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TOURISM: GOING GLOBAL WITH INFORMATION TECHNOLOGY

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Canada is one of the leading nations in its use of technology. We are blessed with a superior infrastructure that encourages enterprises to use technology to carry out their daily business. This applies to the tourism industry as well.

The Canadian telecommunications infrastructure has enabled the development of airline computer reservation systems (CRSs), accommodation booking systems and electronic marketing services for all types of travel.

Our tourism industry has the potential to use technology to develop a competitive edge. Multi-media, digital transmission and other broad band applications are changing the structure of the tourism industry and offering new ways to improve productivity. Already, over 95% of Canadian travel agents have on-line access to reservations systems. We have developed internationally recognized centralized reservations systems, especially in Nova Scotia, Ontario and British Columbia. VIA Rail is the first railway in the world to provide on-line booking capability on CRSs comparable to that of the airlines. Canadians are now developing new and exciting Internet World Wide Web (WWW) sites to sell our travel experiences here and abroad.

Computer and software vendors are turning their attention to the home market. On-line users have very attractive demographic characteristics; they are well educated, well traveled professionals with high incomes. A virtual explosion is now taking place in the electronic access and distribution of information via databases such as CompuServe, Prodigy and America Online, the Internet and the introduction of other computer-based services like Microsoft's on-line network.

These new and alternative distribution channels provide an electronic shelf on which tourism suppliers can list their products. Electronic listings will allow small and medium sized firms to promote themselves on a level playing field and to reach more customers easily and efficiently.

However, while Canada is home to a leading computing and telecommunications industry, the majority of players in the

tourism industry are not making maximum use of new technologies, given developments of the last decade. While there is no firm data on the precise levels of technology diffusion in Canada, nor comparative data on penetration levels in other countries, all indications are that the use of technology to enhance travel for customers and to reach them electronically is still low to moderate.

The structure of the industry in Canada encourages smaller scale, proprietary local database applications rather than international solutions and Canadian information is diffused in a series of destination data bases, developed in isolation from one another. This multiplicity of systems remains unconnected to international distribution channels. Because not enough Canadian products are listed on the systems which travel agents use for one-stop shopping, this information is not available to either domestic or foreign travelers.



The volume of information on Canadian travel products which is currently available electronically is not keeping pace with the competition, particularly in the U.S. The range of Canadian tourism products and their availability is not well reflected in the new interactive travel distribution systems. The challenge is to achieve the critical mass of information on Canadian travel

products required to highlight Canada as a leading travel destination while serving local markets and promoting distinctive regional product lines.

The marketing structure which worked for close in or domestic markets in the past, will not work for expanding global markets which demonstrate the greatest potential for growth. Fragmented destination information hinders foreign travelers seeking Canadian travel experiences, who cannot easily identify individual provinces or regions. At the same time, the idea of a coordinated national system is not considered appropriate by many in the industry because of domestic market competition.

There is an excellent opportunity to use multi-media in marketing and improve connectivity between individual systems. Digitized product information can be shared and available from a number of access points at the customer and retail level. Information partnerships in the form of integrated product databases and reservation systems, shared market intelligence, inquiry fulfillment and referral systems can pro-

vide cooperating firms with market bargaining power. Current information technologies can link smaller units together into a networked web of information. Each member remains independent while the customer gets the information.

Many tourism operators do not understand the enabling effects of technology and how to integrate technology into their operations. They do not have an easy source of neutral and expert advice on which to base technology investment decisions. Canadian tourism firms need support to link into electronic information networks and technology-based decision assist tools. At the same time, everything suggests that technology suppliers are chasing after tourism operators for content. The smaller independents, especially, are perplexed by available options and competing supplier claims and are overwhelmed by the amount of information available. Firms need business case justification models, information on on-line services, marketing technologies and productivity improvement software that can support business decisions.

In spite of these pressing issues, Canada will undoubtedly continue to offer telecommunications services at higher speeds and at lower costs than most other countries. This should facilitate the deployment of technology in all sectors, including tourism.

The exploitation of the shortcomings of airline CRSs, in the form of emerging alternate interactive travel distribution systems, promises to continue. Public data networks such as CompuServe, America On-line and Prodigy are developing into communities to which people will pay to belong. They have enjoyed phenomenal growth in recent years because of the menu of choices they offer to the customer and the on-ramps they provide to the Internet. Total on-line membership is now over eight million with an increase of over 60% since 1994. New entrants like AT&T have announced plans to make on-line services as common and easy to use as the telephone. Many of the software applications originally developed for travel agents are now announcing plans for wider distribution of destination data on on-line services.

While the Internet suffers from the fragmented and specific nature of what is available, there is an increasingly popular trend towards consolidation of travel information on the Net. By keeping updated lists of links and resources, key travel sites make it possible to navigate through a large amount of information over the Net.

Being listed on one of these sites makes it an affordable way for small and medium-sized travel businesses to access global markets. It remains too early to know exactly what the returns will be from Internet launch sites. Evidence so far suggests that businesses are becoming connected to electronic systems for strategic reasons, such as building an on-line profile, rather than profit reasons.

The kind of demographic information which advertisers need, data on market reach, conversion rates and identifiable market characteristics, is scarce at present. Some Web sites gather this kind of information about customers but often on the condition that this information will be kept confidential.

As tourism operators become more sophisticated users of this media and there is independently audited information on the customers examining their products, tourism operators will have access to this kind of data to develop their marketing strategies. The level of computer penetration in homes and offices suggests that developments in Canada have the potential to outpace those in other countries. Recent surveys show that more than one million Canadians are now connected to the Internet from their homes. Industry watchers believe that Internet use will double again in the next two years, mostly in North America.

In response to the challenges of this environment, The Conference Board of Canada's Canadian Tourism Research Institute announced plans in July 1995 to provide leadership in assisting the tourism and travel industry make better use of leading-edge technology. The CTRI's mission is to be the leading provider of intelligence to enhance the competitiveness of the Canadian tourism and hospitality industry. Technology will enable the tourism industry to compete globally and enhance travel experiences for the customer.

The Canadian Tourism Research Institute will work to provide tourism operators with information to help them choose technologies which can improve their bottom line. The CTRI will use technology to disseminate this information to the industry. The Institute plans to improve packaging and electronic availability of research and analysis to industry, including best practices in tourism technology applications and to deliver value added travel research through electronic distribution channels.

In 1995/96, CTRI plans to establish a Business Council on Travel Technology Solutions. This group will serve as a network and forum for discussion of technology issues facing the industry and may undertake specific projects to benefit the industry as a whole. Plans are also underway to organize a national series of workshops to be held in early 1996 on the subject of on-line travel distribution networks and options for Canadian operators to become listed electronically. This workshop series is being developed in partnership with the Canadian Tourism Commission.

Through these and other initiatives, CTRI aims to develop an information network among producers and users of technology information while improving awareness of the benefits of technology applications in tourism.

The Canadian tourism industry is well positioned to exploit the limitless possibilities offered by new technology. Even though firms and organizations have different priorities and scarce marketing resources, technology will allow them to reduce operating costs and collaborate with complementary, and even competing firms to share resources. Operators can make better use of existing channels to improve awareness and bookings. But, in order for the tourism industry to distinguish itself, it has to embrace technology. Those who buck the technology trend are postponing the inevitable. *f*

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