

RE-ENGINEERING TRAVEL AGENCIES WITH THE WORLD WIDE WEB

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INTRODUCTION

Both tourism and Web based Electronic Commerce are growing and changing rapidly. The gross output of travel and tourism was estimated at \$US3.4 trillion and is expected to double by 2005 (Dietrich, Snowdon, & Washam 1997). The World Wide Web (WWW) is also growing at a rapid rate. Latest estimates of Internet users are around the 120 million level (Nua Internet Surveys 1998a).

The WWW coupled with business process re-Engineering (BPR) have the potential to radically change the nature of the travel agents' business by providing on-line booking for customers twenty four hours a day, information and graphics on demand, and the facility for agents to access a wider variety of information sources and bargains.

Our survey of travel agencies in Western Australia found that a large percentage were either not using the WWW or had no plans to do so. Those that used the WWW had introduced the technology without much planning, especially at enterprise level. The future for many travel agents is under threat because of competition from on-line travel agents and from customers using the Internet to book travel arrangements in a d-i-y manner.

WEB TECHNOLOGY AND TRAVEL AGENTS

The Internet has tremendous potential for creating business opportunities for travel agents in Australia. A report by Data-monitor, "Consumer On-line Shopping", predicts that travel will be the largest on-line product by 2002 (Nua Internet Surveys 1998b). They expect that the travel industry will account for 35% of all on-line sales by the year 2002. If this is correct there is huge potential for travel agencies to increase their business via the WWW. There are various aspects of elec-

tronic commerce that can be exploited by travel agents. Some of these are listed below.

- 1) Using the Internet to build customer relationships - by having customers interact directly with the web site.
- 2) Gathering information from customers and potential customers to create customer profiles which can be used in marketing and product development.
- 3) Information partnerships - cooperation between organisations to provide a better service to the customer.
- 4) Transactions - selling of products and services.
- 5) Specialised information provision according to the profile of the user.
- 6) Information and products that can be down-loaded by the user.

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The opportunities provided by the WWW, coupled with business process re-engineering (Davenport 1993), have the potential to radically change the nature of the travel industry. Airline companies have already started to market their airline seats directly to the consumer via the WWW, in some cases allowing bids to be made for spare seats. On-line, large scale travel agents have started up (Yahoo Travel 1998). Some believe that as many as 20% of travel agents will go out of business within the next three to four years, due to the growth of large on-line travel agents (Reinders & Baker 1997) and the customers' ability to transact directly with airlines, hotels and tour operators. Given the potential of the WWW in travel agencies, it is suggested that they should take an enterprise wide approach in utilising Web technology, focusing on the potential of business process re-engineering.

Business process re-engineering (BPR) looks at enterprise processes that cut across business units. BPR is about identifying, and modelling business processes and changing existing systems to support those processes. There are many facets to re-engineering, although one trend is towards using newer technologies to support new ways of working (Hawryszkiewicz 1997; Sia, Tan, Teo & Wei 1997).

Although traditional travel agents are facing greater competition from on-line travel agents, the WWW provides opportunities. The agent is now able to source travel and accommodation information, amongst other things, via the WWW. Customers of the travel agents also have the potential to interact with the agency in a more flexible way by accessing the agent's web site anytime.

RESEARCH METHODOLOGY

Travel agents from the Perth Metropolitan area were randomly selected from a directory (Traveltalk 1997). The managers of the travel agencies were then interviewed on the telephone. Third year undergraduate students were paid \$20 per hour to conduct the interviews after be-

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ing given some initial training and background information about the research. The interviews took between fifteen and twenty minutes to complete on average. Those who were too busy to complete the survey when initially telephoned were contacted later at a pre-arranged time. The telephone calls were made from University premises over a two week period during July, 1998. The research used for this paper is based upon useable responses from seventy-one travel agents in Western Australia.

CHARACTERISTICS OF THE SAMPLE

The travel agents that completed the survey had the following profile:

- ◆ Number of Employees - 44% had either 3 or 4 employees, 12% had 5 or 6, 7% had 1 or 2, 5% had 7 to 10, 3% had more than 10 employees.
- ◆ Turnover per annum - 45 % had a turnover between A\$1-2 million, and none had a turnover greater than A\$10 million.
- ◆ Type of Business - 56% were independent agents, the rest were franchises or members of consortia, with only 2% being part of a chain. 98% therefore were in a position to plan and implement their own technology decisions.
- ◆ Type of customer - the average amount of business for the leisure market was 65% and 35% for the corporate market.

RESULTS OF STUDY

The results of the study show that although over 50% use electronic mail, almost 60% do not use the WWW to search for information or provide a Web site for their customers and have no immediate plans to do so (table 1).

Those that use the WWW typically use it to retrieve information on hotels, locations, fare and timetable. Few perform transactions at other sites such as bookings or payments. Those agents that have a Web site use the site primarily to provide information to the customers or potential customers. Although some agents have established formal and informal links

	Electronic mail (e-mail) as part of a WWW browser or separate email package. (%)	Electronic file transfer - sending computer files and documents (e.g. by ftp or attachments with email) (%)	World Wide Web Browser (to search for and read documents) (%)	World Wide Web Server (to make information available) (%)
Now	54	12	24	24
Soon (within 6 months)	8	18	14	12
Within 7-12 months	6	2	2	4
Long term (within 12-24 months)	0	2	2	2
No plans at present	32	66	58	58

Table 1 Use of Email and Web technology

None (never considered it)	Minimal (Have considered it but done next to nothing)	Piecemeal Ad-hoc (Have made a start but done no planning)	Modular (Have done planning on a function by function basis)	Enterprise wide (a thorough plan of how WWW will influence business)
44	20	16	12	8

Table 2 Planning Approach to use of WWW (%)

	Has any Feasibility Study (CBA) been conducted for use exploitation of WWW.	Is there a strategic plan for the organisation?	Has WWW Electronic Commerce been identified as part of the strategic plan?
No	82	50	80
Yes	18	50	20

Table 3: Perception of significance of the WWW (%)

to other sites, their sites rarely allow customers to perform bookings and other transactions, download brochures and gather information about customers. In this respect a restricted set of electronic commerce features are implemented.

As many as 44% of agents in the survey have never considered using the WWW

(table 2). Only 8% classed their approach as an enterprise wide examination of the business processes. The other 48% took either a modular approach or have done very little planning at all. The lack of planning is confirmed by the absence of strategic plans which incorporate the WWW and the lack of cost benefit analyses on the benefits of the WWW.

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No Benefits	Very Little	Moderate	Significant	Very Significant
26	12	24	12	26

Tabel 4 Perceived benefits of using the WWW (%)

Thirty eight percent of agencies are currently using or will adopt Web technology in the next six months, but only 8% did anything resembling enterprise wide planning. Indeed, only 50% had a strategic plan, and only 20% of those had considered electronic commerce as part of it (table 3). Only 18% in total conducted any sort of feasibility study including a cost benefit analysis on the potential benefits of Web technology.

On the whole, it appears that travel agents are unconvinced by the benefits that can be derived by using the WWW (Table 4).

To assess if travel agents performed BPR the data was examined from those that had or were about to adopt Web technology according to the criteria put forward by Hall, Rosenthal and Wade (1993) (table 5). It can be seen that the agents are rarely doing BPR even though many of them realise that the WWW will have a significant impact on the travel agency business.

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In nearly all cases the driving force behind the adoption of the WWW was the owner manager of the travel agency. Only one agency took on new staff to deal with the transition of working with the WWW. Lack of adequate training was the most frequently stated problem in relation to using the WWW. Others included perceived operating costs, integration of WWW with other applications and a need for the re-engineering of business processes.

The forecast that high street retail travel agents will be reduced by 15% to 20% over the next few years seems a conservative estimate if we look at the implications of this study. With the growth of large online travel agents (www.travel.yahoo.com.au) the customer will have access to a do-it-yourself option. For example Yahoo's site has a choice of 50,000 fares to 400 locations, 40,000 hotels and many car rental firms, all of which can be booked and paid for from a PC.

There are several key issues related to this prediction. Travel agents are not planning on an enterprise wide basis. They have neither the skills nor the knowledge to consider business process re-engineering; a concept that many large organisations

Characteristics of BPR (Hall, Rosenthal, Wade 1993)	Level of Support For Proposition	Comments
A radical level of change	Low	Very few of the agents viewed the adoption of the WWW as a radical amount of change. This can be seen by the small percentage that actually performed enterprise wide planning.
A clean slate approach should be adopted as a starting point	Low	Only 8% of agents actually took this perspective. They chose to view the potential adoption of the Web technology as an ad-on to their existing systems rather than something that required a radical re-think of the organisational processes.
It involves a great amount of time	Low	Time was never given as one of the obstacles to implementing the Web technology. Indeed, it appeared that travel agents viewed the adoption of the technology as something that was relatively quick to perform.
Top down participation is needed for success	High	For all those that have investigated the adoption of the WWW (whether or not they decided to proceed with it) the initial idea came from top management.
It involves a great amount of risk	Low	Risk was not put forward as a major deterrent or obstacle in the adoption of Web technology.
The major driver of change is information technology	High	Clearly, the driving force for Web technology adoption is information technology based.
The change involves both cultural and structural change	Low	Only two percent of agencies employed extra staff as part of the process of Web adoption. None of the agencies gave any additional incentives to staff, such as extra pay, in cases where the WWW was being used. Very few of those that used the WWW had undergone a systematic training programme

Table 5 A Comparison of Planning Processes in Travel Agents With Characteristics of BPR (Hall, Rosenthal, Wade 1993)

are struggling to cope with (let alone small businesses). The initiator of the idea to examine the WWW usually comes from the owner-manager in the case of independent travel agents. This means that if the owner doesn't have skills or knowledge in re-structuring then it is unlikely to happen. Consequently a lot of potential for travel agents is never realised.

DISCUSSION

This study of Web Technology diffusion in travel agents highlights several significant issues. Web technology has the potential to transform how agencies do business with their customers and suppliers. Travel agents have enough threats as a business sector from on-line agencies to take both the technology and the planning of its introduction seriously. The actual results of the survey are perhaps very surprising when viewed in this light. Travel agents have not whole-heartedly embraced the WWW. This can be seen from the Web adoption rates, uses of the Web, and the perceived levels of benefits. Travel agents appear to be doing little planning in relation to the WWW and very little of what could be classed as BPR. The reasons for this are partly due to the fact that most agencies are small businesses run by an owner manager. The impetus for any sort of BPR would have to come from this person.

In many cases the shift to using the WWW is done in a bottom-up fashion by the travel agency. That is, the PC is purchased, the Internet service provider is decided upon, the browser is chosen. This is done independently of any planning that may, and more usually may not, happen in the organisation. It is little wonder that those that do use the WWW realise only a small part of the electronic commerce possibilities that are available. In a sense, the introduction of WWW facilities into travel agents has many parallels to the widespread introduction of microcomputers in business (small and large) in the early eighties. It was often done without proper planning and resulted in under use, and subsequent poor rates of return on the investment.

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Reinders and Baker (1997) provide some optimism for agencies with staff who can navigate better through the electronic market place and find better deals on flights and hotels for example, than the do-it-yourself netsurfer. They believe this type of agency will still attract customers. This may be so, but the traditional retail travel agency will come under increasing pressure to re-engineer through the use of Web technology.

Travel agents need to develop a vision and strategy for their on-line presence. Firstly, they need to realise that they are in the information business rather than a reservation and booking business. This would change the emphasis of their business to providing a better customer service. They

could provide tourist destination information, travel related information on matters such as visas, climate, and currency, as well as information about the packages and flights they offer. This could be done through a well maintained site that has a large number of links to other sites. In this way the travel agency could provide a rich information resource for the customer without having the burden of setting up and maintaining all the information related to various destinations.

Another option for travel agents to cope with the threat from the large virtual on-line agents, is to specialise in certain niche markets and become experts in an area. For example, a travel agency could specialise in certain activities such as windsurfing, scuba diving, skiing or budget holidays. An agency could specialise in certain countries or regions and then build up expertise in the area. This could, if done well, enable them to compete because of service. A well designed Web strategy could provide a wealth of information to potential customers.

CONCLUSIONS

From the results of the survey it can be seen that many of the benefits of electronic commerce via the WWW are not being realised. The danger is that many travel agencies will not get a second chance to re-engineer as large on-line agents develop and more customers become Web wise and prefer to by-pass the agents.