ski holidays and how you would plan a ski holiday.

Section A - Your Experience with (Ski) Holidays

Q1. What type of holiday did you have?

Ski Beach or Sun City or shortbreaks Cruise Other

**Q1. How many ski holidays have you been on in the last five years?
(Please tick one)**

none 1 2 - 3 4 - 5 more than 5

**Q2. How long ago was your most recent ski holiday? _____years _____months.
(eg 6 months ago, 1 year ago etc)**

Q3. To which country did you go on this last ski holiday? _____

Q4. What was your main mode of transport to get there? (Please tick one)

aircraft bus/coach train car other

Q5. What type of accommodation did you stay in?

**Budget Moderate Luxury (Please tick one)
(1-2 Star) (3-4 star) (5+ star)**

**Q6. Was it a package deal holiday? (Please tick one) Yes No
(including airfare, accommodation, ski-pass etc for one price)**

Q7. Who were accompanying person(s)?

partner children others .

Q8. How long was your skiing holiday?

0-1week 1-2 weeks 2-3 weeks 3-4 weeks

Q9. Who booked this holiday? (Please tick one)

I did Someone else did (e.g. partner)

Q10. We would like to know more about the sources of information that you used when you arranged this holiday.

10a. Did you visit a travel store? Yes No (go to 10b)

*If yes, for which purposes did you visit this travel store?
(Tick as many as apply)*

- to pick up a brochure
- to talk to staff to get advice
- to make your booking

10b. Did you visit a travel brochure? Yes No (go to 10c)

*If yes, for which purposes did you visit this travel store?
(Tick as many as apply)*

- to find out about destinations
- to find out about skiing in general
- to find out about accommodation
- to find out where or how to book

10c. Did you use the Internet? Yes No (go to 10d)

*If yes, for which purposes did you visit this travel store?
(Tick as many as apply)*

- to find out about destinations
- to find out about skiing in general
- to find out about accommodation
- to find out where or how to book
- to make your booking

10d. Did you use digital interactive TV? Yes No (go to 10e)

*If yes, for which purposes did you visit this travel store?
(Tick as many as apply)*

- to find out about destinations
- to find out about skiing in general
- to find out about accommodation
- to find out where or how to book
- to make your booking

10e. Did you use normal Television? Yes No (go to 10f)

*If yes, for which purposes did you visit this travel store?
(Tick as many as apply)*

- to find out about destinations
- to find out about skiing in general
- to find out about accommodation
- to find out where or how to book

10f. Did you use teletext? Yes No (go to 10g)

*If yes, for which purposes did you visit this travel store?
(Tick as many as apply)*

- to find out about destinations
- to find out about skiing in general
- to find out about accommodation
- to find out where or how to book

10g. Did you use the telephone? Yes No (go to 10h)

*If yes, for which purposes did you visit this travel store?
(Tick as many as apply)*

- to find out about destinations
- to find out about skiing in general
- to find out about accommodation
- to find out where or how to book
- to make your booking
- to contact a travel store at a specific location
- to contact a travel agent at their national number
- to contact your destination (e.g. accommodation) before you booked

10h. Did you use a WAP mobile phone? Yes No (go to 10i)

*If yes, for which purposes did you visit this travel store?
(Tick as many as apply)*

- to find out about destinations
- to find out about skiing in general
- to find out about accommodation
- to find out where or how to book
- to make your booking

10i. Did you use a fax machine? Yes No (go to 10j)

*If yes, for which purposes did you visit this travel store?
(Tick as many as apply)*

- to find out where or how to book
- to make your booking
- to contact a travel store at a specific location
- to contact a travel agent at their national number
- to contact your destination (e.g. accommodation) before you booked

10j. Did you use email? Yes No (go to 10k)

*If yes, for which purposes did you visit this travel store?
(Tick as many as apply)*

- to find out about destinations
- to find out about skiing in general
- to find out about accommodation
- to find out where or how to book
- to make your booking
- to contact a travel store at a specific location
- to contact a travel agent at their national number
- to contact your destination (e.g. accommodation) before you booked

10k. Did you use post mail? Yes No (go to 10l)

*If yes, for which purposes did you visit this travel store?
(Tick as many as apply)*

- to find out where or how to book
- to make your booking
- to contact a travel store at a specific location
- to contact a travel agent at their national number
- to contact your destination (e.g. accommodation) before you booked

10l. Did you talk to your friend or relatives? Yes No

*If yes, for which purposes did you visit this travel store?
(Tick as many as apply)*

- to find out about destinations
- to find out about skiing in general
- to find out about accommodation
- to find out where or how to book

- to contact a travel store at a specific location
- to contact a travel agent at their national number
- to contact your destination (e.g. accommodation) before you booked

Q11. Which of the above was your most valuable source of information in the preparation of your holiday trip?

- Travel store
- Brochure
- Internet
- Television
- Teletext
- Interactive Digital Television
- WAP phone
- Telephone
- Fax
- Email
- Post mail
- Friend or Relatives

Q12. Was there any other source of information that was important to you in preparing this trip? _____

Q13. How long was left until departure when this holiday was booked?
(Please tick one)

- 0-1 weeks 2-4 weeks 1-2 months 3-6 months 6-12 months

Q14. On a scale of 1-10 how satisfied were you with the way in which you booked this holiday? (Please circle one)

Very unsatisfied 1 2 3 4 5 6 7 8 9 10 Very satisfied

Q15. Can you indicate your main reasons for being satisfied/dissatisfied with this last booking?

Q16. How likely are you to take a skiing holiday in the next two years?

Very unlikely 1 2 3 4 5 6 7 8 9 10 Very Likely

Q17. How experienced a skier do you regard yourself?

Very inexperienced 1 2 3 4 5 6 7 8 9 10 Very experienced

Section B – How You Would Plan a Ski Holiday

Now, here is an opportunity for you to make your own ski holiday plan. If you intend to go on a ski holiday, how do you find information and book and buy?

Suppose that you have arranged leave from other duties to be able to go on a oneweek ski holiday.

You have four weeks left before your intended departure date.

Please tell us how you would arrange your ski holiday, from the beginning of information search to the payment of the ski holiday product.

Which person(s), if any, would be your most likely companions on this holiday?

partner children others

How would you travel to your destination?

aircraft bus/coach train car other

Which country are you most likely to visit? _____

Which type of accommodation would you choose?

Budget Moderate Luxury (Please tick one)
(1-2 Star) (3-4 star) (5+ star)

How long would your skiing holiday be?

0-1week 1-2 weeks 2-3 weeks 3-4 weeks

How much would you expect to spend per adult, approximately, all costs included?

Up to £400 £401-£800 £801-£1200 Over £1200

Would you prefer to buy a holiday package or to buy your travel and accommodation separately?

Package Non package

Q1. In this situation, which of the following is your most preferred source of information for a first orientation about ski-holiday products? (please tick one in the first answer column)

Q2. After using the above source, where do you think you would go next to find out about ski-holiday products? (please tick one in the second answer column)

Q3. Where else do you expect you would go to find out about ski-holidays? (please tick as many as applicable in the third answer column)

Q4. Where or how would you expect to end up booking your ski-holiday? (please tick one in the fourth answer column)

| | First orientation (Q1) | Go next (Q2) | Other (Q3) | Booking (Q4) |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Staff in travel store during personal visit to store | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Travel brochure | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Internet | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Television | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Teletext | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Interactive Digital TV | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| WAP mobile phone | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Call to travel agent | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Fax to travel agent | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Email to travel agent | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Talks to friends | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Other 1 (please specify) | | | | |
| Other 2 (please specify) | | | | |

Q5. If you were to look for a travel shop to find out about ski holidays, which one would you be most likely to visit?

5a. Would you know the name of this travel store?

5b. Would you know the location (e.g., street and town) of this travel store?

5c. How long does it take to get from your home to this travel shop? (one way, door to door)

Less than 5 mins 5-15 mins 15-30 mins
30-60 mins over 60 mins

5d. What are your main reasons for considering this travel shop?

1. _____

2. _____

3. _____

Q 6a. If you were to use the Web to find out about ski holidays, where would you access the Web?

Home Work School, University Public terminal Other places

6b. Is it free to access the Web? Yes No

6c. Can you indicate your preferred start Web site?

(Please specify: _____)

6d. Is this a book marked Web site? Yes No

6e. How long do you think you will use the Internet to search for this holiday?

Less than 15 mins 15-30 mins 30-60 mins Over 60 mins

Section C – More Ski Holiday Planning Scenarios

Now, we would like to introduce you to a new situation. The conditions are as follows:

- You have chosen to go to a ski resort in Europe
- You will be going with your partner or good friend, without any children
- There are four weeks left until departure
- Your trip will be for one week
- Your budget for this ski holiday is £500 per person
- Your partner/good friend is very busy and has left it to you to select and book the trip (destination, travel mode and accommodation)
- Suppose you are now in a shopping street and you have two hours left to spend [planned to go shopping today] before you go home

Scenario 1

You have now four options:

- visit a Thomas Cook travel store ; this store is at 5 minutes distance
- visit an internet kiosk; this kiosk is at 15 minutes distance; internet access will cost you £2 per hour
- visit a Starbucks coffee shop to read the holiday brochure that you picked up earlier today from a general information booth; this coffee shop is at 5 minutes distance
- visit a department store to shop for other items. You will not spend time investigating ski holidays; the department store is 20 minutes away

Q1. Which option would you choose if the conditions were as specified?

I would visit

Travel store Internet kiosk Coffee shop Department store

Q2. After visiting this first option, do you expect to visit any of the other places?

Yes No

Q3. If yes, which one(s)?

Travel store Internet kiosk Coffee shop Department store

Q4. How likely are you to find your preferred holiday during this shopping trip?

Very unlikely 1 2 3 4 5 6 7 8 9 10 very likely

Q5. How likely are you to book your holiday during this shopping trip?

Very unlikely 1 2 3 4 5 6 7 8 9 10 very likely

Q6. If in the above situation you could only choose between the following two options, which option would you choose?

Travel store Internet kiosk

Q7. If in the above situation you could only choose between the following two options, which option would you choose?

Travel store Coffee shop

Q8. If in the above situation you could only choose between the following two options, which option would you choose?

Internet kiosk Coffee shop

Scenario 2

Now suppose that for the very same conditions your options are as follows:

- visit a Lunn Poly travel store ; this store is at 15 minutes distance
- visit an internet kiosk; this kiosk is at 5 minutes distance; internet access will cost you £0.20 per hour
- visit a Starbucks coffee shop to read the holiday brochure that you picked up earlier today from a general information booth; this coffee shop is at 15 minutes distance
- visit a department store to shop for other items. You will not spend time investigating ski holidays; the department store is 20 minutes away

Q1. Which option would you choose if the conditions were as specified?

I would visit

Travel store Internet kiosk Coffee shop Department store

Q2. After visiting this first option, do you expect to visit any of the other places?

Yes No

Q3. If yes, which one(s)?

Travel store Internet kiosk Coffee shop Department store

Q4. How likely are you to find your preferred holiday during this shopping trip?

Very unlikely 1 2 3 4 5 6 7 8 9 10 very likely

Q5. How likely are you to book your holiday during this shopping trip?

Very unlikely 1 2 3 4 5 6 7 8 9 10 very likely

Q6. If in the above situation you could only choose between the following two options, which option would you choose?

Travel store Internet kiosk

Q7. If in the above situation you could only choose between the following two options, which option would you choose?

Travel store Coffee shop

Q8. If in the above situation you could only choose between the following two options, which option would you choose?

Internet kiosk Coffee shop

Section D – Finally, Please Answer Some Questions about Yourself

These questions are to see if our research has included people from different backgrounds, your answers will be kept strictly confidential and are only used for research purposes.

Q1. What is your age? _____

Q2. What is your gender? Male Female

Q3. How many adults are in your household (yourself included) ?

1 2 More than 2

Q4. How many children (<18) are in your household?

1 2 3 – 4 5 or more

Q5. What is the age of the youngest child in your household?

0-4 years 5-7 8-11 12-17

Q6. What is your highest completed level of education?

Primary Secondary Further
University (undergraduate) Postgraduate

Q7. May we know the category of your annual household income (before tax)?

0 - £10.000 £10.000-£20.000 £20.000-£30.000
£30.000-£40.000 £40.000-£50.000 over £50.000

Q8. What is your postcode? _____

Thank you for your time and help!

If you would like to give some general comments, please write them below.

Appendix V eConsumer Channel Portfolio Survey Questionnaire

[Searching for Information about Holidays]

Suppose following options are currently available when you are SEARCHING for a holiday product such as beach or ski holiday. On a scale of 1 (extremely unimportant) to 10 (extremely important) how do you assess the Current and Future Importance of the following sources? (please circle one in the second and third column)

Extremely unimportant 1 2 3 4 5 6 7 8 9 10 Extremely important

| Options | Current Importance | Future Importance |
|--|----------------------|----------------------|
| 1. Internet | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to a contact address from the Internet | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to a contact No. from the Internet | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to a contact No. from the Internet | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to a contact address from the Internet | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 2. Travel shop | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to a travel agent | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to a travel agent | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to a travel agent | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to a travel agent | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| visit and talk to a travel agent | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 3. Travel brochure | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to a contact address in a brochure | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to a contact No. in a brochure | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to a contact No. in a brochure | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to a contact address in a brochure | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 4. WAP mobile phone | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to the contact address from WAP | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to the contact No. from the WAP | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to the contact No. from the WAP | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to the contact address from the WAP | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 5. Television | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to a contact address in the TV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to a contact No. in the TV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to a contact No. in the TV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to a contact address in the TV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |

| | | |
|---|----------------------|----------------------|
| 6. Teletext | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to a contact address in the teletext | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to a contact No. in the teletext | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to a contact No. in the teletext | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to a contact address in the teletext | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 7. Interactive Digital TV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to a contact address in the IDTV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to a contact No. in the IDTV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to a contact No. in the IDTV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to a contact address in the IDTV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 8. Friends or relatives | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to friends | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to friends | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to friends | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to friends | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| meet and talk to friends | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 9. Consult with people in the Virtual community (e.g.cyber discussion group) | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to people in the virtual community | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to people in the virtual community | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to people in the virtual community | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to people in the virtual community | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 10. Newspaper/magazine | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to a contact address in a news/Mag | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to a contact No. in a newspaper/Mag | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to a contact No. in a newspaper/Mag | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to a contact address in a news/Mag | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 11. Travel guide book | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to a contact address in a travel guide book | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to a contact No. in a travel guide book | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to a contact No. in a travel guide book | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to a contact address in a travel guide book | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |

[Purchasing a Holiday]

Suppose following options are currently available *when you are PURCHASING a holiday product such as beach or ski holiday*. On a scale of 1 (extremely unimportant) to 10 (extremely important) how do you assess the Current and Future Importance of the following sources? (please circle one in the second and third column)

Extremely unimportant 1 2 3 4 5 6 7 8 9 10 Extremely important

| Options | Current Importance | Future Importance |
|--|----------------------|----------------------|
| 1. Internet | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to the contact address from the Internet | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to the contact No. from the Internet | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to the contact No. from the Internet | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to the contact address from the Internet | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| book directly over the Internet | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 2. Travel shop | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to a travel agent | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to a travel agent | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to a travel agent | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to a travel agent | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| visit and talk to a travel agent | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 3. Travel brochure | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to a contact address in a brochure | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to a contact No. in a brochure | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to a contact No. in a brochure | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to a contact address in a brochure | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 4. WAP mobile phone | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to the contact address from WAP | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to the contact No. from the WAP | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to the contact No. from the WAP | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to the contact address from the WAP | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| book directly over WAP mobile phone | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 5. Television | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to a contact address in the TV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to a contact No. in the TV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to a contact No. in the TV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to a contact address in the TV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 6. Teletext | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to a contact address in the teletext | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to a contact No. in the teletext | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to a contact No. in the teletext | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to a contact address in the teletext | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |

| | | |
|---|----------------------|----------------------|
| 7. Interactive Digital TV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to a contact address in the IDTV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to a contact No. in the IDTV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to a contact No. in the IDTV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to a contact address in the IDTV | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| book directly over the IDTV | | |
| 8. Friends or relatives | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to friends | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to friends | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to friends | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to friends | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| meet and talk to friends | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 9. Consult with people in the Virtual community (e.g.cyber discussion group) | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to people in the virtual community | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to people in the virtual community | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to people in the virtual community | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to people in the virtual community | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 10. Newspaper/magazine | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to a contact address in a newspaper/Mag | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to a contact No. in a newspaper/Mag | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to a contact No. in a newspaper/Mag | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to a contact address in a news/Mag | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| 11. Travel guide book | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| mail to a contact address in a travel guide book | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| call to a contact No. in a travel guide book | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| fax to a contact No. in a travel guide book | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |
| email to a contact address in a travel guide book | 1 2 3 4 5 6 7 8 9 10 | 1 2 3 4 5 6 7 8 9 10 |

Q1. What is your age?

18-22 23-25 25-35 36-45 46-55 over 55

Q2. What is your gender? Male Female

Q3. What is your current occupation?

undergraduate student postgraduate student

Q4. What is your nationality? _____

Appendix VI Results of Factor Analysis

KMO and Bartlett's Test

| | | |
|--|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .826 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 4201.885 |
| | df | 351 |
| | Sig. | .000 |

Communalities

| | Initial | Extraction |
|---|---------|------------|
| Providing useful information | 1.000 | .733 |
| Security in design | 1.000 | .840 |
| Ease of use | 1.000 | .657 |
| Regular updating | 1.000 | .721 |
| Content (information) | 1.000 | .650 |
| Frequent updating | 1.000 | .691 |
| Ease of navigation | 1.000 | .724 |
| Clear navigation paths | 1.000 | .548 |
| Loading time | 1.000 | .650 |
| Appearance of website | 1.000 | .700 |
| Length of Stay | 1.000 | .674 |
| Availability through different browsers | 1.000 | .600 |
| Web design fits the marketing purpose | 1.000 | .568 |
| Added value products of services | 1.000 | .832 |
| Joy of use | 1.000 | .485 |
| Developing a relationship with customers | 1.000 | .521 |
| Interactivity with customer | 1.000 | .548 |
| Repeat visits of customers | 1.000 | .755 |
| Feedback | 1.000 | .421 |
| Provision of value-added information | 1.000 | .682 |
| Design & creativity | 1.000 | .576 |
| Transaction support | 1.000 | .583 |
| Relationship with customer | 1.000 | .633 |
| Promoting website through off-line channels | 1.000 | .607 |
| Organised message | 1.000 | .545 |
| Integration | 1.000 | .604 |
| Meta statement | 1.000 | .679 |

Extraction Method: Principal Component Analysis.

Total Variance Explained

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 9.722 | 24.530 | 24.530 | 9.722 | 24.530 | 24.530 |
| 2 | 3.531 | 15.230 | 39.760 | 3.531 | 15.230 | 39.760 |
| 3 | 2.546 | 12.640 | 52.400 | 2.546 | 12.640 | 52.400 |
| 4 | 1.479 | 8.300 | 60.700 | 1.479 | 8.300 | 60.700 |
| 5 | 1.193 | 7.456 | 68.156 | 1.193 | 7.456 | 68.156 |
| 6 | .923 | 3.418 | 71.831 | | | |
| 7 | .866 | 3.208 | 75.039 | | | |
| 8 | .828 | 3.065 | 78.104 | | | |
| 9 | .755 | 2.796 | 80.900 | | | |
| 10 | .596 | 2.208 | 83.108 | | | |
| 11 | .524 | 1.942 | 85.050 | | | |
| 12 | .488 | 1.808 | 86.858 | | | |
| 13 | .453 | 1.679 | 88.537 | | | |
| 14 | .441 | 1.633 | 90.170 | | | |
| 15 | .395 | 1.462 | 91.632 | | | |
| 16 | .387 | 1.434 | 93.066 | | | |
| 17 | .341 | 1.262 | 94.328 | | | |
| 18 | .301 | 1.114 | 95.442 | | | |
| 19 | .285 | 1.054 | 96.496 | | | |
| 20 | .274 | 1.015 | 97.512 | | | |
| 21 | .239 | .885 | 98.396 | | | |
| 22 | .188 | .698 | 99.094 | | | |
| 23 | .101 | .374 | 99.468 | | | |
| 24 | .046 | .170 | 99.639 | | | |
| 25 | .041 | .153 | 99.791 | | | |
| 26 | .034 | .125 | 99.916 | | | |
| 27 | .023 | .084 | 100.000 | | | |

Extraction Method: Principal Component Analysis.

Component Matrix(a)

| | Component | | | | |
|--|-----------|------|------|------|-------|
| | 1 | 2 | 3 | 4 | 5 |
| Ease of Navigation | .849 | | | | |
| Ease of Use | .764 | | | | |
| Frequent updating | .701 | | | | |
| Loading time | .657 | | | | |
| Browser friendliness | .643 | | | | |
| Design &creativity | .465 | | | | |
| Security in design | .420 | | | | |
| Regular updating | | .848 | | | |
| Providing useful information | | .841 | | | |
| Content (information) | | .693 | | | |
| Ease of Navigation | | .659 | | | |
| Appearance of web site | | .622 | | | |
| Length of stay | | .567 | | | |
| Meta statement | | | .780 | | |
| Integration | | | .677 | | |
| Organised message | | | .548 | | |
| Joy of use | | | .478 | | |
| Relationship with customer | | | | .766 | |
| Interactivity with customer | | | | .743 | |
| Repeat visit of customer | | | | .629 | |
| Transaction support | | | | .541 | |
| Developing a relationship and building loyalty with customer | | | | .511 | |
| Feedback | | | | .501 | |
| Promoting web site through off-line channel | | | | | .762 |
| Web design fits the marketing purpose | | | | | .722 |
| Provision of value-added info or service | | | | | .651 |
| Added value | | | | | -.489 |

Extraction Method: Principal Component Analysis.
a 5 components extracted.

Appendix VII Results of Independent Sample T-test

Independent Samples Test

| | | Levene's Test for Equality of Variances | | T-test for Equality of Means | | | | |
|--------------|-----------------------------|---|------|------------------------------|---------|-----------------|-----------------|-----------------------|
| | | F | Sig. | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference |
| Changed view | Equal variances assumed | .073 | .787 | 2.205 | 238 | .028 | .2874 | .1303 |
| | Equal variances not assumed | | | 2.190 | 225.805 | .030 | .2874 | .1312 |
| Future view | Equal variances assumed | 2.540 | .113 | 2.444 | 206 | .015 | .2422 | 9.908E-02 |
| | Equal variances not assumed | | | 2.527 | 185.383 | .012 | .2422 | 9.586E-02 |

Independent Samples Test

| | | Levene's Test for Equality of Variances | | T-test for Equality of Means | | | | |
|----------------------------|-----------------------------|---|------|------------------------------|---------|-----------------|-----------------|-----------------------|
| | | F | Sig. | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference |
| Effective marketing tool | Equal variances assumed | .007 | .932 | 3.321 | 239 | .001 | .3832 | .1154 |
| | Equal variances not assumed | | | 3.322 | 235.464 | .001 | .3832 | .1154 |
| Effective reservation tool | Equal variances assumed | .005 | .941 | .859 | 207 | .392 | .1059 | .1233 |
| | Equal variances not assumed | | | .854 | 167.550 | .394 | .1059 | .1240 |
| Effective promotion tool | Equal variances assumed | .102 | .749 | 2.898 | 239 | .004 | .3567 | .1231 |
| | Equal variances not assumed | | | 2.880 | 227.778 | .004 | .3567 | .1238 |

Independent Samples Test

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | |
|--|------|---|------|------------------------------|-----|-----------------|-----------------|-----------------------|
| | | F | Sig. | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference |
| Regular updating | EVA | 2.417 | .122 | .466 | 206 | .642 | 4.375E-02 | 9.387E-02 |
| | EVNA | | | .499 | 200 | .618 | 4.375E-02 | 8.759E-02 |
| Repeat visit of Customer | EVA | .203 | .653 | 2.337 | 206 | .020 | .2828 | .1210 |
| | EVNA | | | 2.427 | 187 | .016 | .2828 | .1165 |
| Appearance of web site | EVA | .699 | .404 | -.254 | 206 | .800 | -2.9687E-02 | .1170 |
| | EVNA | | | -.261 | 183 | .794 | -2.9687E-02 | .1137 |
| Providing useful information | EVA | 13.215 | .000 | 1.757 | 206 | .080 | .1469 | 8.359E-02 |
| | EVNA | | | 1.953 | 205 | .052 | .1469 | 7.519E-02 |
| Interactivity with customer | EVA | .315 | .575 | .995 | 206 | .321 | .1031 | .1036 |
| | EVNA | | | 1.004 | 172 | .317 | .1031 | .1027 |
| Web design fits the marketing Purpose | EVA | 2.321 | .129 | .752 | 204 | .453 | 7.392E-02 | 9.826E-02 |
| | EVNA | | | .791 | 187 | .430 | 7.392E-02 | 9.351E-02 |
| Promoting web site through off-line channel | EVA | 1.110 | .293 | 1.875 | 203 | .062 | .2156 | .1150 |
| | EVNA | | | 1.901 | 173 | .059 | .2156 | .1134 |
| Provision of value-added info or service | EVA | .096 | .757 | -.449 | 204 | .654 | -5.1883E-02 | .1155 |
| | EVNA | | | -.447 | 160 | .655 | -5.1883E-02 | .1160 |
| Developing a relationship and building loyalty with customer | EVA | 1.912 | .168 | 1.841 | 205 | .067 | .2246 | .1220 |
| | EVNA | | | 1.957 | 195 | .052 | .2246 | .1148 |
| Clear navigation paths | EVA | 4.161 | .043 | 1.304 | 206 | .194 | .1234 | 9.470E-02 |
| | EVNA | | | 1.388 | 198 | .167 | .1234 | 8.891E-02 |
| Joy of use | EVA | 42.353 | .000 | -4.645 | 205 | .000 | -.7277 | .1567 |
| | EVNA | | | -4.178 | 115 | .000 | -.7277 | .1742 |
| Content (information) | EVA | 14.843 | .000 | 2.474 | 203 | .014 | .2483 | .1004 |
| | EVNA | | | 2.667 | 199 | .008 | .2483 | 9.310E-02 |
| Relationship with customers | EVA | 63.340 | .000 | -4.564 | 205 | .000 | -.6806 | .1491 |
| | EVNA | | | -4.004 | 106 | .063 | -.6806 | .1700 |
| Design & Creativity | EVA | .733 | .393 | -2.310 | 203 | .022 | -.7505 | .3249 |
| | EVNA | | | -2.677 | 190 | .008 | -.7505 | .2803 |
| Ease of Use | EVA | 11.421 | .001 | -4.758 | 205 | .000 | -.6246 | .1313 |
| | EVNA | | | -4.502 | 137 | .000 | -.6246 | .1387 |