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The Internet as an Empowering Agent for Small, Medium and Micro Tourism Enterprises in Poor Countries

Information is critical to tourism vast value chain and now, than ever before, the Internet is becoming the center of tourism information systems. The paper summarises evidence of how some of the Internet services are empowering small, medium and micro tourist enterprises (SMMTEs) in poor countries through disintermediation. Using some of the results of a study on the state of electronic tourism in Tanzania, the paper reveals that the majority of SMMTEs are already employing some of the Internet services to directly communicate with customers from the source markets and conduct their business successfully despite the known digital divide limitations.

Keywords: Internet, electronic tourism, Tanzania, SMMTEs

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Introduction

Tourism is a leading source of economic growth, foreign exchange earnings, investments, and job creation in many poor countries (WTO, 2004). In Tanzania, for example, tourism contributes about 16% of the GDP and about 25% of the foreign exchange (Kweka, 2003). Thus, if equitably developed, tourism can be a good source of wealth and a platform to transform the vicious cycles of misery into virtuous cycles of economic growth (UNCTAD, 2004; WTO, 2004).

Tourism as an Information Intensive Industry

Information has been dubbed “the life-blood” of the tourism industry (Sheldon, 1997; 2002). Communication and information technologies (ICTs) are thus indispensable to this industry (Buhalis, 2003 and Sheldon, 2002). The interaction of tourism and ICTs in a process of digitalization of tourism business processes has created electronic tourism (eTourism) as a new field of knowledge (Gratzer, Winiwarer, and Werthner, 2003). E-tourism has been hastened by the rapid development of the Internet, particularly, the World Wide Web. The Internet has significantly changed tourism and travel, making tourism and travel the largest on-line industry. This is due to the fact that nearly all information systems in industry are converging to the Internet (Buhalis & Diemezi, 2003).

The web has opened up new opportunities for large, small, medium and micro tourism enterprises (SMTEs) to engage in electronic commerce (UNCTAD, 2003). Since the Internet is the platform of e-commerce, UNCTAD (*ibid*) suggests that tourism is the industry “perfect fit for e-commerce” in poor nations, both because it is “very information intensive” and “consumers come from mostly developed countries with modern ICTs and financial infrastructures”. For

example, the major tourist source markets for Tanzania are Western Europe and US (URT, 2004; Wade, Mwasaga, and Eagles, 2001). The Internet is thus an appropriate marketing channel for SMMTEs which dominate tourism industry not only in Tanzania but also elsewhere. In the European Union (EU), for example, SMMTEs represent 99% of business (EC, 2004). In addition, tourism in EU leads other sectors (textile, ICTs services,) in making online sales (EC, *ibid*). This demonstrates the fact that tourism is indeed a “killer application” for e-commerce (UNCTAD, 2003), which has enabled it to be more innovative in its business processes.

eTourism Among SMMTEs in Tanzania

E-commerce which includes eTourism, develops in stages (Moodley, 2002). The stages demonstrate, however, that e-commerce is more evolutionary than revolutionary since lower stages involve relatively simpler technologies. Technologies at lower stages in e-commerce include e-mail communication and posting static websites on the web. On the other hand, higher stages comprise more sophisticated technologies such as on-line payment and integrating most of business processes and logistics using Internet technologies (Moodley, *ibid*).

Tanzania is endowed with a numerous tourist attractions such as Mount Kilimanjaro, Ngorongoro Crater, the Serengeti and Zanzibar. Most of the international tourists come in Tanzania to visit these attractions (URT, 2004). As pointed above, SMMTEs dominate the industry in Tanzania. The paper is summarizing the results from a questionnaire survey by the author among various SMMTEs in cities of Dar es Salaam, Moshi, Arusha, and Zanzibar on the state of eTourism in Tanzania. According to URT (2003), SMMTEs are firms that employ from

1 to 49 employees. The survey included 119 SMMTEs (61 tour operators, 33 travel agents and 25 hospitality providing tourist businesses. The survey results are briefly presented below.

Internet Access

As depicted by Table 1, almost all SMMTEs survey had Internet connections in their offices. Close to all travel agents (TAs) had Internet access (which is expected) since TAs rely on being connected to CRS/GDS. Thus, Internet connection becomes relatively easy due to the ownership of computers required for CRS/GDS. Equally, both tour operators and hospitality providing SMMTEs have a high Internet access but hospitality providing firms on relatively low lower level. Access to the Internet provides opportunities for SMMTEs to access the information on the web as well as sending and receiving e-mails and electronic documents which form significant business communication means with customers.

Table 1: Internet Access by SMMTEs in Tanzania

Type of SMMTEs Business	Internet Access (%)	
	No	Yes
Travel Agent	2.5	97.5
Tour Operator	3.8	96.2
Hospitality	23.2	76.8

Source: Own Survey, 2004

Web Presence

As shown in Table 2, more than two thirds of the surveyed SMMTEs have functional websites. Tour operators have the highest website ownership. Since local tour operators (TOs) rely on customers from out of the country, particularly from the developed countries, close to 90% have working websites and about 8% have websites under construction. According to tour operator respondents, not owning a functioning website is tantamount to being out of business. This is because the web has drastically changed the way tourists from developed countries plan their

travels. The web has empowered incoming tourists to seek information and contact the tour operator using e-mails and conclude arrival arrangements before departing to most destinations.

Table 2: Ownership of Websites

Type of Business	Ownership of Website (%)		
	No	Yes	Under Construction
Travel Agent	33.3	66.7	
Tour Operator	3.8	88.5	7.7
Hospitality	23.1	69.2	7.7

Source: Own Survey, 2004

Frequency of Use of e-Mail in Business Communication

As discussed above, business communication through electronic mail (e-mail) has become an important means of communication. E-mail seems to be the most used Internet service (other services included in the questionnaire were file transfer protocol, telnet, World Wide Web and wireless application protocol). Most of the surveyed SMMTEs affirmed the importance of e-mails in their business communication. E-mail communication has reduced operation costs and speeded up business processes. In terms of the latter aspect, e-mail has enabled the SMMTEs to handle considerably more business enquires in a day than before the onset of e-mail services. Table 3 shows the importance of e-mail in SMMTEs business communication. The TA's frequency of using e-mail on the daily basis is more than 80% while almost all TOs (96.3%) and close to a half (52%) of hospitality providers use e-mails in the business communication on daily basis and 24% on weekly basis. However, close to a quarter of hospitality providing firms did not use e-mails in their business communication.

Table 3: Frequency of use of e-mails in Business Communication

Type of SMTEs Business	Frequency of Use of E-mail (%)	
	Weekly	Almost daily
Travel Agent	16.7	83.3
Tour Operator	3.8	96.2
Hospitality	24	52

Source: Own Survey, 2004

Impact of Internet on Business

Even though the SMMTEs in the survey had static websites, the majority (see Table 4) concluded that the Internet had a significant positive impact on their businesses. Very few TOs (7.7%) indicated that the Internet had negatively affected their business. An in-depth interview with these TOs revealed that they had lost the market share they used to enjoy before the explosion of Internet services (web and e-mail). Internet technologies had somehow reduced entry costs in the business, thereby increasing competition.

Table 4: Impact of Internet on Business

Type of SMTEs Business	Internet Impact on Business (%)			
	No Effect	Significant Positive	Negative	Little Positive Effect
Travel Agent		66.7		33.3
Tour Operator	3.8	84.6	7.7	3.8
Hospitality		84.6		15.4

Source: Own Survey, 2004

Conclusion

The results of the study on the state of eTourism among SMMTEs in Tanzania have demonstrated that the majority of SMMTEs have reached stage two of eTourism development by owning functional websites. E-Tourism has enabled tour operators whose business depends almost solely on customers from the developed world to enjoy disintermediation by directly communicating with their customers. Although poor countries such as Tanzania still face several

challenges in attaining higher levels of eTourism stages three and above as per Moodley (2002), some SMMTEs in poor countries have already started being empowered by the Internet through disintermediation.

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