The Need for an E-Commerce Platform for India: A Study on Perception of Operators and Perspective Tourists

Jitendra Mohan Mishra[*]

Abstract

Tourism and technology are synonymous with each other. There is no operation in the tourism industry which so far has not been technologically driven. The Ministry of Tourism (MoT), Government of India launched an e-commerce platform on July 25, 2007 in collaboration with Eviivo, a UK based online solution provider. This allowed domestic and international tourists to access information and book facilities online. The existence of a search engine on the home page of incredibleindia.org facilitated information search and upon selection, online booking facilities helped customers to book accommodation facilities. However, various tourism associations opposed the move of the MoT, Govt. of India. The associations, under the banner of a joint action group, demanded withdrawal of the e-commerce platform and cancellation of the appointment of Eviivo, UK. Subsequently, the government withdrew the decision owing to the pressure of the associations. As a result, the incredibleindia.org site at present does not have any flash banner for online booking. However, any such decisions of withdrawal or approval should be based on some survey and research. In this regard, in the present article the perception of operators as well as perspective tourists have been studied. The samples of operators and tourists in the

[*] Assistant Professor, Department of Tourism Studies, School of Management, Pondicherry University, R. V. Nagar, Kalapet, Puducherry 605014, jitendra.dts@pondiuni.edu.in, jitenban@gmail.com

Union Territory of Puducherry were selected as per the convenience of the researcher. The data collected through structured questionnaire were compared based on the Student's T-test. The findings present the existence of significant difference between the operators and perspective tourists on the issues related to information search and property management solutions whereas there is no difference of perception of tourists as well as operators on issues such as online booking and payment gateway services, online market place for buyers and sellers and online marketing. Thus, the samples in Puducherry seem to have supported the move to have an e-commerce platform of the entire country as opposed to the move of their associations at national level. The findings have been substantiated with the related literature in the field.

Keywords: E-commerce, tourism platform, online booking, perspective tourists, operators and perception study.

Introduction

The exponential growth of information technology has reshaped every sphere of life including travel and tourism. As per a recent report there are 81 million internet users in India placing India at the 4th position globally as far as the number of internet users is concerned. This number is expected to increase triply to 237 million by 2015 (*The Economic Times* 2010). Recent survey placed tourism related shopping (airlines ticket and reservation 35%, tours and hotel reservation 30%, event tickets 18%) at the top of online purchase list of Indians (Neilsen, 2010). Amongst tourism and travel sites, Indian Railways Catering and Tourism Corporations (irctc.co.in) is found to be most visited website followed by Yatra.com, makemytrip.com, cleartrip.com and expedia.com (Source: broadbandindia.com). Thus, Tourism and technology are synonymous with each other. There is no operation in the tourism industry which so far has not been technologically driven. However, a common e-commerce platform in line of UK and many European nations is still a far cry in India. The Ministry of Tourism, Government of India launched an e-commerce platform on July 25, 2007 in collaboration with Eviivo, a UK based online solution

provider. This allowed domestic and international tourists to access information and book facilities online. The existence of a search engine on the home page of incredibleindia.org facilitated information search and upon selection, online booking facilities helped customers to book accommodation facilities. However various tourism associations like Indian Association of Tour Operators (IATO), Travel Agents Association of India (TAAI), Travel Agents Federation of India (TAFI), Association of Domestic Tour Operators of India (ADTOI), Adventure Tour Operators Association of India (ATOAI), and Indian Tourist Transporters Association (ITTA) opposed the move of the Union Tourism Ministry. The associations observed that this move of the government would threaten the livelihood of over 2, 00, 000 stake holders. The associations, under the banner of a joint action group, demanded withdrawal of the e-commerce platform and cancellation of the appointment of Eviivo, UK. The government withdrew the decision owing to the pressure of the associations. Subsequently, the incredibleindia.org site at present does not have any flash banner for online booking. However, the dead link from incredible.org to http://in-search.eviivo.com/incredibleindia/ as on date (2011-06-30) has not been removed. However, the issue that lies here is any such decision in this regard should be taken on the basis of a thorough study of perception of not only the operators being involved but by also involving the common tourists who actually travel. The perception of common traveller is important as freedom of travel is a fundamental right and the Government has the responsibility to facilitate travel for citizens of the country.

Service Providers in Puducherry

Unfazed by the economic slowdown, Puducherry has recorded a steady flow of domestic and foreign tourists. According to the Tourism Department, Govt. of Puducherry, there are at present 124 hotels in various categories. This includes eight star hotels, five beach resorts, six heritage hotels, 25 mid-range hotels and 76 budget-class hotels. A heritage hotel has already come up. Further there are twenty two intermediaries including ten IATA approved and other twelve non-IATA travel agents having office and operation in the territory.

In recent times premier hotel chains such as Ginger hotels (TATA group), GRT Grand and Club Mahindra have started their operations in the Union Territory. Other hotel chains such as ITC Welcome Group and Residency have started constructing their hotels. Thus a total of twenty new properties with more than five hundred rooms have come up to the steady growing tourism market of Puducherry. Local stand alone properties owing to the competition from the hotel chains have tied up with international chains such as Hotel Atithi's tie-up with Sri Lankan Aitken Spence. Hoteliers believe that the absence of basic civic amenities such as roads and a proper mechanism in place, the long term growth of tourism in the tiny town may be in jeopardy (Hindu 2009). As a last resort, hoteliers' association appealed to the government in the Union Territory for making Puducherry a sustainable destination. However in the absence of an association for local travel agents and tour operators or probably for lack of recognition of the problem, small scale intermediaries could not raise the issue in front of the local government for protection of their interest in view of the entry of MNCs and on-line travel agents in the market.

Eviivo and the Indian Market Scenario

The UK based Eviivo company was started in the year 2005. Over the years the company has developed a strong network of partnerships with public as well as private organizations. Eviivo through its Front desk brand has around 4000 small and individual properties subscribing to services of Eviivo for property management and online sales in the UK. National and regional tourism organizations such as Visit Britain, Visit London, The AA, One North East Tourism and South West Tourism have partnered with the Eviivo for promoting and supporting local tourism. Popular tourist receiving countries such as the European nations, USA, Australia and New Zealand have some form of booking platforms for the entire country. In Australia, Eviivo started operations in the year 2005. Currently the e-commerce platform supports about 900 businesses. Eviivo extended its operations into New Zealand under the brand Tourism Exchange NZ, in the year 2008. The same year, eviivo tied up with Indian Yatra Online Private ltd. and established Intech Hotel Solutions for local travel agents. Thus the company's product-line include preparing a

booking website for clients, providing online marketing and optimization of online presence to the clients, acting as a payment gateway for secured payments and supporting national tourism organizations in the information dissemination and other forms of online e-tourism activities at different levels. The company charges small subscription fees of INR 5000 in addition to a nominal transaction fees payable for each transaction that the agents make.

The national tourism open platform powered by the technology of Eviivo provides platform for the local entrepreneurs to compete with the leading hotel chains and online travel agencies. In the context of India too, online travel agents have recorded an unprecedented growth as compared to conventional travel agencies and tour operators. Whether the growth of such online travel agencies kills the business of local entrepreneurs nationally is a matter of research. However in a local market like Puducherry it is but obvious (Raghul, 2011) that traditional travel agencies and tourism operators have witnessed an average growth. However the market has seen the entry of online travel agencies like makemytrip.com and Yatra.com opening their own offices. SOTC and Thomas Cook too have opened their branches to support their online businesses. With the opening of properties of hotel chains such as GRT Grand, Ginger and Club Mahindra in Puducherry the entry and survival of local providers of varied accommodation services may become difficult.

Conceptualising the E-Commerce Platform

The Tourism and travel sector was the premier sector in the use of IT. The Global distribution System (GDS) developed in mid twentieth century is a good example of the use of IT in the tourism sector. As the global travel market place (Poon, 1993) of millions of buyers (travel agents, consolidators, corporate, and other intermediaries) and the sellers (hotels, airlines, car rentals, cruise liners, restaurants, event management organizations, rail companies, and other tour related service provider) the GDS provide a compatible atmosphere for the buyers and sellers to work together to exchange information and also provides travel services amongst themselves at different levels (Poon, 1988). Currently, the GDS companies which have been promoted and dominated by

major airlines are argued to be favouring the interests of the airlines and major intermediaries. Further higher subscription fees as compared to accrued benefit decrease the popularity of GDS companies amongst small and medium entrepreneurs. Another reason for emergence of e-commerce platform is obviously conglomeration and evolution in the IT sector. Propelled by such reasons e-commerce platforms are being developed by various countries to provide an all travel related solution not only to the buyers but also to the sellers specialising at local destination.

Organisation of information over the World Wide Web has been of great help to tourism planning. The effective organization of such information for tourists has always been a challenge (Werthner & Klein, 1999). The difficulty in providing correct and brief information has to overcome in order to be bridge the gap between the traveler and the service providers (Fesenmaier, Wober and Werthner, 2006). Growing popularity of people going out on a tour and the subsequent revolution in Information technology (IT) has given rise to a thorough research on the application of IT in the tourism and travel sector. Recent advancements in the semantic web, online tourism portals and search engines have become instant hit in the travel and tourism sector. (Berners-Lee, 1999; Xiang et al, 2007).

Structural properties of e-commerce platform are conceptualized based upon four different perspectives: 1) the industry perspective (Leiper, 1979; Smith, 1994), focusing upon the tourism supply chain; 2) the symbolic representation perspective (Cohen & Cooper 1986; Dann, 1997; Leiper, 1990), describing the representation of tourism products and related experience; 3) the travel behavior perspective, including activities and supporting services at different stages of travel experience; 4) the travel information search perspective, relating to the nature of information required for travel experience (Zheng Xiang et al, 2008). An ideal e-commerce platform thus should include all these facilities for enabling various providers, operators and tourists at different levels. From the above, the services expected from an e-commerce platform can be grouped under four titles for the present research such as: 1) Information search; 2) online booking by both the tourists and operators and payment gateway services; 3) Online

market place for buyers and sellers in line with the GDS's; 4)Property Management solutions in line with Hotel Distribution System (HDS) and GDS; 5) Online marketing of tourism services for customers from across the globe to reach out to the service providers.

Research Methodology

Objective and Data Collection

This research is to evaluate the perspective tourists expectations and also that of the operators of having an e-commerce services platform for the entire country. The e-commerce services are related to the following items: i) Information search, ii) Online booking services by tourists, iii) Payment gateway facilities, iv) online market place for buyers and sellers v) Property management solutions vi) online marketing for providers. The tourists' profiles are also compiled in this research.

In this research, interviews were conducted randomly with Indian perspective tourists (51) and operators (53), at locations, namely Puducherry and Auroville.

Data Analysis

Evaluation on the efficacy of e-commerce platform services is based on:-

i)   Mean Analysis

The measurement of the opinion of tourists is based on the mean analysis, i.e. the importance mean of all tourists as well as operators is based on a five point likert scale namely 1- very unimportant/ unnecessary, not so important/not necessary, Indifferent/ Undecided, important/ satisfactory, and very important/very satisfactory. If the mean value is between 4 and 5, this means that the tourists agree that the ecommerce platform is very much required where as if the mean value is between 1 and 2 it would be concluded as not necessary.

ii) Levene's independent sample t-test

The independent sample t-test is employed in this research in order to determine whether the difference of opinion between operators and tourists is significant or otherwise. For this purpose a research hypothesis is formed as follows:

H_0:   There is no significant difference between the opinion of operators and perspective tourists towards having an e-commerce platform for the entire country

Statistically, the research hypothesis is divided into the five hypotheses. Independent sample t-test is being conducted to test the following hypotheses:

H_{01} There is no significant differences of mean values between the perception of operators and perspective tourists towards having an e-commerce platform for information search.

H_{02} There is no significant differences of mean values between the perception of operators and perspective tourists towards having an e-commerce platform for online booking and payment gateway services.

H_{03} There is no significant differences of mean values between the perception of operators and perspective tourists towards having an e-commerce platform for establishing an online market place for buyers and sellers across the country

H_{04} There is no significant differences of mean values between the perception of operators and perspective tourists towards having an e-commerce platform for providing property management solutions to providers

H_{05} There is no significant differences of means between the perception of operators and perspective tourists towards having an e-commerce platform for online marketing of the providers services

In the event of non-existence of difference in the perspective tourists perception and that of operators towards having an e-commerce platform for the whole country, it means that the perspective tourists and operators are united in the belief that introduction of e-commerce platform would benefit the industry as well as facilitate the travel of tourists. This may arise because of the

failure to reject null hypothesis (if the p-value is more than α = 0.05). In the event of existence of significant difference between the two groups, it means that groups do not think inline with each other. The difference in opinion may be because of opposition to each others' view or may be due to difference in the level of importance that each group lays on a particular issue. This situation would arise when the hypotheses are rejected (if the p-value is less than α = 0.05).

Table 1: Mean differences between perspective tourists and operators

	n	%	Information search Mean	Information search SD	Online booking and Payment Gateway services Mean	Online booking and Payment Gateway services SD	Common Market place for buyers and sellers Mean	Common Market place for buyers and sellers SD	Property Management Services Mean	Property Management Services SD	Online Marketing Mean	Online Marketing SD
Perspective Tourists	51	49.0	4.00	.28	4.59	.57	4.47	.54	4.47	.54	4.69	.62
Operators	53	51.0	4.21	.57	4.51	.54	4.62	.49	4.64	.48	4.26	.56

Table 2: Independent Samples Test

	Levene's Test for Equality of Variances		Rejection of hypothesis	t-test for Equality of Means		
	F	Sig.		t	Df	Sig. (2-tailed)
Information Search	37.289	.000	Reject H_{01}	-2.348	102	.021
Online booking and Payment Gateway services	.002	.966	Can't reject H_{02}	.722	102	.472
Common Market place for buyers and sellers	3.726	.056	Can't reject H_{03}	-1.502	102	.136
Property Management Solutions	4.762	.031	Reject H_{04}	-1.697	102	.093
Online Marketing	.014	.907	Can't reject H_{05}	3.659	102	.000

Research Result

The discussion on result from the interviews will be in the following order: i) Profile of Perspective tourists and operators, ii) Importance and requirement analysis about having an e-commerce platform for India, iii) Differences of mean between perspective tourists and operators.

i.   Profile of perspective tourists and operators

Perspective tourist is being understood in the study as the one who has travelled as a tourist by using Internet for some related purpose. Operators are intermediaries or tourism service providers being involved in the business in the Union Territory. The Survey includes 51 Perspective tourists (49%) as compared to 53 operators (51%). From the age aspect, majority of them are in the age range of 21-30 years old (54.6%). This is followed by those in the age range of 31-40 years old (23.7%), 41-50 years old (14.7%) and 51-60 years old (4.2%). In terms of education, the respondents have high education level most of them being diploma/degree holders (76.4%), followed by high/secondary school   (21.2%) and primary/elementary school (2.4%) educated people.

ii.   Importance and requirement analysis about having an e-commerce platform for India.

Regarding the importance of information searches through an e-commerce platform both tourists (avg.4.00 & SD 0.28) and operators (avg. 4.21 & SD 0.57) have expressed that it is important to have an online information search that would ease the travel in the country. Moreover the information given by the government authorities after thorough verification would be authentic and reliable. About having online booking with individual suppliers across the country and making payment through a gateway, perspective tourists (avg. 4.59 & SD 0.54) and the operators (avg. 4.51 & SD 0.54) observe it to be very important and essential. Perspective tourists (avg. 4.47 & SD 0.54) and operators (avg. 4.62 & SD 0.49) lay very much importance on having a common market place for buyers and sellers belonging to different destinations across the country. This in one way would reduce the cost burden of subscribing to Global Distribution System (GDS) services. Similar perceptions were obtained in the case of having property management solutions for standalone properties and intermediaries. However, with respect to online marketing by providers tourists gave high level importance as compared to the lesser importance given by the operators.

iii.   Differences of Mean between perspective tourists and operators

The Levene's independent t-test is used to test for a difference between two independent groups (such as tourists and operators) on the means of a continuous variable. Perspective tourists and operators are two independent variables known from the prima-facie understanding. Levene's t-test thus has been used to know the differences of perception between the two groups, about having an e-commerce platform for India.

There is a similarity between the perspective tourists and operators when they evaluate the requirements of the e-commerce platform. Both groups of respondents indicated high level of importance (score avg. more than 4) to the requirements of all services of the e-commerce platform (refer to Table- 1).

Based on the Levene's independent sample t-test (TABLE-2), it is found that for all aspects of e-commerce services there is an equal perception of prospective tourists and operators except that of information search and property management solutions. Thus, the existence of difference in mean value indicates that there is a difference of perception of perspective tourists and operators about information search and property management solutions through e-commerce platform. However on the matters related to online booking and payment gateway services, online market place for buyers and sellers, and online marketing of providers services, there is no divided perception amongst perspective tourists and operators.

Conclusion

Against the backdrop of withdrawal of e-commerce platform from the website incredibleindia.org by the government of India, this research is undertaken in order to evaluate the perception of small and medium scale entrepreneurs about having such facilities for the entire country. The survey was conducted amongst the perspective tourists who have actually visited in the past using internet facilities. Their perceptions related to the importance of various aspects of e-commerce services such as information search, online booking and payment gateway services, common market

place for buyers and sellers, property management solutions and online marketing of tourism services were obtained after short briefing about the services to them. The survey revealed that both perspective tourists and operators find the online services as very much important for the tourism industry as a whole. Operators were found to be favouring an e-commerce platform to support their business and increase the scope of their reach across the globe. They were also in favour of an alternate online market place for buyers and sellers other than the traditional GDS providers. Destination-India specific online market place with online access to service providers by tourists from across the globe at a better subscription would enhance their business. This would equip small, medium and standalone properties to compete with large hotel chains and online travel portals in the market. Perspective tourists also favour the proposal of services of e-commerce facilities as they felt that barrier free travel is their basic right and the government at the centre and states should take steps for easing the e-barriers. Hence, introduction of an e-commerce platform though may reduce number of intermediaries as is feared by operators, requires thorough research about its impact. However on the brighter side, it would have the credits to bring down the travel costs significantly.

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