BOOK REVIEW

KARSTEN KÄRCHER*: REINVENTING THE PACKAGE HOLIDAY BUSINESS – NEW INFORMATION AND COMMUNICATION TECHNOLOGIES

WITH A FOREWORD BY PROF. DR. BEAT SCHMID

kka. Tour operators and travel agents are threatened with disintermediation in the travel and tourism industry, especially as a consequence of altered customer demand, electronic markets and new information and communication technologies which foster direct bookings. In this book, however, it is argued that major European tour operators are reinventing their business activities to adapt to these changes and to secure their strategic position in the package holiday business. These tour operators are in particular developing and implementing new information and communication technology strategies to support both their production and distribution of holiday packages and, moreover, to enable them to automatically assemble and market individually tailored holidays.

The following main system strategies of tour operators, classified according to the type of contractual relationships of the organisations involved, were found and investigated:

- Core business relationships: Tour operators are developing and implementing more flexible tour operator systems with regards to data storage, retrieval and processing
- Ownership relationships: Tour operator groups are developing and implementing corporate tour operator networks, linking offices and subsidiaries worldwide, as well as improving inhouse data display
- Co-operative trading relationships: Tour operator partnerships are forming joint initiatives for the creation of sector-wide and industry-wide electronic communication standards
- Competitive trading relationships: In the tour operator sector, on-line program-to-program links between tour operator systems and other information, communication, reservation and booking systems are being developed and implemented, and external data display is being improved
- General trading relationships: In the travel and tourism industry, on-line program-to-program links between tour operator systems and new destination information, reservation and booking systems are being developed and implemented

The main reasons for these tour operator system strategies are discussed, as are their main consequences for tour operators and other organisations in the package holiday business, such as:

- Low cost
- Increased product range / product innovation / in-house diversification into existing and new product markets, including developments in the package holiday, independent and business travel sectors
- Horizontal integration (and external diversification within the package holiday business), including developments in the outgoing and incoming tour operator sectors
- Forward vertical co-operation with travel agents
- Forward vertical co-operation with customers
- Strengthening of the horizontal position in the business / reduced competition
- Strengthening of the vertical position in the business / reduction of the threat of disintermediation

More general developments in the airline sector, accommodation sector, and tour operator and travel agent sectors as a result of the tour operator strategies are also outlined.

Data to support these arguments was gained from an extensive empirical survey in Britain and Germany. A total of 44 tour operators were interviewed in Britain and Germany, which controlled over 65% of their respective national market shares. The interviewed tour operators also included ten of the top twelve European tour operator groups. In addition, leading tour operator associations and charter airlines were interviewed. Most of the data gained is tabulated for easy reference. This research provides a detailed insight into the tour operator sector, particularly in Britain and Germany, thus contributing to research in the travel and tourism industry.

Moreover, a theoretical framework is developed and proposed, largely based on industrial organisation and new institutional economics literature. The application of this framework for the study of the package holiday business contributes to travel and tourism research, and provides a useful methodology for the study of an entire sector or industry.

REFERENCE

DUV - Deutscher Universitäts-Verlag (Gabler - Vieweg - Westdeutscher Verlag) 1997. XVII, 352 pp., 29 fig., 93 tab. Softcover DM 118.-/ÖS 861.-/SFr 105.- ISBN 3-8244-0338-2

* *Dr. Karsten Kärcher (Karsten_Karcher@compuserve.com) is Account Director for Travel at Imminus Limited, Peterborough, England. Previously he was with the Department of Management Science, University of Strathclyde, Glasgow, Scotland.*