# EM — Elektronische Märkte / Electronic Markets

Dear Readers,

Tourism has been among the pioneers to apply inter-organisational systems successfully on a large scale. The worldwide operating computer reservation systems are probably the best known and best described electronic markets. They have completely restructured the distribution channels and the way the whole industry competes. Indeed, it is not only the major airlines that have benefited but also the small enterprises: tour operators, travel agencies, local tourism organisations and others have been provided with an instrument that allows them to streamline their processes and offer their services to a worldwide audience of potential customers. The thriving touristic sites on the Web underline that there is no other medium today affording comparable efficiency and flexibility.

What is the role of the Internet in this industry and how does it compare to the 'traditional' reservation systems? What are the developments and opportunities? These are topics we are covering in this issue of EM-Electronic Markets. In putting this edition together we have had valuable support from our guest-editor Karsten Kärcher from the University of Strathclyde in Glasgow. Karsten is just about to finish his Ph.D. on electronic commerce in the package holiday business and will be one of our editors covering developments in tourism in the new concept of EM-Electronic Markets.

With the help of your questionnaires we have developed a new image for our journal by adopting a more professional design and layout. We highly appreciate your feedback and hope you will enjoy reading our present issue of EM-Electronic Markets.

Sincerely
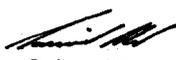
Rainer Alt   Stefan Zbornik

Editors

Enhancing the Competitiveness of Small and Medium-sized Tourism Enterprises

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

As a large number of SMTEs are involved in the delivery of tourism products and services, they formulate value-added networks and originate an amalgam of

* by Dr. Dimitrios Buhalis
University of Westminster

independently produced elements which effectively constitute tourists' total experience of the destination. However, due to their vulnerability, deficient marketing and management functions, and dependence upon distribution channel partners they also tend to jeopardise the benefits of tourism activity for destinations and host communities. Nevertheless, the prosperity of destinations and SMTEs are closely interrelated, as the fortune of the one heavily depends upon the management and competitiveness of the other [4].

This article elaborates on some of the major strategic weaknesses faced by SMTEs, based on strategic analysis undertaken for the SMTEs in the Aegean Islands, Greece [20]. It suggests that SMTEs should coordinate their offering; enhance their competitiveness and achieve a higher tourist satisfaction in order to be able to maximise their profitability in the long term. Technology provides unprecedented opportunities for the coordination of SMTEs at the local level; enables SMTEs to provide a seamless tourism product in order to enrich the total customer satisfaction; enhances business efficiency; and empowers organisations with economies of scope. In this sense Destination Integrated Computer Information Reservation Management Systems (DICIRMSs) are proposed as a strategic tool for SMTEs' cooperation towards achieving maximisation of consumer satisfaction; enhancing the competitiveness and profitability of destinations and

SMTEs; as well as developing destinations and local areas sustainably and ensuring prosperity of local population.

Small and Medium-sized Enterprises

Classifying enterprises into different size categories is an uneasy task. Both quantitative and qualitative classifications can be utilised. As far as quantitative criteria are concerned, the European Community adopted a new definition of small and medium-sized enterprises in 1996 which determines the following criteria: a) the number of employees is limited to fewer than 250, b) it must be independent (it may not belong to a large company) c) the turnover must be less than 40 million ECU and d) the balance sheet total less than ECU 27 million. It was also specified that small enterprises have a staff of fewer than 50 and very small enterprises fewer than 10. When hotels are classified, the number of beds criterion can be applied. Most authors seem to agree that accommodation establishments with less than 50 rooms as well as hotels and travel agencies employing less than 10 people are small [17]. In addition, a wide range of qualitative criteria can be used, such as the organisational structure; participation in hotel consortia or chains; turnover; responsibility distribution in decision making; financial strength; operational procedures; recruitment and training practices; decision making process; entrepreneurial involvement and control; integration level; family participation in running the organisation; internationalisation of operation; marketing functions and managerial experience [18]. Based on both quantitative and qualitative criteria, it is evident that the vast majority of tourism enterprises around the globe can be classified as SMTEs.