IS VISITWALES A STORY OF SUCCESS OR ANOTHER EXAMPLE OF THE HABITUAL FAILURE OF DESTINATION MANAGEMENT SYSTEMS?

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Thesis submitted to the Welsh School of Hospitality, Tourism and Leisure Management in partial fulfillment of the requirements for the degree of Doctor of Philosophy.

2006

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DECLARATION

I declare that this work has not previously been accepted in substance for any degree and is not being concurrently submitted for any other degree. I further declare that this thesis is the result of my own independent work and investigation, except where otherwise stated (a bibliography is appended). Finally, I hereby give consent for my thesis, if accepted, to be available for photocopying and for inter-library loan, and for the title and abstract to be made available to outside organizations.

Himani Gupta (Candidate)

Prof. Elen Jones (Director of Studies)

Dr. Phil Coleman (Supervisor)
ACKNOWLEDGEMENTS

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I would also like to thank Shir for her understanding, encouragement and forbearance.

Finally, I am indebted to my family for their continual love and support.

Wales, December 2005
Himani Gupta
ABSTRACT

Destination Management Systems (DMSs) have had a chequered history, with only a few which have been perceived as successful. The habitual failure of DMSs and criticisms of the assumptions of the benefits accruing to Small and Medium Tourism Enterprises (SMEs) from DMS representation must put a question mark over the wisdom of DMS developments. In 2001, the Wales Tourist Board (WTB) signed a $3 million contract with World.Net (an Australian company) to build a strategically focused DMS. This study aims to identify generic guidelines for the implementation of a successful DMS and to evaluate if the WTB has successfully achieved its intended aim of marketing the tourism businesses in Wales to a wider market through VisitWales- Wales’ first DMS.

The advent of the Web has created strategic opportunities and challenges for destination management organizations (DMOs) and persuaded many involved in destination marketing to implement DMSs and promote SMEs in their regions. The thesis explores a typology of DMSs, their funding models, their ‘raison d’être’, their development, the challenges they face and critical success factors. The literature review culminates with an organising framework enabling further exploration of DMSs operating currently in the different parts of the world.

A research string of constructionism (epistemology) - interpretivism (theoretical perspective) – case study (methodology) is used to study the DMS phenomenon and to provide an understanding of different perspectives of key stakeholder groups using DMSs. Semi-structured interviews, document and website analysis, on-line survey, both participant and non-participant observation and discourse analysis, are used as tools for the development of the case study. Subsequently, discourse analysis has been used to go beyond the face value of what is said or written and enable a deeper exploration of the power structures and the political element influencing DMSs.

The thesis examines some contemporary DMSs including visitsouthwest.co.uk, Tiscover.com, Purenz.com, VisitScotland.com along with VisitWales as separate case studies, focuses on their development and their perceptions of success and failure. The thesis presents generic guidelines for the successful implementation of DMSs. In attempting to explain why the majority of the DMS initiatives appear to have failed despite heavy investment, it suggests a wider political agenda influencing DMSs.

It is concluded that success in implementing DMSs is attributable to a number of critical factors. These include: needs analysis, consultation, commitment of funding, co-operation of stakeholders, appropriate technology and investment in training. It is impossible to exclude the political element in the development of DMSs. Investment in DMSs is vested with a positive outcome as they are deemed to be effectively collaborating and distributing the fragmented SMEs, increasing both destination and SME competitiveness. However, this study challenges this view and recommends that a hard look should be taken at the financial implications and the political context within which they operate.
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<td>ASTA</td>
<td>American Society of Travel Agents</td>
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<td>ATB</td>
<td>Area Tourist Boards</td>
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<td>B2C</td>
<td>Business-to-consumer</td>
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<td>BBC</td>
<td>British Broadcasting Company</td>
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<td>BTA</td>
<td>British Tourist Authority</td>
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<td>CCTA</td>
<td>Central Computer and Telecommunications Agency</td>
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<td>CDA</td>
<td>Critical Discourse Analysis</td>
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<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>CRM</td>
<td>Customer Relationship Management</td>
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<td>Common Regional Policy</td>
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<td>Computerised Reservation Systems</td>
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<td>CRT</td>
<td>Capital Region Tourism</td>
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<td>DBFO</td>
<td>Design Build Finance and Operate</td>
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<td>DCMS</td>
<td>Department of Culture, Media and Sport</td>
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<td>DMO</td>
<td>Destination Management Organisation</td>
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<td>DMS</td>
<td>Destination management system</td>
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<td>EAGGF</td>
<td>European Agricultural Guidance and Guarantee Fund</td>
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<td>EC</td>
<td>European Commission</td>
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<td>ELWa</td>
<td>Education/National and Learning Wales</td>
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<td>ERDF</td>
<td>European Regional Development Fund</td>
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<td>European Social Fund</td>
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<td>ETB</td>
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<td>EU</td>
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<td>FEE</td>
<td>Fédération des Experts Comptables Européens</td>
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<td>FIFG</td>
<td>Financial Instrument for Fisheries Guidance</td>
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<td>Highlands and Islands Development Board</td>
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Glossary of Terms

HIE  Highland and Islands Enterprise
HTI  Human Tourism Indicator
ICT  Information Communication Technology
IS   Information Systems
IT   Information Technology
ITOC Inbound Tourism Organisations Council
MANZ The Motel Association of New Zealand
NTO  National Tourism Organisations
OECD Organisation for Economic Cooperation and Development
PCN  Personal Contact Networks
PFI  Private Finance Initiative
PLC  Public Limited Company
PPC  Pay-per-click
RDA  Regional Development Agency
RDG  Regional Development Grants
RFI  Request for Information
RSA  Regional Selective Assistance
RTB  Regional Tourist Board
RTO  Regional Tourism Organisations
SCB  Scottish Convention Bureau
SEO  Search Engine Optimisation
SME  Small and medium enterprises
SMTEs Small and medium sized tourism enterprises
SPD  Single Programming Document
SSL  Secure Socket Layer
STB  Scottish Tourist Board
TAANZ Travel Agents Association of New Zealand
TEAM Tourism and Enterprise Management
TIANZ Tourism Industry Association of New Zealand
TIC  Tourist Information Centres
TNZ  Tourism New Zealand
TTFW Tourism Training Forum for Wales
UK SIC (92) UK Standard Industrial Classification of Economic Activities
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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</thead>
<tbody>
<tr>
<td>USTOA</td>
<td>The US Tour Operators Association</td>
</tr>
<tr>
<td>VWC</td>
<td>VisitWales Contact Centre</td>
</tr>
<tr>
<td>WAG</td>
<td>Welsh Assembly Government</td>
</tr>
<tr>
<td>WDA</td>
<td>Welsh Development Agency</td>
</tr>
<tr>
<td>WTA</td>
<td>Wales Tourism Alliance</td>
</tr>
<tr>
<td>WTB</td>
<td>Wales Tourist Board</td>
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<tr>
<td>WTO</td>
<td>World Tourism Organisation</td>
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<tr>
<td>WTOBC</td>
<td>World Tourism Organisation Business Council</td>
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<tr>
<td>WTTC</td>
<td>World Travel and Tourism Council</td>
</tr>
<tr>
<td>WWW</td>
<td>World Wide Web</td>
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CHAPTER ONE: INTRODUCTION

1.1 THE AUTHOR
1.2 BACKGROUND
1.3 RESEARCH AGENDA- THE CASE OF WALES
1.4 AIM AND OBJECTIVES
1.5 SIGNIFICANCE OF THE RESEARCH
1.6 ORGANISATION OF THE THESIS
CHAPTER ONE: INTRODUCTION

1.1 THE AUTHOR

The author of this thesis has a background in Hotel Management and Tourism studies. Whilst studying for her degree, she worked as a management trainee in a five star hotel in Cardiff and gained experience of a number of Information Systems (IS) in the hotel. At the time of completion of her training in 2001, the hotel had an Internet presence but no e-commerce capability. Around the same time, Wales Tourist Board (WTB) was preparing to launch its first destination management system (DMS) wholly sponsored by the Welsh Assembly Government (WAG) in 2002. The aim of the project was to give Wales a bigger profile on the Web and give businesses in Wales such as the above-mentioned hotel, the chance to market and sell themselves to a global audience.

DMSs are a fascinating topic and whilst they have the potential to co-ordinate destination marketing, they are notoriously problematic. There is evidence that many of the problems are due to poor communication, lack of marketing to stakeholders and technology. Thus, this new venture by WTB provided an excellent opportunity to undertake a study given the problems surrounding the implementation of such systems.

1.2 BACKGROUND

Globally, the World Travel and Tourism Council (WTTC) estimates tourism employment at 221,568,000 jobs representing 8.3% of total employment and contributing US$ 4745.7 billion which is equivalent to 10.6 % of the total gross domestic product (GDP) (WTTC,
2005). Although classed as a single industry, it is fragmented across a range of Standard Classification Codes (SIC) and is represented by a small but powerful number of global and national operators and a large number of small and medium enterprises (SMEs) (Evans and Peacock, 1999; Buhalis, 1994, 1999). SMEs constitute the backbone of the tourism industry (Marvel, 2001; Morrison and Thomas, 2004) and according to Sheldon (1997) 98% of tourism enterprises worldwide can be classified as SMEs.

Political decision-makers have identified the regional importance of tourism, and the need to support the SME structured tourism industry where smaller suppliers have limited financial opportunities by establishing Destination Management Organisations (DMOs) - public sector organisations responsible for destination marketing/branding. Marvel (2001) in her research on improving performance in SMEs has suggested that the technological, financial and structural changes in the hotel industry in recent decades, combined with broader trends in tourism, have put these enterprises under increasing pressure. Many SMEs are increasingly marginalized and may be forced to close down unless new approaches can be adopted to improve their performance and productivity. As a result, Destination Management Systems have been proposed for some time as a solution to the problem of electronically distributing small and medium sized tourism enterprises (WTOBC, 1999).

DMOs are attempting to level the playing field between the small and large operators by democratically representing all suppliers, without favouring a single group (Werthner and Klein, 1999). They are making efforts to add value to their intermediary role in the
provision of tourism services by utilising the Internet (Vaughan et al., 1999). The change in consumer attitude and the structure of the tourism industry brought about by technology has driven DMOs to implement Destination Management Systems.

Although authors, such as Buhalis (1993), have championed the case for SMEs having cost-effective representation through such systems, ironically Pringle (1994) in his research found that they have been the most resistant adopter of this technology. Nearly a decade after the conceptualisation of DMSs and the development of more than 200 systems around the world, few have achieved success and matured into full-fledged operational systems (Frew and O'Connor, 1999). The majority of DMSs have been implemented at the local level and operated on a similar basis, or they collapsed few years after their initial development (Archdale et al., 1992; Pringle, 1994; Frew and O'Connor, 1999; O'Connor, 2002).

Research has been conducted to determine the cause for the poor performance of DMSs. In particular the research has been in the form of case studies most of which seems to reflect a high degree of system failure. The Scottish DMS, known as Hi-Line, collapsed in the early nineties. The Swiss destination marketing facility, SwissLine, also met with similar fate (Pringle, 1994). Similarly earlier versions of Gulliver system-the Irish DMS-did not prove to be very successful either (Blank and Sussman, 2000; Frew and O'Connor, 1999).
Many reasons are given for these failures, and appear to rise from a combination of lack of funding, inappropriate technology, insufficient distribution networks, lack of political support, lack of marketing to stakeholders and lack of industry support. (Pringle, 1994; Buhalis and Spada, 2000, O’Connor 2002). Recent literature has pointed to the possibility that the assumptions made regarding the benefits accruing to SMEs from DMS representation could actually be incorrect (Blank and Sussman, 2000). In a study conducted by Buhalis and Spada (2000, p. 48), it was suggested that public agencies’ failure in developing successful DMSs to date is due to the fact that their implementation has been characterised by a ‘politically correct’ or ‘we must do this because everybody else does it’ approach.

1.3 RESEARCH AGENDA- THE CASE OF WALES

Wales, inhabited by 2.9 million people, and surrounded on the three sides by sea, covers a twelfth of the area of the UK. In Wales, tourism contributes 8% of GDP (Wales Tourist Board, 2000) despite extreme fragmentation and consequently tourism is significantly more important to the Welsh economy than to the economies of other UK countries (Webb, 1999).

Tourism in Wales consists mainly of SMEs and in this respect, is no different from any other European country. These organisations are deemed extremely important to the national economy as they not only provide stable employment but also support the integration of local economies in peripheral areas (Main, 2002). However, they suffer
from a number of disadvantages that effectively jeopardize their profitability and competitiveness. These disadvantages result from: their lack of capital; lack of opportunities for economies of scale from the marketing/distribution point of view and from the operating expense side (Marvel, 2001); peripherality; insufficient management and marketing skills and expertise; inadequate bargaining power within distribution channel; and lack of representation in the emerging electronic marketplace (Buhalis, 1999; Furr and Bonn, 1998).

The Wales Tourist Board (WTB) in Cardiff is an independent statutory body whose main function is to encourage the provision and improvement of tourism in Wales. Funded by the Welsh Assembly, the WTB’s main concern is to provide strategic direction to this fragmented industry. The Foot and Mouth crisis coupled with the attacks on World Trade Centre brought the tourism industry to its knees and the government was accused of failing to help the industry recover from the crisis (Richardson, 2002).

Despite the chequered history of DMSs, the WTB signed a $3 million contract in 2001 with World.net to build a strategically-focused DMS - VisitWales - offering information, distribution, reservation processing and database marketing resources to the WTB and its members (Tunney, 2001). The year 2002 saw the launch of the VisitWales DMS. A working paper of the WTB (see Main, 2002: 169) stated that 'perceptions range from it being an unnecessary burden that is being imposed on an unwilling tourism industry to a feeling that it is a panacea that will solve Wales’ tourism problems'. The literature
discussed raises questions on the feasibility of DMSs. How is the VisitWales DMS different from the other DMSs? Will it be a success or is it doomed to failure?

1.4 AIM AND OBJECTIVES

The thesis aims to identify generic guidelines for the implementation of a successful DMS and to evaluate if the WTB has successfully achieved its intended aim of marketing the businesses in Wales to a wider market through VisitWales. To accomplish this overall aim, the objectives of the thesis are to:

1. Critically review key literature relating to the environment in which tourism currently operates and the development of DMSs and develop a generic framework of DMS implementation and development.

2. Use the generic framework from objective 1 to represent differential DMS practice as evidenced through an in-depth analysis of the cases of some contemporary DMSs and in particular to focus on perceptions of success and failure of these DMSs.

3. Explore the place of VisitWales in relation to Customer Relationship Management (CRM) and wider marketing strategies of Welsh SMEs and Welsh SME perceptions of the benefits of VisitWales for their businesses.
Chapter one: Introduction

4. To trace the evolution and policy context for the *VisitWales* DMS as implemented by the Wales Tourist Board and evaluate whether it has benefited from the lessons of failure evidenced by other DMSs and to critically examine the role of key stakeholders in the conception, specification, development and implementation of *VisitWales*.

5. Identify generic guidelines for successful DMS implementation and to reflect if common problems such as that of stakeholder co-operation and SME engagement with e-commerce, can ever be resolved.

The objectives are achieved through the four stages of the research.

Stage 1: explores the environment in which tourism currently operates, reviews the key literature on DMSs and provides a framework for further investigation (Chapter three)

Stage 2: investigates case studies of four DMSs operating at regional, national and transnational level, using the framework in stage one (Chapter four)

Stage 3: examines the case of *VisitWales*. This stage is further sub-divided into three phases. The first phase explores the place of *VisitWales* in relation to CRM and wider marketing strategies of Welsh SMEs. The second phase examines the perceptions of SME owner-managers of the benefits of *VisitWales*. The third and final phase traces the evolution of *VisitWales* and examines the role of key stakeholders in the development of *VisitWales*. (Chapter five)
Stage 4: provides guidelines for the successful implementation of DMSs. In addition, it draws on the field of hermeneutics to reveal the political dimension of DMSs and to dig deeper and analyse the discourses linked to DMSs.

1.5 THE SIGNIFICANCE OF RESEARCH

This thesis is the first in-depth analysis of the *VisitWales* DMS. It traces the development of *VisitWales* - from its inception through to the post implementation phase. It explores the perceptions of SME owner-managers of the benefits of *VisitWales*. It evaluates the *VisitWales* project within the broader context of European funded programmes in Wales and the Single Programming Document (SPD) – the economic strategy accompanying the structural funds and its emphasis on information communication technologies. It investigates the priorities and measures drafted in the SPD and how they have influenced adoption of ICT in the tourism sector in Wales. These evaluations are supplemented by semi-structured interviews with officials of the Wales Tourist Board, representatives of the tourism industry and developers of the system.

The thesis draws on the field of hermeneutics to understand the phenomenon of DMSs because hermeneutic inquiry has the potential to uncover meanings and intentions that are hidden in the text. It reviews the government’s political agenda associated with SMEs that has an impact on the success of DMSs. The contribution of the understanding of various related issues through the review of the literature and the discussion in chapter six will also add to the growing academic literature about DMSs.
1.6 ORGANISATION OF THE THESIS

The thesis consists of seven chapters. Chapter one, the present chapter, introduced the author, the study and outlined its background, setting the stage for what follows. Specifically, it has addressed the research questions, stated the overall thesis aim and specific objectives, and discussed its significance.

Chapter two outlines the epistemological and theoretical perspectives of the research and provides a justification for choosing the research design and methodology. A case study approach is taken involving mixed methods to elucidate the complexity of DMSs and gain an in-depth understanding of the phenomenon. The chapter then describes four methodology stages and phases employed in the research. The literature reviewed provides a framework for further investigation. Semi-structured interviews, documentary analysis, website analysis, on-line survey, both participant and non-participant observation and discourse analysis, are used as tools for the research design.

Chapter three intends to capture the general environment in which tourism is currently operating and reviews the key literature on DMSs and their evolution as a strategic marketing tool for public sector tourism organisations. The chapter begins by examining tourism's potential and its importance to the global and UK economies. It explores some of the issues that run through current discussion of SMEs and investigates the role of public sector organisations in marketing and assisting tourism SMEs. It discusses the characteristics of tourism products that make it complex and impact on its marketing and
Chapter one: Introduction

distribution. The chapter then looks at the impact of information technology on the tourism industry and the usability of the Web as an emerging marketing tool and as an enabler for electronic commerce. The chapter carries out an extensive review of the literature of destination management systems outlining their development, key success factors and presenting a vision of DMSs proposed by the World Tourism Organisation Business Council (WTOBC) and concludes with an organising framework of DMS implementation and development against which other contemporary DMSs can be evaluated.

Chapter four presents case studies that have been investigated in an in-depth manner to illustrate different aspects of DMS implementation and organisation at local/regional, national and international level by both public and private sector DMOs. The aim of the case studies is to describe, at least partially, the politics that contributes to and emerge from the implementation of DMSs. Both primary and secondary research was undertaken in order to collect information. The case studies are based largely on secondary research done to date and on initial semi-structured interviews of some of the industry members.

Chapter five presents the case of VisitWales. The chapter is divided into three phases. The objective of phase one is to explore the current heterodoxy of tourism-SME and micro-business approaches to CRM through their websites in exploiting the Web as a strategic marketing tool. The second phase explores the perceptions of SME owner-managers of the benefits of VisitWales. The third phase of the chapter traces the evolution of VisitWales, provides a background on Welsh tourism and addresses the critical issues
fundamental to evaluate the current status of *VisitWales*. The phase then extends to present the results of semi-structured interviews with the key stakeholders of *VisitWales* i.e. WTB, World.net and Wales Tourism Alliance (WTA).

Chapter six hypothesises the means by which DMSs of the future could realise their commercial potential. Furthermore, it explores why public and private sector destination management systems have struggled to realize their commercial potential. Whilst many of the issues explored have relevance to DMSs implemented world-wide, these are addressed with a focus on DMSs in the UK and in particular the Welsh DMS *VisitWales*. The chapter attempts to expose the inherent political activity that goes behind the development of DMSs and discusses how the rhetoric of globalization, competitiveness and information, communication and technology (ICT) has crept into government strategy on DMS implementation. It then reviews how academic research had largely ignored or is not explicit about government’s political agenda associated with SMEs which impacts on the success of DMSs. Discourses of government power and legitimization are exposed that manifest themselves in a discourse of ‘entrepreneurial subjugation’. The latter part of the discussion investigates the extent to which policy aspirations match with the realities of creating and running small businesses. Practical concerns over DMS implementation are examined.

Finally, chapter seven concludes the study. It presents the major research findings and the significant contributions of the research. The chapter also sets out an agenda for further research on this complex, yet significant phenomenon of destination management
systems. It recommends that a more questioning perspective on the claims of success of DMSs is required and rigorous examination of the costs and benefits is needed. If ICT policies are to address the problem of marketing in SMEs effectively much more needs to be understood about the role of ICT in the lives of the SME individuals and communities. It is high time policy-makers started addressing the views of those who express concerns about DMS technology rather than ignoring or marginalising them.
2. **CHAPTER TWO: RESEARCH APPROACH**

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2. CHAPTER TWO: RESEARCH APPROACH

2.1 INTRODUCTION

This chapter elucidates the epistemological and theoretical perspective of the research. It provides a justification for choosing the methodology and enlists suitable methods applied to achieve the specific research objectives. To optimise clarity, the work is organised into four stages and phases therein and presented as a series of sequential studies. A case study approach is taken involving mixed methods to elucidate the complexity of DMSs and gain an in-depth understanding.

2.2 QUALITATIVE OR QUANTITATIVE RESEARCH?

Brewerton and Millward (2001) pointed out that the process of setting a research design involves three levels of decision-making (Figure 2.1). At the broadest level, the researcher must decide whether the investigation is going to be largely quantitative, largely qualitative or both (i.e. what type of evidence is required). At the next level of consideration the actual design of the study must be decided upon (i.e. what type of strategy will be adopted). At the lowest level, a decision is made about how evidence is to be collected and analysed (i.e. what type of research methods will be employed).
Figure 2.1: Levels of decision-making in the process of setting a research design.

![Diagram showing levels of decision-making](image)

*Source: Adapted from Brewerton and Millward (2001).*

Every piece of research endeavours to answer the question of how its specific research subject relates to the world of theory and knowledge in terms of epistemology and theoretical perspective. The research methods are determined by the philosophical paradigm of the research.

*In practice good social research is a matter of 'horses and courses', where approaches are selected because they are appropriate for specific aspects of investigation and specific kinds of problems. They are chosen as 'fit for purpose'. The crucial thing for good research is that the choices are reasonable and that they are made explicit as part of any research report.*

(Denscombe, 1998: 3)

This research applied a methodology that used both quantitative and qualitative research tools. However, bearing in mind the aim and objectives of the research, the development of the research method was geared more towards qualitative methods of study as quantitative studies tend to neglect aspects of cultural environment and social
interaction and negotiation that could affect the systems development outcomes and also the outcomes of the studies in question (Silverman, 1998).

Quantitative methodology exemplifies the objectivist approach to social science and is characterised by a realist ontology, positivist epistemology, deterministic view of human nature, and nomothetic methodology (Alston and Bowles, 2003, Cavana et al., 2001). Quantitative research designs strive to identify and isolate specific variables within context and seek correlation, relationships and causality of the study. ‘Nomothetic’ approach to research refers to the search for general laws and emphasises systematic protocols and techniques incorporating hypothesis testing and quantitative techniques for the analysis of data (Falconer and Mackay, 1999).

Qualitative research, on the other hand, was developed in the social sciences to enable researchers to study social and cultural phenomenon. It refers to meanings, concepts, definitions, characteristics, metaphors, symbols, and description of things (Berg, 2001). Kaplan and Maxwell (1994) argue that the goal of understanding a phenomenon from the point of view of the participants and its particular social and institutional context is largely lost when textual data are quantified.

Qualitative research is characterised by a nominalistic ontology, antipositivist epistemology and ideographic methodology. The idiographic approach is based on the belief that one can only understand the social world by obtaining first-hand knowledge of the subject being investigated (Falconer and Mackay, 1999). Examples of qualitative methods are action research, case study research and ethnography. Qualitative data sources include observation and participant observation (fieldwork),
interviews and questionnaires, documents and texts, and the researcher's impressions and reactions (Myers, 2000).

Qualitative research methods are designed to help researchers understand people and the social and cultural contexts within which they live. Central to the notion of qualitative research are the concepts of 'ontology' (a branch of philosophy concerned with 'what is', i.e. the study of being and the structure of reality) and epistemology (a branch of philosophy concerned with the nature of knowledge, dealing with issues of how we know what we know). This means that all research has to answer the question of how its specific research subject relates to the world of theory and knowledge i.e. 'Epistemology'. The next section is a discussion of epistemological choice and theoretical approach that justifies this combination.

2.3 THESIS EPISTEMOLOGY AND THEORETICAL PERSPECTIVE

In this research, critical success factors in DMS development, in particular VisitWales development and experiences of its stakeholders was explored via a research string of constructionism (epistemology) - interpretivism (phenomenology) – case study (methodology) (stage 2 and 3). Continued problems in the implementation of DMSs led the author to draw on the field of hermeneutics (stage 4) in order to understand and 'dig deeper' into the complex phenomenon and to explore the myriad discourses within the field of DMSs (see figure 2.2).
2.3.1 Epistemological perspective of the thesis

Epistemology - refers to theory of knowledge embedded in the theoretical perspective and thereby in the methodology. The relevance of epistemology is explained by Maynard (1994: 10) as follows:

*Epistemology is concerned with providing a philosophical grounding for deciding what kinds of knowledge are possible, and how we can ensure they are both adequate and legitimate.*

Crotty (1998) categorises epistemology into: objectivism, constructionism and subjectivism. Objectivism is the epistemological view that things exist as meaningful entities independently of consciousness and experience. Constructionism rejects the view of human knowledge. The notion here is that truth, or meaning, comes into existence ‘in and out of our engagement with the real world’ (Crotty, 1998:8). In
subjectivism, on the other hand, meaning does not come out of interplay between subjects and object but is imposed on the object by the subject.

**Constructionism**

Constructionism presents a methodology for investigating the beliefs of individual respondents rather than investigating an external reality, such as the tangible and comprehensible economic and technical dimensions of management (Hunt, 1991). Constructionism can be structured around a fundamental issue, i.e. whether constructions of reality are fundamentally an individual or a group phenomenon? Constructivism is the position that individuals create realities. Social Constructionism, on the other hand, refers to the idea that groups create realities (Edley, 2001; McNamee, 1996) and assign meanings (Hansen, 2004). The social constructionist position does not mean that people do not have ideas. But it does mean that people’s ideas are ultimately given meaning by their social context.

The epistemological choice for this research finds itself rooted in constructionism, in particular social constructionism, because DMSs are systems which have been developed to address the needs identified by the tourism industry. They function within the realm of the tourism industry and their need is manifested or rooted in the industry and its service users.

From a constructionist point of view, meaning is not discovered but constructed (Crotty, 1998). It rejects the objectivist view of human knowledge and holds there is no objective truth waiting to be discovered (Crotty, 1998) i.e. the world has no ‘essence’ to be discovered (Czarniawska, 1997). Truth, or meaning, comes into
existence in and out of our engagement with the realities in our world. There is no meaning without a mind. In this understanding of knowledge, it is clear that different people may construct meaning in different ways, even in relation to the same phenomenon (Crotty, 1998).

This kind of thinking questions the traditional assumption that ‘true knowledge’ is objective and context-free (universal) by virtue of corresponding to the ‘essence’ of the world. A constructionist perspective implies that meaning (or truth) cannot be objective. By the same token, it cannot be ‘subjective’. As Crotty (1998: 44) points out ‘we do not create meaning. We construct meaning. We have something to work with. What we have to work with is the world and objects in the world’.

In summary, constructionism recognizes the numerous mental constructions around the world. It tries to understand and locate some consensus among them and attempts to reconstruct the world based on these understandings. With the help of the inductive nature of the qualitative inquiry, constructionists seek theories that arise from data and help explain the many ways that humans conceptualize the world in which they live.

Hansen (2004) asserts that scientific communities, like all social groups, function within particular systems of meaning, language, and values that shape and determine their perceptions. From this point of view, it would appear that a DMS is an occurrence in tourism studies and information systems that operates within the context of a particular set of assumptions and meanings. Exploring the views, perceptions of the stakeholders related to the DMS could not possibly refer to an objective reality that exists independent of the group’s perceptions.
2.3.2 Theoretical Perspective

**Interpretivism**

'Theoretical Perspective' refers to the philosophical stance lying behind a methodology. The theoretical perspective considered in this thesis – Interpretivism – emerged in contradistinction to positivism in attempts to understand and explain human and social reality (Crotty, 1998). Schwandt (1994) suggests that interpretive research is fundamentally concerned with meaning and it seeks to understand social members' definition of a situation.

Interpretivism and qualitative research are terms that are sometimes used interchangeably (Williams, 2000). For some interpretivism is taken to mean all of the approaches in the human sciences that do not take a hypothetico-deductive approach to investigation, whilst others maintain that qualitative research is itself characterised by an interpretive approach (Denzin and Lincoln, 1995). Interpretive research attempts to study a phenomenon is its natural settings and interpret the phenomenon through the meanings that people assign to them (Myers, 1997).

**Phenomenology**

Phenomenology is commonly associated with the works of Husserl (1970-1900-1), Heidegger (1962/1947) and Merleau-Ponty (1962/1945) cited Schembri and Sandberg, 2002). They assume that the world is not distinct but rather the world is considered an experienced world, where individuals are actively involved in making sense of the world they are experiencing. The phenomenological approach is based on the way people experience social phenomenon in the world in which they live.
Phenomenology is characterised by the researcher’s attempt to understand what is happening and why it is happening (Saunders et al., 1997). Such a research would be particularly concerned with the context in which such events were taking place. Therefore, the study of a small sample of subjects may be more appropriate than a large number as with the positivist approach. Although it may seem that there are rigid divisions between the positivist and phenomenological approach, it is perfectly possible to combine approaches within the same piece of research (Saunders et al., 1997). The possible disadvantages and advantages of the two approaches are presented below (Table 2.1).

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<tr>
<th>Positivism</th>
<th>Phenomenology</th>
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<tr>
<td><strong>Advantages</strong></td>
<td><strong>Facilitates understanding of how and why</strong></td>
</tr>
<tr>
<td>- Economical collection of large amount of data</td>
<td>- Enables researcher to be alive to changes which occur during the research process</td>
</tr>
<tr>
<td>- Clear theoretical focus for the research at the outset</td>
<td>- Good at understanding social processes</td>
</tr>
<tr>
<td>- Greater opportunity for the researcher to retain control of the research process</td>
<td>- Data collection can be time consuming</td>
</tr>
<tr>
<td>- Easily comparable data</td>
<td>- Data analysis is difficult</td>
</tr>
<tr>
<td><strong>Disadvantages</strong></td>
<td>- Researcher has to live with the uncertainty that clear patterns may not emerge</td>
</tr>
<tr>
<td>- Inflexible direction often cannot be changed once data collection has started</td>
<td>- Generally perceived as less credible by ‘non-researchers’</td>
</tr>
<tr>
<td>- Weak at understanding social processes</td>
<td>- Often doesn’t discover the meanings people attach to social phenomenon</td>
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Table 2.1 Key advantages and disadvantages of the main approaches to research design (Saunders et al., 1997)

Denscombe (2003) outlines the features of phenomenological approach to social research. Phenomenological research deals with people’s perception or meanings, attitudes and beliefs, feelings and emotions. Phenomenology is particularly interested in how social life is constructed by those who participate in it. A phenomenological research first and foremost needs to provide a description that adequately covers the complexity of the situation.
This is relevant in case of this research because in order to explore VisitWales and other DMSs, it was important to deal with the phenomenon in depth so as not to gloss over the subtleties and complications. In addition, phenomenological methodology is consistent with constructionism which is the theoretical framework of this research. DMSs are a marketing phenomenon and this framework provides a methodology to investigate the meanings individuals create from their experience and their interaction with the DMS.

2.3.3 Methodology

Methodology refers to the strategy or plan of action, process or design lying behind the choice and use of particular methods and linking the choice and use of methods to the desired outcomes (Crotty, 1998). Case study was the chosen methodology for this piece of research as it is proposed to be the ideal methodology when a holistic, in-depth investigation is needed (Feagin, Orum, & Sjoberg, 1991). Case studies look at 'naturally occurring phenomenon (Yin, 1994), focus on interrelated relationships and processes within social settings and tend to use multiple sources and multiple methods (Denscombe, 1998).

Yin (2002) describes a case study as being an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident (Yin 2002). Case study research can be positivist, interpretive, or critical, depending upon the underlying philosophical assumptions of the researcher. The use of a case study approach is determined by four factors: the nature of the research questions; the amount of control
the researcher has over the variables under investigation; the desired end product; and the identification of a bounded system as the focus of investigation (Merriam, 1998).

Merriam (1998) identifies three types of case studies: descriptive, interpretive and evaluative, each of which are described below:

- A *descriptive case study* presents a detailed account of the phenomenon under study. Such case studies are useful in presenting information about areas of education where little research has been conducted.

- *Interpretive case studies* are used to develop conceptual categories or to illustrate, support, or challenge theoretical assumptions held prior to data gathering. Sometimes such case studies are called analytical case studies because of they involve a greater amount of analysis than descriptive case studies.

- *Evaluative case studies* involve ‘thick description’, are grounded, holistic and life-like, simplify data to be considered by the readers, but most importantly, weigh up the information to enable a judgment to be made.

While some case studies are purely descriptive; others are a combination of description and interpretation or description and evaluation (Merriam, 1998). The case study approach used in this research is a combination of ‘descriptive’ and ‘interpretative’ approaches. The purpose of the case studies in this research i.e. the case of *VisitWales* and other contemporary DMSs, was to gain an in-depth understanding of the situation and meaning for those involved. The interest was both in the process rather than outcomes, in context rather than a specific variable.
Case study research is not sampling research. That is a fact asserted by all the major researchers in the field, including Yin, Stake, Feagin and others. However, selecting cases must be done so as to maximize what can be learned in the period of time available for the study.

Case studies can be either single or multiple-case designs. Single cases are used to confirm or challenge a theory, or to represent a unique or extreme case (Yin, 1994). Single-case studies are also ideal for revelatory cases where an observer may have access to a phenomenon that was previously inaccessible. Single-case designs require careful investigation to avoid misrepresentation and to maximize the investigator's access to the evidence. These studies can be holistic or embedded, the latter occurring when the same case study involves more than one unit of analysis.

Multiple-case studies follow a replication logic. A study involving multiple cases can provide more robust insight than a single case study and are preferable to a single case in descriptive studies. Each case can be viewed and studied alone (i.e., within-case analysis), and then, cross-case comparisons/contrasts can be made to provide richer detail and insights regarding the subject matter under investigation (Benbasat et al., 1987; Stake, 1994). This should not be confused with sampling logic where a selection is made out of a population, for inclusion in the study. This type of sample selection is improper in a case study. Each individual case study consists of a 'whole' study, in which facts are gathered from various sources and conclusions drawn on those facts (Yin, 1994). This research used a multiple-case study approach to examine DMSs. In order to examine the DMS phenomenon, a series of steps were taken. These are described in the next section.
2.4 RESEARCH DESIGN: FOUR STAGES

The four stages of the research are described below and summarised in Table 2.2.

2.4.1 Stage One: Review Key Literature.

The literature review in chapter three explores the environment in which tourism currently operates and reviews key literature regarding the development of DMSs and their evolution as a strategic marketing tool for SMEs and public sector organisations. This chapter acts as a precursor to the discussion on VisitWales DMS.

Literature review is an important part of every research work as it establishes the work already available, identifies key issues, crucial questions and gaps as well as providing the framework for the approach of the research (Denscombe, 1998; Jennings, 2001). Journal articles and books were used to establish the historical development and evolving nature of Destination Management Systems.

This exploration forms the foundation on which the research is built. Saunders et al. (1997) suggest that when researchers commence their research project from an inductive position, they seek to build up a theory which is adequately grounded in a number of relevant cases. However, when researchers commence their project from a deductive position, they seek to use existing theory to shape the approach which they adopt to the qualitative research process and to aspects of data analysis. The purpose of exploring VisitWales was to explore the DMS, gather data from it and develop theories from it which would subsequently relate to the literature. As a result the thesis adopted an inductive approach to the research.
<table>
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<tr>
<th>STAGE 1: REVIEW KEY LITERATURE</th>
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<td><strong>OBJECTIVE</strong></td>
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<td>Review the key literature</td>
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<th>STAGE 2: DIFFERENTIAL DMS PRACTICE</th>
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<tr>
<td><strong>Phase 1</strong></td>
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<tr>
<td>Interview Other DMS Business Executives</td>
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<tr>
<td>Semi-structured interviews and documentary analysis</td>
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<tr>
<td>3</td>
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<tr>
<td>Tiscover, SouthWest.co.uk Scotland NewZealand</td>
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<tr>
<td>Emerging insights led to further reading/literature review</td>
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<th>STAGE 3: THE CASE OF WALES</th>
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<tr>
<td><strong>Phase 1</strong></td>
</tr>
<tr>
<td>Evaluating the performance of Websites</td>
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<td>Observation</td>
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<tr>
<td>151 websites</td>
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<tr>
<td>Wales</td>
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<tr>
<td>Opportunities for the development of customised CRM solutions appropriate to the heterodoxy of tourism-SMEs identified</td>
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<tr>
<th>STAGE 4: REVISIT THE THEORETICAL APPROACH</th>
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<tr>
<td><strong>Phase 1</strong></td>
</tr>
<tr>
<td>Attended a conference on DMSs and 2nd meeting with Kim Colebrook</td>
</tr>
<tr>
<td>Participation Observation, interview</td>
</tr>
<tr>
<td>UK</td>
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<tr>
<td>Discussions led the author to dig deeper into the phenomenon</td>
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2.4.2 Stage Two: Differential DMS Practice

Phase 1: Investigating Tiscover, SouthWest Tourism, VisitScotland.com and PureNZ using semi-structured interviews and documentary analysis

The objective of this phase was to understand and examine the development of other leading contemporary DMSs around the world to represent differential DMS practice. The case studies that have been selected illustrate different aspects of DMS implementation and organisation. The rationale for selecting the four DMS is as follows:

- Visitsouthwest.co.uk was chosen as it is an example of a DMS implemented at a regional level.
- Tiscover.com is one of the most successful and mature DMS with a public – private sector partnership.
- PureNZ.com was selected as it is described in the literature as one of the relatively more successful DMSs with a public sector framework.
- Finally, VisitScotland.com was chosen as it has been attempting to design a successful model since the early 1990s and has undergone many changes.

Two data collection methods were used in this phase:

- Semi-structured interviews with the business development executives;
- Documentary analysis.

Semi-structured interviews

Semi-structured interviews were conducted with the business development executives of Tiscover and SouthWest Tourism. A request was sent by email to the Business Development Executive of Tiscover and the chief executive officer (CEO) of South
West Tourism asking for an interview. Initial interviews conducted with Wales Tourist Board helped in making further contacts which led the author to make contact with the regional tourist board (Snowball sampling) and Tiscover.com. In order to gain access to information about VisitScotland.com, VisitScotland’s research department was contacted who advised the author to send in a request in writing. A written request was administered to VisitScotland’s Customer Relations Manager who declined an interview due to VisitScotland.com’s company policy. As a result, much of the information was collected through secondary sources. However, much later into the research process, the author was able to establish contact with the Business Development Director of VisitScotland.com who responded to some of the inquiries in an email.

During the interviews, the author was able to ask questions relating to the development of the specific DMSs and their funding aspects. The executives were also probed on the reaction of the tourism suppliers represented on the DMSs and the future viability of the system. A copy of the interview pattern is included in appendix A. Results of these interviews are discussed in the chapter four. Investigation into PureNZ.com which is rated as one of the most successful DMSs was also carried out through secondary resources available due to access problems.

Document Research

Document research helped in revealing particular important aspects of the historical background and the actual situation on the DMSs. It is a cost-effective method and other researchers can in most cases easily check data extracted from documents. Newsletters and government documents and local newspapers in particular helped to
develop a picture of the past and the present of the Destination Management Systems.

Newspaper and newsletter analysis is used to ‘build’ the present technological, economic and socio-cultural and political situation on DMS. Newspaper articles from the BBC, the local daily newspaper- Scotsman and the free to trade newsletters, which have a clear connection with the subject matter were collected from January 2001. Brochures, magazine articles and the Internet sites about DMS are also analyzed.

One of the disadvantages of document research is that documents can owe more to the interpretations of those who produce them than to an objective picture of reality. The author has been cautious about accepting records at face value. In addition, the selected multi-method approach has helped to soften this disadvantage of document research (Denscombe, 1998).

**Phase 2: Online survey**

In order to find out if the views of Tiscover’s Business Development Executive matched with the reality of the SME businesses represented on Tiscover in Austria, an online survey instrument was designed due to geographical constraints. The rationale for choosing the Austrian system was that it had been proven and tested over a number of years and as such was one of the more mature systems that the author could research.

Online surveys are fast becoming a popular method of collecting data. A questionnaire on the World Wide Web is easy and convenient for many people to access. A large amount of data can be accumulated in a short amount of time. The data can then be analyzed, summarized, and written about. It's relatively fast, relatively easy and very inexpensive (Online Surveys, 2004).
Participants often answer surveys by returning a completed form by e-mail or by entering their responses directly on a Web site. Commonly cited advantages include easy access, instant distribution, and reduced costs. In addition, the Internet allows questionnaires and surveys to reach a worldwide population with minimum cost and time. Researchers can contact rare and hidden populations that are often geographically dispersed (Schlayer and Forest, 2000).

Smith and Leigh (1997) argue that in a Web-based study, participants complete the study on their own time, often on their own computer in their own home. Given that the researcher is not present, it is impossible to control for extraneous variables such as noise, time of day, respondent motivation, and even equipment differences such as the type and speed of computer and modem. However, most of the same concerns apply to paper-and-pencil surveys that employees fill out on their own time. Therefore, for this reason, Internet studies are not appropriate for research that requires accurate timing, interpersonal interactions or colour perception, or for longitudinal or high-impact designs (Smith and Leigh, 1997).

There are important aspects of online surveys that deserve serious consideration before a researcher begins this process. One of the concerns unique to conducting electronic surveys is the variation of the level of computer literacy among respondents and the capabilities of their computers. Although the population of Internet users seems to be increasing at a steady rate, their experience responding to online questionnaires may be limited. Thus, Web-based surveys need to have clear directions on how to perform each needed skill, e.g., how to enter answers with a dropdown box or erase responses from a check box so that responding to the questionnaire does not become an aggravating experience (Schlayer and Forest, 2000).
Providing specific instructions will assist respondents in accurately completing and returning the survey, provided their computer is capable of receiving it in the first place. Differences among computers, such as their processing power, memory, connection speeds, and browsers, potentially negate some of the benefits purported for using the Web. For example, the use of graphics and animation may increase the attractiveness and novelty of participating. However, advanced Web programming features, such as Java, JavaScript, DHTML, or XML either may be incompatible with certain browsers or may cause them to respond slowly or crash. The next section explains the purpose of the survey, how the survey was selected, and how the survey was designed, pilot tested and administered.

**Survey development and Administration**

The Web-based survey described in the subsequent sections was designed to find out how successful the Tiscover booking system is for the tourism suppliers who are on it. The target population was the Austrian suppliers who were on the listed on the Tiscover DMS. The survey was a part of on-going exercise of exploring the perceptions of stakeholders using DMSs. The author chose Austria to begin with as that is the region where ‘Tiscover’ – the company originated from. Also Tiscover is deemed to be one of the most successful and mature DMSs and therefore it seemed likely that the majority of the tourism suppliers used the system. The survey was conducted in German to maximize the response rate as the native language of Austria is German.

The online survey comprised two sections: the first section collected background information of the business; the second asked questions about Tiscover usage in
general. A non-random sample of tourism suppliers was selected because not all suppliers listed on Tiscover had an e-mail addresses listed. This mode of sampling ensured that respondents are all internet users as by definition they have e-mail access.

Survey Design

To minimize incompatibilities with browsers, survey pages were compliant with HTML 3.0. Neither JavaScript, which is often employed to validate entry fields on the Web, nor Java, ActiveX controls, and other advanced Web programming concepts were used for the reasons cited above. The survey was designed using Php-Programming Language and user responses were collected into a comma-delimited file which was imported into a (MS-Excel) spreadsheet for analysis.

The survey was conducted on-line for 50 days and data collection involved two stages: firstly, an e-mail invitation in German (see Figure 2.3) was sent to the selected sample in asking them to participate in the survey by clicking on a hyperlink that transferred them to another web page, which included the full survey form. Figure 2.4 is the translation of the email invitation in English. Secondly, a reminder was sent a week later. A copy of the on-line survey (German and English) is in appendix B and B-1. The results of this survey are presented in chapter four.
Sehr geehrte(r) Herr/Frau Maier,
Meine Name ist Himani Gupta. Ich schreibe derzeit an meiner Doktorarbeit an der University of Wales Institute, Cardiff, an Großbritannien. In diesem Zusammenhang führe ich eine unabhängige Umfrage durch, über Tiscorer systems um herauszufinden, wie erfolgreich das Buchtungssystem für Tourismusansiedler ist, die es benutzen.


http://www.cs.cf.ac.uk/user/H_Gupta/germanform.html

Bitte beachten Sie dass Ihre Angaben vertraulich behandelt werden. Wenn Sie wünschen werde ich Ihnen gerne die Ergebnisse meiner Umfrage zukommen lassen in Anerkennung der Zeit die Sie investiert haben, um den Fragebogen auszufüllen.

Vielen Dank für Ihre Bemühungen.
Mit freundlichen Grüßen
HIMANI GUPTA
University of Wales Institute, Cardiff
Colchester Avenune
Cardiff
CF23 8XR
Tel: 00-44-29-20417147
Figure 2.4 Email in English

Mr/ Mrs.………

My name is Himani Gupta. I am a PhD student at the University of Wales Institute, Cardiff, UK. I am currently undertaking an independent online survey aiming to find out how successful the Tiscover booking system is for the tourism suppliers who are on it.

I would really appreciate it if you were prepared to take the time to candidly complete the questionnaire I have linked to this email which can be found at:

http://www.cs.cf.ac.uk/user/H.Gupta/Form.html

You can simply click on this link or you can copy and paste the address into your web browser. The form should only take a couple of minutes to fill.

Please note that the information you divulge will be kept confidential. I would be happy to forward you the findings of my survey, if you so wish, in appreciation of the time you have spent filling out the form. If you have any questions, please do not hesitate to contact me.

Thank you very much for your assistance.

Kind Regards
HIMANI GUPTA

Sample

The sampled SMEs questioned were divided up into nine virtual areas/groups, and namely: Burgenland; Carinthia; Lower Austria; Upper Austria; Salzburg; Styria; Tirol; Vorarlburg and Vienna. 50 emails were sent in the pilot stage, of which six SMEs responded. One modification was made to the questionnaire and another question was added asking the SME owners to state the reasons for joining Tiscover.

In total 225 emails were sent out in order to give an indication of the provisional use of the system within Austria. 36 participants completed the Web-based survey. The response rate was 16 percent, which were in line with Saunders et al. (1997) study of
businesses where the response rate to business survey were as low as 15 to 20 percent for postal surveys. In this mini case study, although the response rate was low, it gives some indication of the views of SMEs using the Tiscover system. These findings are outlined in chapter four (section 4.3).

A similar survey was carried out to explore the perceptions of the small operators on the regional DMS operated by South West Tourism. However, only two operators responded to the survey despite repeated reminders. Hence, the survey has not been included in this study. Response rates can vary considerably when collecting primary data (Saunders et al. 1997). Denscombe (2003) recommends that the researcher should predict the kind of response rate he or she is likely to achieve, based on the kind of survey being done. The use of online surveys is a relatively new phenomenon compared to postal questionnaires and telephonic interviews with response rate figures that are difficult to ascertain. The use of online surveys is likely to grow in the future. This might make it easier to build it into future research.

2.4.3 Stage Three: The case of Wales

The case of VisitWales was researched in three phases.

Phase 1: Explore the current heterodoxy of tourism-SMEs approaches to CRM

The objective of phase one was to explore the place of VisitWales in relation to Customer Relationship Management (CRM) and wider marketing strategies of Welsh SMEs. The study focused on a purposive sample of Welsh tourism-SME websites selected from the population of businesses represented on VisitWales, the new Wales Tourist Board Destination Management System (DMS). The study evaluated the appropriateness of applying the Nassar (2003) (Section 3.7.4: 85) model to the
analysis of tourism-SME websites. Nassar (2003) model (see Appendix C) was adopted for the analysis of Welsh Tourism-SME Websites. Modifications were made to the model (highlighted in Chapter 5) to suit the SME websites. This study also helped the author in understanding the nature of products listed on VisitWales and exploring the services offered by DMS. The results of the study are presented in Chapter five-Phase One.

Phase 2: Examine the perceptions of SME Owner-Managers of the Benefits of VisitWales.

The case study approach is commonly used where available literature, existing knowledge, and access to data is uncertain (Yin, 1993). In an exploratory case study, the fieldwork and data collection are undertaken prior to the final definition of study questions and hypotheses. This situation applies to the present study and therefore the design of the case study used in the present study is exploratory in nature. This objective was achieved as follows:

Designing the Interview

A thorough review of the DMS and ICT adoption by SME literature revealed key themes including: The nature of SME businesses, their attitude towards IT adoption, their use of the Web and their experience of VisitWales. These themes were used to develop an interview question schedule (see Appendix D).

The interview schedule had four sections: business information of the operators; business culture of the operators; IT integration with that culture; the operators’ use of the Web; their experience of VisitWales. Consideration of relevant literature and theory were vital in determining the type of questions asked.
Sampling

A cluster sampling approach was chosen. 22 (micro and small) businesses listed on VisitWales were chosen from across Wales - South Wales, North Wales, Mid-Wales and West Wales. VisitWales allows the user to conduct an accommodation search by region and generates a list of suppliers in each geographical region in random order. The author made contact with the operators listed on the DMS. The selection of operators to be interviewed was straightforward – any operator prepared to spend the time required to answer the questions was interviewed. Once an operator in a particular region agreed to be interviewed, the author chose to schedule some more interviews in the 10-15 mile radius due to time and monetary constraints. The interviews were conducted between the months of September 2003 to January 2004.

Interviews 1-5 and 15-16 were conducted with the accommodation suppliers in South Wales. Interviews 6-7 and 12-14 were conducted in Mid Wales. Interviews 8-11 were conducted in West Wales and 17-22 in North Wales. While the sample is small considering the number of suppliers that are listed on VisitWales, it gives an overall view of what is happening with the DMS.

Data Analysis

Semi-structured interviews were conducted, transcribed and analysed using content analysis. Semi structured interviews lie between the structured and unstructured (focused) interviewing techniques as questions are normally specified, but the interviewer is freer to probe beyond the answers in a manner which would appear prejudicial to the aims of standardisation and comparability. Semi-structured interviews are said to allow people to answer more on their own terms than the
standardised interview permits, but still provide a greater structure of comparability over that of the focused (unstructured) interview (May, 2001).

**Phase 3: Examine the role of key stakeholders in the development of VisitWales**

Semi-structured interviews were conducted with Wales Tourist Board (WTB) /World.net (Developers of VisitWales) /WTA (The organisation representing the tourism and hospitality businesses in Wales). This objective of the study was achieved as follows:

*Interview with the representative of the Wales Tourist Board*

An email was sent to Roger Pride - Director of Marketing for WTB who organised a meeting with Kim Colebrook - Head of Information and new Media system and Claire Beetham – Information Services Advisor. The issues raised by the author were related to the development of *VisitWales* from WTB’s point of view. The author was also interested in finding out how the WTB perceived the reaction of the stakeholders to *VisitWales*. The questions focused on the functionality of the system through the whole process. This meeting and the other interviews were aimed at producing some answers related to a part of objective four i.e. to identify key stakeholders and examine their role in the conception, specification, development and implementation of *VisitWales*. Results of these interviews are discussed in Chapter five.

*Wales Tourism Alliance (WTA) - The organisation representing the tourism and hospitality businesses in Wales*

An email was sent to Julian Burrell, chairman of WTA Ltd. During the interview, the author was able to ask questions about the reactions of the tourism industry and
involvement of WTA in consultation process of *VisitWales*. It helped in gauging the reaction of the tourism industry in Wales towards *VisitWales*.

**Interview with World.net- Developers of VisitWales**

An email was sent to the Jamie Norris, Director of World.net (the developers of VisitWales) requesting a telephonic interview as he was based in Australia. During the interview the researcher was able to identify the logical time frame of the development process of *VisitWales*, gather information about the tendering and specification document of *VisitWales*. The interview helped in understanding the process from a developers’ point of view and informed the author of the challenges faced by World.Net in the development phase of *VisitWales*.

**Data Analysis**

Manual content analysis of the data was performed on the transcripts. According to Marshall and Rossman (1989:112): 'Qualitative data analysis is a search for general statements about relationships among categories of data'. Coffey and Atkinson (1996) mentioned that there are a variety of perfectly proper analytic approaches to qualitative research and many of them can be aided with computer software. On the other hand it would be wrong for qualitative researchers to allow the available software to drive their general research strategy. It is important to guard against the development of a single orthodoxy predicated on the assumptions and procedures built into contemporary software applications.

At the core of the process of qualitative data analysis is the decision whether to analyse data manually or with the aid of a software computer packages (e.g. QSR-
NUD*IST, Ethnograph or Atlas). According to Coffey and Atkinson (1996), there is no implication that the qualitative researcher is bound to use any of the computer aided strategies. The important issue is that none of the computer programs will perform automatic data analysis. They all depend on researchers defining for themselves what analytic issues are to be explored, what ideas are important and what modes of representation are most appropriate. Dey (1993:55) pointed out that

*computers can do many things, but they cannot think - and we can. Unfortunately, that also means the thinking is up to us. A computer can help us to analyse our data, but cannot analyse our data.*

Seale (2000) discussed the advantages and disadvantages of using software packages in qualitative analysis. Advantages included speed at handling large volumes of data, improvement of rigour, facilitation of team research and help with sampling decisions while disadvantages included need for entering data in a word processing package which is a major time-consuming element, imposing a narrow exclusive approach of the analysis of qualitative data and little help in examining small data extracts.

Considering the above advantages and disadvantages of software computer packages for qualitative data analysis together with the apparent complexity, overlap and interaction of the pieces of data gathered from the interviews, the author felt it more appropriate and rather feasible to use the manual analytical technique which gave a greater opportunity to go deep into the raw data and get the real sense of it in a way that strengthens her interpretation for the research findings.

2.4.4 Stage four: Revisiting the theoretical approach

The continued existence of problems associated with the development of destination management systems, coupled with failure of such systems, gives support to the
contention that the process by which DMSs are developed is not well-understood. Studies on Information Systems development within organizations have indicated that an interpretivist approach to research on the development process is, perhaps, the most appropriate vehicle for the study of this phenomenon (Myers, 1997). The ‘world view’ of various social actors involved in the process needs to be comprehensively captured and suitably interpreted if the researcher is to fully confront, in its entirety, the understanding of the phenomenon of destination management systems.

It was at this stage, the author aimed to explore the nature of the discourses of different groups of stakeholders and to examine how these discourses shaped the formation and development of DMSs. The author draws on the field of hermeneutics to develop a discourse analysis approach that is informed by interpretivism and highlights the importance of context and temporality in the analytical process.

Hermeneutics

Hermeneutics (Hermeneutic means interpretive), is a branch of philosophy concerned with human understanding and the interpretation of texts. Recently the concept of texts has been extended beyond written documents to include, for example, speech, performances, works of art, and even events (http://en.wikipedia.org/wiki/Hermeneutics). In sociology, hermeneutics means the interpretation and understanding of social events by analysing their meanings to the human participants and their culture.

The roots of the word ‘hermeneutics’ lie in the Greek term hermeneuein (to interpret) (Hieracleous and Barrett, 2001). Hermeneutic researchers can search for central themes in texts, for thematic unity (how central themes are interrelated in broader arguments both within texts and intertextually), and for patterns in ethnographic data
over time. The analysis is treated as a process of discovery, in which one goes round the hermeneutic circle, from part to the whole and vice versa, each time enriching the interpretations (Kets de Vries & Miller, 1987; Thachankary, 1992).

Crotty (1998, p. 110) proposes that researchers looking to understand people's perception, attitudes and feelings-

or wanting to call these into question as endemic to a hegemonic society and inherited from a culture shaped by class, racial and sexual dominance- may be best placed to find useful insights if they look to the hermeneutics of the reading theorists and literary critics

Hermeneutic theory enables the researchers to gaining an understanding of the text that is deeper or goes further than the author's own understanding. Generally, in the writing of the text, many things are simply taken for granted. Skilled hermeneutic inquiry has the potential to uncover meanings and intentions that are hidden in the text. Thus, interpreters may end up with an explicit awareness of meanings, and especially assumptions that the authors themselves would have been unable to articulate (Crotty, 1998).

Critical Discourse Analysis

Like many other terms in social science, discourse and discourse analysis are used in a variety of ways in different bodies of literature (van Dijk, 1997). The term discourse is used variably, and what constitutes discourse analysis is just as variable. Linguists seem to understand discourse as language use, psychologists as cognitions, and sociologists as social interaction (van Dijk, 1997). There is no one way of doing discourse analysis. Research in critical discourse analysis varies in style and focus. In a general sense, discourse refers to practices of writing and talking (Woodilla, 1998). Such a broad definition, however, is not very useful for the purposes of this thesis.
Parker (cited Phillips et al., 2004: 636) defines discourse as ‘a system of statements which constructs an object’. For Woofit (2005: 145), critical discourse analysis (CDA) examines the role of discourse in the (re) production of social inequality. He argues that analysis should have an emancipatory goal in order to expose how discourse disadvantages minority or relatively powerless groups. Also CDA draws from linguistic analysis, and tries to link linguistic features to wider contexts of social, political and economic structures.

CDA is the analysis of linguistic and semiotic feature of social processes and problems. CDA is by its nature interdisciplinary, combines diverse disciplinary perspectives in its own analyses, and complements more standard forms of social and cultural analysis (Fairclough and Wodak, 1997). Wodak and Meyer (2001: 66) describe discourses as open and hybrid systems. They contend that in CDA, new sub-topics can be created, and ‘inter-textuality and inter-discursivity allow for new fields of action’. They further assert that a ‘discourse’ about a particular subject matter can find its starting point within one field of action and proceed through another one. Discourses and discourse topics spread to different fields and discourses, cross between field, overlap, refer to each other or are in some way socio-functionally linked with each other.

In this thesis, the author views discourses as specific ways of speaking, writing and constructing social reality. The thesis has drawn from a number of other disciplines. Figure 2.5 illustrates how during the discussion of this study, new sub-topics have been created and evolved. The discussions in the field of public policy, Information
systems, entrepreneurship, web marketing and concepts of globalisation, digital exclusion have crossed between fields and are in some way linked to DMSs.

Figure 2.5 New Sub-topics

![Diagram showing Destination Management Systems with sub-topics like Globalization, Digital Exclusion, Competitiveness, Web Marketing, Public Policy, and Entrepreneurship.]

Source: Adapted from Wodak and Meyer (2001)

Participant Observation

The study utilises participant observation to observe and participate in the life of the people under study.....observing things that happen, listening to what is said, and questioning people, over some length of time’ (Becker and Geer, 1957:28 cited Reiser, 2003). Participation observation on the DMSs in general and VisitWales in particular started in September 2002 in order to observe visible changes, important events and to explore the opinions of operators listed on the VisitWales DMS. Events or changes were recorded in the form of field notes and analysed.

The comments and observations noted mainly cover views of the business executives, consultants, researchers, actual events and possible futures. The author also attended a
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seminar on ‘eMarketing for Tourism Destinations’ held at the University of Surrey, Guildford on 23rd February 2005. The focus of the seminar was related to the challenges faced by DMS and future of DMS and provided an opportunity to the author to gain an insight into the political activity that underpins the process of DMS implementation. A final interview was conducted with Kim Colebrook (Head of Information and new Media system at WTB) where she was asked to share her thoughts regarding the future of VisitWales and DMSs in general.

2.5 RELIABILITY, VALIDITY AND TRIANGULATION

Issues of validity and reliability are an important part of any study in the social sciences and therefore it is important to identify some ways of dealing with results.

To understand the meaning of reliability and validity, it is necessary to present the various definitions of reliability and validity given by many qualitative researchers from different perspectives.

Reliability

Reliability refers to whether a particular research technique will yield the same results if applied repeatedly to the same object (Babbie, 1995). To ensure reliability in qualitative research, examination of trustworthiness is crucial. Seale (1999: 266), while establishing good quality studies through reliability and validity in qualitative research, states that the ‘trustworthiness of a research report lies at the heart of issues conventionally discussed as validity and reliability’.

In contrast, Stenbacka (2001) argues that since reliability issue concerns measurements then it has no relevance in qualitative research. She adds the issue of
reliability is an irrelevant matter in the judgement of quality of qualitative research. Therefore, if it is used then the ‘consequence is rather that the study is no good’ (552).

Validity

Validity is concerned with whether the findings are really about what they appear to be about (Saunders et al., 1997). Validity refers to the degree to which a study accurately reflects or assesses the specific concept that the researcher is attempting to measure. While reliability is concerned with the accuracy of the actual measuring instrument or procedure, validity is concerned with the study's success at measuring what the researchers set out to measure.

The validity standard applied in the present study: during the personal interviews, a tape recorder was used to reduce the risk of wrongly-interpreted answers during transcription of interviews, and to be able to double-check the answers after the interview.

Triangulation

Triangulation is typically a strategy (test) for improving the validity and reliability of research or evaluation of findings (Golafshani, 2003). The term triangulation has been applied to research strategies intended to serve two distinct purposes, confirmation and completeness. According to Yin (1994), triangulation is the strategy that allows different qualitative research methods to be combined. It is a method used by qualitative researchers to check and establish validity in their studies. Six types of triangulation are presented in the literature (Guion, 2002; Keyton, 2001):
Chapter two: Research approach

- Data triangulation: involves the use of different sources of data/information.
- Investigator triangulation: involves using several different investigators/evaluators in an evaluation project.
- Theory triangulation: involves the use of multiple professional perspectives to interpret a single set of data/information.
- Methodological triangulation: involves the use of multiple qualitative and/or quantitative methods to study the program.
- Environmental Triangulation: This type of triangulation involves the use of different locations, settings and other key factors related to the environment in which the study took place, such as time of the day, day of the week or season of the year.
- Interdisciplinary Triangulation- the use of multiple disciplines to inform a research process (Keyton, 2001)

For this study, three types of triangulation were employed: data, methodology and interdisciplinary triangulation. Data triangulation was established by using multiple sources of evidence (i.e. semi-structured interviews, document analysis, website analysis, and an on-line survey). Interdisciplinary triangulation was achieved by drawing upon the works of many different disciplines including Information systems, Public Policy, Hospitality marketing, Sociology and Management Studies.

2.6 THE ISSUE OF BIAS

Janesick (2000) suggests that bias in qualitative research is inevitable. Glasser (1992) and Strauss and Corbin (1998) however, state that bias is not only inevitable but also desirable. Qualitative research inevitably involves the researcher’s own point of view, which in turn contains an element of researcher ‘bias’. Fielden (2003) recommends
that regarding this as strength, (rather than as weakness) adds to the richness of knowledge about complex situations and problems that have been hard to solve.

Research whether quantitative or qualitative, experimental or naturalistic, is a human activity subject to the same kinds of failings as other human activities. Researchers are fallible. They make mistakes and get things wrong. There is no paradigm solution to the elimination of error and bias (Norris, 1997). Different forms of research may be prone to different sources of error, but clearly none are immune.

There are various types of bias:

- **Interviewer bias**: This is where the comments, tone or non-verbal behaviour of the interviewer creates bias in the way that interviewees respond to the questions being asked and the researchers may attempt to impose their own belief and frame of reference through the questions they ask (Saunders et al., 1997)

- **Interviewee or Response Bias**: This type of bias may be caused by perceptions about the interviewer or in relation to perceived interviewer bias. *Taking part in an interview is an intrusive process* (Saunders et al., 1997: 217). Whilst the participants may be willing to partake in the interviews, they may nevertheless be sensitive to the in-depth exploration of certain themes and interviewers may therefore choose not to reveal and discuss an aspect of the topic which the researcher may wish to explore, because this could lead to probing questions which would intrude on sensitive information which they do not wish or are not empowered to discuss with the researcher. The result of this may be that interviewees provide a partial ‘picture’ of the situation.
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- Bias may also result from the nature of the individuals or organisational participants who agree to be interviewed.

Saunders et al. (1997) argue that overcoming these forms of bias is integral to the way in which the interview is conducted. They discuss the issues that a researcher needs to consider in order to attempt to avoid the sources of bias discussed earlier (For a fuller analysis, see Saunders et al., 1997)

- The researcher’s own preparation and readiness for the interview;
- The level of information supplied to the interviewee;
- The appropriateness of the researcher’s appearance at the interview
- The nature of the opening comments to be made when the interview commences;
- The researcher’s approach to questioning and his/her ability to demonstrate attentive listening skills;
- The impact of the researcher’s behaviour during the course of the interview and scope to test understanding; and
- The researcher’s approach to record information.

Before approaching the organisations for an interview, the author explored the information about the organisations in the trade press, newspapers and organisation’s web sites. The author also looked at company reports and other publications relating to the organisation. The level of knowledge about the research questions and objectives helped to establish the credibility of the author and the research process. At the beginning of each interview session, the author provided the interviewees with information about the aim of the research: why it was conducted and the reasons they were chosen to participate.
A list of interview themes was sent in advance to the interviewees that enabled them to consider the information being requested and allowed them the opportunity to assemble supporting organisational documentation from their files. They were also informed that the interviews would be tape-recorded to assist the author in her analyses. The author recognises that it is often difficult to attempt to control bias in all cases. However, all efforts were made to demonstrate the author’s credibility and to obtain the confidence of the interviewees.

2.7 GENERALISATION OF RESULTS

The main concern of most studies is whether the resulting conclusions are general for a population. This puts pressure on the sample to be representative for the whole population researched. While some researchers have claimed emphatically that generalization is impossible in an interpretive research (Denzin, 1983; Guba and Lincoln, 1994), some have taken a milder stance and argued that there could be issues about the generalisability of the qualitative based interview studies (Saunders et al., 1997). Yin (1989) questions the term because of its association with a population. He points out that results in a qualitative study are intended to be general in respect to theory, not to population. A case in a case study is no way a ‘sample’. Confusion arises when qualitative researcher criticise their own work by discussing ‘the small sample of cases’, which implies that they view it as a quality problem ‘as if a single case study were like a single respondent in a survey or a single subject in an experiment’ (Yin, 1989: 40).

Williams (2000) argues that generalisation is inevitable, desirable, and possible and makes a case for ‘moderatum’ generalizations (Williams, 2000, p. 215). He suggests
that ‘Moderatum’ generalisations are a form of generalisation made in interpretive research, either knowingly or unknowingly by the researcher. Williams (2000) suggests three possible meanings of generalisation:

- Total generalisations: where situation ‘S’ is identical to S in every detail.
- Statistical generalisations: where the probability of situation S occurring more widely can be estimated from instances of s.
- Moderatum generalisations: These generalisations are made in interpretive research and refer to a situation ‘S’ whose aspects can be seen to be instances of a broader recognisable set of features (see discussion in Williams, 2000)

This does not mean that there are no limits to generalization but what is proposed here is that the generalisations made in interpretive research need to be moderate. The limits of generalisation are the limits of interpretivism. He argues that making statistical generalisation has never been part of the agenda of interpretivism and it should not be regarded in methodological isolation of other strategies, such as the survey. Thus, interpretivism:

*can make clear the meaningful experiences of actors and specifically why they believe the world the way it is and if these experiences can become moderatum generalisations then they can form the basis of theories about process or structure.*

(Williams, 2000: 221).

The thesis recognises the complexity involved in the research process and refrains from making any passing generalisations. This thesis attempts to present a balanced view of the situation and makes ‘moderatum’ and analytical generalisations (Yin, 1989) which means that analytical understanding is made possible as a result of the study where the empirical material is lifted to a general level and analysis of people’s behaviour is undertaken to understand their motivations. This is made possible by
strategic choice of informants relevant to the study and not by statistically drawn samples.

2.8 POLITICS AND ETHICS

Punch (1994, p. 87 in Denzin and Lincoln) remarks that the actual conduct of research and success in the field can be affected by a multitude of factors. This could include age, gender, status, ethnic background, over-identification, rejection, factionalism, bureaucratic obstacles and good fortune.

There were occasions when the author found it incredibly difficult to get access to public information on DMSs e.g. Scottish DMS is a public-private partnership but the author was denied an interview on the grounds VisitScotland.com was a private concern and they were not at liberty to discuss anything (Isabella McNamara, Customer Relations Manager, VisitScotland, 2004). World.net granted the author an interview but refused to divulge any documentation as it was client-specific. As a result the thesis has relied heavily on literature drawn from secondary sources.

Ethical Features

The concern about ethics revolves around issues of harm, consent, deception, privacy and confidentiality of data. Academic associations have formulated codes of professional conduct and of ethics (Punch, 1994). Saundar et al. (1997) contend that the data collection phase is linked with a range of ethical issues such as participant’s privacy, confidentiality and anonymity. In this research, great care has been exercised in maintaining the participant’s right of anonymity. Name of participants have only been revealed with their consent. Others have been left anonymous.
2.9 SUMMARY

This chapter has presented the epistemological and theoretical perspectives of the research. It has described its methodology, data collection techniques and methods of data analysis. A research string of constructionism (epistemology)- interpretivism (theoretical perspective)- case study (methodology) is appropriate for this study as it is concerned with the phenomenon of destination management systems and an understanding of different perspectives of key groups of associated stakeholders using the systems.

In conclusion, the case studies do seem to suggest that discourse analyses can be used to gain insights into such processes. Given that discourse analysis provides tools for going beyond the face value aspects of what is said or written, it may be an approach, which can help to unravel political ‘spin’ from the underlying substance or rationale for a policy.
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Chapter Three: Literature Review

3.1 INTRODUCTION

This chapter intends to capture the general environment in which tourism is currently operating. It begins by examining tourism’s potential and its importance to the global and UK economies (Sections 3.2). Section 3.3 explores some of the issues that run through current discussion of SMEs. The characteristics of SMEs are examined culminating into a discussion of government assistance for tourism SMEs. Section 3.4 discusses the challenges encountered in the marketing and distribution of tourism products. Section 3.5 considers the impact of information technology on the tourism industry. Section 3.6 highlights the changes that have occurred in the tourism industry due to information technology and innovative approaches undertaken by those responsible for marketing and distributing the tourism products. Section 3.7 reviews the evolution of Online Travel Distribution. It explains how Global Distribution Systems (GDSs) came into existence in the 1960s and how technology has developed since. It traces the origins of Internet/Web and its profound impact on the tourism market. Section 3.8 evaluates the role of destination management organisations in tourism and the impact of the Web on the tourism public sector that leads to a review on destination management systems (section 3.10), their evolution as a strategic marketing tool for public sector tourism organisations. In effect, the literature review reflects on the structure of the tourism industry and developments taking place in it, and sets the scene for the following chapters.
Chapter three: Literature Review

3.2 THE TOURISM INDUSTRY

3.2.1 A Vehicle for Economic Development

Before the 1950s and the 1960s, only extremely rich and influential people in society had the disposable income and time required to travel (Davidson, 1993). However, tourism these days is a potential activity of all nations. Today tourism is often recognised as the world’s largest industry (Hall and Page, 1999) and is being used as ‘a ubiquitous vehicle for economic diversification and ... an integral element of economic development policy’ (Sharpley, 2002: 221) at a local, regional and national level. In addition to contributing to the economic well being and stability of a nation, it is also a significant measure of a nation’s quality and equality of life (Kerr, 2003).

Although one could debate about the precise scale of tourism’s impact on the world economy, few would argue with the view that it does make a major contribution. Globally, the World Travel and Tourism Council (WTTC) estimates tourism employment at 221,568,000 jobs representing 8.3% of total employment and contributing US$ 4745.7 billion which is equivalent to 10.6 % of the total gross domestic product (GDP) (WTTC, 2005). By 2014, tourism employment is estimated to support 250 million jobs (WTTC, 2004). In Wales, the tourism sector represents approximately 8% of the GDP and accounts for 10% of all employment (Wales Tourist Board, 2000)

Tourism is a very important source of foreign currency earnings and employment for many countries. International tourism receipts in 2004 reached a new record value of US $622 billion as expressed in absolute figures. According to the latest edition of the WTO’s World Tourism Barometer (2005), worldwide tourism earnings grew by an
extraordinary 10.3 per cent, a rate practically equal to that of international tourist arrivals which increased by 10.7 per cent.

Figure 3.1  International Tourist Arrivals and Receipts (local currencies, constant prices)

In 2004, world tourism was marked by the strong rebound of Asia and the Pacific after the SARS-induced setbacks suffered in 2003. Europe recorded a 2% increase as all sub-regions rebounded from 2003 negative results. International tourism receipts grew by an exceptional 24% in Asia and the Pacific, following the 9% loss of the 2003 SARS year. Growth was also particular buoyant in the Middle East (+22%). Africa posted a more modest growth (+6%), constrained by the results of Sub-Saharan Africa (+4%) after having been the star performer of the past three years (WTOb, 2005) (Figure 3.1). Tourism is a high-growth activity which is forecast to increase its total economic activity by 4.6% per annum worldwide in real terms over the next ten years (WTTC, 2005). Of course, tourism is subject to short-term shocks and fluctuations in demand as recent experiences in the aftermath of terrorist attacks, SARS, war in Iraq and the Tsunami disaster have shown.
3.2.2 A Fragmented Sector

Fragmentation and heterogeneity are critical features of the tourism supply side (Werthner and Klein, 1999: 27). A typical holiday or a business trip spans several industrial sectors in the Standard Industrial Classification of economic activities and comprises huge number of primary suppliers, e.g. hotels, restaurants, pubs which are mostly SMEs.

In the UK, for example, the UK Standard Industrial Classification of economic activities (UK SIC (92)) is used to classify businesses by the type of economic activity they are engaged in. (www.statistics.gov.uk). The SIC codes that are used to define the tourism industry provide broad definitions of tourism and leisure activity and fall mainly in the following sub-categories:

- Hotels & other tourist accommodation (SIC, 551, 552)
- Restaurants, cafes etc (SIC 553)
- Bars, public houses and night-clubs (SIC 554)
- Travel agencies and tour operators (SIC 633)
- Libraries, museums & other cultural activities (SIC 925)
- Sports & other recreation activities (SIC 926, 927)

(UK SIC (92))

Richards (2003) asserts that the statistics for these industries is collected from a variety of surveys which are many and varied and therefore must be treated with caution and may be estimates or approximations. It is difficult to measure the exact number of jobs or amount of income that is directly or indirectly dependent on tourism as the SIC codes
exclude some of the sectors that perhaps ought to be included such as employment in transport services and although such businesses are not entirely dependent on tourism, and are used both by tourists and non-tourists alike, it is the best ‘proxy’ available to determine the scale of activity in tourism.

3.3 TOURISM SECTOR: A BLEND OF SMEs

The backbone of the tourism industry comprises a plethora of private-sector SMEs dominated by micro-businesses, often employing fewer than ten people (Jones and Haven-Tang, 2005). The vast majority of tourism establishments around the globe belong to local entrepreneurs, are family run, predominantly employ members of the host society and are rural-based businesses (Main, 2002; Middleton and Clark, 2001). In a study of nine countries (Australia, Finland, Hungary, Ireland, New Zealand, Norway, South Africa, Switzerland and the United Kingdom) compiled by Morrison and Thomas (2004), it was found that within all the countries, SMEs are recognised as significant contributors to the economy.

Within this broad categorisation, however, it was found that the ‘micro’ sized enterprise was most prevalent with few medium or large sized firms in the tourism industry. In Switzerland, in particular, almost 84% of individual units could be considered as SMEs. In the UK and in Wales, 99.8% of all businesses fall into the category of SMEs (Jones and Haven-Tang, 2005). In Australia, for instance, accommodation, café and restaurant businesses that employ fewer than 50 people account for 88 per cent of the tourism sector (Morrison and King, 2002)
The term ‘micro’ varies depending on the region it is used in. For instance, in case of New Zealand a micro enterprise is one which consists of 5-10 employees and Australia, Norway, South Africa, Switzerland it is an enterprise with 0-4 employees. It should be noted that there is lack of academic consensus in relation to the definition of ‘small firm’ and the official definitions vary between countries. The author would be using the definition provided by the European Commission (EC) as it is now being widely adopted and is contributing significantly to the standardisation of comparative data across the world. The EC uses an employee definition for different size firms. The adopted definition is as follows:

**Table 3.1 Definition of Small Firms**

<table>
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<th>Enterprise category</th>
<th>Headcount</th>
<th>Turnover</th>
<th>Balance sheet total</th>
</tr>
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<tbody>
<tr>
<td>medium-sized</td>
<td>&lt; 250</td>
<td>≤€ 50 million</td>
<td>≤€ 43 million</td>
</tr>
<tr>
<td>small</td>
<td>&lt; 50</td>
<td>≤€ 10 million</td>
<td>≤€ 10 million</td>
</tr>
<tr>
<td>micro</td>
<td>&lt; 10</td>
<td>≤€ 2 million</td>
<td>≤€ 2 million</td>
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*Source: European Commission, 2003*

SMEs contribute significantly to the genuineness and the quality of the tourism experience and deliver a unique lodging experience (Cooper & Buhalis, 1992) as they enable tourists to have direct contact with the local character and host population. Given their prevalence in the tourism sector, failure to engage such enterprises in destination marketing initiatives may lead to loss of achieving the destination’s potential and limiting the scope of quality experiences for visitors.
3.3.1 Business Strategies of SMEs

Jones et al. (2004) suggest that individually UK tourism-SMEs have very different business strategies. Some tend to be well managed and exploit the resources for business development; others may be seriously deficient in business and management skills. Morrison et al. (1999:13) argue that the ‘majority of small firms in the U.K. can be termed life-style businesses’, based on the fact that their main motivation is survival and enough income to maintain their way of life. Even policy-makers use the term ‘lifestyle’ to describe or categorise owner-managers who want to live somewhere that is desirable, while enjoying a modest level of income. In actual fact, however, many struggle to maintain their chosen lifestyle and experience pecuniary and human resource poverty (Thomas, 2003).

Morrison and King (2002) contend that these lifestyle entrepreneurs customise their working hours to patterns of seasonality and demand of the business and operate at base economic level that is adequate to accomplish their aim. Inevitably, this poses challenges for those seeking to influence the business practices of such enterprises because the usual policies (subsidised training or consultancy support for particular objectives) may not be particularly engaging for potential participants. As a result, policy-makers tend to ignore or are even irritated by lifestyle enterprises. Instead the emphasis of policy is often on how to identify those businesses that are driven by a desire to grow (Thomas, 2003).

Smaller firms tend to encounter problems with capital and finance. They are predisposed to borrowing short-term at one to two percentage points over the rates charged to large businesses. Micro-enterprises generally lack the collateral needed to obtain lower cost,
long-term loans (Mulhern 1995). Furthermore, Marvel (2001) and Main (2002) suggest that most SMEs possess insufficient management and marketing skills and expertise. They have limited experience, motivation or capability in the application of new technology such as using the Web to access international markets. This situation is further exacerbated by a lack of opportunities for economies of scale, both from the operating expense side and marketing/distribution point of view.

3.3.2 Flexibility and Innovation

In general, an organisation can be defined as flexible when it is likely to rearrange its basic elements over time, space, and connections and to refine its characteristics to increase the performance level (Gubitta and Gianecchini, 2002). Whilst standardization is inherent to large organisations (Peacock, 1993; Storey, 1994), size of a small firm permits flexibility and specialisation in terms of customising products to customers and adapting production techniques to the specifics of place and networking (Wanhill, 2002; Main, 2001). Small firms are more likely to introduce fundamentally new innovations than larger firms as they have less commitment to existing practices and products (Pavitt et al., 1987).

3.3.3 Tendency to ‘free ride’

Tourism is rife with the ‘free rider’ phenomenon because the product is produced by different economic agents, with completely different functions, resources and knowledge base (Wanhill, 2002). ‘In tourism a free rider is an enterprise that gains part of a demand provides without its contribution’ (Lundtorp, 2003: 8). All produce a part of the whole, but profit is distributed by the consumption process, which is divided unevenly between...
producers (Wanhill, 2002). The free riding phenomenon has great implications for tourism marketing as destination marketing is a service for the benefit of all the enterprises at a destination. However, many do not contribute to that process. Lundtorp (2003) recommends that while the free rider phenomenon may not be a problem for the country or destination, but attitudes towards the phenomenon must be included in the national, regional and local tourism policy.

3.3.4 Government Assistance for SMEs

Failure is endemic to the small firm sector (Storey, 1994). According to Fédération des Experts Comptables Européens (FEE) President David Devlin ‘99% of all businesses in the European Economic Area are SMEs and two thirds of the workforce is employed in SMEs. Guarding against threats to SME viability is, therefore, very much in the interests of SMEs, their stakeholders and the EU economy as a whole’ (FEE, 2005). Since the early 1970s, consecutive UK governments have been introducing a range of policies designed to stimulate and support the development of small firms (Thomas, 1995).

Tourism SMEs are assigned an important role by the EU as an aid to regional convergence (Wanhill, 1997). Currently, the most common forms of multinational assistance for SMEs in the European Union are the Structural Funds, specifically the European Regional Development Fund (ERDF). Since its creation in 1975 the European ERDF has encouraged economic development in the least successful regions of the European Union (Wanhill, 2004)
Various authors have argued in favour of and against SME support by the public sector. Armstrong and Taylor (1993) are in favour of targeting SMEs, as they are able to create new jobs at a time when major corporations are downsizing. They further suggest that SMEs help in making improvements to industrial relations and working environment, diversifying and creating a flexible industrial base, stimulating competition leading to an energetic enterprise culture and stimulating innovation.

Thomas (1995) regards the government intervention with scepticism and argues that government actions are predicated on a perceived market failure for business environment which necessitates public-sector involvement. Government intervention has an ‘intuitive’ appeal which has resulted in a plethora of business information and support programmes. In examining the value of information and support services, Haughton (1993) notes that participation rates in such programmes are low and perceptions of clients vary significantly and range from those considering the support available to be very useful and crucial to those revealing predominantly negative perceptions.

3.3.5 E-commerce and SMEs

It is well documented that many SMEs share problems in relation to the diffusion of information and communication technologies (ICTs) (Dixon et al., 2002). SMEs are notoriously reluctant to the adoption of new technologies. This could be due to the factors mentioned above. In addition to that there may be uncertainty and confusion about ways and means of integrating technology into business operations and the benefit one would derive from such technological applications (Evans et al., 2000). The strategic
weaknesses of the SMEs are that they often lack the expertise to take advantage of these opportunities and develop their competitiveness (Buhalis, 2003).

Tiessen et al. (2001) found that adoption of technology occurs most quickly where experience with new technologies is positive and useful to the business. Negative interactions with technology suppliers and intermediaries lead to disillusionment in the minds of the SME owners and reduce the prospects for implementation of ICTs in the tourism sector (Morrison and King, 2002; Buhalis and Main, 1998; Main, 2002).

SMEs have been classified into various categories in terms of how they interact with technology. Calza et al. (2002) categorise SMEs on the basis of their behaviour. They classify SMEs in the order of the least to the most successful strategies in the electronic economy as outlined below:

1. the obstinate SMEs who want to face the global market alone, thus isolating themselves;
2. those that attempt to join forces with larger enterprises already visible on the market;
3. those that aspire to unite with small consortiums to develop networks outside the territory, and thus, desire to grow both in terms of visibility and in terms of commercial strength.

Morrison and King (2002) share a more realistic view of the situation. They categorised owner-managers of tourism organisations’ interaction with e-commerce into four groups (Figure 3.2):
Chapter three: Literature Review

a. 'Wilderness Group: Those who feel that they are too old to learn about technology, have no interest in computers and see it as a waste of time.

b. Wait and Sees: Those SMEs who are concerned with the cost element involved and unsure of the value of Internet for their business.

c. 'Early adopters: These SMEs are the more visionary operators and represent a committed core. They recognise the need to keep up to date with technological developments and finally

d. 'Techno-Whizzo': These SMEs that are technologically savvy and are at the apex of the technology curve.

Figure 3.2: Small tourism business e-commerce pyramid

Source: Morrison and King, 2002

3.4 CHALLENGES FOR MARKETING AND DISTRIBUTING THE COMPLEX TOURISM PRODUCT

Tourism industry is an enormously complex system of independent providers. Many authors (Weare and Morrison, 1996; Reich, 1997; Reid, 1989; Powers, 1990) claim that
tourism marketing is a differentiated field of study within marketing management studies, mostly because it is concerned with the provision of services. Tourism products have unique characteristics that differentiate them from manufactured products:

- Intangibility (Shostack, 1977; McDougall and Snetsinger, 1990);
- Heterogeneity (Zeithaml et al., 1985; Onkvisit and Shaw, 1991);
- Perishability (Zeithaml et al., 1985; Onkvisit and Shaw, 1991; O’Connor, 1999);
- Interdependence (O’Connor, 1999);
- Inseparability of production and consumption (Zeithaml et al., 1985; Bowen, 1990).

Each of the above-mentioned characteristics poses challenges for those whose business it is to market and distribute the tourism product. The most important among these is the concept of intangibility of tourism products as it impacts consumer decision-making. Intangibility is ‘the critical goods-services distinction from which all other differences emerge’ (Bateson (1979) cited Zeithaml et al., 1985: 33). When faced with intangible (vs tangible) choices, consumers may modify their behaviour such as placing considerable reliance on representations and descriptions to help make a purchasing decision (Dougall and Snetsinger, 1990; Shostack, 1977; O’Connor, 2002).

Intangibility of tourism products implies a large amount of risk and uncertainty about customer value (quality-price-ratio). The potential risk for a customer booking a certain holiday package is higher as he does not know with certainty what he can expect and how he will eventually perceive and judge the quality experienced in his vacation, thus
increasing the dependence on information. Particularly for a destination it is crucial to create confidence, to determine quality criteria and to introduce measures to reduce risks for the customer (Weiermair, 2004)

Tourism products are heterogeneous by nature. Heterogeneity refers to the variation in design, standard and quality of services (Onkvisit and Shaw, 1991). For example, an overnight stay in a hotel or even a flight on an aircraft cannot be consistently uniform; noisy surroundings of a hotel or a long technical flight delay can change an enjoyable, relaxing experience into a nightmare. Perishability means that the product cannot be stored or resold later. A hotel bed not sold for one night, airlines seats not purchased represent a lost income. Interdependence relates to the fact that tourism products are rarely bought in isolation. For instance a hotel may be combined with different travel arrangements or additional arrangements such as skiing, sport or a cultural event.

Inseparability of production and consumption involves the simultaneous production and consumption of the services. In most cases, the consumer must be present during the production of services (airplane trips, dining in a restaurant) and this inseparability ‘forces the buyer into intimate contact with the production process’ (Carmen and Langeard 1980, cited Zeithaml et al.: 8).

These characteristics heighten the need for ‘information’, which O’Connor (2002:3) describes as ‘the lifeblood of the tourism industry’. All these characteristics are consistently cited in the literature on services marketing and unite to make consumers highly dependent upon information to help them gain an insight into a product’s
intangible qualities and to help differentiate competition. The role of information explains the importance of IT applications which is changing the structure of the tourism industry.

3.5 INFORMATION TECHNOLOGY AND TOURISM - THE RIGHT FIT

Information Communication Technology (ICT) is revolutionising and creeping into every industry, from banking to retail industry, from manufacturing to publishing and education. It has been argued that new technologies combined with demanding consumers are coercing businesses/organisations into redefining their strategies, products and processes (Davenport and Short, 1990; Hammer, 1990; Scott-Morton, 1991, Love and Gunasekaran, 1997; Werthner and Klein, 1999). Consumer-oriented industries such as banking; travel and tourism; and retail of commodity products (records, books) where service and information play a large part in the buying process are greatly affected.

The tourism industry is without doubt influenced by the new business environment created by the diffusion of ICTs. Destination organisations and the tourism industry in general have the potential now to operate more efficiently and effectively, due to the availability of affordable, sophisticated computers and software applications, and the ability to send information electronically at high speed between different locations globally.

Information technology enables organisations to process much larger quantities of information and facilitates mass customisation of products (Porter and Miller, 1985). ICTs transform the best operational practices and provide opportunities for business expansion in all geographical, marketing and operational senses. ICTs support all
business functions and the use of ICTs in tourism is pervasive, as information is essential for both day-to-day operations and the strategic management of tourism (Werthner and Klein, 1999). Rayport and Sviokla (1994, 1995) suggest that companies should use the information created by IT to generate new value-added marketplace products and services. IT has played an important role in the development of the modern tourism. Computerised Reservation Systems (CRS), developed and operated by the airlines to cope with the increasing volume of passengers were the first worldwide applications of information technology. At that time, similar applications were only found in the financial sector.

Today tourism is among the most important application domains in the World Wide Web (WWW). According to research conducted for Mintel’s Internet Quarterly, in December 2003, travel was by far the most popular form of online purchase, given a list of possible products, with 17% of respondents buying some form of travel and 9% purchasing a holiday in the previous three months (Holidays on the Internet – UK, 2004) suggesting very strongly that IT and tourism fit well.

3.6 CHANGING FACE OF TOURISM DISTRIBUTION CHANNELS

Distribution is what makes a product available to consumers (Wahab et al., 1976), the link between demand and supply (Mill and Morrison, 1992). Effective distribution is especially important for tourism products because of their perishable inventories. Williamson (1985 cited Werthner and Klein: 9) suggests that information is required both by the consumer and the supplier side and entails high search costs. The following figure (see Figure3.3) is an illustration of the market situation in the tourism industry and places
the consumer and the supplier at opposite ends of a ‘communications’ cloud, which both have to cross. The term communication reflects the ongoing exchange of information between both sides.

**Figure 3.3 The Communication Cloud**

![The Communication Cloud Diagram](image)

*Source: Werthner and Klein, 1999: 6*

The demand side, i.e. the consumer, wants to find the proper product, its availability, its price and how and where to buy it. The supply side face a challenge in identifying their market segment and its needs because of the nature of the product. They must create the products with the right attributes and find suitable distribution channels that may act as a communication link to the market.

In order to handle the excessive load of information and to close the communication gap several other players have arisen to make the two ends meet forming long and complex value chains. Figure 3.4 shows a model of the traditional market structure (O’Connor et
...and differentiates between the supply and demand side and the respective intermediaries. The rectangles on the extreme left indicate the major primary suppliers/players such as accommodation, car rental or entertainment which are mostly SMEs, thus forming the biggest group. This group also includes the international chain hotels and big players such as airlines and chain hotels, cruises.

**Figure 3.4  Proprietary electronic distribution channels**

![Diagram of electronic distribution channels](image)

*Source: (O’Connor et al., 2001: 341)*

This is followed by the intermediaries such as tour operators who can be seen as product aggregators and travel agents who act as information brokers (Werthner and Klein, 1999). The CRS/GDS (Computerized Reservation Systems / Global Distribution Systems) stemming from the airline reservation systems already developed in the 60s (Inkpen, 1998; WTOBC, 1999) act as the main electronic interface on the travel and tourism
market and operate as a ‘switch’ between suppliers and intermediaries on the one side and travel agents on the other. National Tourist Organisations are traditionally involved in the provision of destination information and marketing and use Destination Management Systems (DMSs) to facilitate this function by administering a wide range of requests and providing information to an ever-increasing tourism supply.

Up until the 1990s, electronic distribution channels servicing tourism were ‘institutionalised and everyone co-operated, rather than competed with each other’ (O’Connor et al., 2001: 340). Co-operation and not competition was the name of the game. Each participant within the chain had a mutually beneficial role to play (Anderson Consulting, 1998). The systems actually reflected a closed user group, as the information they contained was distributed over proprietary networks and was not available to the general public (Wade, 1998 cited O’Connor et al., 2001). Use of the distribution channels was lucrative, but was also expensive and lacked flexibility.

This model, however, has changed considerably due to the ongoing digital revolution and changing consumer behaviour. The arrival of the World Wide Web has provided many suppliers with the opportunity to directly market to the consumer and cut down their distribution costs. As SMEs have enormous difficulties in marketing their products globally through computer reservation systems (CRS) and global distribution systems (GDS), the Web empowers even micro tourism organisations and destinations to be represented in the electronic marketplace (Main, 2001). Suppliers are able to achieve a lower booking cost by selling over the Web, as the distribution costs of voice calls and commission levels are eliminated (ByLine Research, 1999).
However, this shake up in the distribution channels has created a lot of confusion in the already crowded and competitive market. Faced with increasing competition and price pressure tourism suppliers such as airlines and hotels are busily engaged in setting up their Web presence in order to pursue direct sales strategies (Werthner and Klein, 1999 b). In addition there is an emergence of the ‘new intermediaries’ such as the online booking servers that are virtual travel agents and provide booking facilities for air, car rentals, hotels and other ancillary services.

Figure 3.5  A new model of hotel electronic distribution channels

Source: Buhais, 2002

Dombey (1998: 132) describes the situation as:

"little short of a technological stampede. Up and down the traditional distribution chain... providers are working feverishly to re-engineer their travel systems... to by pass both the GDS and the travel agent to create a direct link with the consumer."
Figure 3.5 demonstrates a new structure that shows the changes in the traditional tourism industry structure in which Switch and GDS companies, tour operators and travel agents, suppliers have created their own form of onward distribution on the Web.

3.7 THE EVOLUTION OF ONLINE TRAVEL DISTRIBUTION

This section reviews the origins of online travel distribution. The historical background provides a setting for what is happening today and points to the developments in the travel and tourism industry in the future. Traditionally, tourism products have been promoted through brochures, information supplied by tourist information centres (TICs), television and radio advertisements. For effective distribution, the suppliers have used a variety of different distribution channels that link the producers of the tourism product with consumers. The objective of using each channel is to make information about the product conveniently available to the consumer and simplify the process of making a purchase (WTOBC, 1999)

The initial electronic distribution Central Reservation Systems (CRSs) were developed in the 1960s from the schedule airline industry’s need to provide an easy method by which travel agents could sell their products. The systems served as internal inventory management systems and helped the airlines in controlling their growing number of flights and fares. Although initially CRSs were used solely by each airline’s own reservations staff, gradually these systems enabled the travel agents to access inventory data and make reservations directly (WTOBC, 1999; Inkpen, 1998; O’Connor, 2002).
The growth in user demand and high capital costs prompted the owners of these systems to expand their product and offer from airline tickets to hotels, car hire, cruises and virtually every other travel product, resulting in the one-stop-travel-shops of today as Global Distribution Systems (Inkpen, 1998; O’Connor, 2003).

### 3.7.1 Global Distribution Systems

Specifically, four GDSs facilitated the global travel distribution market – Amadeus, Galileo, Sabre and Worldspan (WTOBC, 1999). They acted as the main electronic interface in the tourism market, although there are also several smaller regional GDSs, including Infini and Axess (Japan), Tapas (Korea), Fantasia (South Pacific), and Abacus (Asia/Pacific). The key characteristics of the four major GDSs are shown in table 3.2.

<table>
<thead>
<tr>
<th>System</th>
<th>Amadeus</th>
<th>Galileo</th>
<th>Sabre</th>
<th>Worldspan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel agency location</td>
<td>60,000</td>
<td>47,000</td>
<td>60,000</td>
<td>21,000</td>
</tr>
<tr>
<td>Countries served</td>
<td>200</td>
<td>116</td>
<td>45</td>
<td>90</td>
</tr>
<tr>
<td>No. of airlines listed</td>
<td>470</td>
<td>501</td>
<td>400</td>
<td>455</td>
</tr>
<tr>
<td>No. of hotel properties listed</td>
<td>59,600</td>
<td>51,000</td>
<td>58,000</td>
<td>47,000</td>
</tr>
<tr>
<td>No. of car rental companies listed</td>
<td>48</td>
<td>31</td>
<td>53</td>
<td>44</td>
</tr>
<tr>
<td>No. of cruise companies listed</td>
<td>9</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of tour operators listed</td>
<td>431</td>
<td>232</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>2001 bookings (m)</td>
<td>386</td>
<td>313</td>
<td>431</td>
<td>N/A</td>
</tr>
<tr>
<td>2001 revenue ($bn)</td>
<td>1.79</td>
<td>1.32*</td>
<td>2.16</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Source: O’Connor (2003)*
Ernst and Walpuki (1994) suggest that in 1992 the GDSs dominated 98% of the entire market and although there was a drop in bookings through the GDSs in 1999, they still remain an important source of business for most hotels. Whilst a GDS is effectiveness in reaching the market, both its capital and transaction costs are high. The transaction cost of electronic distribution is a challenging issue due to the numbers of intermediaries involved in a typical transaction. In a ‘worst-case’ scenario, a booking process could be facilitated by a CRS, a switch company and a travel agent and thus they would want to be compensated with their share of the revenue generated.

Kent and Fraser (2000) from Goldman Sachs Investment estimate the transaction cost of a hotel booking made through a route such as this as being close to US$7. On a transaction basis a GDS charges US$4, Switch $0.36 cents and around US$2.50 paid to the hotel company CRS. In addition travel agents charge 10 percent of the total value of the reservation. Therefore, depending on which distribution channel the booking was made through, variable booking costs can range from nearly $0.00 to as high as $6.86 plus 10 percent of the total revenue.

Hotel companies are keen to reduce these costs where possible and thus are constantly on a lookout for alternatives that would provide them with cost savings. A study by Accor and investment bank Dresdner Kleinwort Benson (2001) analysed the potential for cost savings by encouraging customers to book using alternative (internet-based) channels. As can be seen from Table 3.3 (which uses internal Accor figures that are in certain cases substantially lower than industry averages), routing a booking through an online agent
results in a minor decrease in costs, but substantial savings can be made by encouraging customers to book directly through a company's own website.

On a sample booking, the cost associated with booking through the CRS is US$13.50 per transaction, while the cost associated with a reservation generated through the

Table 3.3: Cost per reservation according to booking route from customer to hotel (US$)

<table>
<thead>
<tr>
<th>Route</th>
<th>Transaction Fee Traditional travel agent</th>
<th>GDS</th>
<th>Switch</th>
<th>CRS</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional route</td>
<td>US$5.90</td>
<td>US$3.20</td>
<td>US$0.20</td>
<td>US$4.20</td>
<td>US$13.50</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>total cost</td>
</tr>
<tr>
<td>Online route</td>
<td>US$3.00</td>
<td>US$3.20</td>
<td>US$0.20</td>
<td>US$4.20</td>
<td>US$10.50</td>
</tr>
<tr>
<td>Direct online Route</td>
<td>US$1.50</td>
<td></td>
<td></td>
<td></td>
<td>US$1.50</td>
</tr>
</tbody>
</table>

**Source: Dresdner Kleinwort Benson/Accor**

online intermediary route is US$10.50. With the use of online intermediaries, hotel companies save US$3.00 per transaction or 22.22 percent. An even greater level of savings can be made by driving reservations towards hotel companies’ website. A booking originating on Accor's own website has a transaction cost of only US$1.50, which is almost a 90 percent saving. Of course these figures only refer to the direct transaction cost and ignore the cost of attracting customers to the website.
3.7.2 The Advent of the Web

The Internet originated from the military network ARPANet, which was introduced by the US Department of Defence in 1969 (Law, 2000). Ever since the removal in 1990 of the requirement that official support is needed to join the Internet, the number of computer servers and users from private firms and individuals has been growing at an exponential rate (Law, 2000). The Angus Reid Group (2000) forecasted that, at the current rate of growth, there would be 1 billion Internet users by the year 2005. Similarly, Poon (2001) stated that the amount of online direct sales by travel suppliers will grow from 22 per cent in 1997 to 30 per cent in 2002.

Most people use the terms Internet and World Wide Web (Web) interchangeably. However, it must be noted that these terms are two separate but related things. The Internet is very much what its name implies- an interconnection of computers i.e. ‘network of networks’, connecting millions of computers together globally (Mathiesen, 1995). The World Wide Web, or simply Web, is a way of accessing information over the medium of the Internet (http://www.webopedia.com).

In the past, virtually everything on the Internet was in plain text format. Due to this, information could not be richly formatted or presented in a way that was easy to browse and search. However, with the introduction of web browsers, such as Internet Explorer and Netscape, information on the Web can be now be formatted to make the information more presentable, easy to view and understand (Andrews and Dieberger, 1996).
The advent of the Internet, specifically the Web, is redefining the way that information is provided to consumers. The Web is also enabling the consumer to directly access the supplier and customise the product to suit his/her needs. Tapp (2001: 238) suggests that the Web will ‘have an influence on direct and database marketing, which is more profound than its standing as merely another media option’. Increasingly, consumers can access information on-line, make reservations/purchase directly with the supplier and therefore bypass the traditional electronic intermediaries i.e. GDSs. The consumer has the power to make price/value comparisons very quickly because of the ease of searching for alternatives that the Web provides.

Poon (1993) describes these types of consumers as the ‘new tourists’ who are flexible, independent and experienced travellers, whose values and lifestyles are different from those of mass tourists. They are referred to be the driving force in the new tourism. There have been changes in consumer behaviour and values that are fundamentally shaping the new tourism.

Hoffman et al. (1995) offer two models to illustrate the critical advantage of the Web over traditional passive broadcasting models of one-to-many communications, in addition to its global reach and 24/7 accessibility (Pitt et al., 1996; Peterson et al., 1997; Hanson, 2000). The Web offers a new flexible proactive marketing model supporting many-to-many communications and narrowcasting in the extreme, radically changing the way firms do business (Hoffman and Novak, 1996a; Hoffman and Novak, 1996b). Web communication is based on dialogue (Parsons et al., 1998), with content created by and
for individuals using ‘information from the customer rather than about the customer’ (Day, 1998: 47).

3.7.3 The Web as a Strategic Marketing Tool

Broadcasting versus Narrowcasting

The advent of the Web has redefined how information is provided to consumers in the information-intensive tourism sector and provides a fundamentally different environment for marketing activities to traditional media. Hoffman et al. (1995) suggest that marketing has traditionally followed a passive ‘one: many’ communication model (see Figure 3.6) whereby an organisation/firm (denoted by F) reaches its current and potential customers (denoted by C) through marketing, with limited feedback from the customer.

Figure 3.6: ‘One: many’ communications model

Source: Hoffman et al., 1995
The Web, on the other hand, offers an alternative to mass communication. It can radically change how firms do business with customers and provides a platform that enables ‘many: many’ interactions between the customers, the media and firms (see Figure 3.7). Both customers and firms can interact with the medium and provide content to the medium. The Web supports narrowcasting (i.e. firms are able to target individual consumers or niche markets), which can be used to good effect in direct marketing, and broadcasting. Thus, the Web enables increased personalisation and customisation assuring marketers deeper insights into customer profiles.

**Figure 3.7: Many: many communications model**

![Diagram](image)

*Source: (Hoffman et al., 1995)*
Redefining Business Models

Dutta et al. (1998) attempt to determine the degree to which the Web has transformed business models across different types of businesses. They identify three key dimensions of ‘interactivity’ (real-time communication between business and customer), ‘connectivity’ (the shared global marketspace) and ‘C’ (customer relationship) to supplement the classical strategic marketing model of 4Ps (product; price; promotion and placement) in developing their marketspace model (see Figure 3.8).

Dutta et al. (1998) further explore how and to what extent the technology perspective of increased interactivity and connectivity transform the ‘four Ps and one C’ by evaluating the websites of organisations across sectors and geographical regions. They conclude that most firms are simply taking their business models and transferring them to the marketspace. Few firms are sincerely evaluating the transformational impact of the marketspace on their current business model.

Figure 3.8: The Marketspace Model

Source: (Dutta et al., 1998)
3.7.4 Importance of Web-design

The strategic development of websites to support marketing activities has been one aspect of the emerging strategies on the Web (Palmer and Griffith, 1998). Morgan and Pritchard (2000: 337) define successful websites as 'those ... used as part of an overall marketing and promotional strategy with clearly defined objectives, ...informed by thorough analyses of customer profiles, needs and expectations'.

The potential benefits of going online have encouraged many enterprising SMEs to create their own sites. There are, however, issues of branding for SMEs who do not benefit from the economies of scale and are not able to invest heavily in website development as larger organisations can. The irony of the situation is that whilst the Web gives SMEs equal access to the consumer in the global marketplace alongside larger organisations but the brand name of large organisations, e.g. international chain hotels and their brand assets, are likely to win the battle for customers on the search engines (Nassar, 2002). Thus, it is very important for SMEs to adapt rational standards for website design as the website projects the image and reputation of their business (Guenther, 1999).

Research shows that most SMEs accessing the Web use it primarily for communication and marketing and information gathering with a small percentage using the Web to conduct electronic transactions (van der Pijl, 2000; Main, 2001). Sharma and Carson (2002:142) in their research found that small and medium sized tourism enterprises (SMTEs) lack the understanding for the 'need for promoting a credible operation' and
treat their website as a static brochure. The content of the Web pages is extremely important for web sites of DMOs because it directly influences the perceived image of the destination. Thus, it is crucial that the content is accurate, attractive, and easily searchable (Beirne and Curry, 1999).

Nassar (2003) offers an insightful and analytical tool for evaluating websites and targets the hospitality sector in particular. He codifies current good practice and performance requirements for hotel websites to meet customer requirements. His study provides a basis for hotel website design and presents a hierarchy of considerations that are required to facilitate a strategic approach to the rationalisation of hotel website design. Nassar (2003) has developed a pyramid of considerations (see Figure 2.9) in which 28 user-relevant features are organised into a hierarchy emphasising how a website can support a model of brand-building appropriate for small and independent hotels.

The model was developed to compare the independent and chain hotels in the US, UK and Egypt. The pyramid enables a comparative analysis, not only of technical aspects of hotel websites but also of other characteristics based on the needs of users and also on their brand-building capacity. Nassar’s 28 features are organised under six ‘considerations’: accessibility; information; credibility; e-commerce; immediacy and customer relationship (Nassar, 2003). The lower in the hierarchy the consideration is the more fundamental it is. Hence, accessibility is a more fundamental concern than customer relationship - there is not much point focusing on aspects of customer relationship if accessibility is sub-optimal. The features comprising each consideration
are then classified in terms of three degrees of performance (good, satisfactory and sub-optimal) (see Appendix C).

Figure 3.9: Nassar's Pyramid of Considerations

Source: (Nassar, 2002)

The six considerations mentioned above cannot be considered in isolation in the context of brand-building. They should be considered as complementary and synergetic issues which support each other to augment customer relationship and build the brand. Nassar (2003) suggests that an effective website should function as a powerful tool to develop and sustain good relationships with customers and support brand building.
3.7.5 Customer Relationship Management

As mentioned by Dubé and Renaghan (1999: 79), 'managing customer value by creating quality and service that customers can see now is considered a critical component of companies' strategic marketing. Customer value is what builds loyalty'.

In order to enhance these relationships, the application of IT in marketing through customer relationship management (CRM) software, e-commerce and other initiatives is growing rapidly (Wilson et al., 2002). In a CRM approach, customers are at the core of the business and a company’s success depends on effectively managing their relationship with them (Brown, 2000).

Customer service on the Web can take many forms, such as answering customer inquiries, providing search and comparison capabilities, providing technical information to consumers, allowing customers to track order status, and allowing customers to place online orders. In summary, CRM is about building long-term and sustainable customer relationships that add value to both the consumer and the company.

Attraction, engagement and retention of users, coupled with learning about them and providing customized interactions are critical success factors for web marketing (Gretzel et al., 2000). Management of customer relationships is the key to exploiting the full potential of the Web. According to research carried out in a group of service industries, a five percent increase in customer retention can result in a 25-to 125-percent increase in
Chapter three: Literature Review

profits (Reichheld and Sasser, 1990). Therefore, web marketers must make a paradigm shift in understanding of the Web and customer relationship management (CRM) to achieve the full potential of the Web as a strategic marketing tool.

3.6.6 The Size of the Online Market

Travel has become one of the top selling products on the Internet (PhoCusWright, 2001). Consumer broadband adoption has made the Internet a pervasive influence in users' lives and it is expected that online spending would go up to $26 Billion By 2010 (Li and VanBoskirk, 2005). WTTC (2003) estimated online travel purchases to account for 28% of the total e-commerce market by 2003. Britain leads the way in booking travel online within Europe - but only about 10 per cent of all travel is booked online on this side of the Atlantic compared with 30 per cent in the US (Times Online, 2005). Mintel’s Holiday Bookings, Leisure Intelligence – UK, August 2003 estimated that the UK online travel market was worth around £2 billion.

Figures on the size of the online market for tourism products need to be treated with caution because actual dollar estimates of the current size of the online travel market vary greatly, as can be seen from Table 3.4. In spite of that, most analysts consistently agree that spending on travel is about one-third of total online business-to-consumer (B2C) transactions. For example Forrester Research (2002) figures show that B2C eCommerce was approximately $47.6 billion in 2001, with over $14 billion being spent on travel
products. The figures represent leisure travel and unmanaged business travel only, and do not include the rapidly growing managed corporate travel segments.

Table 3.4: Online Leisure and Unmanaged Business Travel ($bn)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Forrester Research</td>
<td>14.2</td>
<td>22.7</td>
<td>38.7</td>
<td>50.0</td>
<td></td>
</tr>
<tr>
<td>PhoCusWright</td>
<td>13.3</td>
<td>40.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cnet</td>
<td>31.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HVS</td>
<td>23.0</td>
<td>63.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jupiter Media Metrix</td>
<td>24.0</td>
<td></td>
<td></td>
<td>64.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: O’Connor, 2003: Compiled from multiple sources as part of ongoing research/Mintel’s Travel & Tourism Intelligence

The sales figures mentioned above are not enough to demonstrate the importance of the Internet to the tourism sector, as it does not take into account bookings influenced by, but not completed, online. While the reasons for this may be complex (security concerns, complexity of the trip, need for human contact, etc), the proportion is quite significant.

3.7.7 A Word of Caution

Although there are many advocates for the Internet, some authors such as Porter (2001) and McGrath and Heiens (2003), have adopted a more cautious approach and are advising businesses not to get caught up in the general fervour. Porter (2001: 64) shares a rather bleak view of the Internet and asserts that the:
...Internet is not necessarily a blessing. It tends to alter industry structures in ways that dampen overall profitability, and it has a levelling effect on business practices, reducing the ability of any company to establish an operational advantage that can be sustained.

McGrath and Heines (2003) accuse business executives of turning a blind eye to the more fundamental strategic and operating issues that need to be addressed both before and during the launch of e-business initiatives. Porter (2001) argues that, as all companies embrace Internet technology, the Internet itself will be neutralized as a source of advantage. According to Porter (2001) most ways in which the Internet influences industry structure actually have negative consequences for established businesses, making strategic planning vital to success.

3.7.8 Porter’s Model of Five Forces and Influence of the Web on the Tourism Industry Structure

Companies develop a business strategy with a view to achieving competitive advantage within their industry. In business strategy, one particular model stands out among the rest - that of Michael Porter. In his Competitive Model, Porter (1980) argued that the nature and degree of competition in an industry hinged on five forces:

- Buyers' customers' power
- Suppliers' power
- Rivalry among competitors
The collective strength of these forces determines the ultimate profit potential of an industry. The strength of each of the five forces varies considerably from industry to industry and each industry is affected in different ways. Thus, it would be erroneous to draw general conclusions about the impact on long-term industry profitability. This section will examine the effects of the Internet on the tourism industry with respect to the five forces that Porter identified in his Industry 5-Forces Competitive Model (Figure 3.10).

**Impact of the Internet on 'Rivalry among existing competitors'**

The Internet tends to increase rivalry among existing competitors. In the traditional economic model, competition among rival firms drives profits to zero. The intensity of rivalry among firms varies across industries. A larger number of firms increases rivalry because more firms must compete for the same customers and resources. The rivalry intensifies if the firms have similar market share, leading to a struggle for market leadership. The use of the Internet tends to expand the size of the geographic market. As a consequence, many more companies are brought in direct competition with each other (Porter, 1980).

In the case of tourism, the reduced importance of location, at least for the initial sale, widens the geographical market from local to regional to national. Hence, it is more
difficult for those businesses, who lack the potential points of distinction such as personal selling, physical travel agencies, and service departments, to differentiate themselves from other competitors. This results in more sellers selling largely undifferentiated products shifting the basis of competition to price. Therefore it is ironical that its very benefits of making information widely available; reducing the difficulty of purchasing, marketing, and distribution; allowing buyers and sellers to find and transact business with one another more easily - also make it more difficult for companies to capture those benefits as profits. According to Chrysostome and Rosson (2004) SMEs using the Web to internationalise their operations should accept that the global exposure that they receive will subject them to global competition.

Impact of the Internet on Barriers to Entry

It is not only incumbent rivals that pose a threat to firms in an industry; the possibility that new firms may enter the industry also affects competition. In theory, any firm should be able to enter and exit a market, and if free entry and exit exists, then profits always should be nominal. However, certain industries, such as the Oil and Petroleum possess characteristics that protect the high profit levels of firms in the market and inhibit additional rivals from entering the market (Porter, 2001).
Figure 3.10 Porter’s Five Forces Model and Influence of Internet on the Tourism Industry

(+ ) Introduction of new intermediaries: Virtual Travel Agents or Supermarkets
(+ ) Increased direct sales
(- ) Creation of new substitution threats from online servers

Bargaining Power of Suppliers
(+ ) Internet gives suppliers access to more customers.
(+ ) Suppliers able to customize their products to individual needs and market.
(- ) SMEs using Web exposed to global competition.
(- ) Reduces differences among competitors as offerings find it difficult to keep proprietary.
(- ) Increased number of competitors increases confusion in the marketplace.
(- ) Transfers competition to price

Bargaining Power of Buyers
(+ ) Places customer in the driver’s seat. Customer leads contact with businesses rather than the other way round.
(+ ) Customers can make price comparison at the click of a button.
(+ ) Internet’s low cost access allows buyers to take control of going to the market.
(- ) Reduces switching costs, thus increasing customer’s bargaining power.

(+/- ) Internet viewed as a major opportunity for new entrants of all sizes, enabling them to forge relationships with their customers and other stakeholders, though flooding the market with new entrants leading to increasing competition and price pressure.
(- ) Internet mitigates the need for an established sales force or access to existing channels, thus reducing barriers to entry.

Source: Adapted from Porter’s discussion with David Sutton, 2001
Tourism, however, is a sector dominated by small and medium enterprises where barriers to entry are low (Morrison and King, 2002). Indeed, some have argued that the Internet is enabling the smaller operators to represent themselves in the marketplace alongside the bigger players (Hamill, 1997, Buhalis, 1999). The cost of setting up a promotional, information-based website (i.e. without the booking facilities) is relatively low. An average computer user, given a software package like Microsoft Front Page can build a basic company web site in a couple of days and several SMEs view the Web as a low cost medium for promotion and have developed their own Internet sites to promote and distribute their products.

Due to the low entry barriers and the size and attractiveness of the travel and tourism market, companies from the media and ICT field such as Bertelsmann and Microsoft that are from outside the tourism markets have been attracted to it. These companies appreciate the huge interest from the consumer’s side in tourism applications in the Internet and want to exploit the possibility of linking users to other Internet services that they offer (Werthner and Klein, 1999b).

**Impact of the Internet on threat of substitute products or services**

Another important determinant of industry structure is the threat of substitution. Independent marketplaces will be unlikely to survive and generate high levels of profit, if it is relatively easy for buyers and sellers to transact business directly with one another or
to set up their own dedicated markets (Porter, 2001). The Internet allows new form of competition to perform traditional functions and gives customers new approaches to meeting their needs. The greatest impact of the Internet has been to enable the reconfiguration of existing industries that has been constrained by high costs for communicating, gathering information, or accomplishing transactions.

The increasingly widespread use of the Internet has created the conditions for the emergence of new intermediaries such as lastminute.com, expedia.com and priceline.com allowing consumers direct access to their inventory systems and secure on-line booking facilities. In addition to direct sales which had led to disintermediation and virtual travel agents or supermarkets, innovative business models have emerged on the Web that have led to an increase in flexible pricing and customer advocacy (Werthner and Klein, 1999b).

At the same time there is a very potent threat to larger tourism suppliers' systems i.e. the GDSs (Section 2.6.1) and they have been greatly threatened by the Internet. With the airlines divesting their interest in GDS holdings, they have made a bigger push to bypass the reservation systems in order to reduce booking fees. All major airlines and chain hotels have set up web sites through which they pursue direct sales strategies (Werthner and Klein, 1999b).
Impact of the Internet on Bargaining Power of Suppliers

The Internet reduces the leverage of intervening companies such as the travel agents as it provides a channel for suppliers to reach end users. In the next five to ten years, the most significant change to tourism distribution brought by the Web could be the visible shrinking of the travel agent sector. It would appear that travel agents are the hardest hit, as their market share is squeezed by both a decreasing market as more and more consumers go online and book directly from airlines and operators and by airlines’ declining commission levels (Liu, 2000).

The suppliers can use the Web for target marketing if used efficiently. On the Web, it is the consumer who is actively searching for information about products or brands in which they are interested. While on the Web, the consumer can also provide instantaneous feedback to the marketer (Stern, 1995). All the feedback, clicks and hits can be stored on the web server and be used for the purposes of marketing with the help of IT data mining techniques, that help companies find patterns within their internal customer data and convert it into meaningful marketing information.

Impact of the Internet on Bargaining Power of Buyers

A positive influence of the Internet is that it eliminates powerful channels or improves bargaining power over traditional channels. At the same time, it shifts bargaining power to consumers. Indirectly, Internet increases the bargaining power of buyers. Porter
(1998) theorized that the more products that become standardized or undifferentiated, the lower the switching cost, and hence more power is yielded to buyers. As more newcomers are expected to enter the industry, customers are offered more alternatives that increase their bargaining power.

In Internet marketing, the potential for price discrimination is diminished given the enhanced capability of consumers to identify the least expensive source, regardless of supplier or location. The skilled consumer could have ‘perfect knowledge’ of market prices which could enhance the competition even further and lead to the increasing standardisation of prices across companies or even borders, especially for undifferentiated products such as airline seats, beach holidays and weekend breaks (Liu, 2000).

This section highlighted the impact of Internet on the tourism industry in general. The following sections of chapter consider the particular issues associated with Destination Management Organisations and their interaction with the Web.

### 3.8 NATURE OF DESTINATION MANAGEMENT ORGANISATIONS

Destination Marketing Organisations or Destination Management Organisations (DMOs) are increasingly faced with a number of complex issues when trying to establish an online presence. In order to understand the problems they encounter, it is necessary to look at the specific nature of their business. DMOs are the key players within the tourism
industry responsible for developing and promoting tourism in their respective regions. Although they may play a role in product development and operations of the organisation, they focus mainly on marketing as the principal management function (Dore and Crouch, 2002). DMOs facilitate exchange of information and operate at various levels ranging from community to regional to national (O’Connor, 2002).

DMOs are often genuine governmental institutions with a political function and promote tourism in a destination by maintaining the social, cultural, economic and environmental basis. As DMOs are government bodies, they have to represent all suppliers in a democratic way, without favouring a single group (Werthner and Klein, 1999). The term ‘DMO’ encompasses a wide variety of organisations at various levels, including National Tourism Organisations (NTOs) that have established national tourist offices. At the next level are the Regional Provincial/State tourist organisations (RTOs) that have created similar organisations. Many cities have their own Convention and Citizens Bureaux. Smaller regions have regional offices. Coastal resort organisations and Ski or other sport resort organisations also come under this term (Ritchie and Crouch, 2003; Alford, 2005).

While at the national level, DMOs continue to be government led, at regional and city levels there is more private sector involvement, in the form of public-private partnerships. Co-operation of stakeholders is required at all levels – local, regional and national, and between private and public sectors. This is a challenge in itself, as responsibility for tourism is often located within government organisations, which can be slow to respond.
to change, and to foster collaboration, often due to conflicting political interests (Ritchie and Crouch, 2003).

According to the Organisation for Economic Cooperation and Development (OECD), nations failing to invest in marketing themselves as tourist destinations risk losing market share. Promotion of tourism and a country’s national image can attract significant foreign investment benefiting society as a whole and generating wealth and providing jobs. The World Tourism Organisation is another advocate of public sector support and state that international tourism promotes a better understanding between nations and brings income to rural areas where conservation and sustainability needs do not allow industrial development (Alford, 2005).

There is growing recognition that if tourism promotion and marketing were entirely privatised, this would lead to a distorted infrastructure and could saturate development of environmentally sensitive areas (Alford, 2005). Lickorish and Jenkins (1997: 207) and Wanhill (1987) argue that governments should involve themselves with tourism not solely because of economic reasons but also for social, environmental and cultural reasons. Williams and Shaw (1988) claim that the very nature of tourism with its heavy spatial and seasonal polarisation usually requires some form of government policy intervention whether it is for distributive or ameliorative purposes.
3.8.1 Importance of Destination Branding

Branding is perhaps the most powerful marketing weapon available to contemporary destination marketers confronted by increasing product parity, substitutability and competition.

(Morgan and Pritchard, 2002: 11)

In the context of tourism, the World Tourism Organization (1997) recognised that there is a tendency to see tourism destinations as a ‘fashion accessory’, in the sense that they are a way to define people’s identities. There has been a general agreement among academics and practitioners that places can be branded in the same way as consumer goods and services (Caldwell and Freire, 2004). Morgan and Pritchard (2003) suggest that destination branding is a highly complex and politicised activity due to the fact that countries are more than just fashion accessories and have histories and associations. Their marketing is governed by competing interests of the stakeholders and political agendas and thus should be contextualised in the wider global socio-political system.

In recent years, there has been increasing pressure on DMOs to constantly innovate to attract visitors to the destination. Travel destinations have awakened to the need to brand themselves (Ritchie and Crouch, 2003). With all the leading destinations offering competitive services and facilities and claiming unique culture and heritage, the need for destinations to portray a unique identity is more critical than ever (Morgan et al., 2003). New Zealand, for example, has been able to create a powerful travel destination brand and is positioned as an appealing niche player in the global tourism industry (Morgan et al., 2003). Wales, on the other hand for many years has experienced an identity problem
as it has been inextricably linked to its powerful and pervasive neighbour England (Pride, 2002). WTB’s Strategy document (2000: 40) asserts that Wales’ ‘stereotypical, outdated and negative’ image is a major constraint to tourism development and growth and has, therefore, developed an action plan costing £1bn (WTB, 2000: 7) to implement in full with funding derived from a range of public sector, EU and private sector sources.

The present tourism industry is a battlefield of destinations, where good brands sell. To create a unique tourist destination is rather complex, long term process, which requires a lot of effort, teamwork, cooperation and coordination. Due to the fragmented nature of the tourism product, there are a number of strong challenges in developing a strong destination brand. The importance of destination branding is made clear by Morgan and Pritchard (2003: 286) ‘the battle for customers in the tourism industry will be fought not over price but over the hearts and minds — in essence, branding . . . will be the key to success’. A range of countries such as Greece, Australia, Spain, Wales have already adopted the brand-building concept.

Len Berry, an international recognised expert in service marketing, argues that in order to attain a successful brand, a service organisation (in this case, DMO) should:

- have the courage to be different
- establish its own area of fame
- make an emotional connection with the consumers
ensure internalisation of the brand by front-line employees, who represent the destination and directly influence the visitor experience. (Berry, 2000)

Developing an effective destination brand requires a number of considerations, each with its structural and resource implications. It is necessary to ensure that all partners in the destination area identify with the brand and its objectives. Bringing the brand to the marketplace requires communication between the product in the destination area and the marketing organization in the generating country (Alford, 2005)

Every major destination is in competition with other destinations from around the globe. New Zealand, for instance, competes with approximately 90 other destinations for only 30 percent of the worldwide tourism market (Piggot cited Morgan et al., 2002). Therefore, it is important to know what others are doing not only to avoid duplication but also to ensure the development of as distinctive and differentiated a proposition as possible.

George Whitfield, a leading tourism and brand strategist, recommends the following principles that are necessary to ensure successful brand development:

a) The brand development exercise needs to be customer-driven.

b) It should be targeted to a primary audience profile and focus on the most compelling proposition for this audience. DMOs generally have a broad range of competing interests to satisfy. However they need to realise that they cannot be all things to all people.
c) Branding demands commitment, innovation and creativity on the part of organisations engaging in the brand development exercise and finally,

d) Branding should be at the core of an organisation's strategy. It must be the basis of a destination's business growth strategy with consequential influence over investment, planning and regulatory policies. It is not something to be entrusted to advertising agencies, graphic designers or general management consultants and it should not be under-resourced.

3.8.2 Implications of the Web for the Public Sector

In recent years, there has been a sea change in consumer behaviour. There has been a long-term growth in consumer desire for emotion-based, personalised experiences. Consumers are asking for better service and want more specific offers, both with regard to content as well as entire arrangements (Werthner and Klein, 1999 b; Tapp, 2001). There has been an increase in competition with consumers becoming more and more price sensitive. As a result, the market is becoming more segmented with each potential consumer belonging to different segments at the same time.

Berryman et al. (1998) suggest there are three types of marketplaces:

- Marketplaces controlled by sellers, which has been the traditional way of conducting business.
> Buyer-controlled marketplaces are set up by or for one or more buyers with the aim of shifting power and value in the marketplace to the buyer's side.

> Neutral marketplaces are set up by third party intermediaries to match many customers to many sellers, such as e-bay.

The latter two are of particular interest when considering how the Web makes things different. With the customers getting used to their new found capabilities and powers, these shifts in powers are only likely to increase (Tapp, 2001). DMOs are operating in a changing environment which demands a response from them at a number of levels-cultural, organisational and financial. DMOs have traditionally been supply-side orientated, concentrated on representing the interests of their members and tourist businesses in the region. However, the challenges posed by emerging consumer behaviour and information technologies highlight the importance of understanding the demand side that involves a major cultural change on behalf of DMOs as they seek to adopt the role of knowledge broker, providing information between customer and supplier (Alford, 2005).

3.8.3 Relation between Destination Competitiveness and Technology in Tourism

The competitiveness of tourist destinations, especially for those nations that rely on tourism, has become an increasingly important issue for policy makers as they strive for a bigger market share of travel and tourism. Competitiveness is regarded as a crucial factor for the success of tourist destinations and has attracted considerable attention in the
tourism literature (see, for example, Ritchie and Crouch, 2003; Dwyer et al., 2000, Crouch and Ritchie, 1999).

While there has been an emphasis on the economic dimensions of destination strength and performance, the true ability of a tourism destination to compete also involves its social, cultural, political, technological and environmental strengths.

What makes a tourism destination truly competitive is its ability to increase tourism expenditure, to increasingly attract visitors when providing them with satisfying, memorable experiences and to do so in a profitable way, while enhancing the well-being of destination residents and preserving the natural capital of the destination for future generations (Ritchie and Crouch, 2003: 2)

Competitiveness is, however, a complex and a multi-dimensional concept and can be difficult to measure. Since tourism competitiveness of countries is multi-dimensional, Gooroochurn and Suguyarto (2005) identified eight main indicators that encompass the broad definition of tourism competitiveness:

- Price;
- Technology;
- Environment;
- Social development;
- Human resources;
- Openness;
- Infrastructure; and
- The Human tourism indicator.
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These indicators were presented in a competitiveness monitor and measured the competitiveness of 200 countries. The indicators were presented in an index form to show the level of performance of each country relative to other countries. They proposed that using the eight indices, policy makers can identify the weak and strong areas of competitiveness of a destination and take actions accordingly.

In their analysis, the distribution of the indices across countries indicated that countries tended to perform better in terms of human resources and price competitiveness, and less well in terms of HTI (Human Tourism Indicator) and technology indicators and while technology is only a minor factor in determining the appeal of destinations, it has become a major factor in the promotion and distribution of the travel experience for an increasing number of destinations (Ritchie and Crouch, 2003). Technology is having a huge impact on the ability of destinations, and firms within them to enhance the quality of visitor experience. The challenge facing destinations is to know which types of technology are truly desired by visitors and to recognise which ones provide a genuine competitive advantage rather than create annoyance or confusion.

3.8.4 DMO’s role in promoting the tourism SMEs

This section examines how DMOs are increasingly turning towards information technology and the Web in particular, as a cost-effective medium for promoting their destination and their stakeholders. Traditionally, DMOs have been a major source in providing information to consumers about their destination. DMOs have been accused to
be slower in the adoption of IT in their operations in comparison to the commercial sector (WTOBC, 1999). Although there were some early adopters during the 1970s, but it was not until the late 1980s, that computer systems started being introduced to enhance DMO publications.

As powerful computing applications became more widely available during the 1990s, DMOs started to use IT more extensively. Initially this was through systems that were acquired piecemeal by different departments of a DMO and operated quite independent of each other. There were a few DMOs who even contemplated working with the GDSs but this wasn’t as feasible as the GDS based systems focused primarily on the distribution of a relatively homogenous product and DMOs represent a whole host of suppliers who are very independent and fragmented in nature (WTOBC, 1999).

Vaughan et al. (1999) warn that the role of local authorities as promotional organisations may become redundant as SMEs are now able to sell their own Internet sites. If that is the case and the same argument applied to national DMOs, then the existence of DMOs is truly in jeopardy. However SMEs are a disparate group and their co-operation is needed at a destination level to help increase the competitiveness of the destination as a whole (O’Connor, 2002).

For a number of years there has been government interest in creating computer-based national reservation systems that would represent this very independent and fragmented
host of suppliers. The development of electronic commerce has provided destinations with an opportunity for collaboratively marketing tourism organisations (Palmer, 2002). Tourism destinations offer a perfect situation for the development of virtual organisation that are linked by IT and hence it should ideally be possible to interconnect all the businesses within a state/region/nation and provide a service to the potential visitor to enhance their experience (Palmer and McCoile, 2000). The complexity of the tourism sector and the failure of traditional electronic systems to service the distribution needs of the majority of industry participants have driven the development of an alternative type of tourism distribution system called destination management system (O’Connor, 2002).

3.9 DESTINATION MANAGEMENT SYSTEMS- AN INNOVATIVE PROSPECT FOR A DMO

The concept of a DMS stems from database marketing. The core concept of database marketing is ‘building up sufficient information or data on individual people so that you can carry out complex communication programs with them’ (Fletcher et al., 1994: 139). The concept, however, is not exclusive to the tourism industry and extends to other service sectors such as financial services and auto manufacturers due to the fact they share very similar characteristics: they are information intensive, entail high search costs, and suffer from pricing distortion and confusion (Tapp, 2001).
A Destination Management System (DMS) is the IT infrastructure of a DMO. *Impact Through IT*- a publication of England’s Tourism Technology Working Group, describes a DMS as:

*The IT infrastructure used by a destination organisation for the collection, storage, manipulation and distribution of information in all its forms, and for the transaction of reservations and other commercial activities.*

(ETB, 1999: 4)

DMSs distribute a wide variety of tourism products and are focused primarily on the leisure customer. They are generally government sponsored and pay particular attention to representing small and independent tourism suppliers (O’Connor and Frew, 2002). DMS are known by a variety of different names such as Destination Databases (Archdale 1993, 1994), Tourist Information Systems (Werthner, 1993), Destination Information Systems (Sheldon, 1993), Destination Management Information Systems (Froeschl & Werthner, 1997), Destination Reservation Systems (Milchem, 1997). However they all share a common philosophy that aims to close the gap between the visitor and the tourism business. A DMS aims to meet this need by using information systems technology in an electronic marketplace, bringing together demand for and supply of a destination’s facilities (Baker et al., 1996). In this thesis the term destination management systems or DMS is used throughout to describe this concept.

While there is no set guideline on what business activities should be enabled by a DMS, common functions of a DMS include:
- A database of information about the area and all the tourism products available;
- An Internet application working from a database;
- A booking system;
- A customer database or a link to a Customer Relationship Marketing tool;
- A contact centre and a technical infrastructure to support all this activity;
- Administration and finance.

(ETB, 1999; WTOBC, 1999)

Figure 3.11 is a structure of the functionalities of a DMS. The introduction of the IT-based functionality in some or all these areas is likely to have a major impact on the way any DMO works, requiring a carefully strategically planned programme of change management (WTOBC, 1999).
3.9.1 Types of Destination Management Systems

There is no agreed definition of a DMS and various countries have their own interpretation of what a DMS should offer (Vlitos-Rowe, 1992). Different people define DMSs differently, depending on what their system is designed to do. For instance, some see the customer database and relationship marketing applications as an indispensable
component of a DMS and other do not. Also as DMS are still in a state of evolution, a universally accepted definition of their scope and capabilities is hard to establish.

Different organisations have different ideas as to what features and functions should and should not be included. They vary from static web sites to complex integrated information systems covering the whole breadth of tourism activities. Whilst several some DMOs are spending millions of dollars in implementing sophisticated integrated systems, it is perfectly possible to develop a website that may require an initial investment of just thousand of dollars (WTOBC, 1999).

The structure of the local or national tourism market, the weight of tourism in the local or national economy, legal constraints, level of awareness of new technologies—all these factors play a role on the type of DMS a tourism organisation would implement (Costa, 2001). Successful implementation of a DMS depends largely on those who manage and operate it. The components or modules must be looked in parallel as they interrelate with each other. Hence if suppliers do not provide availability, the sales are impacted as the consumer is unable to book the product instantly.

Analysis of existing DMS reveals several distinct types (Figure 3.12):

1. Information Only (Chen and Sheldon, 1997)
2. Electronic Database (O’ Connor, 2002)
3. Information and Reservations (O’ Connor, 2002)
4. Booking Medium (O’Connor, 2002)


Figure 3.12 Types of Destination Management Systems

*Information only*

The most basic form of DMS is the one containing product information about tourism suppliers, visitor attractions, events and other tourism related facilities within a particular region. The information in such destination databases can be broken down into two
distinct categories: editorial content and data about specific products, services and providers. Editorial content aims to entice and inform the potential traveller. Such information needs a high level of multimedia to be presented effectively, and thus should include photographs, video, and sound. However, once compiled, it has low volatility and does not need to be updated often. Specific Data, in contrast has a higher volatility and must be recompiled and updated frequently to ensure accuracy. (O’Connor, 2002)

*Electronic database*

These DMSs have made information available electronically to their counter staff in their TICs and telesales staff in central call centres. These databases contain in-depth information about the destination and allow staff to respond quickly and efficiently to customer queries and helps to overcome the knowledge gap problem (O’Connor, 2002).

*Information and reservations*

For many DMOs, functionality of a DMS is limited to the creation of destination as many do not have the mandate to engage in commercial operations or alternatively do not wish to be seen to compete with inbound tour operators or their domestic travel agent community. However, increasingly, they are including appropriate booking facilities in order to serve their potential consumers better (O’Connor, 2002). The functionality of an individual DMS depends upon the objectives of the organisation owning the system and the resources that are available to the organisation (WTOBC, 1999). However, it is clear
that the ability to handle bookings through the reservation system transforms the system from a computerised brochure to something significantly powerful.

**DMS as a booking medium**

Allowing the DMS to accept bookings brings several advantages to the DMO such as revenues from fees and commissions, having access to an electronic booking facility for all the products in the destination. Other benefits include reduced costs, faster response times, improved customer service, increased control and reduced administrative work. SMEs, who receive a surprisingly high percentage of their bookings through referrals from regional tourism offices (RTOs), are easier to service and the effectiveness of the RTO / DMS network is easier to quantify, as the computerised system can be used to produce statistics on enquiries processed, percentage conversions and reservation values.

However, incorporating booking facilities into a DMS is not without its problems. In order for the system to work efficiently, there is a need for speedy communication link between the system and the product supplier. Communication by telephone is more appropriate, but is labour intensive for both the DMS and suppliers, and also results in high communication costs. Thus an effective method must be found to communicate the reservation to the tourism supplier in real time. O’Connor (2002) suggests that the ideal solution would be to have a computerised device located in each supplier location, which they could use to access the system directly to update their data and process reservations.
Application Service Provider

Application Service Provider (ASP) is a relatively new Internet buzz word. It describes a business model in which software is provided as an accessible service over distributed servers on the Internet. An ASP is 'a third party service which deploys, manages, and remotely hosts a software application through centrally-located servers in a 'rental' or lease agreement' (Cherry Tree & Co., 2000: 2). The use of ASPs is gaining widespread acceptance amongst hundreds of thousands of suppliers as an alternative to shrink-wrapped software. The ASP model introduces substantial changes in the way software is produced, used and revised (Flammia, 2001).

As discussed earlier, tourism SMEs are the least likely to be able to either afford or be able to use information technology. Repeated research has shown that an appropriate solution would need to be cheap to purchase and operate, intuitive, have a good user interface and require little specialist hardware, software or knowledge on the part of the user. Since SMEs make up the majority of suppliers in many regions, their lack of use of technology-based system has been a severely limiting factor in the success of many DMS. However the development of ASPs may help to reduce this problem (O’Connor, 2002)

The ASP model offers many conveniences to the user. Investment in user hardware is minimised. Overall automation costs are reduced, as it is easy to add additional users. The approach also means that software updates and maintenance are simplified - changing the
application on the central server means that everyone and every location is instantly and automatically updated. Particularly where the application needs to be distributed over multiple geographical locations, ASP greatly simplifies the management of the IT resource. As a result, the ASP approach is gaining increasing acceptance as a way of giving tourism SMEs access to the DMS (O’Connor, 2002).

The ASP model also creates challenges and leasing from ASPs has its disadvantages. Many companies are anxious about the adequacy of protection offered by the ASP against hackers, theft of confidential information, and virus attacks. Also, leased software doesn’t often provide the perfect fit for the desired application. The speed of the Internet connection is another vital factor that needs to be considered. The suppliers must ensure that the speed of the connection is compatible with that of the application to avoid distortions in its performance. For example, it is not advisable to run heavy-duty applications on a modem link below a T1 line or high speed digital subscriber lines (DSL). (Turban et al., 2002)

3.9.2 Difference between a DMS and a GDS

In Section 3.7.1, Global distribution systems were discussed. A discussion of DMS would not be complete without reviewing/comparing them to a GDS. The fundamental difference between GDS and DMS is that the GDS-based systems focus primarily on the distribution of a relatively homogeneous branded product. GDS favour airlines and larger travel suppliers or destinations that can afford the substantial listing fees. They tend to list
high-priced, standardized products, and thus create an upwardly skewed impression of the destinations, leaving many destination facilities with no electronic access to the markets (Sheldon, 1993; O’Connor, 2002).

However, such a system leaves out the non-branded and smaller operators as it finds it problematic to incorporate such diversity. DMS on the other hand provide a ‘comprehensive selection of tourism supplier (not solely accommodation) information from a defined geographical area, integrated, in most cases with availability and booking service’ (Frew and O’Connor, 1999: 4). They distribute a wide variety of tourism products (focused primarily on the leisure customer), and are generally government sponsored.

3.9.3 Funding Models of DMS

Literature on DMSs has identified three types of models with different objectives:

Public Sector Initiative/ Non Commercial Model

This model is supported by public funds and is a mechanism of economic development. It is a non-commercial enterprise, supporting local businesses. It fulfils a function not provided by the private sector (Baker et al., 1996). There has been considerable debate as to how a DMS should be initiated, set up and managed. Many analysts feel that the involvement of the public sector is essential (O’Connor, 2002) given the high development costs, the limited potential for adequate returns in the initial years of
operation when booking volumes are low and in balancing the needs of the main stakeholders (Buhalis and Spada, 2000).

In the past, proposals at the local level have collapsed on the unwillingness of SMEs to give commission, to make booking allocations available, competitive jealousies concerning the equity of how bookings will be distributed by TIC staff and arguments over classification and grading, an essential ingredient for the inclusion in such a scheme, as in all tourist bureau publications (Wanhill, 2004). Such experiences suggest that a computerised destination management system cannot be implemented or sustained without a great deal of public sector involvement, particularly if the Commission’s ideal of Europe as a single destination is to be realised (European Commission, 1995). Furthermore, DMO involvement helps to ensure the accuracy, fairness and completeness of the supplier data (O’Connor, 2002). Lastly a DMS must be integrated into the overall marketing and promotional strategy of the destination, which can only occur when the DMO is actively involved in the design and operation of the system.

Private Sector Initiative/ Purely Commercial Model

A commercially self-standing DMS is the one which has its roots in a completely commercially based start up. A purely commercial system cannot be expected to promote or distribute establishments that impose greater costs than they bring revenue into the DMS on a long-term basis (Baker et al., 1996). O’Connor (2002) argues that a purely private sector operated DMS is unlikely to be successful as its requirement to maximise
profit would have a detrimental effect on its method of operation and it would be forced to exclude certain products that may not generate revenue for them, thus affecting the comprehensiveness of the system. In addition, users may raise questions about the objectivity of a fully commercial DMS, demanding to know whether it is the one that ideally suits their particular needs or whether it pays the highest fee to the DMS operator. In the last five years, there has been an increase in the number of online booking systems available to SMEs. However, these are non-government and commercially self-standing systems that represent SMEs that are willing to pay commission or pay a set subscription to the service.

**Public-Private Partnership**

In recent years there has been a trend towards public - private partnerships (PPP’s). This model has its roots in public based DMSs. They start out as public sector initiatives and migrate into private sector. This association between public and private sector eliminates the drain on the public sector and prevents the private sector from accusing the public sector of getting subsidies and promoting unfair competition (Baker et al., 1996). The World Tourism Organisation (1996: 30) observed that:

> While NTAs around the world are all at very different degree of the pendulum swing, the trend for national promotion and marketing is clearly towards multi-level public-private sector partnerships.... It will take much longer for this trend to have impact in some regions, especially where the private sector is too poor to make a significant contribution to a national promotional budget. But there are nevertheless, signs of change everywhere.

O’Connor (1999) puts forward the notion that the public sector could initiate and finance the DMS project and on completion the private sector can take over and operate the
system. The suggestion is that after the takeover, the DMO should maintain a minority interest to help ensure completeness, accuracy and objectivity and to protect the interests of both consumers and the tourism sector, while the day-to-day operation and management should be the responsibility of the private sector partner. This strategy has been followed in the cases of both Gulliver and TISCover, two of the few DMS that are commonly regarded as being successful.

However, there are still challenges for sustainable public and private DMS partnerships. Mistilis and Daniele (2004) identified the challenges as follows:

1) Dilemmas of involvement - ‘Handover Issues’
2) Ability to respond to market
3) The Value Chain - Depth of Information, Positioning and Standards

**Dilemmas of Involvement**

As suggested by O’Connor (1999) it is possible for the public sector to initiate and finance the DMS project, and on completion the private sector could take over and operate the system. However, this creates a ‘handover’ issue (Mistilis and Daniele, 2004: 67) between the activities of public sector tourism promotion and the sales activity of the private sector. The dilemma is to identify and evaluate at which stage in the marketing chain is it most efficient to carry out this handover (Tunnard and Haines, 1999). Some academics (Frew and O’Connor, 1999; Buhalis and Spada, 2000) view the involvement of the public sector as crucial to balance the needs of the main stakeholders and do not
consider ‘handover’ as an appropriate solution. This is substantiated by Marino’s (2000) study of private and public tourism in Italy and Spain, which revealed that replacing public with private sector is not necessarily a satisfactory solution.

*Ability to respond to the Market*

In recent years, there has been increasing focus on competition between destinations and there are suggestions that the ability to respond to market changes is crucial (Mistilis and Daniele, 2004). In a partnership situation, relationships with industry may be governed by public sector principles (Elliot, 1997) and would include issues of accountability (Faulkner, 1997), data ownership and privacy concerns (Stewart and Zhao, 2000). The quest of accountability can complicate and delay the policy process for the industry, thus reducing the timely and appropriate responsiveness to market forces. Van Ham and Koppenjan (2002) argue that in public-private partnerships there is a lack of knowledge and understanding about each other’s interests and risk perceptions. For example, public and private parties have a different time horizon with private parties concentrating on short-term perspectives and the creation of cash flows and public sector focussing on long-term investments.

*The Value Chain- Depth of Information, Positioning and Standards*

For a DMS partnership, a fundamental issue is the need to add to the value chain (Wethner and Klein, 1999). There is a conflict in the level depth of information that a public sector wants to display on the DMS. For example, motivational information
judged as important by the public sector is viewed as uneconomical in the eyes of the private sector. Private sector is more focussed on the revenue considerations whilst a public sector overriding concern is the tourism development of the destination.

Van Ham and Koppenjan (2002) highlight the cultural and institutional differences between the public and private domain and the difficulties that arise when the two sectors are brought together. A PPP brings considerable risks for both public and private parties. The risk for the public parties is that they will be obscured by the superior expertise of the private parties and they may not be able to prevent themselves from supplier domination. In addition, there are concerns about protecting the public interest in view of the short-term profit driven strategies of private parties (Bell, 1998). For the private sector, risks are of a different nature. These include problems of insufficient cash flow, oppressive cost of long-term investment. Furthermore, transaction costs which a PPP involves could be tentative. With government being a ‘capricious partner’, it may ‘renege on earlier agreements and switch the role of partner, principal and regulator at will’ (Van Ham and Koppenjan, 2002: 600). In addition, there is the question of whether government is able to complete the necessary administrative procedures in time to realise the project. Lastly, due to the public dimension, the PPP projects draw greater attention and thus are likely to become easy targets of social protest. Often public law procedures involved in these types of projects, render social actors public consultation and advisory rights that can be used to petition and carry out civil proceedings. This could lead the private sector being unable to keep their end of the bargain and fulfil their contractual obligations on time.
Table 3.5 Model of public/private sector involvement in DMS for proposed ideal sector: Australia, Austria, Ireland and Netherlands

<table>
<thead>
<tr>
<th>Proposed ideal sector</th>
<th>Technical Expertise Skills &amp; knowledge-DMS</th>
<th>Database-inventory of product for the DMS</th>
<th>Administration including initiation &amp; leadership of the DMS development process</th>
<th>Financial Contribution to DMS development</th>
<th>Ownership &amp; management after development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Private</td>
<td>Public</td>
<td>Public</td>
<td>Public/Private</td>
<td>Private according to specific public guidelines</td>
</tr>
<tr>
<td>Austria</td>
<td>Initially public: then privatised</td>
<td>Public</td>
<td>Public</td>
<td>Public/Private</td>
<td>Public</td>
</tr>
<tr>
<td>Ireland</td>
<td>Public</td>
<td>Public</td>
<td>Public</td>
<td>Public/Private</td>
<td>Private/Public</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Private</td>
<td>Private</td>
<td>Public/Private</td>
<td>Private</td>
<td>Private</td>
</tr>
</tbody>
</table>

Source: Mistilis and Daniele, (2001)

1. After four years the Australian system will be a private enterprise responsibility
2. A private Irish financial services company is the main shareholder and the Irish and the Northern Ireland Tourist Boards together retain a 26% shareholding. Data held within Gulliver continues to be owned by OTB and NITB (WTO, 1999:106 cited Mistilis and Daniele, 2001)

Mistilis and Daniele (2001) in their study on the role of government in relation to DMSs found that many national DMSs are attempting to find an ideal working model whilst coming to grips with the issues and the implications of technology. Table 3.5 is a summary of their case study of four countries: Australia, Austria, Ireland and Netherlands. They investigate the involvement of the government’s role in relation to:

- Who manages technical Expertise Skills & knowledge-DMS;
- Who owns database-inventory of product for the DMS;
- Who undertakes administration including initiation & leadership of the DMS development process;
While they do not comment on the success of the DMSs, their study indicates that government involvement is useful but not critical for the success of the system. In fact, they conclude that government doesn’t necessarily have a role to play in the successful development and operation of DMS and may hinder its development due to the ‘structural changes associated with corporatisation and the current environment for the conduct of tourism businesses’ (Mistilis and Daniele, 2001: 29).

3.9.4 DMS Development – A Troubled Childhood

Several DMS of various levels of sophistication have been developed over the past three decades. Despite their potential, few have outlived their pilot and development stages to evolve into fully-fledged, fully operational systems (O’Connor, 2002; Frew and O’Connor, 1999). The literature referring to destination oriented systems highlights a variety of important issues (explored in an in-depth manner in chapter 4) regarding DMS development.

In the 1990s, the literature focussed on the numerous advantages that developing such a system could bring. It gave reasons for the necessity of their development due to the moves made by airlines CRS into leisure market and concentrated on the benefits that stakeholders could achieve and considered the qualities that DMS needed to be successful (Baker et al., 1996). In recent times, however, the literature ‘has been more critical and
sceptical about some of the assumptions made about the DMS' (Blank and Sussman, 2000) as these types of systems have become more common-place. The scepticism can be explained in the light of the many failures of DMS projects in England (Beaver, 1995), ETNA (Mutch, 1996), Scotland (Pringle, 1995; Kerr, 2003) and Switzerland, all of which failed in the 1990s.

The failures cannot be attributed to simple, single causes. They appear to arise from a combination of factors such as lack of funding, inappropriate technology, insufficient distribution networks, lack of marketing to stakeholders, lack of political support (Blank and Sussman, 2000), and inter-organisational conflict (Mutch, 1996). Frew and O'Connor (1999) suggest that the most difficult challenge lies in addressing the stakeholder issues explicitly, effectively and in advance of implementation programs. The following cases intend to give some flavour of developments in DMS field in different geographical areas.

ETNA - English Tourist Board

There are many different types of DMS around the world, reflecting different starting points. In Britain, DMSs have evolved out of tourist information centres (TIC) systems. The English Tourist Network Automation (ETNA) project was designed to computerise the network of over 500 English Tourist Information Centres. ETNA was designed to go beyond being a simple reservations system to a much more sophisticated system offering information provision, staff scheduling and accounting. The system was given a high
profile launch in 1990 and was described as ‘the start of major things to come in the national and international tourism arena’ (Tourism Action, 1990). In 1990, the ambitious target of English Tourist Board (ETB) anticipated that:

Most of the TIC network will be equipped within two years. Links with major regional and national computers will eventually lead to networked information and reservation systems across the country


By May of 1992, the target was far from realized and Tourism Enterprise (1992 cited Mutch, 1996: 604) reported that ‘there are currently nearly 90 ETNA – related systems in operation across England’, which amounts to approximately 18% of the total population. The project came to a premature halt in 1993 and the original concept of an inter-related national network was shelved to be replaced by the use of two private sector software houses, CTV and Integra. Mutch (1996) performed a post-mortem of this failed adventure and placed the blame on inter-organisational factors as the cause of this endeavour.

Mutch’s (1996) work attributes the blame to two main aspects: structural (governmental) reorganisation and the division between organisations in terms of those responsible for strategy formulation and those for resourcing the implementation. A government review of ETB in 1989 saw the devolution of many of the ETB’s functions to a local level and its concentration on the strategic issues. In November 1992, ETB announced that Government funding was to be reduced from £13.9 million in 1993-94 to £ 9 million. The changes in the funding and functions of the sponsoring body left the ETNA project in an
untearnable situation. The division between strategy formulation and implementation became a problematic issue as some authorities who didn’t commit similar resources to the costs of the system were accruing benefits of the system, much to the annoyance of the authorities who had contributed to the costs of ETNA. The ‘free-rider’ effect came into play and organisations started reassessing their investments and thinking on the lines of why contribute when you can benefit anyway.

**Switzerland - SwissLine**

Another initiative called the SwissLine project failed in 1992 despite significant initial funding of £5 million. The system was set up as an independent company under the ownership of the Swiss National Tourist Office, the Swiss government, Swiss Federal railways, Swissair, the Swiss Hoteliers’ Association and the country’s post and telecommunications operators (Infocentre, 1992). SwissLine recognised the growing importance of the independent leisure market dominated by small and medium-sized enterprises and tried to implement a national information and reservation system to satisfy the demand represented by the fact that 85 percent of guests in Switzerland make their own reservations directly with only 15 percent organising their holidays through travel agent and tour operators (Vlitos-Rowe, 1992). The system aimed to offer national, regional and local information with a direct reservation system. The system was supposed to work in real-time with hotels having live access for inventory maintenance. Despite the optimism shared by all the parties involved, the venture was forced into liquidation due to a lack of public and private sector support.
Scotland- Hi-Line

The first attempt to implement a DMS strategy in Scotland was in January 1984 with the introduction of Hi-Line (Frew and O’ Connor, 1999; Pringle, 1994). The Hi-Line system was founded on a perceived and tested need for a destination marketing system. Hi-Line ran into technical and procedural problems early on and suffered from understaffing and under-resourcing. Hi-Line has been accused of making ambitious use of inadequate technology. It was proposed that the scheme would eventually be self-financing and that the start-up and running costs of the project would be met by public sector funding and through commission charges. Its successful privatisation required long-term financial stability demanding rapid early growth. However, the system was not capable of meeting the demands imposed on it without expansion that entailed high capital costs. Successive poor skiing seasons due to bad and unpredictable weather resulted in reduced trade and poor trade and links with national marketing not materialising into anything added to the existing problems.

Whilst some of the plans were founded on sound predictions, many were unrealistic or even bordering on wishful thinking. However, Pringle (1994) concludes by saying that Hi-Line’s failure cannot be attributed to one single factor not it can be shown that improved financial arrangements or technology would have save the venture. Hi-Line appears to have suffered throughout its existence for being over ambitious and so pioneering.
**Ireland- Gulliver**

Compared with the Scottish, Swiss and English scenario the history of the Irish DMS is, according to the grapevine, more successful (Frew and O'Connor, 1999). A familiar pattern followed in the developmental stage of the system: consultants were commissioned, feasibility and technical studies were undertaken, and the DMS was subsequently launched with the much of the initial costs met by grants from public or European sources. There was a mixture of public sector funding: European Union development grants (£2.9 M), Bord Falite (£2.6 M), International Fund for Ireland developments grants (1.6 M), and the Northern Ireland Tourist Board (£1.5 M), along with revenue from commission charges and membership fees.

Although Gulliver suffered badly in its formative years from a technology point of view, it did not suffer from funding problems like Hi-Line. It also benefited from reliable distribution and maintenance of data through its use of the Minitel Viewdata service (Pringle, 1994). Unlike many DMS projects in the 1990s, Gulliver has survived through it developmental and pilot stages, in spite of a process of reengineering that became imperative due to the use of inappropriate technology and, changing from a solely public venture into a commercially viable public/private project. Gulliver covers the whole of Ireland and it is closely linked to the tourism marketing by Bord Falite and the Northern Ireland Tourist Board.
Authors, such as Archdale et al. (1992), described Gulliver as one of the best examples of a true Destination Database operational that had been set up with a clear strategic purpose and was being developed as an integral part of the overall Irish tourism marketing effort.

However, a report in the Irish Times (1996 cited O’Kane, 1996), pointed out that:

*a computer firm involved in the design of Gulliver systems had received £4.6 million up to the end of 1995 and concluded that the system in place had not provided the planned service, was not being used by the tourism industry, the cost of developing and running the system was greater than had been estimated, and that the management of the project had been deficient in certain respects.*

Irish Comptroller and Auditor General claimed that Gulliver has cost the Tourist Boards £8.6 M (£10.2 M offset by £1.6 M in membership/subscription fees) but had never functioned as intended. Their report also claimed that the level of business was very low, representing less that 2% of all accommodation bookings in the Republic. However, during 1995, £9.5 m worth of business was conducted through the system and more than 90 percent of registered accommodations in Ireland were members of the system, about half of which could be booked electronically (O’Kane, 1996). In spite of all the criticism, the changes in the technology, and the funding structure, the industry has viewed Gulliver as a success. According to Frew and O’Connor (1999), most of the objectives of the original Gulliver project have been met.

In spite of this alleged success, Gulliver, like EnglandNet (forthcoming), got embroiled in a legal battle and was accused of unfair competition by travel agents and tour operators. In January 1999, Brendan Tours, a leading US specialist tour operator to Ireland, filed suit in Dublin alleging that the Irish Tourist Board was trying to create a monopoly-
action that was supported by a considerable number of other US and European tour operators and included big names such as the American Society of Travel Agents (ASTA) and the US Tour Operators Association (USTOA) (WTOBC, 1999).

Blank and Sussman (2000) in their research examined the attitudes of the owner/managers of small accommodation establishments in South West Ireland towards a selection of possible benefits they were receiving from membership on Gulliver and found that the majority of the respondents did not seem to perceive any benefits from Gulliver. An overwhelming 80 percent of the respondents stated that their membership had not 'reduced the need to participate in other cooperative marketing ventures' which implies that suppliers were not relying on Gulliver as their main method of promoting themselves (Blank and Sussman, 2000: 424). The suppliers, however, did indicate that Gulliver would become a more important distribution channel in the future and that has implications on the future of the project. In an attempt to be more effective, a recent study has found that Gulliver now regards market forces as the principal element and is driven by business requirements, rather than public interest (Rafferty and Kelly, 2003 cited Mistilis and Daniele, 2004).

Wales

Wales Tourist Board (WTB) has had a website since 1995, though it did not provide the ability to book online. In 2001, the WTB signed a contract worth £4 million with World.Net (an Australian company) to build a strategically-focused DMS, VisitWales,
Chapter three: Literature Review

offering information distribution, reservation processing and database marketing resources to Welsh tourism operators (Tunney, 2001; Edmunds, 2002). The year 2002 saw the launch of VisitWales, which forms the main focus of the thesis and will be investigated in chapter five.

_EnglandNet_

Another attempt by the ETC to implement a DMS is the EnglandNet project. The objective of the project is to provide e-business services to England’s local, regional and national tourist organisations, enabling them to strengthen the services they offer to their customers. In particular, EnglandNet will provide a national tourism distribution system for England – in effect, the wiring and power transformers for a tourism national grid (EnglandNet, 2003).

Many destinations and Tourist Boards have already invested in destination management systems to enable them to market and sell local accommodation products, events, activities, restaurants and attractions. The EnglandNet national distribution system will be plugged into these systems thereby giving extra value to these existing investments by adding on national distribution. Indeed, EnglandNet is working with the regional tourist boards to ensure that all businesses in all regions have access to destination management systems so that they can benefit from local, regional and national marketing and distribution.
EnglandNet went live in May, 2005 and has cost £8 million to set up. It is estimated that it will host more than 150,000 tourism businesses (Travel Weekly, 2004a). Even in its short life span, the project has come under fire from the European Commission. EnglandNet had to scrap its plans to make the online self-catering database EnglandNet a bookable facility due to a move by group of 25-strong self-catering agencies who accused VisitBritain and the government of unfair competition (Travel Weekly b,c, 2004).

The situation in England is perhaps most analogous to that in Germany and France, where different destination systems have been developed across the country. Action has been taken jointly by the German regional tourism organisations to achieve a consistent approach, but with limited success to date (English Tourism Council, 2002). A key issue for the success of a national solution in England will be the ability to achieve interoperability between existing regional and local destination systems. All the future DMSs that are being implemented in the UK are required to meet the interoperability standards set by EnglandNet. While this may reduce future problems, only time will tell how the existing DMSs that have been developed on different platforms and have different data descriptions (Werthner and Klein, 1999) will interoperate and integrate with EnglandNet.

3.9.5 Key Success factors for DMSs

DMS underdevelopment has prompted the need for a deeper examination of those success criteria that need to be considered when developing or evaluating DMSs. Buhalis
and Spada (2000) evaluate a list of success factors from different stakeholder perspectives: Consumers; Tourism Suppliers; the Public Sector; Investors; Tour Operators; and Travel Agents. They collated a comprehensive list of criteria for success of DMSs by conducting an exploratory research and taking the opinion of five experts. In the author’s opinion, although Buhalis and Spada (2000) call these critical success factors, these are actually benefits that the DMS is expected to bring to the stakeholders. A conceptualization of the benefits identified for each stakeholder is provided in Figure 3.13.

Summing up, there is a need for reliable and accurate systems that are user-friendly, efficient, effective for the consumers and provide comprehensive destination information (content) and online booking and payment facilities. The various stakeholders mentioned have their own needs and wants and bring with them their own set of aims and objectives. Few stakeholders have an understanding of why they need to co-operate with others. The criteria mentioned require a close collaboration between public and private sector and communication as well as co-ordination between the different levels of tourist offices. Public sector needs to mitigate conflicts between stakeholders and encourage a cooperation philosophy. The application of the criteria mentioned is a complex process and there is a need to investigate their applicability. An understanding of whether the conflicting needs and wants of the stakeholders can be met through a DMS is seen as important by this study and therefore will be investigated later in the thesis.
Figure 3.13 Stakeholder benefits of DMSs

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Source: Buhalıs and Spada, 2001
3.9.6 Ideal Scenario for a DMS- Move to being a portal

An integrated DMS should support not only a DMOs website, but also a wide range of other promotion, marketing and sales applications. New marketplace created by the Internet is allowing DMOs to communicate directly and relatively cheaply with end consumers and with intermediaries as well. The move in DMSs is to establish portal (or Gateway) sites specifically to help users search for and access official Destination Management Organisation website information.

A portal is a site that brings together a variety of content and services in one area with the idea of becoming the single best starting place for as many users as possible. The idea being that once a portal site has attracted millions of eyeballs it can influence them into more ad sales, higher ad rates and special sponsorship and promotional opportunities. Yahoo was one of the web pioneers who defined the portal market (before they were called portals) and AOL did the same with its online service before bringing a lot of its content to the Web. In addition to the major search engines, many of the high traffic sites on the Web are currently re-defining themselves as portal sites (Linton, 1998). The portals are the controllers of distribution and every kind of travel and tourism organisation and DMOs should be partnering with a portal if they wish to go down the Web-distribution route.
According to WTOBC (1999) co-operation between DMOs at a strategic level is needed to:

1. Have a global portal, linking to portals for each continent or other groupings of countries, linking in turn to national portals, and so on (Figure 3.14). These portals should provide not only the means for users to access websites for specific destination, but also the facility to search to find destinations that fulfil specific requirements in terms of accessibility, attractions, events, leisure facilities etc and the link to their web sites for further information.
2. Be linked from Web sites that promote specific types of experiences (sports, etc) and which may advise visitors on which countries and destinations are the most suitable for these.

3. Jointly establish partnerships with the major online travel agencies and with the major all-purpose portals to provide links to official DMO sites on a structured basis, whether directly or via destination portals in (1).

For such propositions to work effectively, it should be a requirement for the DMOs participating to ensure that their web sites incorporate an agreed minimum range of content and integrity of data is assured. The national distribution systems need to interoperate with destination management systems at destination and regional levels, so that tourism product data can be distributed through major marketing and sales channels. ‘Interoperability’ is the key and the proposed system needs to connect with existing systems. Figure 3.15 is an illustration of what is being sought by governments as an ideal solution to distributing tourism in their regions.

**Figure 3.15 Ideal Scenario**
The discussion in section 3.9 are summarised in Table 3.6 and provide an organising framework for analysing the existing DMSs. The framework is an extension of the model proposed by Mistilis and Daniele (2001) and investigates DMSs against eight different features:

1. Type
2. Sector Involvement
3. Technical Expertise, Skill and Knowledge
4. Administration including initiation & leadership of the DMS development process
5. Funding Model and Ownership
6. Ownership & management after development
7. Ownership of Database-inventory
8. Management of Data
Table 3.6. GENERIC FRAMEWORK OF DMS IMPLEMENTATION AND DEVELOPMENT

<table>
<thead>
<tr>
<th>Features</th>
<th>Type</th>
<th>Information Only</th>
<th>Information and reservation</th>
<th>Application Service Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector Involvement</td>
<td>Private</td>
<td>Public</td>
<td>Private-Public</td>
<td></td>
</tr>
<tr>
<td>Technical Expertise, Skills &amp; knowledge</td>
<td>Private</td>
<td>Public</td>
<td>Private-Public</td>
<td></td>
</tr>
<tr>
<td>Administration including initiation &amp; leadership of the DMS development process</td>
<td>Private</td>
<td>Public</td>
<td>Private-Public</td>
<td></td>
</tr>
<tr>
<td>Funding Model and Ownership</td>
<td>Private</td>
<td>Public</td>
<td>Private-Public</td>
<td></td>
</tr>
<tr>
<td>Ownership &amp; management after development</td>
<td>Private</td>
<td>Public</td>
<td>Private-Public</td>
<td></td>
</tr>
<tr>
<td>Ownership of Database-inventory</td>
<td>Private</td>
<td>Public</td>
<td>Private-Public</td>
<td></td>
</tr>
<tr>
<td>Management of Data</td>
<td>Members</td>
<td>Public Sector</td>
<td>————</td>
<td></td>
</tr>
</tbody>
</table>

3.10 SUMMARY

The chapter outlined the economic impact of tourism and attempted to capture the environment in which the tourism industry is operating demonstrating that it is a dynamic and exhilarating industry. It has explored some of the special characteristics of SMEs, challenges facing them and examined the case for government assistance.

The nature of the tourism product heightens the need for information and ICT has a major role to play in the changing structure of the tourism industry. The advent of the Web has created strategic opportunities and challenges for DMOs and persuaded many involved in
destination marketing to implement DMSs and promote the SMEs in their region. The evaluation of DMSs reviewed thus far, reveal a troubled history. There is still uncertainty about which funding models is the best as all the models i.e. Public, Private, public-private suffer from challenges. The chapter concludes with an idealised vision as proposed by WTOBC (1999) followed by the formation of an organising framework against which other DMSs can be analysed.

The next chapter will use the organising framework to represent differential DMS practice as evidenced through an in-depth analysis of the cases of some contemporary DMSs and focus on perceptions of success and failure of the DMSs. The subsequent chapters will explore VisitWales development and implementation process and compare and contrast the experience of VisitWales with some contemporary DMSs.
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Chapter FOUR- CASE STUDIES OF REGIONAL-NATIONAL-TRANSNATIONAL DMSs

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Chapter 4- CASE STUDIES OF REGIONAL-NATIONAL TRANSNATIONAL DMSs

4.1 INTRODUCTION

This chapter will present case studies that have been investigated in an in-depth manner to illustrate different aspects of DMS implementation and organisation at local/regional, national and international level by both public and private sector DMOs. The aim of the case studies is to describe, at least partially, the politics that contributes to and emerges from the implementation of DMSs. It will use the framework outlined in Chapter three (page 140) to represent differential DMS practice as evidenced and focus on perceptions of success and failure of the DMSs. Both primary and secondary research was undertaken in order to collect information. The case studies are based largely on secondary research done to date and on initial semi-structured interviews of some of the industry members. The rationale for choosing the DMS is explained in chapter two.

The DMSs investigated are as follows:

1. VisitSouthWest.co.uk- DMS implemented at a regional level in the South West of England
2. Tiscover.com- Trans-national DMS operating in six countries.
4. VisitScotland.com- Scottish National DMS
4.2 THE CASE OF http://www.visitsouthwest.co.uk

Source: visitsouthwest.co.uk

http://www.visitsouthwest.co.uk (Figure 4.1) is the tourism website for visitors to the South West of England, launched by the South West Regional Tourist Board. It is an example of implementation of a DMS initiative that has been implemented at a regional level. South West Tourism is a partnership of private enterprise and both local and central government. It is the tourist board for the seven counties of the government’s South West region: Gloucestershire, the former Avon, Dorset, Wiltshire, Somerset,
Chapter Four: Case Studies of Regional-National-Transnational DMSs

Devon, Cornwall and the Isles of Scilly and is responsible for the tourism promotion and development in the South West region. The case study begins by setting the Regional Tourist Boards within the boarder context of the tourism structure in England. The study then looks at South West Tourist Board in specific with a focus on its DMS visitsouthwest.co.uk.

Development of Regional Tourist Boards in England

Tourism within the countries of the U.K. developed unsystematically and independently of one another well into the twentieth century and it was not until the lead up to the Second World War that government began to recognise, although in a limited way, the importance of tourism to the economy (Kerr, 2003). All this changed in 1969 due to the Development of Tourism Act (1969) which created National Tourism Organisations (NTOs) i.e. Wales Tourist Board, the Scottish Tourist Board, now VisitScotland, and the English Tourist Board and British Tourist Authority (now VisitBritain).

Tourism is a wholly devolved issue, which in England comes under the responsibility of the Department for Culture, Media and Sport (DCMS). In 2002 several large changes were announced to the marketing of tourism in England. In brief, the English Tourism Council (ETC) and British Tourist Authority (BTA) were merged, creating a new body VisitBritain from 1 April 2003. Following the 1969 Act, ETB set up 12 Regional Tourist Boards (RTBs). RTBs are public/private partnerships that are dedicated to promoting and developing tourism in their regions. They are funded by the membership fees from
tourism businesses and local authorities and by ETC to deliver their tourism strategy (Richards, 2003).

Regional Development Agencies (RDAs) were launched in eight English regions in April 1999. The ninth, in London, followed in July 2000. RDAs aim to provide coordinated regional economic development and regeneration, reduce economic imbalances, which exist within and between regions and enable the English regions to improve their competitiveness (Kerr, 2003)

Presaged in the Rural White Paper of November 2000, the RDAs are to play a much greater role. Funding which previously went to Regional Tourist Boards via the ETC is now channelled via the RDAs. Several RDAs are in discussions with their local regional tourist board to develop joint strategies including stronger local branding and using local marketing money in a more efficient way. Domestic promotion or spending on marketing England is some £10 million. RDA funding for England is split between the regional tourist boards (RTBs) as follows (Table 4.1):
Table 4.1  Amounts for RDAs to pass to regional tourist boards, 2003-04

<table>
<thead>
<tr>
<th>Tourist Board</th>
<th>Amount (£’000)</th>
<th>% Total</th>
<th>Source: HC Deb 21 May 2003 c827-8W cited Richards, 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>East of England Development Agency</td>
<td>543</td>
<td>15%</td>
<td>Covering East of England RTB</td>
</tr>
<tr>
<td>Advantage West Midlands</td>
<td>252</td>
<td>7%</td>
<td>50% contribution to Visit Heart of England RTB</td>
</tr>
<tr>
<td>East Midlands Development Agency</td>
<td>252</td>
<td>7%</td>
<td>50% contribution to Visit Heart of England RTB</td>
</tr>
<tr>
<td>One North East</td>
<td>333</td>
<td>9%</td>
<td>Covering Northumbria RTB</td>
</tr>
<tr>
<td>South East England Development Agency</td>
<td>744</td>
<td>21%</td>
<td>Covering Southern and South East RTB</td>
</tr>
<tr>
<td>South West England RDA</td>
<td>403</td>
<td>11%</td>
<td>Covering South West RTB</td>
</tr>
<tr>
<td>Yorkshire Forward</td>
<td>360</td>
<td>10%</td>
<td>Covering Yorkshire Tourist Board</td>
</tr>
<tr>
<td>North West RDA</td>
<td>713</td>
<td>20%</td>
<td>337,000 for Cumbria RTB &amp; 376,000 for North West RTB</td>
</tr>
<tr>
<td>Total</td>
<td>3,600</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

South West Tourism

South West Tourism is an independent limited company with over 4,400 members and forms a 3-way partnership between private enterprise, local government and central government. South West Tourism is a membership organisation with over 4400 members. The membership fees directly support the operation of the board, enabling them to fully use any public funds in the promotion and development of the region.

By joining South West Tourism, members aim to promote their business and reduce their operating costs. It is a requirement of membership that accommodation providers participate in the National Harmonized Grading Schemes (provided by the AA, RAC and
Chapter Four: Case Studies of Regional-National-Transnational DMSs

VB). The membership includes benefits such as discounts with local radio, brochure printing, savings and advice on telecommunications, Broadband and IT service. Members also have access to a free marketing advice line with an independent consultant. Nearly 30% of the member enjoy preferential credit card rates and take advantage of low commission rates and monthly terminal charges. In addition the membership offers a listing on South West Tourism’s dedicated internet site http://www.visitsouthwest.co.uk (SouthWestTourism Members Joining Guide, 2004).

**Historical development and Rationale for developing http://www.visitsouthwest.co.uk**

For more than 30 years South West Tourism has been the only regional organisation working on and representing, the interests of tourism businesses operating in the South West of England. The tourist board wants to be seen as:

> the leader and voice of tourism in the region, and assist in the sustainable development of a profitable and growing quality tourism industry, contributing to the overall prosperity of the South West of England.

(Mission Statement, SouthWest Tourism)

An independent company, limited by guarantee, South West Tourism operates as a ‘not-for-profit’ organisation with funding a mixture of commercial and public funding. http://visitsouthwest.co.uk (previously westcountrynow.com) is the leading tourism website for visitors to the South West, offering impartial advice about touring the region and a selection of over 2,000 quality assured places to stay and visit. It is the official marketing portal for the South West.
The objective of the website is to extend the tourism season and attract new business to the South West. http://www.swtourism.co.uk, on the other hand, is the corporate information web site for the tourist industry that provides information on membership, research, marketing and public relations, quality assurance schemes and grading, training programmes and grants and funding for tourism businesses. The rational for developing the site was a combination of consumer and accommodation supplier demand and IT developments. As the business development executive commented:

*South West Tourism wanted to be on the forefront of IT. Our members wanted it and as a result we decided to go for it.*

(Bonser, Business Development Executive, 2004)

**Website development and printed guides**

In order to provide a joined-up stream of information for the potential visitor, and promotional opportunities for tourism businesses, both websites and printed literature were produced. During the year 2004, the new South-West England regional branding was phased in across all publications and online promotion directed at consumers. Five core guides were published: Attractions & Days out Guide; Bed & Breakfast Guide; Hotels & Guesthouses Guide; Holiday Homes, Cottages & Apartments Guide; and Holiday Parks, Camping & Caravanning Guide.

In addition, two new guides to visitor experiences were produced: The Trencherman’s Guide to top restaurants and a guide to walking in South West England. Both the core www.visitsouthwest.co.uk website and www.sw-watersports.com were given a fresh look
to meet South West England branding guidelines. With the support of a healthy promotional campaign, visits to both sites have grown steadily.

*The Technical Development and Design*

The technical development of the site was outsourced to a firm AB Graphics who received a very strong brief from SW tourism and designed it. They worked in close cooperation with the tourist board. The design of visitsouthwest.co.uk was developed to ensure that the site features high in the listing of key search engines. This included researching and planning of target key words, organising layouts to maximize page content value, ensuring index ability by search engine spiders, creating Meta Data policy for dynamic pages and setting-up, configuration and initial submission of all individual pages (Dietch, 2004).

The company currently runs a Pay for Position or Pay per Click (PPC) campaign across all the major search engines for visitsouthwest.co.uk in order to appear high on the search results or as a banner on search results lists when a specific keyword or phrase are entered into the search engine by an internet user. Click-through payment programs (‘pay-per-click’) have gained popularity in recent years and have become an integral branch of Internet advertising. In the simplest case, the Webmaster of the site running the program (in this case visitsouthwest.co.uk), here called the target site, agrees to pay each referrer site for each user who clicks through the referrer to the target i.e. if a user views a Web page served from the referrer site, and then clicks on a hypertext link (e.g., banner ad, logo) in that page to the target site, then the target site owes the referrer site some
predetermined amount of money. However, click-through payment programs are susceptible to *hit inflation*, where a referrer artificially inflates the click-through count for which it should be paid (Anupam et al., 1999).

An intensive Search Engine Optimisation (SEO) programme supported by an integrated marketing campaign has been implemented to ensure that website figures remain strong throughout the year (http://www.swtourism.co.uk). Organisations use SEO programmes to increasing the amount of visitors to a Web site by ranking high in the search results of a search engine.

Members of South West Tourism can advertise on this site from just £50 + VAT. (This fee is included within the South West Tourism membership subscription for all new members joining from 1 Apr 2003). Non-members (subject to meeting the quality criteria) are invited to advertise on this site at a fee of £250 + VAT per year.

Each entry includes:

- Three pictures of the property, attraction or business
- Up to 120 words of motivation and descriptive copy
- Inclusion on the Map Search and Advanced Search
- Price guide and details of access and opening dates
- A link to the supplier’s own website

The site enables the suppliers to monitor the number of visitors to their web page. South West Tourism implement CRM by sending ‘Late Availability Tactical emails’ to over 11,000 recent visitors to visitsouthwest.co.uk (previously westcountrynow.com), who
have expressed a preference in receiving Late Availability offers. The email offers a link through to a stand-alone ‘Late Availability’ web page. Treating offers in this way allows accommodation providers to promote late availability to a highly targeted audience, without saturating the market place with discounted offers (http://www.swtourism.co.uk).

**Data Management**

The tourist board recognises the disparity in the skill level of the SMEs and clearly state that in order to advertise their accommodation through visitsouthwest.co.uk and go down the online marketing route *'no knowledge of the Internet or computers is required and this service is an effective way to test online marketing'* (South West Tourism Industry News, May 2004).

Updating of any data on the website is the responsibility of an Internet Executive in the tourist board. The system doesn't allow for direct online bookings. Executives in the tourist board are not planning to go down that route as they feel that they are dealing with small and micro businesses who are not likely to constantly log in and update their data. The skepticism of the business development executive about online bookings is highlighted in the following comments

*The system doesn't allow direct online booking but I am not convinced how many people are going to want to go for it. We are talking about small businesses here with 2-3 rooms. That means that they are going to have to keep looking at the website all the time to check that they haven't double booked. I would imagine people would say they don't have any vacancies to avoid hassle. So it is not really going to work. I think there will be a staggering of how people will take it up. I think bigger businesses, who have reservation staff, will go for it. But I don't see it happening immediately.*

(Bonser, 2004)
Financial Aspects

South West Tourism, being a regional tourist board, receives 25% of their funding from the Exchequer, 50% from the commercial activities, and the remainder from regional stakeholders including RDAs and Local Authorities (Kerr, 2003). The website is funded from membership fees. However, the membership varies from year to year.

"...I have heard of cases where people think they can do without it. So they withdraw for a year and then they realise that they should not have done and then they come back in. So its one of those things that goes up and down."

(Bonser, 2004)

Initial start up cost for the online website was approximately £30,000. The running costs amount to approximately £10,000 per year, which is also a rather generous estimate according to the Internet Executive of the company. Running entail new pages, adding some more functionality, Administration and revamping the site from time to time (Robin Dietch, South West Tourism, 2004)

Outcome

Table 4.2 outlines the extent of involvement of South-west Tourism in the development and implementation of http://visitsouthwest.co.uk. The site receives an average of 15,000-20,000 visits each week. 890,470 Visits were made to the website - 39.7% up over the previous year. Unique Visitor figures finished 80% up on 2002/3 figures. 16% of Visits were for a period of 10 minutes of more (Annual Report, 2003/4). Although the tourist board is unable to provide an estimate of how much business is generated through
the website as it is an information based website, they perceive the website a success. This is illustrated in the following comments.

_We don't have this figure. We are not actually doing business. Just because somebody has looked at it, doesn't mean that they have made a booking._

(Bonser, 2004)

The organization based the success of visitsouthwest.co.uk in the simplicity of the site. All sections follow a standard layout making navigation easy for the user, plus the menu bars allow visitors to go from anywhere on the site, to anywhere on the site. The DMS is essentially information-based and the data on suppliers is concise and easy to read. The information has low volatility and does not need to be updated often.

### Table 4.2 Public/Private Sector involvement with http://www.visitsouthwest.co.uk

<table>
<thead>
<tr>
<th>South West Tourism</th>
<th>Public/Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Information Only</td>
</tr>
<tr>
<td>Sector Involvement</td>
<td>Public-Private</td>
</tr>
<tr>
<td>Technical Expertise, Skills &amp; knowledge-</td>
<td>Private</td>
</tr>
<tr>
<td>Administration including initiation &amp; leadership of the DMS development process</td>
<td>Public-private</td>
</tr>
<tr>
<td>Funding Model and Ownership</td>
<td>Public-Private</td>
</tr>
<tr>
<td>Ownership &amp; management after development</td>
<td>Public-Private</td>
</tr>
<tr>
<td>Ownership of Database-inventory</td>
<td>Public-Private</td>
</tr>
<tr>
<td>Management of Data</td>
<td>South West Tourism</td>
</tr>
</tbody>
</table>
4.3 THE CASE OF TISCOVER.COM

Figure 4.2 http://www.tiscover.com

Tiscover.com (Figure 4.2) is a public private partnership. It is 91% owned by the state of Tirol and 3% owned by Bank of Austria and 6% owned by Swarowski, the crystals and the jewellery makers. The state of Tirol currently has 91% share in the system and is expected to reduce it by 25% in order to bring more partners in the system (O'Connell,
Chapter Four: Case Studies of Regional-National-Transnational DMSs

2004). Tiscover.com provides destination portals for organizations including the Austrian National Tourist Office, the State of Bavaria in Germany, the Province of Trento in Italy, and many more states, regions, cities and towns across Europe, totaling over 16,000 business clients. Tiscover has become one of the most powerful tourism brands in Europe, attracting partnerships with Lycos, T-Online, ebookers.com, HolidayAutos, Avis, Travelchannel.de and many more.

Historical Development and Rationale for developing tiscover.com

Tirol, with over seven million visitors each year and 38 million bed-nights accounts for 40% of Austria's national income. The Tirolean peak season kick starts in the winter, and demands substantial pre-travel information, particularly by independent short-break traveller. Accurate and timely information on accommodation availability and snow conditions is crucial to travel decisions by this group. In 1988, the Tirol Tourist Board decided to develop a comprehensive computerised information system to satisfy these requirements. Much of the initial work and subsequent development was undertaken with strong input from Austrian universities in order to provide a coherent system approach based on sound information management principles (WTOBC, 1999).

Originally, Tiscover's services were limited to market the facilities of the region of Tirol in Austria. However, the potential of the system is such that Tiscover has been adopted in Asia, presenting tourism information about Thailand. Tiscover is used by the German company START Media Plus, a major player in the area of online reservation systems, to
Chapter Four: Case Studies of Regional-National-Transnational DMSs

present tourism information about Germany. Versions of the system are being used in Switzerland, Italy, UK (Bournemouth) and South Africa. (http://www.tiscover.com)

Although these countries are obviously significantly different concerning their destination facilities and the requirements of their tourism information providers, due to the openness of Tiscover no programming effort was necessary for the customization of the system. Tiscover aims to represent a one-stop shopping experience, providing high-quality content in terms of comprehensiveness, accurateness and actuality (Pröll et al., 1998).

The Tis system was first launched in 1991, initially being used only as an internal system by the Tirol Tourist Board itself. In 1992, access to the TIS system was extended to about 60 local tourist offices. TIS was also an early adopter of the Internet with the first mailto: TIS@WEB site being launched in 1995. Since 1991, there have been five new versions of the TIS system, with substantial changes or enhancements in each (WTOBC, 1999)

Technology is one of the critical success factors of Tiscover. Tiscover has been constantly evolving and developing technology i.e. keeping up-to date with what technology is being used and combining it with what the customers want in terms of functionality. This is highlighted in the following comments from the Business Development Executive of Tiscover:

It is very important to constantly update our technology and keep up with the times which we do. We are constantly looking at new technology and new functionality that we can integrate. We also work closely with our customers, so we know what they want and we know what is needed in tourism and what is needed in tourist boards

(O’Connell, 2004)
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Technical Development and design

Tiscover.com (the current version) was founded in 2000. The model focuses on marketing and distribution and not just management of information and that is one of Tiscover's unique selling points. Tiscover has various consumer website namely: Tiscover.de, Tiscover.ch, Tiscover.com. The suppliers input the information in the sites themselves and that information is fed across to the other distribution channels that Tiscover is linked with. In addition to direct access via the Internet, Tiscover has distribution agreements for the tourism products with a number of key travel-related portals.

The number of accommodation facilities listed totals over 16,000 (O'Connell, 2004) of which majority are booked online. From the figures published in 1999, the number of accommodation facilities listed totalled over 15,000 of which 4,500 were represented with detailed information and could be booked online. The site has created a new record on January 12, 2004 by receiving more than 1.8m hits. Tiscover offers a competitive package to the suppliers who wish to advertise through it. The business development executive of Tiscover.com describes further the pricing and business models of the company:

*We have various business models and costings. Prices are standardised. If you are an accommodation provider coming in, then you will know how much you will have to pay. Depending on what kind of accommodation you are, how many beds you have. Those prices are on our website. If you go on to www.tiscover.com/Priceinfo, you will find standardised prices there. But obviously when we work with bigger customers, then we put together various business models for them etc. But specific prices are standardised for the DMS itself.*

(O'Connell, 2004)
Tiscover co-operates with the University of Trier in order to test the user friendliness of the end-user interface and the interface for the clients (hotel managers, tourist boards etc) is tested by test-users. Feedback in training sessions for professional users and helpdesk - requests also provide valuable information on the usability of the interface (Aichholzer et al., 2003).

In the Tiscover system an average of 24,000 web pages per day are generated. This amounts to about five percent of all pages in Tiscover. This large number is explained by the very dynamic character of the tourism objects stored, which require frequent updating. Also the entries in the page generation queue are ranked according to their priorities, with such time-critical entries as snow conditions or water temperatures having high priority. Although the system is dynamic, 90 percent of the data stored in the Tiscover system consists of static information due to the fact that descriptions of accommodations or destinations hardly ever change but are frequently accessed (Aichholzer et al., 2003).

**Data Management**

Tiscover follows a decentralized maintenance and customization approach on the basis of an Extranet. Large databases such as Tiscover can only be kept up-to-date by decentralized maintenance, which means maintenance by those who provide the information (Aichholzer et al., 2003).

Local tourism organisations are responsible for the maintenance of their own data and for their local members' data to standards specified by Tiscover. Individual suppliers who are
online also have this capability. Each tourism information provider, irrespective of their
size i.e. be it a small guest house or a large local tourist office, is able to actualize, extend
and customize his tourism information and products directly, 24 hours a day. Besides the
pure maintenance of the tourism information base, Tiscover also allows the tourism
information provider to customize the tourism information and products offered in
various ways.

Tiscover uses ASP technology (Chapter 3) that enables its users to access the Tiscover
services. All that is required by a user is an Internet connection, a login and a password
that would enable them to make changes and carry out updates to their information on the
DMS. Data maintenance is encrypted. For the transmission of booking information and
other requests security socket layer (SSL) connections are used. Although personal data is
stored in order to assure the booking and payment of tourism services, Tiscover does not
use this data for CRM. Customers have the possibility to subscribe to the Tiscover
newsletter and the data submitted upon subscription is used for CRM (Aichholzer et al.,
2003).

In addition, it appears that the suppliers who are on the system are there because they see
the benefits of being on the system. This is exemplified in the following statement by the
business development executive:

"...basically the accommodation suppliers who come on to the system
are the ones who want to do keep their information updated and current.
They see the benefit of it. There is not usually a problem with their
information updated because they know that when they keep their
information updated, they have a good chance of being booked.......
So we make sure it is as easy as possible for them to keep the information
updated and especially update their availability. So they are also able to update their availability through mobile phones. We have hoteliers that don’t have Internet at all. So all their availability and inventory updates is through mobile phones.

(O’Connell, 2004)

Those Tiscover suppliers who do not update data or provide false information are in breach of the contract that they have signed with the company. However, Tiscover has staff that ensures the quality of information that is provided by the suppliers is accurate.

We have a help desk – they check quality control on a regular basis and we find that a lot of the times, this control is taken on by the tourist board as well with regards to information. But we do have people in the company who do the quality control checks as well. And obviously if we find that if the information that they put on the data incorrectly, then we can do something about it.

(O’Connell, 2004)

When asked if the micro-businesses listed on Tiscover were also able to manage and keep their inventory up-to-date, the business development executive’s reply was:

Absolutely. We have tiny little bed and breakfasts that come on board. They don’t necessarily have to put their entire inventory in – that is for sure. If they have only got 6 rooms, then they can put 3 of them online and 3 of them have people phone up. We make it as easy as possible for them. We certainly don’t say to them, you have to put all your availability online. They can completely manage it on their own. If they are completely fully booked, then they won’t have their availability online. The only reason that you can’t do the update is that you don’t have an Internet connection or if the booking comes through the TIC, then it automatically updates.

The whole philosophy of the system is to be able to work together so the small guys can get the same amount of the market as the big guys basically.

(O’Connell, 2004)
This reflects the flexibility the system gives to the small supplier. However, at the same time, it also dispels the myth that on Tiscover all the information is current and updated. One of the findings of the interview was that Tiscover is not the only distribution channel that the suppliers are utilising to promote the business. As the business development executive commented:

*Also I found from looking at our competition, not from a DMSs perspective but from an accommodation bookings perspective, there is more and more hotels saying: We like them all. Let's have four different booking systems. We don't care. Some small guest houses use 4 different channels. I think there are certainly going to be some who don't want to get on board but by and large, it is working very well.*

(O'Connell, 2004)

What this indicates is that there is not an over-reliance on any one booking system. The proactive operators are willing to invest into different booking systems in order to market their business. This puts extra pressure on Tiscover to perform efficiently and effectively and provide extra value to its SME operators in order to avoid losing them to other businesses.

**Financial Aspects**

Tiscover is a profit-making venture. The company is now a public limited company (PLC) and has its shareholders. It receives its main income from tourism operators paying to be featured in the system and from local tourist boards and other organizations who use the system. The level of these fees varies depending on the package one chooses. For
example, Tiscover Professional Light Package offers the suppliers with a basic Internet presentation of their accommodation for just £ 4.50 per bed per year. 11% commission is charged per successful booking. For transmission rates per fax, the suppliers pays £0.17 and for SMS data management £0.08. For Hostels, Package offers the suppliers with a basic Internet presentation of their accommodation for £ 275 per bed per year (http://www.tiscover.com).

The suppliers must attend an obligatory training day. The price per participant: 200 Euros/£150. TIS has a major emphasis on training and skills development so as to ensure that data maintenance, back-office functions, managing information in the Internet, designing Web sites and editing multimedia material are carried out effectively.

The company has been generating significant revenues from other destinations that have adopted the TIScover system and the company is willing to sell the system to other destinations on a comparable fee basis (http://www.tiscover.com).

Outcome

Table 4.3 outlines the extent of involvement of Tiscover in the development and implementation of http://www.tiscover.com. Tiscover has become an internationally recognized tourism server. The long-term support and investment of the Tirol Tourist Board, the establishment of Tiscover as a public limited corporation, the strong historical emphasis on information technology and development, the provision of services tailored to its customers in the tourism industry and the development of effective partnerships
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with a variety of public and private sector complementary organizations have led to Tiscover being hailed as the world’s leading destination system provider. The willingness of SMEs on Tiscover to use new technologies is a premise its success.

Table 4.3 Public/Private Sector involvement with Tiscover.com

<table>
<thead>
<tr>
<th>Tiscover.com</th>
<th>Information- Booking- ASP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Public-Private</td>
</tr>
<tr>
<td>Sector Involvement</td>
<td>Initially Public- then privatised</td>
</tr>
<tr>
<td>Technical Expertise, Skills &amp; knowledge-</td>
<td>Public-private</td>
</tr>
<tr>
<td>Administration including initiation &amp; leadership of the DMS development process</td>
<td>Public-private</td>
</tr>
<tr>
<td>Funding Model and Ownership</td>
<td>Public-Private</td>
</tr>
<tr>
<td>Ownership &amp; management after development</td>
<td>Public-Private</td>
</tr>
<tr>
<td>Ownership of Database-inventory</td>
<td>Public-Private</td>
</tr>
<tr>
<td>Management of Data</td>
<td>Tourism Provider</td>
</tr>
</tbody>
</table>

The Case Study of Austrian SMEs on Tiscover

As in all other EU Member States, the importance of small and medium-sized enterprises for the Austrian economy is overwhelming. 99.8% of all enterprises are small or medium-sized (enterprises with up to 500 employees). The Web-based survey described in this section was designed to investigate how successful or effective the Tiscover booking system is for the SME tourism suppliers who are on it. The design and implementation of the survey have been detailed in Chapter 2. The findings from the survey were analysed.
and arranged around two primary themes: Business Information of the SMEs; Their interaction with the Tiscover booking system.

**Results and Discussion**

225 Emails were sent to SMEs in nine regions in Austria: Burgenland; Carinthia; Lower Austria; Upper Austria; Salzburg; Styria; Tirol; Vorarlburg and Vienna. Of the 36 businesses that responded, 80 per cent ran the one business. With regard to size of firm by turnover the sample ranged from 1-10,000 Euro to 500,000 Euro +, with the majority of the firms falling in 1-10,000€ category. Seven businesses did not reply to the question regarding turnover. This could be due to reasons of confidentiality. Table 4.4 highlights the turnover of the businesses:

**Table 4.4: Turnover of the Businesses**

<table>
<thead>
<tr>
<th>Turnover</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 10,000 €</td>
<td>14</td>
</tr>
<tr>
<td>10,001 - 20,000 €</td>
<td>2</td>
</tr>
<tr>
<td>20,001 - 40,000 €</td>
<td>3</td>
</tr>
<tr>
<td>40,001 - 100,000 €</td>
<td>2</td>
</tr>
<tr>
<td>100,001 - 250,000 €</td>
<td>2</td>
</tr>
<tr>
<td>250,001 - 500,000 €</td>
<td>1</td>
</tr>
<tr>
<td>500,000+ €</td>
<td>5</td>
</tr>
<tr>
<td>No reply</td>
<td>7</td>
</tr>
</tbody>
</table>

In terms of the firms the owners represented, age varied from a start-up year of 1900 through to start-up in 2004. The actual employing power of the sampled firms ranged from sole trader to 160 fulltime employees. The breakdown is as follows: 18(47%) business operators were sole traders, 8 (22%) employed less than 10 people, 4 operators employed between 10 and 30 employees and finally one business employed 160 people.
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The number of rooms that the accommodation businesses made available to guests ranged from:

- Less than 10 rooms - 20
- Between 10-20 rooms - 4
- Between 20-40 rooms - 8
- Between 40-100 rooms - 3
- More than 100 rooms - 1.

One of the suppliers had recently cancelled their contract due to the size of their business reflecting the difficulty facing some of the small businesses when utilising the services of a commercial DMS:

The cancellation (of the contract) was done due to the following reasons. We are a family business with just 15 beds. We signed up for Tiscover in order to achieve a better (higher) capacity, which we unfortunately didn’t achieve. I then spend more time exploring Tiscover and found out that only our address is shown. I asked Tiscover to tell me the code for making changes in order to setup a link to our homepage. Then they told me that without a Tiscover training (course), which costs € 300, - Euro, one cannot make any changes. Consequently, I cancelled the contract.

(Guest House, Carinthia)

Another operator running a micro-business had a similar view point:

I own a small “private room letting” consisting of 2 apartments. My capacity is limited to the months of June through September. Unfortunately, the inquiries stagnated in 2003. This year, there were almost no inquiries and only one single booking! I keep using Tiscover for the internet presence of my business, but I don’t expect anything anymore from the inquiry/booking channel.

(Apartment, Burgenland)
From the above findings it appears that the businesses represented on Tiscover run on a slightly bigger scale and is probably not worth the investment for a very small concern.

**Use of Tiscover**

Majority of the businesses have been using Tiscover booking system for the last couple of years. Table 4.5 shows how long businesses have been using the Tiscover booking system.

**Table 4.5** Use of Tiscover

<table>
<thead>
<tr>
<th>Duration</th>
<th>No. of businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>5</td>
</tr>
<tr>
<td>1-2 years</td>
<td>12</td>
</tr>
<tr>
<td>2-4 years</td>
<td>12</td>
</tr>
<tr>
<td>6-9 years</td>
<td>7</td>
</tr>
</tbody>
</table>

When asked to cite the reasons for joining Tiscover the respondents indicated a number of reasons for their interest with more than half of the respondents mentioning that they had joined Tiscover as it is a very well known online booking platform with a very professional outlook. Some had joined Tiscover as they considered it an extra channel to sell their rooms. Others had access to the system as they were part of organizations that had already registered with the system. This shows a very committed core of SMEs who are interested in increasing their sales and perhaps interested in the growth of their business. Also the reasons mentioned for joining Tiscover are in contrast to those identified in the case of VW where majority of the operators were on the system because it was free.
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The next question ‘Were you able to achieve your intended aims by joining Tiscover?’ aimed to gain an insight into the satisfaction level of the operators with the DMS. This question evoked a mixed response with ten respondents answering with a clear ‘yes’ and five with a categorical ‘No’. Then there were those in the middle who were more apprehensive about the performance of the Tiscover booking facility for their business. As one operator highlighted:

\[ \text{We are using the Tis site/page as our homepage as the maintenance is easy but the number of bookings (we receive) is very low.} \]

(Hotel, Carinthia)

80% of the businesses paid directly for being on the system. The others did not pay directly but through another organisation that they were registered with. The amount businesses paid varied from business to business. Out of the 36 responses, ten did not respond to the question. This could again be due to reasons of confidentiality. Those that responded paid an annual fee that depended on the size of their business and 8% of every booking.

Approximately 70 per cent of the tourism suppliers answered ‘yes’ to the question (Q11) that asked them if they tracked the source of their booking. Those who answered yes to Question 11 were further asked if they knew what percentage came from Tiscover. The figured ranged from .1 percent to 90 per cent. The level of responses was not generally consistent enough to allow individual analysis by degree of strength of each individual variable.
63 percent of the SME sampled subscribed to the online feature with most of the operators using their personal computers to make updates to their inventory on the system. Although Tiscover provides the tourism suppliers with the option of making updates at a cost via their mobile device, none of those in the present sample chose that option. Of the 63 per cent that do make updates, the breakdown of how they make it is as follows (Table 4.6):

**Table 4.6 Frequency of Updates**

<table>
<thead>
<tr>
<th>How Often</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Several Times a day</td>
<td>1</td>
</tr>
<tr>
<td>Daily</td>
<td>5</td>
</tr>
<tr>
<td>Weekly</td>
<td>10</td>
</tr>
<tr>
<td>Monthly</td>
<td>6</td>
</tr>
<tr>
<td>Annually</td>
<td>11</td>
</tr>
</tbody>
</table>

This implies that most of the data on the DMS is still not as dynamic as one hoped it would be. SMEs make updates depending on their business needs and time. ICT capability of SMEs was not examined in this study and therefore one cannot postulate to what extent that impacts on the working of Tiscover.

While seven tourism suppliers did not use any other booking system to market their business, 16 suppliers used their own webpages and other providers such as Nethotels, Rates to go, hotel.de, Prospekte, Wiener Tourismusverband etc to market their business. With regards to which system gave the suppliers the maximum return, only five suppliers mentioned Tiscover.
As ICT literate SMEs may use more specialised products, the questionnaire allowed for some personal comments. The following comment shows how some SMEs still believe in the traditional routes of marketing.

*Even though Tiscover appears more professional than the Tourism association, according to my opinion, bookings are more likely to be made when the guest, with the list in his hands, calls/telephones personally/in person. But the number of online bookings are increasing.*

(Guest House, Vienna)

Another SME made additional comments on how people find their accommodation through other search engines such as google:

*I can be found through Google well. However, Tiscover is successful only with up-to-date online-booking-possibly.*

(Guest House, Salzburg)

**Summary**

For small firms to adopt e-business and e-commerce strategies and tools, benefits must outweigh investment and maintenance costs. Commercial considerations and potential returns drive adoption. The SME on Tiscover pay and hence expect a return and therefore system has to perform well enough for the suppliers to be on it. While it will be unsuitable to make any generalised statements, it would be fair to say that beyond a certain level of connectivity, not all SMEs will necessarily draw level with large firms, simply because e-commerce may not bring large benefits and SMEs will stay with traditional business processes.
The problem of updates is still evident in Tiscover even though it is regarded as one of the most successful DMSs. Tourism companies tend to update based on their business requirements. Hence the consumer does not have up-to-date information in all the cases.

The competitive pressure of maintaining market position and customer base is reflected in Tiscover’s planning and execution. Up until 2005, Tiscover has had five versions since its inception in 1991. Tiscover’s aims and objectives centre on fulfilling its corporate goals. It has developed a flexible and adaptable approach to partnership that has enabled it to evolve and develop strategies according to changing circumstances.
Chapter Four: Case Studies of Regional-National-Transnational DMSs

4.4 THE CASE OF NEW ZEALAND'S PURENZ.COM

Figure 4.3 The official website of New Zealand Tourist Board

PLAN YOUR HOLIDAY

DRIVING ROUTES
Find a driving route for your New Zealand holiday here. Maybe you know where you want to go, maybe you don't. In either case, your best-fit driving route is only a few clicks away.

Where would you like to go?
- All New Zealand
- North Island
- South Island

How long is your stay?
- 3 - 7 days
- 8 - 13 days
- 14+ days

LIONS TOUR OF NEW ZEALAND
From June 2005 the British & Irish Lions rugby team will be in New Zealand, it's a great opportunity for supporters to experience the land the All Blacks call home. Find out more about test match dates & locations and plan your own tour.

NEW ZEALAND NATIONAL PARKS
Fourteen spectacular national parks preserve New Zealand's natural heritage. Boasting a huge variety of landscapes, vegetation and wildlife, our parks allow you to discover the heart and soul of a country that will never be totally tamed.

NEW ZEALAND'S TANGATA WHENUA
Maori are the indigenous people of New Zealand. They have a proud and fascinating language and culture, which plays a major role in New Zealand life.

source: www.purenz.com

This section is an in depth analysis of the official New Zealand tourism portal: www.purenz.com (Figure 4.3). New Zealand is located 1,600 kilometres southeast of Australia in the South Pacific and consists of numerous islands, the 'mainland' being the
North Island, which is 115,000 square kilometres and the South Island which is 151,000 square kilometres in area. The population of New Zealand reached 4 million in April 2003 and has been steadily increasing at a rate of 0.8% per year since 1996 (New Zealand Outbound - New Zealand, 2003). New Zealand is geographically isolated from the large economies of Europe, America and Asia (Thorn and Chen, 2005) and could be described as a long haul destination as it is eight hours away from many other tourism generating regions (Travel and Tourism - New Zealand, 2002; Morgan et al., 2003).

Organisation of Tourism in New Zealand

A decade ago, New Zealand’s tourism industry was firmly eclipsed by its larger neighbour- Australia (Lodge, 2002). However, tourism is now the country’s biggest industry and largest employer. The Ministry of Tourism estimates that the industry directly and indirectly contributes almost 9.6% to the GDP and employs one in twelve workers (TRCNZ, 2004). It was estimated that by the end of March 2003, there are 172,000 full time jobs provided by tourism- 10.3% of the workforce. The first national tourism organization Tourism New Zealand began life as the Department of Tourist and Health Resorts and was established in 1901 (Travel and Tourism - New Zealand, 2002). The NTO is currently charged with maintaining the industry as one of the country's greatest foreign exchange earners.

Since the establishment of the first national tourism organization in 1901, New Zealand’s tourism industry has evolved considerably. Since 1991, the quasi government New Zealand Tourism Board (now Tourism New Zealand or TNZ) has had the prime
responsibility for marketing the destination, providing quality research information and
guiding and encouraging both public and private sector stakeholder investments in the
development of tourism (Collier, 1994; Hall and Kearsley, 2001). This entails operating
with various national organisations including major players like Air New Zealand, trade
associations like the New Zealand Tourism Industry Association (NZTIA), Travel Agents
Association of New Zealand (TAANZ), the Inbound Tourism Organisations Council
(ITORC), the Motel Association of New Zealand (MANZ) and regional tourism
organisations (Bhat and Milne, 2004).

The New Zealand tourism industry continues to struggle with the problems of
coordination and like most other countries, the commercial reality of the tourism industry
in New Zealand is that it is based upon large numbers of small, family owned and
operated businesses (Ryan, 2002). SMEs constitute 96.3% of the New Zealand private
enterprises and 29.2% of the total employment (MED, 2005). These businesses are often
undercapitalized and produce low rates of return upon capital. As Jenkins and Kearsley
(1997: 58) note, ‘there are few big players and many small operators, unable to plan
strategically and think beyond their own immediate market needs and competitive
situation’.

During much of the 1990s, the governments at a local and national level were very
reactive as opposed to being proactive in undertaking planning of tourism. They followed
the conservative ideology of minimal intervention of the state in the market and believed
that market was a better regulator of needs than the government. The policy direction was
to free the market from constraints. However, due to its fragmented nature, tourism sector needs co-ordination both vertically (i.e. between local, regional and national institutions) and horizontally (i.e. between agencies at the same level of activity) (Ryan, 2002). With the election of a Labour-Alliance government which was predisposed to proactive planning and facilitating entrepreneurial activity to address social problems while retaining profitability, there was a sea change in attitude within government towards the role of public sector in tourism (Ryan, 2002).

**Historical Development and the Rationale for developing purenz.com**

In recognition of the significance of e-business for New Zealand SMEs, the New Zealand government has shown great concern to promote the adoption of e-business by such firms (Thorn and Chen, 2005). From 1991 to 1998, Tourism New Zealand’s strategy was focussed on increasing visitor arrivals. By 1999, TNZ marketing strategy changed and the focus was on developing and positioning the New Zealand brand across all markets (Tourism New Zealand, 2002).

A number of reports have been published by the New Zealand’s Ministry of Economic and Development (2000 a,b; 2003) in which the strengths and weaknesses of New Zealand in relation to electronic business have been highlighted. Changing consumer behaviour and technological developments led TNZ to launch its ‘purenz’ global campaign in 1999 (TNZ, 2005). The purpose of new official website was to build a ‘profile’ for New Zealand tourism industry and provide a platform to tourism providers to market and distribute their business (TNZ, 2001a).
The technical development and design

The technical development of the site was outsourced to a professional web design firm who worked in close collaboration with TNZ. The content and functionality of purenz.com has been constantly been reassessed and developed to appeal to the different segments in the market as defined by TNZ at the time, for example, Kiwi spirit, thrill seekers, passive, wilderness etc (TNZ, 2001b). The first version of ‘purenz’ was driven by these themes; for example, bungee jumping lived in the thrill-seeking theme. There were, however, a number of activities that did not fit neatly into one of these themes. This affected the database concept and became too complicated for industry members who registered on it and also for those who managed the site. Nonetheless, the site went live in 2001 with a new look, feel, and new navigation (Bhat and Milne, 2004).

Registration on the site is free and the rationale for that given by TNZ is as follows:

*We are offering this for free because we believe that it is the people of this country that makes New Zealand a unique destination.*

It would appear that the service is being offered free in order to encourage participation in the system as the heart of the site is the database of tourism industry operators. To be included on the site, industry members have to take the initiative to register on it. The only requirement for being accepted on the site is that the business for which entry is being established must operate a legal tourism operation contactable by either telephone or email. All businesses that wish to list on purenz.com or newzealand.com ‘*without exception*’ must have an email address that is checked at least every 24 hours and a New
Zealand contact phone number (New Zealand.com-Operator Registration Site, Terms and Conditions, 2004).

TNZ recognises Qualmark as an approved quality rating system (http://www.purenz.com). Operators that are Qualmark® endorsed or accredited under an approved quality rating system are placed at the top of each category in a random order within each grade followed by the listings that are not endorsed by an approved third party quality assurance programme. This process separates the graded properties from the non-graded and acts as a filter to some extent for consumers (New Zealand.com-Operator Registration Site, Terms and Conditions, 2004).

The site remains in constant development with two or three projects always on the go to add new functionality. The foreign language sites were introduced in 2000 and the site is now available in Japanese, Chinese Mandarin, Korean and German. A content management system was introduced in 2001 to enable staff at TNZ to manage the content updates on the site.

Data Management

The database contains a separate page devoted to each unique tourism attraction or service. If the business has multiple attractions, a new page is entered for each one. The suppliers complete the form, and are able to update the information themselves at a later date and have control over how their attraction or service is presented. To ensure that the
information remains up-do-date and accurate, the tourist board reminds the supplier to
update the site page every three months (TNZ, FAQ, 2004)

**ICT capability of the SME and e-business Uptake**

The New Zealand Tourism Strategy 2010 is based on the principles of sustainable
development and improving economic yield. One of the key elements of the strategy is
the need to build the ICT capability of the 13,500 to 18,000 SMTE that are estimated to
operate in the industry. The Strategy document identifies tourism as a knowledge and
information-based sector and highlights the ability of ICT to collect, analyse and
distribute information widely across the sector – supporting a better understanding of
visitors’ needs, preferences and behaviours (TIANZ, 2001).

Most Internet users in New Zealand rely on a dial up connection, and the uptake of
broadband has been slow. In 2002, New Zealand had one of the lowest penetration rates
for broadband uptake, with only 1.74 New Zealanders per 100 being users of broadband
services (Brislen, 2004). These rates, however, are expected to go up with the drops in
price and increasing competition (Spence, 2004). Thorn and Chen (2005 : 45) in their
analysis of four key reports (ACNielsen, 2001; Clark et al, 2001; Deloitte Touche
Tohmatsu, 2000; MEDe, 2000) found that the rate of Internet uptake has been
encouraging with e-mail adoption being universal in New Zealand firms. Nevertheless,
the level of e-business involvement is fairly low, with most firms at the ‘**introductory stage of electronic business activities**’ (Thorn and Chen: 46).
Chapter Four: Case Studies of Regional-National-Transnational DMSs

Financial Aspects

Tourism New Zealand receives about NZ $55 million for the marketing and promotion of the brand 'New Zealand' (Ryan, 2002). Development of www.purenz.com is a part of TNZ’s web marketing strategy and the cost is met by the core costs of the organisation. The entire website development of 'purenz' was funded by the government. Following the attacks from September 11th, the government helped bail out Air New Zealand and launched a NZ$2 million campaign to restore confidence in the Japanese market. In 2002 TNZ urged the government for commitments towards investment in education and training and public infrastructure and the NZ$20 million required to overhaul its website (Travel and Tourism - New Zealand, 2002).

Cinematic exposure

The worldwide success of The Lord of the Rings, filmed in New Zealand by Kiwi director Peter Jackson, has provided the country a captive audience with a virtually nine-hour advertisement giving it invaluable exposure. The government has injected NZ$4.5 million into a campaign, with the collaboration of the film’s distributor New Line Cinema, to promote New Zealand as both a tourist destination and a film location (Travel and Tourism - New Zealand, 2002). Busby and Klug (2001) have observed a dramatic increase in visitor numbers to locations that have been featured in films or television programmes. Dore and Crouch (2002) term this type of publicity as ‘incidental publicity’ as it is not planned or deliberate and commonly has nothing to do directly with tourism but nevertheless impacts tourism.
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**The Outcome**

Table 4.7 outlines the extent of involvement of TNZ in the development and implementation of http://www.purenz.com. TNZ’s initial web strategy was focused around a New Zealand portal/gateway site. However, it became increasingly apparent that less than 5% of online consumers were searching on New Zealand sites. Instead they were using their favourite travel portals such as www.travelocity.com or www.yahoo.com which have poor New Zealand content. In order to solve this problem, TNZ moved from a ‘site strategy’ to a ‘web strategy’ which will see the organisation syndicate New Zealand content to both the travel portals and the New Zealand based industry sites (TNZ, 2001a). The website is non-interactive and essentially an information-based portal.

Bhat and Milne (2004:309) in their analysis of stakeholders of purenz.com found that the industry input into the development of www.purenz.com was limited to the strategic level of the TNZ Board. Members of the board included representatives of central and local government, Maori and the tourism industry. It would appear that politics had a big part to play in the initial development and as such the site was embroiled in a lot of controversy. This led to stakeholders having entrenched views and negative attitudes. They concluded that the ‘industry consultation on the implementation of the site appears to have been minimal’.
Table 4.7 Public/Private Sector involvement with Purenz.com

<table>
<thead>
<tr>
<th>PureNZ.com</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Information Only</td>
</tr>
<tr>
<td>Sector Involvement</td>
<td>Public</td>
</tr>
<tr>
<td>Technical Expertise, Skills &amp; knowledge-</td>
<td>Private</td>
</tr>
<tr>
<td>Administration including initiation &amp; leadership of the DMS development process</td>
<td>Public</td>
</tr>
<tr>
<td>Funding Model and Ownership</td>
<td>Public</td>
</tr>
<tr>
<td>Ownership &amp; management after development</td>
<td>Public</td>
</tr>
<tr>
<td>Ownership of Database-inventory</td>
<td>Public</td>
</tr>
<tr>
<td>Management of Data</td>
<td>Tourism Provider</td>
</tr>
</tbody>
</table>

Despite the problems mentioned above, ‘purenz.com’ has been hailed a success by TNZ and is, in fact, the winner of a number of awards. The consumer website, purenz.com, was named the winner of the Information and Reference category in 2001 Telecommunications Users Association of New Zealand and ANZ Bank Interactive Awards (TNZ, 2001c). The ‘100% Pure New Zealand’ campaign was awarded the Grand Award for Marketing for the ‘100% Pure’ travel poster and their official website, www.newzealnd.com in April 2004 by Pacific Asia Travel Association (PATA) (TNZ, 2004). The website rates well in terms of design, desired features and the general information on the site plus being user friendly and easy to navigate (Bhat, 2002;
Morgan, Pritchard and Piggot, 2003). The site currently receives an average of 200,000 user sessions per month (TNZ, 2005).

TNZ aims to be flexible and adaptable and maintains that the industry was and is consulted when required (Bhat and Milne, 2004). TNZ’s publicity material states that purenz.com site has been an integral component of the 100% Pure New Zealand global campaign. International visitors reached 2 million for the first time in 2002 spending an estimated NZ$6 billion in foreign exchange making tourism one of New Zealand’s top foreign exchange earners. ‘Significantly this 14% increase on the previous year was due largely to an increased ‘per visitor spend’ rather than a dramatic increase in actual visitor numbers’ (TNZ Profile: 3). Currently, as per TNZ, www.purenz.com represents the most comprehensive range of tourism activities in NZ with approximately 6500 products as against estimated 16 /17000 industry players (TNZ Annual Report- 2004-2005)
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4.5 THE CASE OF VISITSCOTLAND.COM

Figure 4.4 The Official Site of Scotland’s National Tourism Board

Tourism has been identified as Scotland’s most important industry and is said to inject £2.5 billion annually into the Scottish economy. It is Scotland’s fourth largest employer
Chapter Four: Case Studies of Regional-National-Transnational DMSs

and pays the wages of more people than oil, gas and whisky industries combined (Scotxchange.net).

VisitScotland formerly known as the Scottish Tourist Board (STB) is the principal government agency for the promotion and development of Scottish tourism performing the two principal roles of advising on government policy and working with the trade to improve performance and develop future opportunities (Kerr, 2003). Up until beginning of 2005, there were 14 Area Tourist Boards (ATBs) which provided visitor information and coordinated local marketing initiatives. Many also provide a booking service for a nominal fee. A strategic review in 1994 led to cutting down of the number of ATBs from 31 to the current number of 14. Since April 1st 2005, ATBs no longer exist in Scotland, having now merged in to the national body for tourism, VisitScotland (Wedgewood, 2005).

Some of the main players in Scottish tourism are: Highlands and Islands Enterprise (HIE), The Scottish Enterprise, Local Authorities, Scottish Tourism Forum and EU. (Refer to Scotxchange website for who does what in Scottish tourism). Similar to the Wales scenario, European funding through the ERDF has been crucial in enabling millions of pounds worth of tourism projects that range from capital projects to marketing initiatives to be implemented in Scotland in recent years.

Scotland is represented overseas by VisitBritain, former British Tourist Authority (BTA), which has a presence in 43 cities worldwide. The Scottish Convention Bureau (SCB) was established by the STB in 1991 as a specialist unit within its marketing function to maximise the benefits of the discretionary sector comprising meetings, conferences,
incentives and exhibitions. The SCB targets five main sources for discretionary trade; UK association meetings, international association meetings; European corporate meetings and incentive travel; and US corporate meetings and incentive travel (Travel and Tourism-Scotland, 2002)

VisitScotland.com

A key feature of the Scottish Executive strategy to boost tourism in Scotland has been the launch of the website VisitScotland.com. VisitScotland.com (Figure 4.4) is an Internet company which was set up to operate Scotland’s official tourist website. It is the national database of information about Scotland’s tourism products, services and contacts, and e-commerce accommodation booking system and is intended to allow potential visitors to log on, view details of available hotels and packages and make direct bookings for transport and accommodation.

VisitScotland.com is a joint venture company owned by VisitScotland - Scotland's National Tourist Board, Atos Origin and Partnerships UK Ltd. VisitScotland.com was set up using a loan of £7.4 million from the Scottish Executive (http://www.visitscotland.com). VisitScotland.com is the national database of information about Scotland’s tourism products, services and contacts, and e-commerce accommodation booking system.

There are approx 9,000 accommodation providers on the searchable listings on visitscotland.com. In addition to these, it also has listings of around 2,500 eating/drinking
establishments (restaurants, bars, cafes, etc.); 1200 visitor attractions; 800 sports & leisure facilities; 400 outdoor activities/adventure providers; 250 sightseeing tours & guides providers; 150 entertainment venues (Wedgewood, 2005). The aims and objectives of VisitScotland.com are the same as that of its predecessors and its origins can be traced back to the Ossian project (forthcoming). It is intended to allow potential visitors to log on, view details of available hotels and packages and make direct bookings for transport and accommodation.

Historical Development and Rationale for developing DMSs in Scotland

The low level of information technology provision in the Scottish tourism industry, in common with England and Wales, has been a hindrance to information collection and analysis. Computer destination marketing initiatives in the past such as Hi-Line, Integra, and Ossian were set up with the intent of marketing Scotland to the world but did not realise their aims due to technical and procedural problems.

STB’s first attempt to implement a DMS strategy in Scotland was in January 1984 (even before Tiscover systems) with the introduction of Hi-Line. At the time Highlands and Islands Development Board, established with the aim of assisting social and economic development of the Scottish Highlands and Islands, proposed that the promotion of their members’ properties and facilities to a worldwide market required a centralised, coordinated marketing operation (Pringle, 1994; Frew and O’Connor, 1999).
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The planned system took the form of a central office which acted on behalf of and coordinated the efforts of the fifteen area tourist boards (ATBs) associated with the scheme. Consultants were commissioned to conduct a feasibility study and technical studies were undertaken resulting in the launch of the system. The start-up and running costs were met in the first instance through public sector funding and commission charges, although it was proposed that the scheme would eventually be self-financing. Hi-Line experienced a wide variety of problems from the outset and suffered from understaffing and under-resourcing (Pringle, 1994).

Many of the initial problems were technical in nature. The operation of the system depended on telecommunications and the initial technical platform of dial-up service from dumb terminals, handled by minicomputer, proved problematic and was ultimately withdrawn. In 1988, despite a generally favourable consultant’s report the previous year that indicated that the project was bringing new business into the area, the financial position of Hi-Line remained precarious. Direct funding by the public sector was only limited to the initial phase of the implementation and Highlands and Islands Enterprise (HIE), former Highlands and Islands Development Board (HIDB) (Pringle, 1994; Frew and O’Connor, 1999).

The company reorganised and restructured extensively and revised its aims and objectives. The system was redesigned and used in a constrained form as a central facility for making and recording bookings. Anticipating the withdrawal of public sector support in 1988, the company managed to reach a point where it could meet its costs with
profitability seen as a distant objective achievable only through significant extension of the system’s marketing reach (Pringle, 1994).

In October 1992, despite success in many areas, Hi-Line failed. By the time, it went into receivership its grant funding amounted to £225,000 from HIDB and £65,000 from STB. Although the turnover of the company had increased from £535,000 to a peak of £1,280,000 in the final year of trading, the company’s figures could never meet its goals set out in the 1988 plan (Pringle, 1994). The post mortem carried out by Pringle suggested many causes, including: cutbacks in grant assistance, financial instability, ambitious use of inadequate technology, operator resistance to commission payments, buyer behaviour, and economic recession.

Pringle (1994: 508) in his obituary note concluded that ‘.....

no particular organisation and no single factor can be blamed for Hi-Lines unfortunate end; nor it can be shown that improved financial arrangements or technology alone would have saved the venture. In conclusion, the Hi-Line scheme appears to have suffered throughout its existence for being so ambitious and so pioneering. Its creators should be commended for helping to open up new avenues for tourism marketing’.

Temporary Suspension

After a brief and an expensive effort to implement a system from the Orkney Isles (ORKID) Scotland gave up trying to implement a DMS and temporarily suspended any developments. Undeterred by its own recent failure and that of its immediate neighbour’s – the English Tourist National Automation Project (ETNA), the Scottish Tourist Board more fully entered the DMS arena with a new project. Following yet
another favourable consultancy report on feasibility and technical issues in particular, a project team was assembled that included members from each of the stakeholder organisations and external advisors.

In 1992, the proprietary ITIS system from Integra Ltd. was proposed for a nationwide rollout and was to be implemented at an area level. It was anticipated that the funding was this project would be procured by STB. However, the withdrawal of this in 1993, led to a mix of funding requests coming forward from the ATBs. The proposed pan-Scotland network seemed all too recognisable to those familiar with the Hi-Line concept. Despite half of the ATBs’s (including Edinburgh) decision to support the implementation of ITIS throughout Scotland the effort became fragmented. Neither the political will nor sustained funding was forthcoming. The project was finally abandoned amidst claims and counterclaims of project management difficulties, unresolved technical challenges and of concerns over proprietary systems (Frew and O’Connor, 1999)

A few years down the line, another striking vision came into view: ‘The IDMS © vision’, with essentially the previous visions updated and extended to the back office functions. Multimedia, Digitization of media and networks, Object Oriented computing, growth in CPU power and network computing were said to be the factors influencing this ‘visionary’ rethink. Pollock (1996 cited Frew and O’Connor, 1999: 7) suggested that the ‘proposed infrastructure has the potential to ensure that Scotland’s tourism industry is flexible and resilient- in other words has the intelligence necessary to succeed in a digital
economy’. Despite external consultancy reporting, STB reconsidered the IDMS approach and embarked upon yet another national, ambitious project- Ossian.

The idea for the Ossian project was first conceived in March 1998. Ossian had been commissioned by the Scottish Tourist Board to provide a constantly updated database of information to support a new, dedicated web site, which was due to go live by the middle of November 1998 (e-consultancy Press Release, 1998). In 1998, project Ossian cost upwards of £4 million to develop (Kerr, 2003). Ossian was intended to support and promote tourism in Scotland by changing the way in which Scotland was marketing and the way in which information and services were provided to visitors (Scottish Tourist Board, 1998). With Ossian, STB’s intention was to provide an on-line booking system for accommodation and events and also serve as a source of management of information.

The BBC described Ossian as a ‘Jewel in the crown’ (BBC, 2000). However, very soon after the website went live, newspaper reports started painting an unflattering picture of the success of Ossian. A report in the Sunday Herald Business (2000 cited The Scottish Parliament, 2000; The Scottish Parliament, 2002) quoted the Federation of Small Businesses in Scotland as saying that Ossian ‘is incapable of delivering on-line bookings’ with ‘major inconsistencies in how the site is laid out’. An accommodation provider in the Borders was quoted as saying: ‘Ossian is a long way behind private sector sites’ and ‘The technology is already out of date...I wouldn’t be surprised if they eventually ...write the whole thing off’.
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companies

• Establishing a joint venture between VisitScotland, Area Tourist Boards and external companies

The delivery option ultimately selected was the joint venture with the private sector, on the basis of combining the respective skills and relationships of the public and private sectors. Discussions with the Private Finance Initiative (PFI) Taskforce (now Partnerships UK – PUK) made it clear that VisitScotland and the Area Tourist Board network did not have the resources or the level of business expertise necessary to make the project a success. VisitScotland, the majority of area tourist boards, Schlumberger Sema and PUK set up a new venture, eTourism Ltd. that trades under the name of visitscotland.com. The company replaces the existing website and operates a national contact centre (Fourth Supplementary Submission from VisitScotland, November 2002)

VisitScotland launched its on-line customer information and booking service later in 2002. The site was intended to:

➢ act as a selling agency on behalf of subscribing tourism businesses
➢ Provide all tourism enquirers with an information service about Scotland as a whole
➢ Respond to requests for brochures
➢ Act as an information source for the tourism business sector, providing market intelligence and other services
➢ Provide IT services to the tourism industry and VisitScotland.
VisitScotland has base its software on Touch Vision, which is a purpose built tourism based booking engine already used in Iceland and Dublin and by Media Surface a supplier of content management solutions. Figure 5.5 shows the structure of the company:

Figure 5.5 Structure of VisitScotland.com

Source: www.scottish.parliament.uk

The company employs 86 consultants who work in the call centre in Livingston and earn about £14,000 a year and another five executives on about £40,000 a year. Running and start-up costs of £500,000 a year take VisitScotland.com’s annual outgoings to about £2 million. (Macdonell, 2003).
Financial Structure

The 14 ATBs in Scotland were established in 1996 as part of the then Secretary of State for Scotland's Review of Scottish Tourism. Each ATB was constituted as a statutory body and provided the focus for tourism activity at a local level. They were responsible for marketing the local area and providing customer information services (primarily through Tourist Information Centres. Their remit was to develop and implement Area Tourism Strategies and enlist the support of the local commercial tourism sector and providing opportunities for local trade partners through membership development (Dewar, 2004).

The ATBs brought together the public and private sector at a local level and provide a link between tourism interests at national and area level. Funding came from the relevant local authorities, local enterprise companies, VisitScotland and from commercial members which pay membership fees. Local tourism businesses which decided to join as members benefited from marketing, accommodation booking and other promotional activities and services (Scotexchange, 2004).

Operators pay for being on VisitScotland.com. Since the merger of the ATBs into VisitScotland, businesses are now offered a package of marketing opportunities through VisitScotland, including:- opportunities to feature in regional brochures and other direct mail materials; TIC referrals and display of promotional leaflets; entry on visitscotland.com website; and a number of other supporting items (Wedgewood, 2005)
Operators pay VisitScotland for these packages, via their local VisitScotland Network Office (there are 14 across the country). If a business wished only to have a simple listing on the visitscotland.com website and none of the other elements from the package of opportunities they could also enroll for that alone, again doing so via their local VisitScotland Network Office. They do not pay directly to visitscotland.com (Wedgewood, 2005).

VisitScotland.com takes customer bookings for accommodation business - both online through the website and also through our national call centre and through the TIC booking system (all three channels being driven by the same database and core software application for search and booking). It collects a 10% commission on all accommodation bookings made through these channels (Wedgewood, 2005).

**Data Management**

Only those establishments which have a VisitScotland (i.e. Scottish Tourist Board) Quality Assurance mark and have been visited by VisitScotland inspectors are included in the site. Ultimately the provider business takes responsibility for all the data about its business that appear on the website. Historically this was often done via the ATB offices but this will be changing under the new unified VisitScotland network, the exact nature and arrangements for the new processes are still being finalised (Wedgewood, 2005).
Case Studies of Regional-National-Transnational DMSs

According to the business development director of VisitScotland.com, providers already have the opportunity to contact VisitScotland.com directly via e-mail, phone & fax to update their data and numerous of them already do.

*This will become much more the norm for all going forward, especially as we roll out a secure online tool later this year which will enable all providers to update their own data on a self-service basis via the internet.*  
(Wedgewood, 2005)

When questioned about the frequency of update of data on the system, the business development director made the following comment:

*This varies by supplier - how proactive they are, how often they make changes at the establishment, to pricing, etc. Some providers are also updating us with availability information as well, on a regular basis - again we aim that this should become much more the norm as we move forward and we encourage providers to give us inventory on allocation or at least indicated availability wherever possible. With the advent of the online self-service tool we will encourage providers to update availability / allocation information as often as possible - even daily in the case of larger establishments.*

**Outcome**

Table 4.8 outlines the extent of involvement of VisitScotland in the development and implementation of http://www.visitscotland.com. Despite heavy investment, VisitScotland.com is already encountering negative responses from the industry. As Dixon (2004) reports ‘VisitScotland.com has come under heavy criticism, with small hoteliers and accommodation providers claiming it discriminates against them and takes money out of Scotland’s tourism industry’. The Scotsman newspaper on 1st July, 2003
reported that VisitScotland.com is £1.4 million in the red and is not expected to break even for another three years at least (Macdonell, 2003).

Table 4.8 Public/Private Sector involvement with VisitScotland.com

<table>
<thead>
<tr>
<th>VisitScotland.com</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Information and Reservation</td>
</tr>
<tr>
<td>Sector Involvement</td>
<td>Public-Private</td>
</tr>
<tr>
<td>Technical Expertise, Skills &amp; knowledge-</td>
<td>Private</td>
</tr>
<tr>
<td>Administration including initiation &amp; leadership of the DMS development process</td>
<td>Public-Private</td>
</tr>
<tr>
<td>Funding Model and Ownership</td>
<td>Public-Private</td>
</tr>
<tr>
<td>Ownership &amp; management after development</td>
<td>Public-Private</td>
</tr>
<tr>
<td>Ownership of Database-inventory</td>
<td>Public-Private</td>
</tr>
<tr>
<td>Management of Data</td>
<td>Tourism Suppliers</td>
</tr>
</tbody>
</table>

The £1.4 million loss raised serious questions about VisitScotland’s ability to perform the function of an online facility for the Scottish tourism industry and some critics are claiming that millions of pounds of taxpayers’ money which had been invested in the project may be at risk. It has already come under fire from hoteliers and politicians for failing to translate worldwide interest in Scotland into a significant increase in bookings (Macdonell, 2003)
Responding to the criticism from small hoteliers, Marco Truffeli, the website’s chief executive said, ‘market forces dictate where tourists choose to go and not websites’ (Dixon, 2004). In addition he mentioned that with 85% of businesses being small to medium sized, reaching a consensus is difficult. An unnamed spokesperson for VisitScotland hit back at the company’s critics, insisting that it was virtually impossible to set up such a big, multi-million-pound company and make an instant profit. He further mentioned that VisitScotland.com was not only on target, but was ahead of the budget projections (Macdonnell, 2003).

According to Macdonell (2003) running and start-up costs of £500,000 a year take VisitScotland.com’s annual expenditure to about £2 million. The company takes 10 per cent of each booking made through it and charges its clients £3 fee (Dixon, 2004) and therefore needs about £20 million worth of bookings each year to break even (Macdonell, 2003). Figures for the first ten months of the VisitScotland’s existence showed that it generated £3.2 million worth of bookings, earning about £320,000 in commission. This was not enough to cover the running costs and left a deficit of about £1.45 million (Macdonell, 2003).

Dixon (2004) in his news article reported that the total number of bookings made till 21st November, 2004 is 174,000 amounting to a total of £22.3m- a considerable improvement over 2003. Concerns, however, remain about VisitScotland’s functioning as an online gateway for Scotland with critics calling the numbers as ‘too small’ for a £4.5bn industry. While it is too early to comment in detail on the effectiveness of Visitscotland.com, there
are indications VisitScotland.com appears to be struggling and making headlines for all the wrong reasons since its inception three years ago.

4.6 SUMMARY

This chapter investigated case studies that give some flavour of current developments in the different geographical areas- UK, Europe and New Zealand. While the initial intention was to develop a generic model of DMS differential practice, it appears that there is no standardisation between the various systems. Each system is autonomous and is developed to meet individual organisational needs. Table 4.9 is a summary of the destination managements discussed in this chapter.

The DMSs range from those that still broadcast information (www.visitsouthwest.co.uk and www.newzealand.com) to those who are allowing the customer to interact with the Web site. All the DMSs boast of participation levels that run into thousands and have been developed due to a ‘perceived’ market need and the need to aid the distribution of SMEs in their regions. All the DMSs recognise the importance of clear and comprehensible grading schemes from the consumer’s viewpoint and hence the majority, with the exception of New Zealand, only allow graded establishments to be listed on the systems. In an attempt to encourage empowerment in SMEs, most DMSs encourage decentralised maintenance of data and expect SMEs to take responsibility of their information on the systems. Most of the data on the DMSs is still static in nature as frequency of updates on DMSs depend on factors such as SME skill level i.e. how they interact with technology, the requirement and the scale of their business. Even the most
mature DMS i.e. Tiscover cannot guarantee that the data on its system is 100 per cent accurate and up to date.

Table 4.9 Summary of the current Destination Management Systems investigated

<table>
<thead>
<tr>
<th>Coverage</th>
<th>VisitSouthWest</th>
<th>Tiscover</th>
<th>VisitScotland</th>
<th>PureNZ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector Involvement</td>
<td>Regional</td>
<td>Trans-National</td>
<td>National</td>
<td>National</td>
</tr>
<tr>
<td>No of Businesses</td>
<td>Over 2000</td>
<td>Over 16,000</td>
<td>9000</td>
<td>6500</td>
</tr>
<tr>
<td>Technical Development &amp; Design</td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
</tr>
<tr>
<td>Requirement for registration on DMS</td>
<td>Required to participate in a Grading Scheme</td>
<td>Required to be a member of the tourist board</td>
<td>VisitScotland Quality Assurance Mark</td>
<td>NZ registered company – operating in NZ</td>
</tr>
<tr>
<td>Who manages Data?</td>
<td>Tourist Board</td>
<td>Members</td>
<td>Members</td>
<td>Members</td>
</tr>
<tr>
<td>Frequency of Update</td>
<td>Annually</td>
<td>Variable</td>
<td>Variable</td>
<td>Every 3 months if required</td>
</tr>
<tr>
<td>Who Pays?</td>
<td>Members/ Suppliers</td>
<td>Members/ Suppliers</td>
<td>Members/ Suppliers</td>
<td>Free</td>
</tr>
<tr>
<td>Provide Training</td>
<td>No</td>
<td>Yes-Obligatory (forcing a commitment)</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Online Bookings Offered</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Corporate Website</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Measure of success</td>
<td>No of members</td>
<td>Statistics</td>
<td>No Stats</td>
<td>No stats</td>
</tr>
<tr>
<td>Deemed Successful by Tourist Boards/ Reports</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>
There is a trend towards public-private partnership as more and more DMOs are realising that they do not have the resources or the level of business expertise required to make the DMS projects a success. DMS implementation tends to be a success if it is at the core of the marketing of an organisation. It can see an increase in demand and use due to other incidental factors. In the case of New Zealand, for example, the cinematic exposure that the country received through ‘Lord of the Rings’ may have led to an increase in visitor numbers and may have impacted on the usage of www.purenz.com. However, if DMSs are working in isolation, their impact would not be visible.

The lack of available data makes it difficult to draw firm conclusions about the impact that DMSs are having or likely to have on the tourism industries of the destinations investigated. There is no uniform criterion for the measure of success of the DMSs. For those DMS involving private partnerships, the ultimate measure of success is the return on investments, series of transactions and number of bookings. In contrast, the public sector DMSs rate their success on the number of tourism stakeholders participating in the initiative and on the increase in visitor number to a destination.

The decade of 1990s has seen the emergence of ample DMSs and the growth pattern appears to be on the increase despite the failures. Among the scores of DMS failures, successes are few and far between. O’ Connor and Frew’s (2002) study indicated a declining importance of DMSs. National DMSs are facing increasing competition from online servers such as Travelocity, Expedia, Orbitz and through loose aggregations of private operators, local councils or tourism authorities and smaller DMSs (Mistilis and
Daniele, 2004). Life seems to be tougher for the public sector DMSs who are trying to balance the needs of the innumerable stakeholders in their destination. This study, along with others, draws attention to the relative complexity of the stakeholder issues that seem to persist in the implementation of DMSs. The next section of the thesis will investigate the development and implementation of the VisitWales DMS to find out how it is performing in an increasingly competitive environment.
CHAPTER FIVE: DESTINATION MANAGEMENT SYSTEM FOR WALES- VISITWALES- A CASE STUDY

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CHAPTER FIVE: DESTINATION MANAGEMENT SYSTEM FOR WALES- VISITWALES- A CASE STUDY

5.1 INTRODUCTION

This chapter is divided into three phases. The objective of phase one is to explore the current heterodoxy of tourism-SME and micro-business approaches to customer relationship management (CRM) through their websites in exploiting the Web as a strategic marketing tool. The second phase explores the perceptions of SME owner-managers of the benefits of VisitWales.

The third phase of the chapter traces the evolution of VisitWales, provides a background on Welsh tourism and addresses the critical issues fundamental to evaluate the current status of VisitWales. The phase then extends to present the results of semi-structured interviews with the key stakeholders of VisitWales i.e. WTB, World.net and Wales Tourism Alliance (WTA).
PHASE 1: SME EXPLOITATION OF THE WEB

Wales Tourist Board (WTB) has had a website since 1995, though it did not provide the ability to book online. In 2001, the WTB signed a contract worth £4 million with World.Net (an Australian company) to build a strategically-focused DMS, VisitWales, offering information distribution, reservation processing and database marketing resources to Welsh tourism operators (Tunney, 2001; Edmunds, 2002). The year 2002 saw the launch of VisitWales, which aims to be a ‘one-stop portal’ providing potential visitors with comprehensive information about where to go, what to see and what to do on a holiday in Wales. Figure 5.1 is a snapshot of VisitWales in its current form.

Figure 5.1 Snapshot of VisitWales

VisitWales has a large database of accommodation service providers, attractions and events and randomly generates lists of providers meeting the search criteria. Thus, allowing all providers with an equal chance to be returned at the top of the search
results list. All entries follow a standard format. In addition to marketing the destination/region through the DMS Web site, the DMS also provides a link to the SME websites. The only point at which the SME can differentiate itself is when the potential customer reaches the SME’s own website and it is here that the issue of ‘webface’, i.e. the visual representation of the business on the Web, becomes important.

Although the DMS is not responsible for the content or the accuracy of the external links, the content of the Web pages of SMEs is extremely important for Web sites of DMOs because it directly influences the perceived image of the destination (Gretzel et al., 2000). Thus, it is crucial that the content is accurate, attractive and easily searchable (Beirne and Curry, 1999).

This section explores the current heterodoxy of tourism-SME and micro-business approaches to CRM through their websites in exploiting the Web as a strategic marketing tool. The study focuses on a purposive sample of Welsh tourism-SME websites selected from the population of businesses represented on VisitWales, the new Wales Tourist Board Destination Management System (DMS). This population was identified as potentially representing more innovative and committed tourism businesses. The study evaluates the appropriateness of applying the Nassar (2003) model (Chapter 3- Section 3.6.4) to the analysis of tourism-SME websites.


In attempting to apply the Nassar (2003) model to a pilot sample of Welsh tourism-
SME websites accessed from VisitWales, it was found that many of the features were more relevant to chain hotels than to the small independent tourism-SMEs, most of which have not made large investments in their ‘webface’. Welsh tourism SMEs are often micro-businesses at the smaller end of the SME spectrum, which can cover businesses employing up to 250 (http://europa.eu.int/information_society).

Nassar’s ‘small’ hotels are much bigger than many of the Welsh tourism SMEs sampled and they have invested more in website development. Secondly, there is a certain amount of duplication of features in the model. For instance, the features ‘Email reservation’ and ‘Direct Email’ occur in the consideration ‘E-Commerce/Immediacy’ and ‘Customer Relationship’ respectively and both imply the same thing. Thirdly, Nassar uses an ordinal scale of sub-optimal (0+1), satisfactory (2+3) and good (4+5) for the features e.g. ‘price information available on-line’. However, some features can only really be considered as present or not and require a binary (yes/no) answer.

As a result a series of amendments were proposed and are identified below and the revised summary of considerations in shown in Table 5.1, reducing Nassar’s 28 features to 20 features. Nassar’s scale is collapsed to suboptimal (1), satisfactory (2) and good (3). Certain features such as online advertising that allow development of customer profiles and frequent guest programs that allow on-line enrolment, on-line account review, restricted frequent guest area have been removed as they need links to a database and are therefore expensive to implement and beyond the budget of small businesses that demand short timescales for return on investment (ROI). These features were not evident in the Welsh SME websites.
Similarly, the features on-line brochure and search the site, frequent guest programs were removed as they also were not used by the Welsh tourism-SMEs. The consideration Accessibility was renamed Access to avoid having the same name as the feature accessibility. The consideration Credibility was changed to Design and Logic as the features included in this heading related more to the design and logic as opposed to credibility. The feature accessibility was changed to availability to avoid confusion and the descriptor of the feature was changed from Accessible from all search engines to Accessible from VisitWales. Downloading was changed to download time. On-line Advertising was changed to Customised Promotion to better describe its role and was included in the consideration Customer Relationship. Similarly Direct email was changed to Email Marketing and its descriptor was changed to Using E-mail to send product information, conduct correspondence and respond to customer enquiries. Navigation was considered to be more appropriately included under Design and Logic and Updating under the consideration Information.

The features basic product information and additional product information were combined into product information, as there is potential overlap between the two. The three features: real time confirmation, real time processing of orders and on-line reservation in the consideration E-Commerce/Immediacy were combined into real-time processing as they are part of real-time processing. The descriptor satisfactory for the feature real-time processing was amended to Allows online booking via e-mail/form and responds the same day or within 24 hours. However the response time from the suppliers was not evaluated as the study described in this paper is part of a larger ongoing study into VisitWales and it was not considered appropriate to contact the suppliers at this stage.
The descriptor *satisfactory* for the features *downloading* and *URL* was amended to *Site downloads in 10-30 seconds with complete elements* and *Uses a different domain name that is short and easy to remember*, respectively as downloading with incomplete elements was considered unsatisfactory and domain names reflecting the business name may already have been taken and therefore unavailable for use.

All the features except *download time and email marketing* could be evaluated by simply clicking on the link and viewing the site. To compare *download times* for the different websites, the services of [www.optiview.com](http://www.optiview.com) were used. Optiview measures the amount of time it takes for a website to download on a 56K modem. Whilst *download time* depends on the various factors, such as configuration of the user’s computer, bandwidth, and modem speed, Optiview allows a uniform methodology for the direct comparison of download times. Whether the firms actively targeted their potential and existing customers through direct e-mail marketing could not be tested at this stage and will be examined at a later stage when the authors conduct interviews with the *VisitWales* suppliers.
<table>
<thead>
<tr>
<th>No</th>
<th>Design Feature</th>
<th>Good</th>
<th>Satisfactory</th>
<th>Sub-optimal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Availability</td>
<td>Accessible from VisitWales</td>
<td>N/A</td>
<td>Web site unavailable</td>
</tr>
<tr>
<td>2</td>
<td>Download time</td>
<td>10s or less and downloads complete with no missing elements</td>
<td>Between 10-30 s, downloads directly in the users' browser and complete</td>
<td>More than 30s, with many missing elements, not compatible with user's browser</td>
</tr>
<tr>
<td>3</td>
<td>URL</td>
<td>Short and easy to remember/reflects brand</td>
<td>Uses a different domain name that does not reflect brand but is short and easy to remember</td>
<td>Address is long and difficult to remember</td>
</tr>
<tr>
<td>4</td>
<td>Destination Content</td>
<td>Provides detailed destination content</td>
<td>N/A</td>
<td>Site lacks this information</td>
</tr>
<tr>
<td>5</td>
<td>Price Information</td>
<td>Detailed price information</td>
<td>N/A</td>
<td>Not available</td>
</tr>
<tr>
<td>6</td>
<td>Product Information</td>
<td>Facilities, amenities, corporate information</td>
<td>Lacks basic product information</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Product availability</td>
<td>Allows users to check availability online</td>
<td>Possible to check by Email</td>
<td>No information online</td>
</tr>
<tr>
<td>8</td>
<td>Updates</td>
<td>Frequently updated</td>
<td>Date last updated</td>
<td>No update feature available</td>
</tr>
<tr>
<td>9</td>
<td>Clarity and Logic</td>
<td>Easy to navigate, all links working and flow in a logical manner</td>
<td>N/a</td>
<td>Difficult to navigate, includes inactive links</td>
</tr>
<tr>
<td>10</td>
<td>Graphics</td>
<td>Graphics used sensibly—provide a professional, attractive and dynamic feel to the site</td>
<td>N/a</td>
<td>Difficult to navigate, includes inactive hyperlinks</td>
</tr>
<tr>
<td>11</td>
<td>Real Time processing of bookings</td>
<td>Can book online and get real time confirmation</td>
<td>Allows online booking via e-mail/form and responds the same day or within 24 hours.</td>
<td>None of these features are available</td>
</tr>
<tr>
<td>12</td>
<td>Currency Converter</td>
<td>Link to an updated currency converter</td>
<td>N/a</td>
<td>Not available</td>
</tr>
<tr>
<td>13</td>
<td>Privacy and Security</td>
<td>Explanation of site's security features— appropriate technology—SSL, encryption</td>
<td>N/a</td>
<td>Features not offered</td>
</tr>
<tr>
<td>14</td>
<td>Credit Card Used</td>
<td>Offers this service online</td>
<td>N/a</td>
<td>Does not offer this service</td>
</tr>
<tr>
<td>15</td>
<td>E-Mail Marketing</td>
<td>Using E-mail to send product information, conduct correspondence and respond to customer enquiries.</td>
<td>Site lacks this feature</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Customised Promotion</td>
<td>Creates a user profile and provides information accordingly</td>
<td>N/a</td>
<td>Site lacks this information</td>
</tr>
<tr>
<td>17</td>
<td>FAQ Available</td>
<td>Offers this feature</td>
<td>N/a</td>
<td>Does not offer</td>
</tr>
<tr>
<td>18</td>
<td>Special Breaks/Offer</td>
<td>Offers this feature</td>
<td>N/a</td>
<td>Does not offer</td>
</tr>
<tr>
<td>19</td>
<td>Feedback form</td>
<td>Offers this feature</td>
<td>N/a</td>
<td>Does not offer</td>
</tr>
<tr>
<td>20</td>
<td>Mailing List</td>
<td>Offers this feature</td>
<td>N/a</td>
<td>Does not offer</td>
</tr>
</tbody>
</table>

Table 5.1: Revised Summary of Considerations
5.3 SAMPLING

This study uses the population of SME websites represented on VisitWales as a sampling frame for the study. VisitWales was purposively selected as it comprises a population of operators who are potentially a committed core - ‘early adopters’ of technology, more visionary and cognizant of the need to keep up-to-date with technological developments (Morrison and King, 2002). The sampling was conducted in two stages. The first stage consisted of a quantitative analysis of SME representation on VisitWales, which revealed that not all suppliers had a link to their own website. The second stage was to identify a sample of those suppliers with their own website and evaluate them against Nassar’s modified model.

VisitWales listed 1402 suppliers in January 2003 arranged in four top-level categories: Hotel, bed and breakfast (B&B) and guesthouses; Caravan and camping; Self-catering; Other types, each category with sub-categories (see Table 5.2). There was a considerable amount of data duplication, for instance, a property listed in Hotel, bed and breakfast and guesthouses category may also be listed under Self-Catering. Thus, after careful consideration, it was found that there were approximately 1087 different suppliers on VisitWales. The following data was collected for each supplier: a phone and email link; real-time booking to consumers; link to own website or a third party website and whether it is a working link. The results of the first phase of the study are shown in Table 5.2.
<table>
<thead>
<tr>
<th>Top Level Category</th>
<th>Sub-Category</th>
<th>Suppliers</th>
<th>Bookable</th>
<th>Websites (Own)</th>
<th>Websites (3rd Party)</th>
<th>Working Link</th>
<th>Phone Link</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel, B&amp;B, Guesthouses</td>
<td>Hotel</td>
<td>115</td>
<td>23</td>
<td>95</td>
<td>4</td>
<td>88</td>
<td>115</td>
<td>112</td>
</tr>
<tr>
<td></td>
<td>Country Hotel</td>
<td>33</td>
<td>6</td>
<td>29</td>
<td>0</td>
<td>28</td>
<td>33</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>Bed and Breakfast</td>
<td>164</td>
<td>17</td>
<td>90</td>
<td>6</td>
<td>73</td>
<td>164</td>
<td>148</td>
</tr>
<tr>
<td></td>
<td>Guest House</td>
<td>131</td>
<td>15</td>
<td>81</td>
<td>9</td>
<td>88</td>
<td>131</td>
<td>125</td>
</tr>
<tr>
<td></td>
<td>Farm</td>
<td>87</td>
<td>15</td>
<td>5</td>
<td>6</td>
<td>57</td>
<td>87</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Inn</td>
<td>31</td>
<td>5</td>
<td>20</td>
<td>0</td>
<td>15</td>
<td>31</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>Restaurant with Rooms</td>
<td>6</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>4</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Castle</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Country House</td>
<td>31</td>
<td>6</td>
<td>26</td>
<td>0</td>
<td>25</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>Lodge</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Self Catering Accommodation</td>
<td></td>
<td>384</td>
<td>53</td>
<td>239</td>
<td>29</td>
<td>244</td>
<td>384</td>
<td>368</td>
</tr>
<tr>
<td>Caravan &amp; Camping</td>
<td>Touring Park</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Holiday Park</td>
<td>29</td>
<td>0</td>
<td>8</td>
<td>5</td>
<td>13</td>
<td>29</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>Holiday Park and Touring Park</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hostel</td>
<td>42</td>
<td>0</td>
<td>10</td>
<td>27</td>
<td>35</td>
<td>42</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Bunkhouse</td>
<td>14</td>
<td>1</td>
<td>11</td>
<td>0</td>
<td>10</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Other Accommodation</td>
<td>Camping Barn</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Activity Centre</td>
<td>5</td>
<td>0</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Campus</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Conference Centre</td>
<td>6</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1087</td>
<td>142</td>
<td>630</td>
<td>91</td>
<td>698</td>
<td>1087</td>
<td>949</td>
</tr>
</tbody>
</table>

Table 5.2: Suppliers represented on *VisitWales* in January 2003 by category
Chapter Five: VisitWales – A Case Study

It was found that 142 (13%) suppliers offer real-time on-line booking and use VisitWales as an online booking engine. 721 (66%) suppliers listed on VisitWales have a link to a website (approximately 630 (57%) have their own website and 91 (9%) have a link to a third party website). From the four categories, a stratified sample of suppliers who have a website was chosen by sorting the suppliers alphabetically and selecting a 20% random sample from each of the four top-level categories using Microsoft Excel’s data analysis sampling technique. Table 5.3 provides a breakdown of the number of supplier websites that were evaluated against the modified Nassar (2003) model in March 2003 by top-level category.

Table 5.3. The sample used for evaluating websites in March 2003

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel, B&amp;B, Guest Houses</td>
<td>98</td>
</tr>
<tr>
<td>Caravan and Camping</td>
<td>4</td>
</tr>
<tr>
<td>Self Catering</td>
<td>40</td>
</tr>
<tr>
<td>Other Accommodation</td>
<td>9</td>
</tr>
</tbody>
</table>

5.4 RESULTS AND DISCUSSION

Out of the 151 websites selected for the sample, 131 (86%) websites were accessible from VisitWales. 14 (9%) websites were not accessible due to the link being listed incorrectly, i.e. either the address was incorrect or the link did not lead anywhere. For instance, one property ‘Esgair Wen, Cwmystwyth’ was listed as having a link to its website. However, when one tries to click on the link, it leads to another page, which
Chapter Five: VisitWales – A Case Study

displays the message that another company has reserved this domain name. Six (5%) of supplier websites listed in January were not listed anymore on VisitWales in March 2003. After evaluating ‘accessibility’ and eliminating the 20 websites, 131 websites were evaluated against the remaining features. Table 5.4 summarizes the overall findings of the performance scores for the nineteen features evaluated under a heading relating to each of the six considerations.

Table 5.4: Performance characteristics for the sample of VisitWales websites

<table>
<thead>
<tr>
<th>Access</th>
<th>Good</th>
<th>Satisfactory</th>
<th>Sub-optimal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability</td>
<td>131</td>
<td>N/a</td>
<td>20</td>
</tr>
<tr>
<td>Downloading (time)</td>
<td>61</td>
<td>68</td>
<td>2</td>
</tr>
<tr>
<td>URL</td>
<td>91</td>
<td>33</td>
<td>7</td>
</tr>
<tr>
<td>Information</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Destination Content</td>
<td>N/A</td>
<td>110</td>
<td>21</td>
</tr>
<tr>
<td>Price information-availability</td>
<td>8</td>
<td>102</td>
<td>21</td>
</tr>
<tr>
<td>Product information</td>
<td>9</td>
<td>117</td>
<td>5</td>
</tr>
<tr>
<td>Product availability</td>
<td>6</td>
<td>112</td>
<td>13</td>
</tr>
<tr>
<td>Updates</td>
<td>8</td>
<td>23</td>
<td>100</td>
</tr>
<tr>
<td>Design</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clarity and Logic</td>
<td>15</td>
<td>98</td>
<td>18</td>
</tr>
<tr>
<td>Graphics</td>
<td>4</td>
<td>101</td>
<td>26</td>
</tr>
<tr>
<td>E Commerce/Immediacy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real-Time processing</td>
<td>32</td>
<td>84</td>
<td>15</td>
</tr>
<tr>
<td>Currency converter</td>
<td>8</td>
<td>N/a</td>
<td>123</td>
</tr>
<tr>
<td>Privacy and security</td>
<td>32</td>
<td>N/a</td>
<td>99</td>
</tr>
<tr>
<td>Credit card use</td>
<td>11</td>
<td>N/a</td>
<td>120</td>
</tr>
<tr>
<td>Customer Relationship</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAQ Available</td>
<td>2</td>
<td>N/a</td>
<td>129</td>
</tr>
<tr>
<td>Customised Promotion</td>
<td>1</td>
<td>0</td>
<td>130</td>
</tr>
<tr>
<td>Special breaks/offers</td>
<td>18</td>
<td>N/a</td>
<td>113</td>
</tr>
<tr>
<td>Feedback Form</td>
<td>3</td>
<td>N/a</td>
<td>128</td>
</tr>
<tr>
<td>Mailing List</td>
<td>2</td>
<td>N/a</td>
<td>129</td>
</tr>
</tbody>
</table>
Access

Access is a fundamental aspect of a website. The majority of hotel websites show a basic web presence. Of the 131 websites analysed, 123 (93%) websites were good or satisfactory for Access (availability, downloading time and URL). Of the remaining eight, seven had sub-optimal URLs and one had an unacceptable download time and downloaded with errors possibly due to the size of images on the site.

Information

Information is similarly a fundamental aspect of a website. The majority of the websites on VisitWales served as an information source for the consumer. 91 (69%) websites were good or satisfactory for Information (Destination information, Price Information, Product Information, and Product Availability). However, it was found that the ‘Update’ feature was missing from most of the websites. Only 28 suppliers had an update date that indicated whether the information was timely. To create an effective website that people will use repeatedly, the information needs to be updated on a regular basis so it can be relied upon and explicitly reassures users that this has been done. In case of tourism businesses, this could mean everyday or even constantly.

Design

95 (72%) websites were good or satisfactory for Design (Clarity and Logic and Graphics). Most of the sites have links from the home page to the other sections of the site and most pages are designed to include a coloured picture with brief text about the services, and facilities offered by the hotel. Hence many websites could be likened to a
billboard or poster. However, it is recognised that the evaluation of Design is the subjective assessment of the authors.

**E-commerce/Immediacy**

There is evidence of e-commerce as there are some sites (24%) that allow real-time processing coupled with on-line payment through the VisitWales booking engine or alternative booking engines (International Booking Network, www.roomcheck.co.uk). Most of the sites (61%) allow the customer to check room availability and book via email. However, it is one thing to have a website with an e-mail address, but yet another to service the site properly and promptly. One of the suppliers stated that replying to the email could take up to 10 days. This is unacceptable and defeats the purpose of being on the Web. There is a need to check how many suppliers actually reply to the e-mail enquiries promptly. However, this aspect was not investigated in this study. Furthermore, it was found that features such as currency converter and privacy statements that could supplement the functionality of the site were used rarely.

**Customer relationship**

Customer relationship is extremely underdeveloped. Although there is an opportunity for the visitor to contact the company via e-mail or make a direct online booking, it is still to be seen if the suppliers are using e-mail proactively for direct, personal target marketing. Only two suppliers (1.5%) had a Mailing list feature where the visitors could input their details and be contacted. Three suppliers (2.29%) had a feedback form and 18 (13.7%) suppliers had special breaks/offers listed. Other approaches to CRM used by suppliers
include the posting of Visitor Comments/ Recommendations (6%) on their websites to inform potential buyers of what the other customers felt about them. Some suppliers (1.5%) had added links to useful sites and their terms and conditions on the website to assist the customer. Some suppliers had a counter (6%) set up on their website that gauged the activity on the website. One supplier (.76%) had toll-free number and one supplier had mentioned that the consumer could send an email and the supplier would call them back. Only 4.5% of the websites evaluated were either bi-lingual or multi-lingual. There was very little provision for the informational needs of international tourists as almost all the web sites surveyed were only available in English.

The results of the survey suggest that the pyramid can usefully be considered at three levels (see Figure 5.2):

- Level 1: Access, Information and Design are fundamental and include the essential aspects of a website. If a business simply wants to inform the potential customers that they exist with the aim of attracting them to their premises, the access, information and design should be directed to that overall aim.

- Level 2: E-Commerce/ Immediacy are desirable aspects of a website from a consumer perspective. Not all businesses can afford full service e-commerce enabled sites that are designed handle full retail transactions. This often is the subject of a business decision relating to cost-benefit analysis and such a decision is likely to be driven on the potential volume of e-commerce transactions. A major issue relating to e-commerce focuses on the cost associated with processing credit card transactions, on-
line or otherwise. A second issue relates to business responsiveness to web-mediated communications and requires fundamental changes to business practices. If a business does not respond to a customer within a reasonable time-scale, the consumer may take the business elsewhere.

- **Level 3**: Customer Relationship Management refers to the building of customer relationship through the Web and is the defining advantage of the Web. The principal objective of the web-enabled CRM focuses on the development of a database of visitors and customers to whom businesses can target for direct marketing activities to develop the brand and brand loyalty. ‘Best practice’ websites should achieve or aim to achieve this level.

**Figure 5.2: Revised Website Consideration**
The results indicate that the huge majority of companies have been able to achieve the fundamental concerns of a website. Approximately a quarter of the SMEs surveyed appear to be engaging in real-time product sales through VisitWales or third party solutions. This figure is only speculative as no statistics have been released by the WTB on the amount of business conducted through VisitWales.

There was minimal evidence of SMES exploiting the full potential of the Web by improving communication and developing customer relationships. The findings reflect that most businesses are still following the traditional one: many communications model as opposed to exploiting the many: many communication potential of the Web. A wider range of strategies for enhancing communication and developing relationships enabled by the Web are not being implemented. Thus, there is a major opportunity for small tourism businesses to enhance the way that they use the Web for business development through CRM.

Smaller companies are disadvantaged by not being well-known branded names with products reinforced by a physical presence around the globe. The Web provides opportunities for developing and maintaining a community of actual and potential customers through many: many communications. The study emphasises the need to develop a SME-appropriate CRM methodology to enable them to exploit the full potential of the Web for business development.
PHASE 2 - SME OWNER PERCEPTIONS OF VISITWALES

5.5 INTRODUCTION

The stated objectives of the national and regional tourist boards contain a mix of social, economic and political aims. From the discussions it is clear that WTB was seeking to raise its standard of information, accommodation and other services for the tourists, extend the tourist season and spread the economic benefits of tourism throughout Wales whilst maintaining a balance between tourist demand and the environment. In obtaining these objectives the board in part is dependent upon the attitude of the accommodation providers and therefore it was of interest to consider their perception and uses of VisitWales. This section presents the findings of a study of the perceptions of SME owner-managers of the benefits of VisitWales for their businesses.

The methodological framework for this study is outlined in chapter three (Section 2.4.3: 35). Interviews were recorded and transcribed. Comments derived from the interview transcripts have been selected and are used in the next section of this phase in order to present the views of the individuals involved in the study.

5.6 RESULTS FROM INTERVIEWING WELSH SMEs REPRESENTED ON VISITWALES

From the analysis the following information was revealed:
**Business Information:**

Out of the 22 businesses interviewed, 18 (81%) were family run. Only four (18%) businesses employed more than ten people. The majority of the businesses were husband and wife partnerships and did not employ other people. As a result they could be classified as micro-businesses. The average age of the people interviewed was 52.23 years. 16 operators (72%) had less than ten rooms to let out to tourists. The main season for all the businesses was between the months of March and September. Nine (40%) businesses were VAT registered. Table 5.5 shows the turnover of the businesses that were interviewed.

<table>
<thead>
<tr>
<th>Turnover</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10000</td>
<td>6</td>
<td>27.3</td>
<td>27.3</td>
<td>27.3</td>
</tr>
<tr>
<td>10001-20000</td>
<td>2</td>
<td>9.1</td>
<td>9.1</td>
<td>36.4</td>
</tr>
<tr>
<td>20,001-40,000</td>
<td>5</td>
<td>22.7</td>
<td>22.7</td>
<td>59.1</td>
</tr>
<tr>
<td>40001-100000</td>
<td>3</td>
<td>13.6</td>
<td>13.6</td>
<td>72.7</td>
</tr>
<tr>
<td>100001-250000</td>
<td>1</td>
<td>4.5</td>
<td>4.5</td>
<td>77.3</td>
</tr>
<tr>
<td>250001-500000</td>
<td>1</td>
<td>4.5</td>
<td>4.5</td>
<td>81.8</td>
</tr>
<tr>
<td>500000 and above</td>
<td>4</td>
<td>18.2</td>
<td>18.2</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.5 Turnover

The majority (81%) of the people ran one business and articulated no desire for growth of their business. Most of the people interviewed (63 %) were semi-retired. The tourism business supplemented their income and they chose not to inflict the consequences of growth in their lifestyle. This is exemplified by the comments of an operator based in West Wales.
Chapter Five: VisitWales – A Case Study

We have thought about growing bigger but this is manageable. 6 bedrooms and me and one staff is manageable. I gathered from colleagues, staff is a major problem and if we did go bigger i.e. 20+ rooms, then it's a different ball game and seems to me, staff is a big problem. So after weighing everything out, we have decided that we are happy where we are.

(Interview 10, Mid Wales, Guest House)

With the exception of a few operators, most of those interviewed emphasised the importance of non-economic and lifestyle considerations in terms of business choice.

**Business Culture**

Only seven (31%) businesses interviewed had a development and a business plan of any description. In most cases, this had been developed to apply for a grant or a business loan. Only four (18%) businesses had a concrete written marketing plan. This does not imply that the other businesses didn’t market their business. They just didn’t have a written marketing plan. From the interviews, it appears that SME marketing is haphazard and informal and they rely a great deal on their instinct as is highlighted in the following response by one of the SME owner-managers:

> Initially when I had no knowledge of the Web, I thought I'd ask around colleagues and whoever I had spoken to was on the smoothhound site. So I decided to go on it. And it seems to work for me.

(Interview 10, Mid Wales, Guest House)

In order to market their business, the businesses mainly used brochures and advertised in the local guidebooks in the area and some specialist magazines. 18 businesses (81%) had their own website. They were linked up to a number of third party websites such as the
AA, RAC, StayInWales, Smoothound and VisitWales. Even those businesses that did not have own website, were linked to quite a few third party websites. Some of the marketing was carried out through personal contacts, word of mouth and through people the owner manager has had a relationship with. Gilmore et al. (2001) call such networks personal contact networks (PCN).

*We try and be friendly and helpful to people. We have an awful lot of return business. We have inherited some good customers – our predecessors were doing the job well and we seemed to have added quite a few. We sort of invite them into our home really.*

(Interview 19, Hotel, North Wales)

**IT Integration**

Investigating the ICT situation among these small businesses gave an indication of the differences in adoption and use of ICT. 21(95%) operators had their own computer and used it for the day-to-day operations of the business. As stated before, a sizeable number of operators had a web presence and recognised the importance of being on the Web (irrespective of the size of the business). Almost all the operators aimed to reply to their enquiries within 24 hours via email. As one of the operators mentioned:

*I like myself to get responses instantly and I think my customers would like the same.*

(Interview 19, Bed and Breakfast)

However an operator who solely operated his business for 20 weeks a year mentioned that although he appreciated the fact that in the ‘Information Age’, consumers are no
longer satisfied with requesting information and waiting for its arrival but for the kind of business that he runs, it was not imperative.

Well response time – worst 2 days. On average 24 hours. I know in today’s high speed society, people might find that a problem but if there are people are impatient about that kind of thing, then I don’t think they are going to want to come to Mid-Wales. Doesn’t matter if I haven’t responded within 2 hours.

(Interview 13, Mid Wales, Self-Catering Cottage)

Only one operator got involved in proactive e-mailing. A majority found it too forceful a strategy for marketing their business. There were a few who thought it was a good idea and they may undertake such a promotion in the future. When asked if the operators did engage in proactive emailing, some of the responses were as follows:

We haven’t but I have thought about it – sort of saying ‘Happy Christmas’ although I am not absolutely sure how much I’d like the idea. I am trying to think about being on the receiving end....it is a little bit pushy. I think if people want to come back, they will come back. I am not sure I’d like that sort of marketing.

(Interview 4, South Wales, Bed and Breakfast)

No. Something I have to do. I may do it in the future.

(Interview 10, West Wales, Guest House)

Yes, we do. We do quite a lot of email campaigns. We try and coincide with our newsletter that goes out every three months.... We are quite careful with the email addresses that we collect. Often it is to people who want the information, who have supplied us with their addresses. We also give an option to opt out, so people don’t feel we are spamming them.

(Interview 9, West Wales, Hotel)
Most of the operators rated themselves as average in terms of IT usage. Surprisingly one of the very successful businesses with a turnover of more than 100,000 + did not even a computer despite the fact that it is generally perceived as being an indispensable business device. However, the fact that a computer is present in the business does not always imply that is used or the business owner is well informed.

**Motives for joining VisitWales**

For most operators the reasons for joining VisitWales were very clear. VisitWales was another free medium that they used to promote their business. There was also a sense of loyalty amongst operators as they felt that by being on the website, they are supporting their tourist board. This is exemplified by the following comments:

*I knew about VisitWales. I went to the launch of the VisitWales website three years ago now. ... And obviously any system that gives, at the moment, free advertising is beneficial to a new business. It doesn’t cost us anything now - may in the future. It’s a means of advertising.*

(Interview 1, South Wales, Bed and Breakfast)

*We are on it because it’s free but they do take 10% for any booking but if there was any subscription charge as well, I don’t think we will bother with it because we get far more booking from StayInWales.*

(Interview 6, Mid Wales, Bed and breakfast)

*... I suppose there is a sense of loyalty there. And indeed I am loyal to the WTB and I think most of what they have done especially marketing last year has been brilliant. It’s just that VisitWales is a disaster.*

(Interview 8, West Wales, Hotel)
Experience of VisitWales

Ten operators (45%) had not had a lot of experience with the VisitWales site. After inputting their information on the VisitWales site, they had not looked it (not in the last 6 months). Surprisingly one operator listed on the web site did not know about the VisitWales site. Quite a few operators (22%) described the website as complicated, long-winded and not user-friendly. They reported that it was difficult to input their information on the website and set up their individual businesses in spite of the training course provided by the WTB. The operators interviewed had issues with the functionality of the website which is regarded as a very important attribute in the literature from a tourism suppliers' point of view. Two (9%) operators completely rejected the website and labelled it a poor effort as it had failed to bring them any business. The following quotes reflect the extent of involvement of the SME owner-managers with VisitWales:

VisitWales ran a one-day course in Brecon and said come along - it's free. I couldn't go but my wife and two friends of ours who also run a B&B went on it. And I think working together the three of them took a hell of a lot of time to get our businesses on to it. Found it very difficult.

(Interview 7, Mid Wales, Bed and Breakfast)

I could say - nothing. I should have had a look at VisitWales before you came but is VisitWales the one where you go in and say why you are coming to the area?

(Interview 4, South Wales, Bed and Breakfast)

It's a very complicated website. It's not only complicated, it's extremely long-winded to operate. You can make mistakes very easily. And there is a lot of information required that you have to duplicate in many instances that is absolutely irritating.

(Interview 1, South Wales, Bed and Breakfast)
Only one operator had an idea of the amount of commission that was payable to the DMS if the booking was made through it. A few operators thought that the DMS was trying to be a business solution to everybody related to the system and not taking into account the particular needs of individual businesses sufficiently to reflect the fragmentation of the industry. As one operator emphasised, 'they were trying to be everything to everybody' (Interview 11, West Wales, Hotel).

Real-Time Availability

A sizeable number of operators (72%) did not opt for the real-time online availability feature offered by VisitWales. Most of the businesses had very few rooms and could not guarantee the release of inventory to VisitWales. The few operators (13%) who had made their product ‘available’ on the DMS’s availability database have either opted out of it or are in the process of doing so. The remaining operators haven’t given a thought to the idea. The reasons given were related to the size of the businesses, loss of control over the booking system. For many, the amount of business generated was so minimal that it did not warrant their time and effort required to update the availability. None of the operators had updated their availability on the VisitWales system in the last 6 months. Whilst this feature is regarded as important by the DMS, the tourism suppliers are not so keen due to the reasons mentioned:

We have only got two rooms available. Three altogether for guests. We are very small.... VisitWales –I think they were very keen about doing online booking? I think that is total rubbish. A ridiculous idea for a small business because you will have situation where someone would ring and
say have you got a room for tonight-I’ll say –yes we have and I will book them in and then I will find that VisitWales has just booked someone online. Its ok for the Hilton –It’s got hundreds of rooms but its totally inappropriate for us.

(Interview 4, South Wales, Bed and Breakfast)

I think it is a good idea. I suppose it would be but it’s not imperative at this moment.

(Interview 2, South Wales, Hotel)

We used the online booking facility for a month or two and then we pulled out of it because there was a massive amount of labour required for keeping it up to date. On a daily basis, we were having to go through the availability on the ‘my business section’- The internal section of VisitWales and input our availability on it on a daily basis and it wasn’t worth it for the bookings we were getting through the system. I mean in those two months we took one booking. And that one booking at it turns out was on a day when we hadn’t updated it and we had a bit of a problem. We had a room, so we managed it. But we could have ended up in deep shit. [sic]

(Interview 9, West Wales, Hotel)

Hence, it can be fairly concluded that the information on the system was not current. The idea of empowering the product owners to update their own information through a web interface was proving to be good in principle but very difficult to achieve in practice.

**Impact of VisitWales on the businesses**

31% of the operators mentioned that VisitWales had no impact on the business. Ten (45%) operators had less than five bookings since VisitWales was launched. Five (22%) could not identify if VisitWales had influenced their business in any way. Almost all the operators mentioned the difficulty that they have tracking the source of the bookings.
Some have mechanisms in place to track the bookings but most of the operators ask their guests verbally and do not like to bother their guests for this vital piece of information. None of the businesses were able to quantify precisely the amount of business they have had from VisitWales. Most operators were totally disillusioned by VisitWales as they either haven’t had any or had very few bookings from being on VisitWales.

It is also difficult to determine the impact that VisitWales is having on the businesses due to the suppliers not tracking the bookings properly and VisitWales not having a system whereby when a user sends an enquiry to the suppliers, they are able to determine that the booking has come from VisitWales. This is demonstrated very clearly by the comments of the following operator:

*It's hard to say because we didn't go for the option of putting our bookings online. The size that we are didn’t really make sense. Hence for us VisitWales is an advert. So I would expect that if someone was looking for accommodation in Wales, they would come across VisitWales site and they may well find us. So it's not really obvious to us where people come from. Even if we say to them where did you find out about us? Many people would say the Internet. And I don't think I want to quiz people on the exact URL. There are so many channels that they could do that, it is impossible. So to what extent it is VisitWales, I don’t know.*

(Interview 15, South Wales, Bed and Breakfast)

**Confused Marketplace**

From the interviews and the discussion with the operators, it appeared that there is a general confusion in the marketplace. There are a lot of web-based companies that are providing a listing of the accommodation just as VisitWales is trying to do. In some cases, the websites have very similar names as well, for example stayinbritain,
stayinwales, accommodationwales. Astonishingly six (27%) operators could not identify the website that was being referred to in the questions. In the last few years, there has been an exponential growth in the number of websites that offer information on accommodation providers. This makes it difficult for the operators to differentiate who is offering what in the marketplace. As a result travel websites have an added challenge of differentiating themselves and creating an identity in the marketplace.

I must say is that annoys me is that there is VisitWales, stayinwales, visitbritain. They are all so similar. So from a customer’s perspective, it must be very confusing. Because from my perspective it is.

(Interview 2, South Wales, Hotel)

I can’t say I am 100% aware of it. I have got a little bit confused last year with the amount of North Wales, Welsh [sic] tourist board, VisitWales, Borderlands - quite a few people sending information. What I can’t understand is why I belong to North-Welsh [sic] tourist board and Welsh tourist Board (sic).

(Interview 17, North Wales, Guest House)

5.7 SUMMARY

This section concludes that the operators interviewed are either disillusioned or blasé about VisitWales. The SMEs welcomed the rhetoric of VisitWales but have been disappointed with the reality of it. It appears that the operators welcomed the concept of a DMS initially but the problems with the functionality of the site and the fact that it is having a very minimal impact on the businesses have been major factors in contributing to the current attitude of the operators. The results of the study have also shown that the
way growth intentions of tourism Welsh SMEs impact on the way they interact with IT and this has a bearing on their interaction with *VisitWales*.

There are issues in relation to the specification of the functionality of the system i.e. who did it and does it represent SME requirements. Although real-time availability exists on *VisitWales* but the DMS is unable to apply it in practice as the SMEs are resistant to its adoption. There is a lack of co-operation between the DMS and the SMEs as the SMEs are still reluctant to give allocation to the DMSs. The work so far suggests that it is critical for *VisitWales* to work in partnership with its stakeholders or else it may be forced to follow in the league of the other failed DMSs.
PHASE 3 – VISITWALES

5.8 INTRODUCTION

This phase traces the evolution of the public sector DMS VisitWales launched by Wales Tourist Board. It begins by setting VisitWales project within the broader context of European funded programmes in Wales and the Single Programming Document (SPD) – the economic strategy accompanying the structural funds and its emphasis on information communication technologies. It investigates the priorities and measures drafted in SPD and how they have influenced adoption of ICT in the tourism sector in Wales. The needs and problems of the tourism industry in Wales are highlighted. This is then followed by a discussion of VisitWales with a focus on its origins and development, its current status and a speculation of its future direction.

5.9 EUROPEAN STRUCTURAL FUNDS IN WALES

Alongside England, Northern Ireland and Scotland, Wales is one of the four home countries of the United Kingdom. Stretching 250 kilometres from north to south and 100 kilometres from east to west, Wales covers only 20,768 square kilometres in total- a 12th of the area of the UK (Webb, 1999). It is inhabited by approximately 2.9 million people (5%) of the total UK population (Foster, 1999).

Due to the decline in its traditional industrial and agricultural bases, Wales has for many years had access to UK government schemes such as Regional Development Grants (RDGs) and Regional Selective Assistance (RSA), and more recently to significant EU
funds. Approximately two-thirds of Wales (National Assembly for Wales, 2000) titled, West Wales and the Valleys’ qualify for EU objective one status (Brooksbank et. al, 2001). Objective 1 is the highest form of structural Fund aid for the EU’s economically and socially lagging regions.

In Wales, the four Structural Funds namely: the European Regional Development Fund (ERDF); the European Social Fund (ESF); the European Agricultural Guidance and Guarantee fund (EAGGF); the financial Instrument for Fisheries Guidance (FIFG) are delivered through three Objective programmes, four Community Initiative programmes and the Rural Development Plan.

- Objective 1: This covers West Wales and the Valleys where per capita Gross Domestic Product is less than or close to 75 per cent of the EU average. This programme contains all four funds: ERDF, ESF, EAGGF, and FIFG.
- Objective 2: This applies to parts of East Wales where the average rate of unemployment and the percentage of industrial employment is higher than the EU average. This programme contains ERDF.
- Objective 3: This programme operates in all areas outside the Objective 1 region and contains ESF.
- Rural Development Plan: this provides a mechanism for supporting sustainable development in rural Wales. It complements reforms in the agricultural sector by fostering an integrated approach to rural development and by recognising the wider contribution made by farming to rural communities (Welsh European Funding Office, 2002).
Wales has been allocated substantial European Structural Funding, totalling £1.36 billion for the period 1 January 2000 to 31 December 2006. A further £1.55 billion of match funding by the public and private sectors means that the current programming period is worth £2.9 billion (Welsh European Funding Office, 2002).

The European funds are being spent on hundreds of different projects, all of which are aimed, in one way or another, to regenerate the Welsh economy. Specifically, the aim is to promote sustainable economic growth, increase prosperity in all parts of Wales, reduce disparities within Wales and tackle inequality, inactivity and social exclusion (BBC, 2003). Many parts of Wales qualify for European funding because these areas are amongst the poorest parts of Europe having GDP per capita levels averaging under 75% of the EU average (Brooksbank et al, 2001).

5.10 EMPHASIS ON COMPETITIVENESS AND ICT AND ECONOMIC DEVELOPMENT

The economic strategies accompanying the Structural Funds have a strong emphasis on competitiveness, entrepreneurship, innovation, networking etc. The ‘knowledge economy’ paradigm has become a key component in Wales’ Single Programming Document (SPD) - the economic strategy that accompanies Structural Fund support (Boland, 2004). The main funding allocations under the Objective 1 programme are Priorities 1, 2, and 4 (i.e. the Knowledge Economy’ priorities) and the SPD has allocated 24.9% of resources to promotion of SMEs, 16% to developing technology and 25.3% of the total budget to training and developing people respectively compared to only 9.6% for Priority 3, 11.5% for Priority 5 and 11.3% for Priority 6 (For a fuller detail of the
priorities, refer to appendix E). Brooksbank *et al.* (2001) and Boland (2004) argue that the SPD leans towards the ‘knowledge economy’ priorities and comparatively less resources are dedicated to more grass-roots, bottom-up community-led regeneration initiatives which are more specific to Welsh needs and aspirations (e.g. Priority 3).

In December 1999, the European Commission launched an initiative ‘Europe - An Information Society for All’, the key objectives of which are concerned with bringing every citizen, home, institution and company on line and into the digital age; creating a digitally literate Europe with an entrepreneurial culture; been set out for achievement of the overall objectives relating to specific sectors such as business, health, transport and education.

The UK, Wales and European Union policies are broadly in line. The policy in the UK aims to play a vital part in leading the digital economy and being the best in the world for electronic trading. The National Assembly for Wales wishes to be seen as playing a dynamic part in these policies and committing to an Information and Communication Technologies policy aimed at widespread adoption of technologies to ‘create a knowledge driven society; improve business competitiveness; create high value jobs; upgrade the education and training of existing and future work forces; deliver better public services; and advance social conditions for all citizens’ (Objective 1 Single Programming Document 2000-2006)
Chapter Five: VisitWales – A Case Study

The government views ICT as a critical element in delivering its services in all its sectors be it health, welfare benefits, taxation, employment services, transport and tourism. VisitWales is one such project that has been launched with the support of the Welsh Government and aims to take advantage of the marketing opportunities available through ICT.

5.11 IMPORTANCE OF TOURISM – THE WELSH CONTEXT

Tourism is one of the largest industries in the UK, worth approximately £75.9 billion to the UK economy in 2002 and supporting around 2.1 million jobs (http://www.staruk.org.uk). Wales’ reliance of tourism in scarcely matched elsewhere in Europe. In Wales, tourism spending from overnight and day visitors contributes more than £2 billion directly to the Welsh economy - equivalent to 8% of GDP. It is an industry dominated by small independent operators but supports up to 100,000 jobs directly and indirectly in the Welsh economy. This represents more than 10% of the workforce and thus tourism/hospitality is a major player in the sector (WTB, 2000).

According to research undertaken by the Wales Tourist Board, the growth trend is likely to continue and the Welsh Assembly Government has set a strategic target for tourism expenditure in Wales to increase by an average of 6% per year up to 2010 (Corporate Plan of Wales Tourist Board, 2004/5-2006/2007). Table 5.6 shows the volume and spending by domestic and overseas tourists 2002.
Table 5.6 Volume and Spending of Tourists in Wales 2002

<table>
<thead>
<tr>
<th></th>
<th>Trips/Visits</th>
<th>Nights</th>
<th>Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions</td>
<td>Millions</td>
<td>Millions</td>
</tr>
<tr>
<td>UK Residents</td>
<td>11.9</td>
<td>39.8</td>
<td>1,543</td>
</tr>
<tr>
<td>Overseas Residents</td>
<td>0.9</td>
<td>6.6</td>
<td>252</td>
</tr>
</tbody>
</table>

Sources: United Kingdom Tourism Survey (UKTS)/ International Passenger Survey (IPS)

Overseas visitors are important contributors to the tourism industry in Wales. Table 5.7 highlights the UK resident and overseas resident spend on tourism in Wales. Statistical information presented in fact sheet is derived from the International Passenger Survey. This survey is carried out on an annual basis by the Office for National Statistics.

Table 5.7 UK Resident and overseas resident spend on tourism in Wales

<table>
<thead>
<tr>
<th></th>
<th>UK Residents</th>
<th>Spending</th>
<th>Overseas Residents</th>
<th>Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Trips</td>
<td>£ Millions</td>
<td>Visits</td>
<td>£ Millions</td>
</tr>
<tr>
<td></td>
<td>Millions</td>
<td></td>
<td>Millions</td>
<td></td>
</tr>
<tr>
<td>North Wales</td>
<td>3.8</td>
<td>475</td>
<td>0.22</td>
<td>60</td>
</tr>
<tr>
<td>Mid Wales</td>
<td>2.3</td>
<td>263</td>
<td>0.09</td>
<td>25</td>
</tr>
<tr>
<td>South East Wales</td>
<td>2.9</td>
<td>351</td>
<td>0.43</td>
<td>126</td>
</tr>
<tr>
<td>South West Wales</td>
<td>2.1</td>
<td>305</td>
<td>0.16</td>
<td>37</td>
</tr>
<tr>
<td>Wales Unspecified</td>
<td>-</td>
<td>-</td>
<td>0.20</td>
<td>5</td>
</tr>
<tr>
<td>TOTAL WALES</td>
<td>11.9</td>
<td>1,543</td>
<td>0.86</td>
<td>252</td>
</tr>
</tbody>
</table>

Sources: United Kingdom Tourism Survey (UKTS)/International Passenger Survey (IPS)

The purpose of highlighting the above statistics is not to judge the quality or the accuracy of the numbers but to elicit the obvious importance of the industry to Wales, which is a
small country with a population of approximately 3 million people. (National Assembly for Wales, 2003).

SMEs form the backbone of the tourism industry in most European countries (Morrison and Thomas, 2004). In this respect, Wales reflects that profile with less than five percent of hotels being affiliated and the majority being independent with a few belonging to consortia (Main, 2001). In spite of their size, collectively SMEs are considered extremely important to national and European economies due to the role they play in providing stable employment opportunities and supporting the integration of local economies in peripheral areas, even during recession periods.

The tourism industry in Wales is, nevertheless, under a number of serious threats to its long-stay holiday markets from an increasing seasonal migration of British people to international holiday destinations (Wavelength, 1999) and Wales is struggling to define itself as an international destination for tourists (Foster, 1999). Wales’ share of international tourism business to the UK is low- it only attracts 3% of all overseas visits and less than 1.5% of all overseas spending (WTB, 2000: 23). Wales suffers from a stereotypical, outdated and negative image in some UK markets unfamiliar with Wales. The industry is highly seasonal – almost 60% of all holiday spend in Wales occurs in June, July and August.

In response to these conditions, Wales Tourist Board launched a strategic directive for Wales ‘Achieving Our Potential’ in the year 2000. According to Wales Tourist Board ‘it is a strategy for the tourism industry, rather than one for the WTB and identifies
priorities for action to sustain long-term prosperity for tourism’. It highlights four key factors that should underpin future developments in Wales- sustainability, quality, competitiveness and partnership. The strategy aims to be a customer-facing strategy with an emphasis on the understanding of importance of market needs to inform future marketing and development activities (WTB, 2000).

5.12 STAKEHOLDERS RELEVANT TO ICT ADOPTION BY TOURISM SMEs IN WALES

The tourism industry in Wales has been relatively slow to adopt and take advantage of the opportunities to be gained from rapid developments of ICT. Despite some notable exceptions, the application of the Internet for generating bookings and for providing information is largely untapped by the industry (WTB, 2000). Most operators in Wales operate their business on a small scale and lack the resources or commitment to join the electronic marketplace.

From the government’s point of view, SME engagement with the Information age is vital for a destination and thus it is of strategic importance to understand who and what is important in encouraging ICT adoption by SMEs. The stakeholders in relation to ICT adoption by SMHEs (Small and medium sized hospitality organisations) comprise: the EU, the Welsh Assembly government (WAG); the Welsh Development Agency (WDA); the Wales Tourist Board; the National/Education and learning Wales (ELWa); unitary authorities; the Tourism Training Forum for Wales (TTFW), Capital Region Tourism
(CRT), financial institutions, technology developers, higher and further education institutions, competitors and consumers (Jones and Murphy, 2004).

The EU as mentioned in section 4.2 is a crucial stakeholder as the funding provided by it is allegedly going to transform the Welsh economic landscape, ‘from its post-industrial shell to a modern, vibrant economy’ (BBC, 2003). Much of the money to facilitate WAG initiatives in relation to ICT adoption is derived from the EU in response to the strategic development plan derived by WAG as part of the European Structural Funds ((ERDF) and (ESF)).

The WDA is a key agency in relation to promoting ICT adoption by SMEs in Wales through a range of initiatives, e.g. the Wales Information Society Initiative, as well as through provision of generic business support via Business Connect. The WDA works across sectors and does not focus specifically on tourism-SMEs. ELWa funds a range of ICT and other training initiatives through a range of training providers.

WAG’s Strategy for an Information Age – Cymru Ar Lein – provides a coherent policy framework for promoting ICT adoption in all aspects of Welsh life and permeates through all aspects of WAG’s work. WAG and its agencies can thus be considered as a definitive coalition in relation to ICT adoption by SMEs. At the time of writing, WTB, ELWa and WDA were being merged into the machinery of the Welsh Assembly Government- the results of the merger are unknown and also outside the scope of the thesis.
Tourism in Wales is devolved from the Wales Assembly Government (WAG) to the Wales Tourist Board (WTB) and comes under the direct responsibility of the National Assembly for Wales and not the UK government in Westminster. WTB is the most obvious stakeholder in relation to ICT adoption by tourism SMEs in Wales and is said to have provided a major impetus for ICT adoption through the development of the new Welsh DMS- VisitWales. The subsequent sections of this chapter investigate the concept behind VisitWales, the stages in its development and the challenges it is facing.

5.13. VISITWALES DEVELOPMENT PHASE

Professed need for the system

The WTB was established with the aim to improving the economic and social prosperity of Wales through the effective marketing and development of tourism. The WTB is an Assembly Sponsored Public body, answerable to the Minister for Economic Development of the Welsh Assembly Government. The board was set up under the Development of Tourism Act 1969. The role of the Wales Tourist Board is to support the tourism industry and to provide the appropriate strategic framework within which private enterprise can achieve sustainable growth and success, so improving the social and economic well being of Wales.

Part of its remit is also to recognise the challenges faced by the tourism industry in Wales and meet its mission in a cost-effective and expedient manner. In the view of the WTB, the effective promotion of these small businesses could only be achieved by capitalising
Chapter Five: VisitWales – A Case Study

on the 'new economy' paradigms brought about by the emergence of the Internet. VisitWales was conceived – an initiative designed to meet a variety of information, promotion and general distribution and general destination management needs of the WTB, its marketing partners and the tourism industry in Wales.

'A key part of the rationale for the development of the system was the creation of an e-commerce platform for Wales' tourism industry, which would ultimately lead to increased marketing efficiencies and better economic returns at national, sub-national and individual business levels' (TEAM Report, 2003).

When the foot and mouth epidemic struck in Britain in 2001, business dried up for hundreds of operators of bed and breakfasts and small hotels in rural Wales (Edmunds, 2002). The publicity of the crisis was so immense that even the unaffected areas suffered from the blight of ill publicity. They had no way of accurately and rapidly informing the potential visitors that they were open for business. Nor could the businesses which had been forced to close down advise that they had an all-clear.

This triggered a need for information, distribution channel such as a centralised website for the SMEs that would aid them in the event of the crisis striking again.

British government was accused of failing to help the tourism industry out of the foot-and-mouth crisis in Wales (Richardson, 2002). To add to the crisis, September 11 terrorist attacks in the U.S. brought the tourism industry to its knees. The UK government was criticised for failing to address the problem.
The case for VisitWales was stronger than ever and it was thought that Welsh tourism suppliers will be able to provide up to the minute information through a distribution channel if such a tragedy were to strike again. In 2000, the WTB supported by the WAG put forward plans to develop a DMS for Wales in order to take advantage of the marketing opportunities available through new forms of ICTs. Back in 2000, the assembly ring-fenced £1.8 million towards the development of the DMS that was supposed to give Wales a far bigger profile of the Web and let visitors book and gather information online (Trade Talk, Issue 13, October 2001).

VisitWales is the WTB's first attempt to implement a DMS in Wales and draws heavyweight support from the Welsh assembly. The services of VisitWales are essentially free and allegedly fulfil a function not provided by the private sector. In 2001, the WTB signed a $3 million contract with World.Net (an Australian company) to build a strategically focused DMS offering information distribution, reservation processing and database marketing resources to the WTB and its members (Tunney, 2001).

**Challenges recognised prior to the launch**

Before the launch of VisitWales, the WTB faced the following ICT challenges:

- Each region operated autonomously, and provided leadership and support for all the local authorities, DMOs, and the tourism businesses within that region.

- Each region developed a database of local information, including local directories, local info, libraries, education institutions, facts and figures, marketing material, database of accommodation, events, and attractions.
Although there was a country-side database of accommodation, attractions, and activities (AAA), there were no standards between the disparate databases of each region.

Because of varying levels of automation throughout Wales, many SME tourism suppliers had no way of participating in regional or local government initiatives.

It was thought that the centralization of data within a nation or region would mean a far more efficient usage of data and resources, and remove the disparity inherent in managing multiple disparate systems (World.net, 2002).

**Decision Making Phase**

To clarify VisitWales project needs, the WTB commissioned WS Atkins to help make a decision on the future development/implementation of a DMS for Wales. Two strategic options were considered:

Option 1 - The adoption of a partnership approach – whereby the experience and knowledge of another organisation that has developed a system is used through a licensing arrangement with the WTB.

Option 2- The development of a web enabled system which uses proprietary systems for the core information resource development thus enabling other tourism operators to establish links using a variety of web enabled applications.

In 2000, following previous discussions from WTB with the national assembly, a business plan was put together and submitted with the approximate cost outlined in the
region of £1.8 million towards the development of a DMS in Wales (Trade Talk, Issue 13, October 2001). Within the proposal, the need for a partnership approach was highlighted in order to achieve the outcomes of the business plan. Various partners who could provide financial and technical assistance were approached to participate in the setting up of the initiative, all of which did not materialise for the reasons outlined below.

1) Joint Venture between WTB and Banks/Venture Capital Funds

The capital costs of the Wales DMS (approximately £1-2m) precluded the direct involvement of the big banks through non-recourse financing as the levels were too low.

2) Joint Venture between WTB and suitably qualified external companies

Request for Information (RFI)

In early part of 2000, a functional specification for VisitWales was compiled, and a request of information (RFI) was sent out to vendors who could potentially deliver a complete solution.

During their system presentation Tiscover suggested a possible partnership arrangement which appeared to be an outsourcing proposal structured around a tiered annual fee based on the amount of customisation required coupled with a membership/subscriber/commission fee.

Tiscover came closest to providing a good match to the requirements of the WTB—approximately 75%. Although the system supported a large client base that was based in Austria it was expanding technically and using all the latest technologies available at the
time such as Wireless Application Protocol (WAP). The partnership was rejected due to Tiscover insisting on promoting a Tiscover brand name as opposed to a Wales brand. This would have resulted in loss of Wales branding – a situation unacceptable to the WTB. (Colebrook, 2004; Copp, 2000).

Seven other suppliers presented their interest by responding to the Request for Information (RFI) document, out of which four were rejected as their systems were limited in scope. One of the suppliers did not offer web functionality. The others were very TIC focussed and its technical platform was unsuitable. The remaining suppliers met the WTB requirement to varying degrees. However, after some evaluation it was concluded that there did not seem to be any vendor that could technically and functionally deliver a complete system. Figure 5.3 highlights the choices chosen by WTB in the decision-making phase of VisitWales.
Figure 5.3 Decision-Making Phase
Market Sounding Phase

The WTB carried out a soft market testing exercise which intended to explore the market appetite for partners wishing to participate in this project. A market sounding document was issued to 28 prospective companies. ‘Market sounding’ refers to the process of assessing the reaction of the market (that is, all potential suppliers considered collectively) to a proposed requirement and procurement approach. It brings supplier perspectives to public sector procurements at an early stage, offering potential benefits in terms of making the subsequent procurement process more focused and efficient (Office of Government Commerce, 2005). Approximately 5-8 responses were expected, however only two had been received at the time of producing ‘the DMS Recommendation and Business Case’ at the end of July 2000. Both the suppliers were rejected due to the reasons explained below.

**BT/DESTiCORP** - whose proposal was very much aligned to the strategic business to business direction of BT/DESTiCORP as opposed to the WTB business to customer approach. Although their proposal focused on the relevant concept, they contained no actual DMS experience. The proposal suggested a Joint Venture approach but recognised insufficient economies of scale in Wales alone and the need to consider an exportable solution.

**Gulliver InfoRes Services Ltd** - The proposal suggested a joint venture with one of the objectives being the reduction of WTB operating costs to zero. However, the proposal contained no suggestions on any further profits or how these could be used or channelled.
back into the business. The proposal suggests a number of income streams based on their current model within Ireland this includes booking commissions, TIC booking transaction fees, TIC licence/membership fees, operator membership fees and WTB license fees. Issues raised included the source of funding, which one would have hoped would not be an issue but a major contribution by the private partner. The Partnership arrangements in Ireland was based on Gulliver owning the data, this conflicted with the Wales vision of shared ownership throughout the industry and may conflict with the business models and arrangements offered.

The lack of interest by private investors highlighted that they did not see VisitWales as a lucrative opportunity for them to get involved and invest significantly in the DMS. The market sounding exercise further demonstrated quite clearly that Wales needed to consider a more proactive and a flexible approach if they were considering going down the PPP route.

In view of the fact that nothing suitable was found, WTB looked at some other partnership options to support the initiative in Wales that included:

- Sponsorship
- Corporate Joint Venture
- Buy it and operate or outsource
- Outsource
- Design Build Finance and Operate (DBFO)
- Grants
(Refer to the document provided in appendix F for details of the pros and cons of each area mentioned above)

An analysis of capability of the potential funding options mentioned recognised by the consultants for each of the discrete elements of the DMS i.e. database, quality maintenance, Call Centre, Booking Engine, Internet and Extranet is presented in Table 5.8. Although in the table ‘outsourcing’ the partnership option scored the maximum, the WTB favoured the ‘Buy it and operate/ outsource’ alternative as it enabled WTB to gain full control in terms of requirement and operation and added flexibility to the operation. It further gave WTB ownership of the data and was in line with its vision.
<table>
<thead>
<tr>
<th></th>
<th>Sponsorship</th>
<th>Buy it &amp; Operate/Outsource</th>
<th>DBFO</th>
<th>Outsource</th>
<th>Joint Venture</th>
<th>Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Database</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(limited income potential)</td>
<td>(available capital)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality maintenance</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Call Centre</td>
<td>5</td>
<td></td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(WTB staff numbers required not to increase)</td>
<td>(possible timescale issues)</td>
<td>(tried &amp; tested)</td>
<td>(if timing allows)</td>
<td></td>
</tr>
<tr>
<td>Booking Engine</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(tried &amp; tested)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Internet</td>
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<td>Extranet</td>
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<tr>
<td>(Advertising)</td>
<td></td>
<td>(tried &amp; tested)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5.8 FUNDING OPTIONS  
Source: WS ATKINS REPORT  
Scoring: 1- Potentially Low  5- Potentially High
Eventually, the consultants report came to the conclusion that PPP avenues open to the WTB were limited and will undoubtedly incur longer timescales pursuing the partnership route than a straightforward procurement.

**Tendering**

The Wales DMS procurement comes under the rules of the EU procurement directives, which apply to projects whose value exceeds 200,000 ECU (£149,728). WTB had two options for the tendering procedure:

- a) Advertise in the official Journal
- b) Use of Central Computer and Telecommunications Agency (CCTA) S-CAT (IT service catalogue)

S-Cat is a catalogue based procurement scheme established by CCTA in 1997 to provide public sector organisations with a simplified means of procuring, and contracting for a wide range of IT related consultancy and specialist services from a variety of service providers (S-Cat, 2005)

The WTB chose the speedier S-CAT option. S-CAT provided WTB with a Mini - Competition Evaluation Process that allowed it to select three or four potential contractors from the list, inviting them to respond to a specification or service requirement prepared by the customer. Finally after a formal tendering process, WTB chose to develop a pioneering nationwide DMS based on World.Net’s travel automation system.
Discussion of the Development Phase

Entering into a PPP is fraught with risks for both public and private organizations. According to Stevenson et al. (1994), organisations or individuals entering a PPP are driven by a need to extract a commercial return as suggested by the following definition:

The relationship which subsists between persons who carry on a business in common with a view to profit

(Section 1, Partnership Act 1890 cited Stevenson et al., (1994))

WTB’s view of a partnership, however, was quite different from the definition of partnership defined above:

A working arrangement between the WTB and a private sector partner/s which involves the latter providing one or more of the following: equipment, finance, management or design expertise; in return for a reasonable well defined return commensurate with the allocation of risk between partners.

(Wales Tourist Board, 2000)

The WTB sponsored DMS was intended to promote small to medium sized tourism providers in Wales who did not have the financial wherewithal to take advantage of new media opportunities. WTB preferred funding approach was governed by the need to satisfy broader social concerns involved in upgrading and improving the professionalism of the industry and moving it into the 21st century.

Due to the existing public procedures, and the problem of reconciling the social objectives with the commercial reality, there was hardly any room left for partnerships. Thus, it would appear that WTB was not really seeking a partnership in
the conventional sense as any private sector partner willing to get involved would have been driven by commercial objectives (profit motive) which is unlikely to perfectly mirror WTB’s social objectives.

**Expenditure Profile**

The capital costs of the Wales DMS were estimated to be approximately between £1-2m. However, in a later report it was reported that the ring-fenced funding was in the region of £4 m- £4.14m by the assembly (Edmunds, 2002; and WAG, 2001). Perhaps lack of a partnership would explain the figure rising from £1.8m to £4m.

The report by WSAkkins reported that in order to cover total net costs, which should amount to £4.690 million over 10 years of DMS Programme, only a 0.3% increase in tourism is required. While the author was unable to obtain the details of the original plan, Colebrook (2004) stated that the expenditure on the development of VisitWales was totally in line with the original plan, as outlined in Table 5.9:
Table 5.9  SET UP COSTS FOR VISITWALES  

Source: (Colebrook, 2005)

Early Weaknesses Exposed

*VisitWales* was launched in May, 2002 with a lot of fervour and was said to have ‘marked the beginning of new era’ (Achieving out potential Mid-Term Review: Consultation Paper). The development process, in the eyes of those involved had been logical, and planned from WTB’s view point. However, soon after the launch the system ran into technical and procedural problems at an early stage after the launch that had a negative impact on the usefulness of the system to the consumer, and users and perceptions of tourism businesses. Inadequacies were exposed in the system. Some of the common complaints compiled from Capital Region Tourism (CRT), Wales Tourism Alliance (WTA) and Tourism and Enterprise Management (TEAM) Report are presented in the table 5.10 below:
Table 5.10 COMPLAINTS FROM THE STAKEHOLDERS

<table>
<thead>
<tr>
<th>Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited amount of bookable product.</td>
</tr>
<tr>
<td>Bizarre search results</td>
</tr>
<tr>
<td>› straightforward request for accommodation in Abergavenny provided</td>
</tr>
<tr>
<td>results in Tregaron</td>
</tr>
<tr>
<td>› Search by broad subjects interest on a geographical based system e.g.</td>
</tr>
<tr>
<td>‘castles’ search would result in an immediate request to identify</td>
</tr>
<tr>
<td>actual castle or location</td>
</tr>
<tr>
<td>Not user friendly</td>
</tr>
<tr>
<td>Speed – a problem</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Suppliers’ concerns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complexity of the system- especially ‘MyBusiness’ Tool for suppliers to</td>
</tr>
<tr>
<td>maintain their own data.</td>
</tr>
<tr>
<td>Difficulties for businesses in finding their own information- up to 45</td>
</tr>
<tr>
<td>minutes was not common</td>
</tr>
<tr>
<td>Poor search engine positioning</td>
</tr>
<tr>
<td>Lack of trade input to the design of the interface</td>
</tr>
<tr>
<td>System should be self-explanatory and not require a complex manual.</td>
</tr>
<tr>
<td>Lack of industry confidence due to minimal business received and</td>
</tr>
<tr>
<td>inadequacies of the site</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trader Association’s concerns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Launch was premature and existing systems should not have been abandoned</td>
</tr>
<tr>
<td>run in parallel</td>
</tr>
<tr>
<td>Contacts with industry with LA partners remain cloaked in jargon</td>
</tr>
<tr>
<td>WTB’s target of publishing 5000 suppliers unrealistic</td>
</tr>
<tr>
<td>Over emphasis on online Booking</td>
</tr>
<tr>
<td>Lack of performance of statistics</td>
</tr>
<tr>
<td>Lack of genuine partnership with industry, linking consumers directly</td>
</tr>
<tr>
<td>to good trade sites</td>
</tr>
<tr>
<td>Onerous WTB contract with accommodation suppliers- compares unfavourably</td>
</tr>
<tr>
<td>with many other distributors.</td>
</tr>
</tbody>
</table>

By 2003, the very existence of the system came into question. In *Written Questions answered between 14 and 21 August 2003* by WAG, when asked whether the Wales Tourist Board has private plans or intentions to scrap the
destination management system, Welsh Assembly’s Economic Development Minister, Andrew Davies, replied:

The Wales Tourist Board has no plans to scrap its destination management system, which is known as VisitWales. The performance of VisitWales was discussed at length at the Economic Development and Transport Committee on 17 July and, at that meeting, the WTB acknowledged that aspects of VisitWales needed to be improved. It has commissioned a review to examine in detail all aspects of the operation of VisitWales. While this is likely to bring forward alterations to the detail of the system’s operation, any changes will be an evolution and development of the current system.

(WAG, 2003)

5.14 KEY FACTORS INFLUENCING VISITWALES

The next subsequent sections would undertake an analysis of the key factors that influenced VisitWales. In crude terms, the analysis proceeds in five stages. Specific themes that characterised the discourse on VisitWales DMS are identified below:

- Early Reactions
- Technical Problems or Unfulfilled aspirations
- Technical Capabilities of SMEs
- Process of Consultation
- On-line booking facility and commission costs

Early Reactions

Problems with VisitWales started arising right back from the designation of the system. There were concerns expressed by some of the stakeholders. While some saw potential in the system and were willing to place their faith in the system, there were others who felt threatened by the system and saw the publicly funded DMS as a threat to their business. The following comment from Kim Colebrook, Head of Information
and New Media Systems in WTB, is an illustration of the stakeholders’ reaction to *VisitWales*:

*Author*: What was the initial reaction when you introduced the concept to the stakeholders?

**Mixed.** From one individual who threw the paper down and said that it is the biggest load of crap I have ever seen to other people who thought they could see a potential. Those who could see that it was something that Wales needed to actually do and that Wales needed to co-ordinate and work together to get more out of it that to work as an individual. There were a lot of people feeling threatened as if *VisitWales* was trying to stop them doing their thing but it was never about that.

(Colebrook, 2004)

The reactions for *VisitWales* stakeholders seem to confirm the findings from previous research conducted by Frew and O’Connor (1999) that the perception particularly at a local stakeholder level is that the national agencies could have been providing a greater degree of guidance, leadership and a firmer degree of project management. WTB claims to have put in a lot of effort into dispelling the unfounded fears of the stakeholders by providing a series of training programmes, workshops, communication and counselling sessions.

From WTB’s point of view, the consultation process was given a lot of importance. Both senior management and the software developers intended that consultation be an integral part of the *VisitWales* development. WTB held user group forums for the purpose of consultation throughout the development and implementation of *VisitWales* as demonstrated in the following comments:

we had user panels that we bought in to test the specifications and discussions. So industry groups were there in the development of the specification and the industry groups came back in to pilot the tools
that were created. So they had a continuity of the same people coming in pre, during and coming in after the development of VisitWales.

(Colebrook, 2004)

However, comments from the chairman of the Wales Tourism Alliance – the industry group representing Wales’ tourism industry reflect otherwise.

The project board that existed then had just one person from the trade on it. I originally did it then because of my interest with ‘Imaginet’. And it was not really lack of consultation. It was lack of taking any notice of what anyone from the trade said. There was no partnership been worked out.

(Burrell, 2003)

From the developers’ point of view, the industry was consulted as much as possible and there wasn’t any more scope for consultation. This is highlighted in the comments made by the Commercial Director of World.net - the organisations responsible for the development of World.net:

I think insofar as it was done, it was done as much as you could possibly do. They had focus groups in, you know, the representative groups of the different operators.

(Norris, 2004)

The above statements reflect the difficulty and challenges faced in a project with multiple stakeholders. A host of issues need to be ironed out before the implementation of the project. It shows how important it is to understand and educate the stakeholders, to make sure everyone has had the opportunity to learn about the project, comment on the idea and ‘know that their comments have been listened to’, even if it’s not possible to act on them and to communicate the decisions effectively in order to avoid misunderstandings at a later date.
Large projects are often complex, require clear decision making. There will always be timing issues, unhappy stakeholders. Ultimately, the decision must be clear, concise and definitive, so all affected parties understand the factors supporting the decision and the weights given to expected performance outcomes. The next section investigates if WTB was clear about its objectives and had a clear idea of what the proposed system was expected to do.

**Is the problem related to unrealistic expectations or the technology?**

According to the developers of the system requirements for the project were not clearly defined, and were changed constantly by a number of players involved in the project. It appears that the enormity of the implementation of the system was not fully understood by the tourist board and the requirements were expressed vaguely:

> Tourism Organisations as a staple government base don't tend to have a commercial focus; don't have a lot of experience in the commercial side of the business except in terms of gathering static content but when you start getting into the transaction side, it is a whole different ball game........

> People want things to be simple and it's only when they start to realize that if you are going to look after self-catering accommodations, hotels, attractions and you are going to have inventory and you want to do this and you want to do that and you want to have weekend rates, weekday rates- things rapidly get very complicated.

(Norris, 2004)

Requirements analysis must ideally result in a specification that ‘unambiguously’ describes what has to be built (Hawryszkiewycz, 2002). It appears that problems with VisitWales started at the requirements gathering stage. World.net, however, claimed to have resolved the issues that came up in specification phase with WTB as the system was being developed.
According to Roger Pride, Director of Marketing for the WTB, *VisitWales* team placed too much importance on the views of the stakeholders that played a role in adding to the complexity of the system.

*We probably paid too much attention to too wide a variety of views. To try and come up with a system that satisfied a majority of people (perhaps not everybody), perhaps there were some solutions were agreed which were probably not the best solutions.*

(Pride, 2004)

Colebrook (2004) further stated that unclear specifications led to the development of a very complex system:

*We wanted to if possible build on things that already existed and not reinvent the wheel. In hindsight, we have invented more wheels than we should have. For instance, the whole booking side of *VisitWales* should have been something a business could utilise without any training – looking at the help manuals and things like that. It should have been a very simplified booking mechanism.*

*When we were actually sitting with the user groups in the pilot stage, what we actually got was – O!! We need to be able to sell like this and we need to be able to sell like that. We don’t want to just sell it on a daily or weekly basis, we want to be able to sell three day breaks and we want to be able to control this and control that. And we incorporated everything and made something that was a huge job to do and it became a very complex thing.*

The above mentioned transcripts highlight the discrepancies that arose between the developers’ view of the system and the users’ (WTB and its stakeholders) view. It is obvious that WTB’s perception of what the system could do and the reality of what the DMS could actually deliver was quite different. It appears that unrealistic expectations of technology result in adoption of technology that was not capable of fulfilling its intended functions. Therefore, the unrealistic expectations were actually the cause of the problems, not the technology.
‘One-Size-fits-all’ Policies

It was assumed that the DMS would enable all the suppliers of the fragmented tourism industry to work in harmony and close co-operation. One of the pitfalls for the developers and the WTB was overestimating the capabilities of myriad of its suppliers. VisitWales required operators to manage their own information through a web interface and assumed a certain level of IT literacy – an assumption that proved to be idealistic given the varying level of capability within the SMEs. The complaints about functionality of the system were attributed to the lack of technical capabilities of the SMEs by WTB, as the following comment illustrates:

There is a perception by a lot of people that Wales has a high IT literacy or the tourism sector in Wales has a high IT literacy because a lot of them have web sites and email address. So the website is actually is run by someone else and the email probably goes to the grandson. They don’t actually touch the PC. You actually have a much lower level of IT confidence than you would expect- even to go in and fill in a web form. Because that is what it is – a web form- But there is this huge trepidation.

We have had to do far more coaching, support, workshops –whatever you want to call them than you would anticipate. The aim was you could go in and create your product without any third party intervention. What we are doing is, is actually, for a high proportion sitting down and hand holding. Because for the first half hour of the training course, this is a mouse and you move it here and it moves on the screen.

(Colebrook, 2004)

To confirm the usability of VisitWales as a product, or as a concept, ideally ‘expected users’ or ‘target users’ of the DMS should have been able to operate and use the system before the implementation of the system. The SME operator skills varied greatly. They ranged from those who have never touched a computer to those who have developed their own web site.
According to World.net, ‘the capabilities of the operators (target users) vary over 100 per cent’. What this means is that effectively the developers have an impossible task of creating an automated environment which is designed to suit everyone – those belonging to the wilderness group right through to those who belong to the technowhizos’ category (Section 3.2, Chapter 3).

As mentioned in Chapter 3, SMEs are not a homogeneous set of businesses and are affected by size, age, motivation, ethnic background, innovative capacity, knowledge base. These factors play a significant role in determining their needs and opportunity to engage with e-business. Indeed ‘One-size-fits-all’ policies rarely fit anyone and appear insensitive to the socio-economic differences and diversity of the SMEs. The above mentioned quotes points to how such public policies miss the realities of the characteristics of the small entrepreneur and their enterprises. Thus, by being insensitive to the fragile balance within SMEs, governments are further impeding their capacity to remain active in the market, and create jobs so crucial to the economy.

**Online Booking Facility and Commission**

One of WTB’s key objectives in its specification was to act as a booking facilitator for the Welsh Tourism Industry. The purpose of VisitWales was to provide the customer with up-to-date availability, book and/or pay for products and services online. This feature has also under performed markedly in relation to initial expectations and forecasts.

According to WTB’s original requirements specification, it was estimated that given a robust performance by the system, VisitWales booking levels could increase up to
30000 bookings per month. However, discussion paper by Tourism Enterprise and Management (TEAM, 2003) reports that the online acquisition strategy adopted by WTB 'has not been as successful as anticipated.'

The closure report features targets of 4000 tourism business updating data by July 2003, and September 2003 figures show that there are 3016 Tourism products ‘publishing’. According to the Sales Manager of WTB, the number of businesses that displayed availability varied. At the time of the interview approximately 256 businesses had their product data available through VisitWales- a figure lagging significantly behind target.

Booking volumes and enquiries are significantly lower than anticipated. The discussions with the developers of VisitWales, WTB and WTA shed some light on reasons behind the bad performance of this aspect of the system. According to the WTA, accommodation suppliers are reluctant to provide availability due to the fact that they are small and hence going online would not be a feasible option for them. Certain companies do not take the time to update such a system until the channel starts generating enough business.

**Quality of Data**

Success of a DMS is closely linked to the quality of its data (O'Connor, 2002). A DMS needs to be perceived by its users as the most accurate, timely and complete source of information about the destination. Inaccurate and incomplete data lead to customer dissatisfaction and damage the credibility of the system. VisitWales’ information content and quality depends on the cooperation of tourism suppliers from both private and public sector.
The quality of the data suffered due to accommodation providers not providing allocation. This feature directly impacted on the services of the contact centre operated by VisitWales. The contact centre is unable to meet its objectives as there is insufficient information to service enquiries due to limited availability of accommodation. In addition, the agents have been provided with limited call scripts and they are unable to engage proactively with consumers.

At the moment, VisitWales is far from an ideal image of a DMS that provides comprehensive and accurate information. The very concept of devolving ownership of the data to the individual supplier, who would have a vested interest in monitoring it and keeping it accurate, has proven to be the cause for lack of credibility for the DMS with no simple solutions to overcome the problem. Figure 5.4 is a summary of the key findings from the viewpoint of WTB, WTA and World.net.
Figure 5.4 Summary of key findings

**WTB**
- We reinvented the wheel
- Reaction at the onset was very mixed
- Feeling that VW would be a competitor
- Over consulted
- IT literacy still a big issue in tourism sector
- Cultural issues
- Issues with functionality

**World.net**
- Consultation was done as much as possible
- Capabilities of SMEs vary—a big problem
- Too complicated due to adding unnecessary functionality
- System is a compromise

**WTA**
- Very cynical
- Points to the lack of consultation/partnership in the drafting of
- No availability on VW which is a big drawback
- DMS—a fashionable concept but won't work in reality

**SMEs**
- Motivation for joining: Free distribution channel and support for the tourist board
- Lack of co-operation between SMEs and DMS
- SMEs: Blasé and disillusioned with VisitWales
- Do not want to opt for Real-Time Availability
- Confused Marketplace
- Motivation for joining: Free distribution channel and support for the tourist board
5.15 THE IDEAL FUNCTIONING DMS ACCORDING TO THE SPECIFICATION

The following figure 5.5 is an illustration of VisitWales DMS. The figure lists the business activities of VisitWales as specified in the requirements document provided by WTB (Appendix-G) that should have been enabled or enhanced by the use of IT and incorporated within the DMS.

The features mentioned in the specification are divided into three areas: those that are system dependent; those that require the input of the accommodation supplier and those that need customer input and finally those that are dependent on the DMO i.e. WTB. The diagram highlights the problem areas of VisitWales that have been influenced by lack of customer and SME participation in the system. It further shows how the lack of participation due to the reasons mentioned above and in phase two have rendered certain features of the system useless and incapable of functioning to their potential.

Features impacted due to lack of participation

Lack of frequent update of price and availability by the suppliers affects the search ability of the system (Feature 1). The search feature is unable to produce the desired result for the consumer. It further impacts on the sales feature of the DMS as it prevents the consumers from completing the sale (Feature 2). This also impacts on the ability of the VisitWales contact centre (VWC) to function properly as they have insufficient information to service the enquiries. WTB is unable to carry out its data management functions mentioned in feature 3. As there are very few updates, the audit trail is impacted and thus the quality of the system suffers.
If the customers do not make any bookings, there is no reason for inputting their details on the system. This directly impacts the CRM function of the system as the system is unable to capture the data. Furthermore, the lack of an application to enable electronic handling of brochure requests (Feature 9) has resulted in the development of manual communication processes between VWC and the handling house R&M. As a result, customer data has not been captured properly, limiting the ability to recognise all previous callers and reducing the value for implementation of CRM.

*VisitWales* contact centre’s ability to support tourism businesses is restricted because of its ‘view-only’ status in using ‘My Business’ feature of the system. ‘My Business’ refers the area in the DMS where suppliers have direct control of their information. Feature 10 i.e. Reports/ statistics feature of the system is restricted due to the multiple reasons mentioned above. The figure amply demonstrates the importance of co-operation of the stakeholders for the system to work effectively.
Figure 5.5 VISITWALES DMS

SUPPLIER DEPENDENT ACTIVITIES

1. Supplier Details & Links
   - Directory of Accommodation according to categories
   - Search Accommodation according to wide criteria
   - Frequent Update of Price & Availability to allow accurate

2. Sales
   - Ability to purchase selected products/services
   - Virtual Shop

DMO DEPENDENT ACTIVITIES

3. Data Management
   - Maintain Data
   - Maintenance of Security Settings of the system
   - Audit Trail of Updates
   - Quality control of Data

4. Supply Publication Service
   - Display directory of publications
   - Allow customer to order publication

5. CRM (Requires Customer Input)
   - Register/Recognise Consumer
   - Manage Customer Feedback
   - Customer activity history
   - Customer Complaints

6. GIS/Mapping
   - Provision of high resolution/‘zoomable’ mapping
   - Interactive Mapping

7. Multilingual Services
   - Information Services provided are Multi-lingual

8. Region Summary
   - Destination Details
   - General Information on geography and topography

9. Support Services
   - Provide Tools such as currency converter
   - Weather Forecast
   - Calendar & Calculator
   - Travel Tips
   - Electronic Brochure

10. Reports/Statistics
    - Reports on accommodation bookings
    - Total bed nights, booking values, nationality breakdowns, Refused Bookings

11. VisitWALES Contact Centre
    - Take brochure requests
    - Make reservations
    - Support tourism

Reports are effective only if external entities are working properly.
<table>
<thead>
<tr>
<th></th>
<th>VisitSouthWest</th>
<th>Tiscover</th>
<th>VisitScotland</th>
<th>PureNZ</th>
<th>VisitWales</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Coverage</strong></td>
<td>Regional</td>
<td>Trans-National</td>
<td>National</td>
<td>National</td>
<td>National</td>
</tr>
<tr>
<td><strong>Sector Involvement</strong></td>
<td>Public-Private</td>
<td>Public-Private</td>
<td>Public-Private</td>
<td>Public</td>
<td>Public</td>
</tr>
<tr>
<td><strong>No of Businesses</strong></td>
<td>Over 2,000</td>
<td>Over 16,000</td>
<td>9000</td>
<td>6,500</td>
<td>4,000</td>
</tr>
<tr>
<td><strong>Technical Development &amp; Design</strong></td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
</tr>
<tr>
<td><strong>Requirement for registration on DMS</strong></td>
<td>Required to participate in a Grading Scheme</td>
<td>Required to be a member of the tourist board</td>
<td>VisitScotland Quality Assurance Mark</td>
<td>NZ registered company – operating in NZ</td>
<td>All Tourism Suppliers</td>
</tr>
<tr>
<td><strong>Who manages Data?</strong></td>
<td>Tourist Board</td>
<td>Members</td>
<td>Members</td>
<td>Members</td>
<td>Members</td>
</tr>
<tr>
<td><strong>Frequency of Update</strong></td>
<td>Annually</td>
<td>Variable</td>
<td>Variable</td>
<td>Every 3 months, if required</td>
<td>Variable – Monthly, Once a year to Never</td>
</tr>
<tr>
<td><strong>Who Pays?</strong></td>
<td>Members/Suppliers</td>
<td>Members/Suppliers</td>
<td>Members/Suppliers</td>
<td>Free</td>
<td>Free</td>
</tr>
<tr>
<td><strong>Provide Training</strong></td>
<td>No</td>
<td>Yes-Obligatory (forcing a commitment)</td>
<td>No</td>
<td>No</td>
<td>Yes-Optional</td>
</tr>
<tr>
<td><strong>Online Bookings Offered</strong></td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Corporate Website</strong></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No but a members area</td>
</tr>
<tr>
<td><strong>Measure of success</strong></td>
<td>No. of members</td>
<td>Statistics</td>
<td>No Stats</td>
<td>No stats</td>
<td>No Statistics</td>
</tr>
<tr>
<td><strong>Deemed Successful by Tourist Board</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

Table 5.11: Features of the current DMSs (Including VisitWales)
5.16 SUMMARY

Table 5.11 is a summary of the features of the current leading DMSs (including *VisitWales*). The picture emerging from this work offers an insight into the factors limiting the potential of *VisitWales*. These range from lack of stakeholder cooperation, consultation problems to unrealistic expectations of technology and implementation of inappropriate technology - all that are contributory factors to a greater or lesser degree in other DMSs implemented in the past and present.

Individual SMEs are still finding it increasingly difficult to maintain their identity in an increasingly complex environment on the Web. It appears that Wayne’s (1991 cited Pringle, 1994) comments made more than a decade ago remain as pertinent now as they were then:

> If the area (served by the system) and the number of accommodation units is small, then a computerised Central Reservations Office is unlikely to be financially viable, especially if that area is not synonymous with an internationally perceived destination. The cost of setting up a Central Reservation Office to support public sector tourism marketing in the first instance is probably not viable for the private sector.

*VisitWales* is an ambitious project that failed to take into account the ICT capability of its stakeholders. It would appear that the DMS is not integrated into the region’s overall marketing strategy. While *VisitWales*’ plans were founded on sound reasoning, the venture appears to be struggling and badly in need of a restructuring of its image.
CHAPTER SIX: THE POLITICS OF DMSs

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CHAPTER SIX: THE POLITICS OF DMSs

6.1 INTRODUCTION

This chapter offers a way through the orthodoxy of the DMS debate and provides a new insight into why public sector organisations struggle to implement DMSs effectively and why many, indeed the majority, of DMSs have failed to evolve from their initial conception into profitable, self-sustaining commercial systems. DMSs such as Gulliver and TISCover, that both have considerable and growing private sector involvement, are generally regarded as successes (Frew and O’Connor, 1999). However, there is still uncertainty as to which model is the most appropriate as the public-private partnership model also has limitations and DMSs face problems in delivering their outcomes due to the conflicting issues (Chapter three: Section 3.9.3) that arise in a public-private partnership including dilemmas of involvement of the public and private sector in various stages of DMS development, the ability to respond to market forces and adding value (Marino, 2000; Mistilis and Daniele, 2004).

This discussion outlines a more in-depth analysis of DMSs and is broadly divided into nine sections. The first section (see section 6.2) outlines the key guidelines for the successful implementation of a DMS. A synthesis of past research and findings from this study reveals a series of actions that must be undertaken in planning a DMS and core issues that need to be addressed if a DMS is to be a successful.

The chapter then examines the problems encountered in achieving this success. The subsequent sections form the analytical canvas of this chapter and demonstrate the limitations to achieving the ‘ideal’ DMS as evidenced through several DMS projects including VisitWales, VisitScotland, purenz.com, and reveals a larger political agenda.
which is driving these projects forward. Section 6.3 highlights the habitual failure of DMSs to reach their potential and attempts to uncover the underlying agendas that influence DMSs. It describes how DMSs are a result of political agendas that are directed by the interests of politicians, technologists and bureaucrats converging together. They do not necessarily reflect a business need or a competitive necessity. Section 6.4 focuses on the discourses of competitiveness and globalisation that dominate the DMS discussions and how these discourses are disseminated and imposed by organisations, such as the Wales Tourist Board, and VisitScotland.

The chapter then reviews how academic research has largely ignored or is not explicit about governments’ political agenda for SMEs which also impacts on the success of DMSs. Discourses of government power and legitimization are exposed that manifest themselves in a discourse of ‘entrepreneurial domination’ (Perren and Jennings, 2005) (section 6.5). The extent to which policy aspirations match with the realities of creating and running small businesses is investigated in section 6.6. Unrealistic assumptions of the uptake of technology by operators is then examined (6.7). The case of VisitWales is used to investigate the power relations that exist between governments, intermediary agencies (such as WTB) and SMEs (section 6.8). Section 6.9 explores if entrepreneurship can be combined with public service. Finally, practical concerns over DMS implementation are examined in section 6.10. The chapter concludes by suggesting that many of the taken-for-granted assumptions about DMS technology should be challenged and that, in particular a hard look should be taken at the claimed benefits and costs (see 6.11).
6.2 THE SUCCESSFUL DMS

It is clear from the case studies in Chapter 4 and 5 that there is no such thing as a 'standard' DMS. Different DMOs implement DMSs according to their objectives, requirements, resources available, range of activities, and organisational structure. Thus, in planning a new DMS, data relating to existing DMSs must be carefully interpreted and appropriate account taken of the specific context and modes of operation of the existing DMSs.

The recurring implementation and development of DMSs, however, provides us with valuable lessons which should not be ignored if investment in DMSs is to continue. Figure 6.1 provides an overview of the key issues that must be addressed and a series of actions that need to be taken if a DMS is to be successful. These issues are drawn from the literature review (see chapter 3: Section 3.9) and the case studies (see chapter 4 and 5) as will be explained below. In practice, the process may be iterative and hence the model does not describe a linear flow. Objectives may be revisited and redefined in the light of the feasibility study and a comprehensive financial analysis. Borrowing a performance management model (Salem et al., 2005) as a framework for the systematic identification and deconstruction, four major stages of DMS development are identified namely: Decision-Making; Detailed Planning; Implementation and Post-Implementation.
Figure 6.1 Series of actions for a successful Destination Management System.

Source: Adapted from Salem et al. (2004).
STAGE 1: DECISION-MAKING

The very first stage is that of decision-making. This stage initiates the procedure and determines ultimately where the project goes ahead or not. It comprises five distinct activities: needs analysis; prepare a strategic draft overview, establishing the management board; Advice and Consult stakeholders and staff; outline feasibility study including market research and an initial financial study; decision-making.

Needs Analysis

In the context of project risk, it is essential to carry out a needs analysis of the system and ask the following questions:

- How the DMS technology would affect the organisation (in this case the tourist board) and its competitiveness? (Keen, 1991)
- Does it change the core business drivers of the organisation or the industry? (Keen, 1991)
- Is DMS implementation a competitive necessity? (Keen, 1991)

The investigation at this stage should consider if a DMS is really required or could the objectives be achieved by some simpler improvements to existing processes.

Establishing a management board

This is a very important activity as a management board is involved in the planning, implementation and evaluation of the whole process. As evidenced in the case of VisitWales, a management board was appointed in the very early stages of the project and project management standards were agreed upon (Copp, 2000). The
Chapter six: The politics of DMSs

implementation of a DMS was seen to be a major programme of change both for the WTB and the tourism industry in Wales and needed careful management to succeed.

Advice and Consult Stakeholders and Staff

Key stakeholders relevant to the system need to be identified and it is imperative that their views are taken on board. As evidenced in case of purenz.com (Chapter 4: 180) VisitScotland (Chapter 4: 190) and VisitWales (Chapter 5: 254)- all of the DMSs are suffering from stakeholder issues. Thus, in order to maximise participation, the leading organisation needs to provide a greater degree of guidance, leadership, and a firmer degree of project management. It is essential to gain the understanding and support of the key stakeholders, potential partners and staff. It is important to highlight to the suppliers the ways that a DMS can help deliver and demonstrate the quality of service people expect, at a price they are willing to pay. It is also vital to be realistic about what can be achieved and delivered through the project.

Outline Feasibility Study

A feasibility study should be carried out to enable a decision to be made for the implementation of a DMS. A feasibility study, proposes one or more conceptual solutions to the problem set for the project. Feasibility analysis commences once the project goal is set and usually considers a number of alternative solutions, one of which is chosen as the most satisfactory solution (Hawryszkiewycz, 2002). Market research can facilitate decision-making, providing useful evidence of potential financial successes and challenges. Risk assessments and an appraisal of business plans should be done before implementation. As seen in the case of VisitWales, this research can also influence decisions of the adoption of a partnership approach,
funding and tendering options (Chapter 5: 245). Early determination of financial non-feasibility can minimise wasted time and effort.

Decision

Decision-Making is the last sub-stage in the decision phase and describes the stage at which the board needs to have collected enough information to decide whether the DMS implementation should go ahead or not. If the answers generate a negative response, then a detailed report should be prepared to identify the issue that prevented continuation so that information is available should a similar idea is put forward again in the future (Salem et al., 2004).

STAGE 2- DETAILED PLANNING

Following a positive outcome from the decision-making process, the project moves into a detailed planning stage, which is the essence of managing the project. Detailed planning includes undertaking a business case analysis (BCA) and a comprehensive financial study. As most destination organisations lack technical knowledge (ETB, 1999), it is important to develop knowledge of systems on the market and obtain a technical specification before moving on to the development of specific operational strategies relating to IT training and further planning meetings with stakeholders to market the system.

Business Case Analysis

Setting up a DMS is not a ‘once and for all’ cost. There will be substantial revenue costs and additional capital costs on a continuing basis. Thus, a business case analysis must be outlined so that the organisations have a clear idea of the proposition and the
costs (ETB, 1999). It is also vital to identify other potential benefits and risks at this stage.

Financial Study

The financial analysis usually focuses on three issues: anticipated income and expenditure and cash flow. Potential income sources vary from one DMS project to the other and could include partnership options such as sponsorship, corporate joint venture, outsourcing, grants or subsidies. In order to attract a representative number of supplier members, DMOs need to adopt a sensible price strategy (Buhalis and Spada, 2000). Whilst some organisations provide the service at no cost (VisitWales, PureNZ) in order to encourage participation, it seems that tourism suppliers should be contributing a nominal fee in order to combat the free-rider phenomenon (Chapter 3: 61) and thus there should be a pricing model and a fee structure in place for the participating suppliers. In addition, it is imperative to ensure the accountability and monitoring of funds.

Technical Specification

It is desirable to prepare a specification of the requirements before entering into any formal discussions with the suppliers. The specification document would list the business activities that the DMS would be expected to undertake. This could prove to be a very useful exercise as it could help in determining whether the project’s goal can be achieved within the resource limits allocated to it. This exercise would also reveal whether the technology available for the proposed system is available and how it can be integrated within the organisation (Hawryszkiewycz, 2002).
Build Up Knowledge of Systems on the market

Most DMOs have only limited technical knowledge and do not employ IT specialists (ETB, 1999). This often puts them in a relatively weak position and they may be in danger of buying systems that do fully meet their requirements. Thus, the requirements document should be used as a basis for initial discussions with potential system suppliers. This document should be sent to four or five suppliers with a Request for Information (RFI) asking for:

- Their assessments of the extent to which their systems can meet the requirements within the timescale of the project
- Indicative information about the basis on which they charge for their systems and services, including system support.

(ETB, 1999)

Obtain a Technical Specification as a Basis for Tendering

This phase involves the DMO entering the technical territory and includes amongst other things, a clear analysis of the potential network architecture i.e. the way in which computing facilities are deployed and linked up. The organisations short-listed in the above stage present a technical specification. The technical specification, together with user requirements, should be used a basis for a Request for Proposals, the formal tendering document. Evaluation of the proposals received should be undertaken on a systematic basis. Thus, it would be sensible to draw an evaluation matrix (scoring chart), listing the key requirements and allocating weights to them according to their relative importance. In addition, it is advisable to seek independent technical advice and to involve key staff and main stakeholders in the process. Having selected the supplier (s), the DMO should work towards finalising the procurement
programme—what to purchase, when the modules will be delivered, within the anticipated budget. (Copp, 2000; ETB, 1999).

User Group Panels/Meeting with Stakeholders
It is in the interest of the project to enthuse the staff and stakeholders by engaging them in discussions by holding meeting and user-panels, seeking their comments and making clear the part they will play in the follow-up activity. This can also help understand any concerns they might have in relation to the DMS in advance and steps can be taken to address them. An operational evaluation at this must determine the general attitudes and skills of the end-users.

STAGE 3- IMPLEMENTATION
An implementation plan should be prepared by the project manager in conjunction with the suppliers. Implementation should be phased over a period. During implementation, the components built during the development period are put into operational use. It is necessary to test all modules to make sure they are error free once they are put into operation.

Dealing with Contingencies
Organisations implementing DMSs need contingency plans in place in order to cover unforeseen eventualities i.e. if there is a system failure, how is the organisation going to deal with it (Hawryszkiewycz, 2002). Also if the system does not result in increased revenue or an increase in visitor numbers, plans need to be made about the future operations and viability of the organisation. Whilst unexpected happenings such as terrorist attacks, outbreak of a disease are generally beyond the control of
DMOs and DMS suppliers, the management needs to make back-up plans for dealing with most expected contingencies.

**IT Training**

A key factor is to ensure that the users of the system are able to operate it effectively. Specialist training for the system must be provided to ensure that everyone concerned is able to use the system to its full potential. In addition, a separate budget should be set by the government to provide IT training to those who lack the basic skill set. *VisitWales*, for example, had a separate training budget for the workshops. *Tiscover* has an obligatory training day for all the operators that are registered with it.

In order to address the dissimilar requirements of different operators of different size, various booking options must be provided. As seen in practically all the case studies, the majority of the operators represented were micro-businesses, for whom the online booking facility function was not the most useful booking option. Thus, providing suppliers with various options may help in encouraging participation.

**STAGE 4- POST IMPLEMENTATION**

The purpose of a post-implementation evaluation is to evaluate the new system to see if it has indeed satisfied the goals set for it and realised the expected benefits. If they have not, a study is made to see why not.

**Review and Monitor the Progress**

It is essential to monitor progress against deadlines and budgets and to evaluate achievements. It is important at this stage to go back to the original goals of the
project and the question to ask at this point would be whether the DMS resulted in an increased number of visitors, increased transaction of reservations and other commercial activities. It is vital that reporting at this stage is open and honest, encouraging admission of mistakes and learning of lessons.

Data Quality and Control Procedures
After the system has been implemented, efforts should be made to ensure that data quality on the system is correct and current. This, however, can be a daunting task as in most DMSs (with the exception of South-West Tourism) investigated in the thesis, the tourism suppliers are responsible for the maintenance of their own data. Some DMSs, such as Tiscover, conduct quality checks on a regular basis to ensure that the data is credible and accurate.

Continual Development and Branding of a DMS
In order to have the best chance of success, a DMS should be integral to the operations of the organisation and must be business-led, not technology-led (English Tourist Board, 1999; WTOBC, 1999). This is exemplified in the case of New Zealand where www.purenz.com has been an integral part of TNZ’s 100% Pure New Zealand campaign. TNZ’s initial web strategy was focused around a New Zealand portal/gateway site. However, it moved from a ‘site strategy’ to a ‘web strategy ensuring that key messages about New Zealand as a holiday destination, along with more targeted information were shared with major domestic and international tourism portals.
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The DMS must be central to all activities of a DMO and it must be advertised and promoted in all correspondence. Decisions made during the project need to be evaluated to see if they could have been better in the light of the experience gained from the project. A review of the process needs to be carried out so that lesson learnt can be learnt and knowledge can be shared by other organisations. In exceptional circumstances, where the system is performing badly, post-implementation evaluation may suggest a total redesign. The remainder of this chapter focuses on the key factors that impede the progression of this ‘ideal’.

6.3 THE HABITUAL FAILURE OF DMSs

Even a cursory examination of DMSs reveals that the failure of past systems cannot be ascribed to simple single causes. According to one expert witness intimately involved in the recent and ongoing development of a DMS, currently there isn’t a ‘best’ DMS because ‘......all of them hide a multitude of sins and a lot of them have a lot more handballing by the organisation that is behind them than they actually want to put out to the world. There is a lot more fudgirzg’ (Personal Interviews, 2004).

Despite efforts of researchers, such as Chen and Sheldon (1997) and Frew and O’Connor (1999), identifying barriers to implementation of DMS technology and Buhalis and Spada (2000) exploring critical success factors for DMS development, government initiatives of deploying DMSs at a national, local level keep collapsing. Examples of failures are provided below from journal articles, newspapers and government reports:
Two ambitious national start-up operations that have been attempted, BRAVO in the UK and Swissline, have for different reasons, failed to start operating.

(Archdale, 1994: 247)

The English Tourism Network Automation (ETNA) project was designed to computerize the network of over 500 English Tourism Information Centres. In 1993, the original concept of an interrelated national network was shelved, to be replaced by the use of two private sector software houses, CTV and Integra.

(Mutch, 1996: 604)

Scottish government's efforts collapsed in a very similar fashion. Hi-line collapsed in 1992 and the much vaunted VisitScotland 'Ossian' system for booking accommodation in Scotland has been an unmitigated disaster (Rampant Scotland Newsletter, 30th March, 2002)...... VisitScotland.com - the current DMS is £1.4 million in the red and is not expected to break even for another three years at least.

(Macdonell, 2003)

VisitWales has made significant progress, but substantial problems have emerged - notable weakness in the Website design, delays in the delivery of technical enhancements, an over-estimation of the willingness and capabilities of the trade to use the system as implemented and limited engagement of some key stakeholders.

(TEAM Report, 2003)

For those familiar with DMS initiatives in the UK and elsewhere, this is something of a deja vu as the problems highlighted are almost identical to those that occurred during the previous initiatives. Academics, such as Buhalis and Spada (2000), Mutch (1996), Frew and O'Connor (1999), Pringle (1994), and Archdale (1994) and Vlitos-Rowe (1992), have analysed DMSs extensively and have shared similar underlying beliefs relating to the causes of failure of these systems. Published research in the 'Destination Management' arena finds itself dominated by problems of stakeholder co-operation (Bhat, 2002; Bhat and Milne, 2004; Frew and O'Connor, 1999), technological concerns (Frew and O'Connor, 1999; Pringle, 1994) and matters of
management (Marino, 2000; Mistilis and Daniele, 2001; Mutch, 1996)- issues that pervade the discourse of leading tourism and technology journals.

The explanations and explorations of causes of failure of DMSs are largely rational and perpetuated through empiricism. However, it appears that many scholars are not conscious of, or explicit about, the underlying assumptions. The next section addresses these gaps by using discourse analysis to explore how the rhetoric of globalization and competitiveness has been deployed to justify the visions politicians choose to construct and how governments are latching on to technology in order to legitimise their business case.

6.4 RHETORIC OF COMPETITIVE NECESSITY AND GLOBALISATION

The problems of DMSs begin at the decision-making phase itself where DMSs are portrayed as a competitive necessity to survive the onslaught of globalisation. Traditionally researchers have emphasised that destinations providing timely, appropriate, and accurate information to consumers and the travel trade have a better chance of being selected and of strengthening their competitiveness (Buhalis, 1994; Pollock, 1998a, 1998b; Ritchie and Crouch, 2003; Sheldon, 1993).

The concept of ‘globalisation’ and ‘global competitiveness’ have been attracting increasing attention in recent times as a factor or cause in the changing structure of the tourism industry across the world. Globalisation is most often used to describe a process of change (Brown, 1999) and is used to explain everything from falling wages, the growth of international tourism, international currency transactions, changes in sport, the introduction of top-up fees for students, rapid development of
information technology, declining role of nation state to cutting state and public sector budgets (Brown, 1999; Green and Ruhleder, 1995).

Another way globalisation is used is as a discourse, a discourse which constructs an acceptance of globalisation as being inevitable, irresistible and irreversible (Brown, 1999). Globalisation is often cast as an imperative driven by technological forces, consumers and the market. A direct consequence of globalization is the irresistible and rapid development of ICT. The use of ICT is seen by many commentators as having profound effects on the ‘competitiveness’ and profitability of tourism organisations (Beaver, 1995; Buhalis and Main, 1997; Buhalis, 2003)

Technology is arguably a critical factor in determining future success or failure of destinations (Buhalis and Spada, 2000) and it is proposed that DMSs should enhance the long-term competitiveness of destinations (Buhalis, 1994). In the UK and in most European destinations, such as Aegean islands, and the Alpine French resorts, a whole host of recent research suggests that technology is underutilised in small and medium hospitality organisations and take-up of technologies has been slow (Buhalis et al., 1997; Main, 1994; Murphy, 2005; Sigala et al., 2000). The following few examples of typical statements and sentiments illustrate widely held views:

*The development of Information Technologies (ITs) may threaten the existence of the traditional Small and medium sized tourism enterprises.*

(Buhalis, 1999: 220)

*SMEs are generally poor in e-marketing and e-commerce technologies.*

(Wanhill, 2004: 67)
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Their size is their main disadvantage. Small suppliers have normally little know how about marketing and technology... and limited access to distribution channels.

(Werthner and Klein, 1999: 44)

The development of Destination Integrated Computer Information Reservation Management Systems will enable destination to develop networks of SMTEs(Small and Medium sized tourism enterprises) and promote them under their brand name. This will encourage SMTEs to stop competing fiercely at destination level...

(Buhalis and Cooper, 1998: 331 )

The coupling of technology, consumerism and social welfare is tight and unchallenged. As this quotation from the most recent strategic directive for the industry in Wales- ‘Achieving our potential’ highlights:

Spurred on by the information revolution and increased globalization, where events in one part of the world may typically effect prosperity in another, the relationship between government and the governed is set to go through a period of radical change.

(WTB, 2000: 10)

Globalization and expanding ICT are defined as the driving forces that are fundamentally changing the economy. New Zealand’s strategy document-New Zealand Tourism Strategy 2010 emphasizes that:

The world we live and work in is changing rapidly with new developments in technology, changes in the role of government and in the regulatory environment, convergence of traditional industries into new clusters, formation of global business and economic alliances and, as consumers become better informed and more exacting, changes in consumer demands, needs and aspirations. ....This strategy is driven by the need to maintain ‘global competitiveness’

(New Zealand Tourism Strategy 2010. 8-9)
Several policy and strategy papers outline the possibilities ICTs offer to both the tourism sector and the customers (i.e. the tourists). The EC linked its strategic objective outlined in the e-Europe action plan, ‘to make the European economy the most competitive and dynamic economy in the world’ (EC 2001: 1) to tourism and states that:

\[
\textit{tourism is a priority area for the use of Information and Communication Technology (ICT), both by industry (interaction between stakeholders, new services) and the consumer (access to appropriate mobile services)}
\]

(EC,2001: 7)

Spurred on by the apparent inevitability of an ‘information society’ and ‘global information economy’, many governments in industrialised countries are beginning to initiate ICT programmes ostensibly aiming to ensure that their citizens do not get ‘left behind’. Under the umbrella of ‘ICT’, a wide variety of initiatives have been taken including: Wales Information Society Initiative - An umbrella initiative that is supporting initiatives such as ‘Opportunity Wales’ and ‘Wales SME-Business Programme’ across all areas of E-business, Education and Training and has a range of support measures to provide E-Business support to SMEs in Wales (http://www.itwales.com), ‘Meet the mouse’ – another Welsh Assembly Initiative to raise IT awareness in Wales.

The ability to use ICT is now seen by politicians and policy makers as ‘the indispensable grammar of modern life’ in the ensuing information society (Wills, 1999:10). The theme is quite attractive to the business community and empirical evidence can be found to support almost any ‘Utopian or dystopian’ (Green and Ruhleder, 1995: 55) vision that politicians choose to construct. The empirical support includes business anecdotes about productivity gains, strong growth rate in business
expansion, and the rising stock market as indicators of the importance of changes brought about by ICT (Stiroh, 1999). Industry observers, for example, claimed the Internet technology could enlarge and shrink time, help businesses reach vast numbers of consumers in the global market, condense information asymmetries between buyers and sellers and lower the cost of business transactions (Afuach and Tucci, 2003). The burst of the dot.com bubble in the years 2000 and 2001 proved, however, that the ICT revolution was not as sweeping as originally envisioned (Razi et al., 2004; Remenyi, 2004; Rovenpor, 2004).

In theoretical and empirical terms, Watson and Hay (2003) expose globalization as the myth that it is. They argue that claims of globalization are extremely difficult to substantiate in empirical terms and the literature that presents a series of empirical indicators point to a process of structural economic change that falls well short of global reality. Krugman (1994) argued that the world’s leaders find the ‘competitive’ rhetoric an extremely useful political device that enables them to justify hard choices or even avoid them. He argues that the ‘obsession with competitiveness is not only wrong but dangerous, skewing domestic policies and threatening the international economic system’ (30). Yet, in terms of political rhetoric, it continues to exert a powerful influence.

In the tourism sector in the UK and many other European nations, the perspective of ‘global competitiveness’ has been quickly translated into a multi-million pound policy agenda aimed at using DMS as a ‘total destination management’ tool for the 21st century to support small and medium sized tourism enterprises. A statement from Marco Truffelli, Chief Executive of VisitScotland.com, exemplifies the emphasis
placed on the VisitScotland DMS to improve the competitiveness of the Scottish Tourism industry:

Without VisitScotland.com, Scotland cannot compete on a global tourism platform. If you look at other tourism platforms abroad - in Australia and New Zealand - they are looking at the model.

(Marco Truffelli cited Dixon, 2004)

The familiarity of such conventional ideas about DMSs stem from the frequency with which they are rehearsed by those whose interventions are accepted as both legitimate and authoritative. Thomas (1995: 71) argues that the rationale for the provision of business information and support 'certainly has an intuitive appeal' (71) and a range of evidence is present to substantiate this support.

However, a study conducted by Baker et al. (1996) revealed that DMSs are unlikely to be a competitive necessity for the majority of countries. Research by O'Connor and Frew (2002) also reported on the declining importance of DMSs. A study conducted by Blank and Sussman (2000) reported that 80% of the respondents in their study did not rely on Gulliver (The Irish DMS) as their method of promoting themselves. Overwhelming evidence gathered in this research also points to the same. Nevertheless, politicians are still using Margaret Thatcher’s notorious claim: ‘There is no alternative’ (widely referred to as the TINA factor) (Wodak and Meyer, 2001: 129) for the implementation and development of DMSs. Concerns, however, exist over the validity and accuracy of information that is used to substantiate such assertions.

In rhetorics, construction of a ‘problem’ is usually seen as a key move paving the way for subsequent ideas presented as ‘solutions’ (Perelman, 1977; Toulmin et al., 1979
cited Vaara et al., 2004: 11). In the case of tourism, the argument of achieving ‘global competitiveness’ for SMEs through DMSs has served as a powerful rhetoric for those concerned with promoting tourism. In sum, the traditional SME problem can be seen as the foreground for the legitimisation of DMSs. In the tourism context, the problems discussed around the promotion and marketing of tourism services of SMEs are most often linked with competitiveness, ICT, and globalisation being the central themes. Thus, paving the way for DMSs to be seen as a ‘solution’ to the problem of SME competitiveness.

6.5 DISCOURSE OF DOMINATION/ SUBJUGATION

Policy makers in the UK and in other European countries are focused upon the concept of entrepreneurship, endorsing a view that it holds the key to competitiveness and the ability of the UK to cope with a more uncertain, complex and increasingly globally exposed society (Glyn and Wood, 2000; DTI, 1997). Small businesses in the UK and around the world are widely regarded as important employment and economic development generators (Murphy, 2005; Wanhill, 1993; 2004). Government discourses reveals striking accounts of entrepreneurs and small businesses having an instrumental role in the economy and an inherent responsibility to deliver results at the macro-level.

The New Zealand Tourism Strategy 2010 (2000: 8) recognised that SMEs lie at the heart of tourism even though ‘they have limited ability to invest in its development’. In Europe, tourism has received increasing amount of regional aid under successive EU programmes (Wanhill, 1997) and providing access to ICT-based opportunities for these disadvantaged groups is seen by policy-makers as a high priority. Within the
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European Union (EU), the objectives of the Common Regional Policy (CRP) are to create a greater convergence between the economies of Member States and to ensure a better spread of the economic activities throughout the Union. Consequently, the position of SMEs is deemed to be critical to progress towards regional convergence (Wanhill, 2004).

Government policies to support SMEs have become a feature of political rhetoric with the assumed and actual merits being widely researched (Kerr, 2003; Thomas, 1995). The texts on policy statements and official documentation shows governments to be concerned with building support for entrepreneurs. Academic discussion of entrepreneurship, however, largely ignores implicit power relationships within political discourse (Meyer, 2001).

There is a pervasive assumption concerning official 'support' for SME development. In their analysis of government's policies and the role of entrepreneurs, Perren and Jennings (2005) found that SMEs across the world (in the UK, Korea, Australia, U.S. and Thailand) are told they need financial, technical and management assistance, which justifies the position of the governments to dictate to businesses and entrepreneurs what actions they should take. Storey (1994) and Mason (1995) argue that governmental policies for providing assistance to SMEs are generally ineffective. Storey (1994) points out that that typically less than ten percent of SMEs actually receive assistance.

Despite this, the government is portrayed as having the right to impose its wishes and desires upon others, irrespective of the freedom of others to pursue their personal aspirations. The explicit assumption is that it is government action that gives rise to
conditions in which tourism business activity can flourish which therefore justifies their position of dictating to businesses what actions entrepreneurs and small and micro-business owner-manager should take (Perren and Jennings, 2005).

6.6 GOVERNMENT POLICY AND ‘THE WORLD VIEW OF THE SME’: A MISMATCH

Governments appear almost desperate for SMEs to engage with ICT and e-business (Taylor, 2004). Tony Blair has warned of an increasing ‘digital divide’ (Financial Times, 2000: 4) where the informed will stand a much greater chance of prosperity whilst the uninformed will almost fail to compete. More than £6 billion is expected to be invested in ICT over the coming years and the Prime Minister declared that ‘digital transformation cannot be restricted to the few, our success depends on extending it to the many’ (Blair, 2002).

For the DMS initiative to be a success and to maintain its comprehensibility, it is vital that SMEs engage with it and the system addresses a ‘real’ need as opposed to a ‘perceived’ need. Governments often wish to be seen as facilitators of entrepreneurial activity (Ryan, 2002) and as brand champions (Alford, 2005) and have a perception that some small businesses actually suffer by not being on a DMS (Colebrook, 2005). The reality, however, is quite different. ‘One-size fits all’ policies miss the diversity of the SME sector (Taylor, 2004). SMEs do not conform to the conventional marketing characteristics of marketing textbook theories and are characterised by the limitations discussed at length in Chapter three (section 3.3.1: 58).
Entry into entrepreneurship is in itself a life-changing occurrence for most people and is often related to a desire to exercise some control over their working lives. Morrison et al. (1999) argue that the majority of small firms in the UK ‘are mainly motivated by survival as opposed to be overtly growth-driven’ (13). There is a desire for profit but this is not the overriding business objective and is manifested in terms of acquiring sufficient income to ensure a certain style of living.

Dewhurst and Horobin’s (1998) work in Yorkshire found that owners of small tourism enterprises were twice as likely to state non-economic motives, compared with economic factors as reasons for establishing the business. Di Domenico (2005) contends that lifestyle entrepreneurs are also concerned with intangible benefits, such as increased time to devote to leisure pursuits or the ability to control the organization of work and leisure and therefore such an individual may not be interested in a business opportunity that might involve perceived problems related to growth, or extensive financial or time constraints.

Some SMEs may be very insular in their approach with survival in the short run as their main objective (Morrison and King, 2002). In relation to marketing, they may well conclude that they can earn more by marketing their own business to visitors instead of participating in collective marketing (Lundtorp, 2003). In such a case, DMOs are left to put up with the cost of marketing. Therefore, it can be suggested that some types of SMEs will permanently have problems with DMSs because not all have the desire, the capacity or the opportunity to become ‘e-SMEs’ and not all want to utilize the full potential of the system. This gives rise to a complex situation where policy aspirations do not always match with the realities of creating and running small
businesses and contributes to the factors that lead to the failure of the system. The next section discusses how underlying power structures determine communication between information agents, such as the WTB and small businesses.

6.7 THE UNREALISTIC ASSUMPTIONS OF THE UPTAKE OF TECHNOLOGY

The scale of government commitment and funding to DMSs raises the difficult question of why take-up and impact has not been as significant or visible. Most of the DMS projects presuppose a certain degree of IT competence in small business communities (Morrison and King, 2002). VisitWales presupposed a high level of ICT literacy in the tourism sector in Wales and suffered as a consequence (Chapter 5).

In order to participate in www.newzealand.com, suppliers must use email to enter their details in the database. Email is the primary means of communication between TNZ and the tourism operators registered on the database. At a practical level, access to a PC does not guarantee a connection to the Internet, anymore than connection to the internet is a guarantee of engaging in e-business. Thorn and Chen (2005) in their examination of e-business uptake in New Zealand tourism industry found that although e-mail adoption is universal in New Zealand firms, the involvement of SMEs in e-business is fairly low with most firms at the introductory stage of electronic business activities.

Taylor and Murphy (2004) argue that the statistics on the extent of the adoption of e-business techniques by SMEs vary across countries and have limitations because of the level of generalization within the monitoring mechanisms. In their analysis, they
found that whilst the EU deploys rates of adoption of new technologies to measure SME engagement, the US Department of Commerce uses investment per employee as an index. Other conservative estimates made for the UK and some OECD countries have been based on the percentage of firms' business conducted on the web.

Table 6.1: SME e-business adoption rates in 2001 – selected countries

<table>
<thead>
<tr>
<th>% SMEs</th>
<th>UK</th>
<th>Austria</th>
<th>Sweden</th>
<th>Italy</th>
<th>Neth*</th>
<th>Norway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using ICT</td>
<td>92</td>
<td>92</td>
<td>96</td>
<td>86</td>
<td>87</td>
<td>93</td>
</tr>
<tr>
<td>Web Access</td>
<td>62</td>
<td>83</td>
<td>90</td>
<td>71</td>
<td>62</td>
<td>73</td>
</tr>
<tr>
<td>Own Web Site</td>
<td>49</td>
<td>53</td>
<td>67</td>
<td>9</td>
<td>31</td>
<td>47</td>
</tr>
<tr>
<td>Making E-commerce Purchases</td>
<td>32</td>
<td>14</td>
<td>31</td>
<td>10</td>
<td>23</td>
<td>43</td>
</tr>
<tr>
<td>Making E-commerce Sales</td>
<td>16</td>
<td>11</td>
<td>11</td>
<td>3</td>
<td>22</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: European Commission (2002), p.4

* The Netherlands

Table 6.2 presents data on the take-up rates of different aspect of e-commerce by SMEs in a selection of EU countries and Norway. Compared to those SMEs using ICT and having web access, a rather smaller proportion of SMEs had their own websites and made e-commerce purchases and e-commerce sales. In the same study it was also highlighted that while these take-up rates among SMEs in Europe are impressive and equate well with US take-up rates for all types of business enterprise, they massively overstate the level of e-business (and in effect only e-commerce) engaged in by SMEs.

SMEs are not a homogeneous set of businesses. It appears that the extent to which they engage with ICT and e-business techniques is shaped by factors concerned with attitudes, motivations, size, age, sector, ethnic background, location, knowledge base,
power and control of resources, business performance and so on (Morrison and King, 2002; Taylor, 2004). All these factors can have a direct impact on the need and opportunity to engage with e-business (Taylor, 2004). In the case of VisitWales, for example, the very small micro-enterprises did not feel the need to engage with e-business in any way at all due to their size. South-West Tourism, the regional DMS, does not offer e-commerce to its members as it recognises that majority of the businesses listed on it are small scale and would not wish to engage with e-commerce at present.

Contemporary UK government views appear to embrace a particular view of business growth as fundamental to the concept of ‘entrepreneurship’ which is in striking contrast to the goals, orientations and daily realities of owner/managers (Di Domenico, 2005). Therefore a challenge facing researchers, policy makers and those responsible for destination development is to find out more about the need and motivations of individuals who set up and operate their own tourism businesses in an effort to understand their self-ascribed goals that impact on their interaction with DMS.

Experts warn that technology is too often the scapegoat for human error, with damaging consequences for public and business confidence (Arnot, 2003). One thing that stands out in the analysis of all projects, whether successful or otherwise, is that projects are about people. Few information systems projects fail for technical reasons. Most projects fail because they are not effectively managed and the most important and complex aspect of the management task is managing relationships between the people involved (Arnot, 2003).
6.8 POWER RELATIONS

This section attempts to explore the power relations that exist between SMEs and agencies that attempt to provide them with information, training programmes and other initiatives. The problems encountered in such a process are explained in terms of Clegg’s (1989) ‘Circuits of Power’ model (as described below).

Clegg (1989) provides a synthesis of the different frameworks for understanding power. He suggests that a theory of power must examine how the fields of force in which power is arranged has been fixed, coupled and constituted. He posits that power is arranged in such a way that, intentionally or not, certain ‘nodal points’ of practice are privileged. Thus, Clegg argues that power is better regarded not as having two faces (Bachrach and Baratz, 1962: 75 cited Clegg, 1989) or being layered into three dimensions (Lukes, 1974 and 1986 cited Clegg, 1989) but as a process which may pass through distinct circuits – episodic, dispositional and facilitative – of power and resistance.

1. The Episodic Circuit: The Episodic power, or one-dimensional, power is seen to derive from the capacities of agents grounded in resource control and the episodic circuit involves day-to-day interaction, work, and outcomes regarding the control of resources (Clegg, 1989). Interpersonal episodes, including how people handle conflict, communication, and feelings, provide indications about the nature of power relations. This level is characterized by the day-to-day rhythm of routine work, which can foster a disengaged and ‘rote way of responding’ (Nolan, 2004: 2). In Clegg’s
view, power which proceeds at the level of episodic power relations is the most apparent, evident and economical circuit of power.

2. The Dispositional Circuit of Social Integration: The Dispositional or Social Integration circuit, maps out areas of common interest expressed as rules of meanings and of membership. This circuit contains us/Them dynamics, and mental maps or blueprints. Rules are fixed and re-fixed, and meanings are stabilized, through social integration (Clegg, 1989:233). Authority is legitimated at this level. ‘Rules of practice are at the centre of any stabilization or change of the circuitry. Through them, all traffic must pass’ (Clegg 1989:215).

3. The Facilitative Circuit of System Integration: ‘A person [B] taking orders is structurally disadvantaged in relation to a person [A] with the power to give them’ (Habermas, 1987: 281). Thus power is facilitative for those who are As rather than Bs, since it is the As who decide what are the collective goals to be facilitated, at least as far as Bs are concerned. Also at the macro level, the facilitative circuit is comprised of systems of reward and punishment (disciplinary mechanisms) (Clegg, 1989). Through the materiality of technology, job design, environmental contingencies, and networks, the facilitative circuit is the major source of change. Innovations in technology, and changes in disciplinary mechanisms in this facilitative circuit, will empower or disempower the capacity for agency in the episodic circuit. An example of this is the de-skilling of work, which disempowers certain workers while potentially empowering others.
Chapter six: The politics of DMSs

Nolan (2004) applies Clegg’s (1989) circuit of power to explain the power relationship between the government and SMEs. In Nolan’s application of Clegg’s (1989) model, power flows in a uni-directional flow between three sets of actors:

- At the top level is the EU/Government
- At the second level are the agencies (in this case, it would be the tourist board) who have been selected according to predetermined organisational rationales.
- The third level consists of the SMEs – a large and fragmented group who are absent from the planning stage and have little or no power to influence programmes.

Figure 6.2  Uni-Directional Flow of Power

The routine exchange between the three levels is determined by who commissions and funds the programmes. This provides indications about the nature of power relations between the parties involved. In the first instance, allocation of funding is decided by the European Union and granted to various agencies. The EU, being the controller of the funding resources, exerts ‘dispositional power’ over the prospective agents through formal planning mechanisms. These resources rest within ‘actions’, ‘programmes’ and measures’ that are explained through complex and jargon filled ‘decision’ documents. The second instance of power is between the agencies and
SMEs where effective communication is required and this is the area that is marred by communication failure at various levels (Nolan, 2004).

The argument demonstrated by Nolan can be related to the case of VisitWales as outlined in the diagram below (Figure 6.2):

Figure: 6.3 Uni-Directional Flow of Power in Wales

In the above diagram, WAG is placed at the top level and derives funding from the EU. These funds are aimed to regenerate the Welsh economy and are meant to be spent on hundreds of different projects. At the next level is the WTB, who is commissioned by WAG to develop VisitWales and is responsible for driving the DMS project forward. WTB is heavily influenced by WAG’s monitoring requirements as WAG, being the funding organisation, has the power to withdraw funding if the monitoring requirements and targets are not met. An example of such power is displayed in WAG’s Annual Report 2003-2004, in which it claims that under this initiative the WTB has provided training to 1,603 businesses and 4,135 businesses are displaying their services online. The emphasis is on the ‘quantity’ of assists in relation to training and assistance as opposed to the quality.
Chapter six: The politics of DMSs

WTB as an intermediate agency has pressures both from both ends as highlighted by Colebrook's (2005) comments:

*Especially us [WTB] moving us into WAG- the government could actually change totally how we actually work.*

*Author: But they wouldn't know how tourist board should operate?*

*No but governments restrict things- They might not care how tourist boards should operate.*

(Colebrook, 2005)

In addition to working with WAG, WTB's role is also to work in partnership with SMEs to meet the outcomes of the service. This is a challenge in itself as SMEs have been known to be reluctant to the uptake of government initiatives. In a study of agency-SME interaction, Lightfoot (1998 cited Nolan (2004): 2), found the take up of governmental initiatives by SMEs at 'typically, below ten percent'. The reasons for low involvement could be explained via the notion of context. Most services are delivered in a form that is far too removed from the cut and thrust of business life and offer impractical solutions to everyday situations.

Nolan (2004) citing Lightfoot (1998) observes that one of the causes for low involvement in government initiatives is the low level of trust in relation to the information system due to the problems related to the transfer of knowledge. Dalley and Hamilton (2000) contend that any advice that conflicts with the culture, modes of communication and learning styles is destined to be ineffective. Many SMEs encounter problems transferring knowledge acquired from formal training sessions to suit their specific trading circumstances. The training programme offered by WTB placed enormous emphasis on online bookings for small micro-businesses who have few rooms and cannot guarantee the release of inventory to the DMS. Thus owner-
managers became sceptical of the benefits of VisitWales for their business as it provided them with knowledge that didn’t add value to their business as they could not apply it to commercial ends.

6.9 CAN ENTREPRENEURSHIP BE COMBINED WITH PUBLIC SERVICE?

In recent times, governments in Western Europe have aggressively promoted a more enterprising society, in an attempt to solve a diversity of economic problems and increasingly, a healthy and expanding small business sector has come to be the answer to the problems of economic decline, persistently high inflation and long-term youth and adult employment (Matlay, 2000). A fast growing Digital Economy (often used interchangeably with e-economy, new economy or Internet Economy) (Magretta, 1999) is said to be driving the focus away from traditional trade to online business transactions.

A recent survey of 239 DMOs by the World Tourism Organisation revealed that e-business is a priority for destinations, particularly at a national level (Alford, 2005). Two-thirds of national DMOs have either completed or are working toward completion of e-business strategies that are internet enabled, compared to only one-third at regional level. While the survey did not explore the reasons for this disparity between national and regional efforts, it highlighted the urgency with which e-business initiatives are being implemented.

Technological change has been rapid, and in many cases, its impact and direction rather confusing and unclear (Green and Ruhleder, 1995). Nevertheless, the
transcendence of communication barriers (by means of new technologies) was vested with a universally positive outcome. As a result, the decade of the 1990s had seen the emergence of a plethora of DotCom companies, when businesses invested heavily in the use of Internet media for new opportunities and business expansion. However, many around the world failed as the online bubble began to burst in mid-2000.

According to Webmergers.com, 225 Internet companies failed in 2000 and 537 failed in 2001 (Dot-com busts, 2001 cited Rovenpor, 2004). Approximately between 7 to 10% of the total number of Internet firms in existence (estimated at between 7,000 and 10,000 globally) ended in failure (Whitman, 2002 cited Rovenpor, 2004). Boo.com is an example of perhaps the most spectacular dot.com failure that spent $130 million in less than 18 months, made very little revenue and whose total assets were sold for a mere $800,000 (Remenyi et al., 2004). The Chicago outplacement firm, Challenger, Gray and Christmas, reported that 41,515 dot.com employees were laid off in 2000 while 98,522 (more than double) were laid off in 2001 ('Dot-com busts', 2001 cited Rovenpor, 2004). Despite this, the adoption of ICT and e-business techniques is still seen as vital to the achievement of growth under such economic condition and undeterred, governments are latching on to technology in order to legitimise their business case.

Increasingly, the public sector is faced with demands to run government like a business and introduce private sector concepts such as entrepreneurship, privatisation, treating the citizen like a ‘customer’ and management techniques derived from the production process’ (Box, 1999: 19). There are, however, potential problems with making the public service more business-like as there is a marked difference in the
operating norms of private and public-sector organisations (Box, 1999). Terry (1993: 393) described entrepreneurial values as including 'autonomy, a personal vision for the future, secrecy, and risk-taking' along with 'domination and coercion, a preference for revolutionary change (regardless of the circumstance), and a disrespect for tradition' (394). These values are at odds with the values of democratic politics and administration and thus cast doubt on how easily entrepreneurship can be combined with public service.

To stimulate usage of the Internet by SMEs, European Governments have implemented a wide range of policies and initiatives. (European E-business Benchmarking Policy Group, 2003). 'A Winning Wales' is Welsh Assembly government's action-oriented strategy that aims 'to achieve a prosperous Welsh economy that is dynamic, inclusive and sustainable based on successful, innovative businesses with highly skilled, well-motivated people'. One of its key actions is to use public sector actions to stimulate the adoption of ICT by businesses, support organizations, and communities, and urge all other public sector organizations to do the same. The government is attempting to ensure that exclusion of SMEs from 'opportunities of the information age' does not take place (A Winning Wales, Annual Report, 2003-2004).

Underlying this target, WTB is required to provide a training programme to get individual tourism businesses properly skilled to use the DMS to its full extent. As Colebrook (2004) points out 'One of the main premises of the VisitWales project was also to increase the IT literacy in the tourism sector'. According to Julian Burrell, Chairman of the WTA, objectives of the training courses associated with VisitWales
were not only limited to being an introduction to the DMS but they were also aimed to be ‘introduction to IT and Internet’ courses.

The Director of Marketing for WTB, Roger Pride, emphasised the need of the strategy to involve a wider community of business in the implementation of *VisitWales* (Personal Communications, 2004). This is illustrated in the following comments:

... a lot of the idea of the assembly was to get more people involved with the Internet. That is behind a lot of it. These courses were not just for VisitWales to be fair but they were to be an introduction to IT. That might have been some use to them for people who are frightened to even press a button on the computer

(Burrell, WTA, 2003)

*Our brief clearly states, we want to get a much wider community of businesses involved*  
(Pride, Director of Marketing, WTB, 2004)

From these quotes, it is evident that in addition to creating an e-commerce platform for the tourism industry, the government is trying to address the issue of ‘digital exclusion’. The challenge lies in the fact that many SMEs lack even the basic IT skill-base that is required to engage with DMSs. Some owner managers are ICT enthusiasts but the majority are not. In practical terms, the workshops may work and be useful if they are used to provide the operators with one-day or half-a day skills workshops to deliver information on how *VisitWales* works and how operators can sell their product through it but if the workshops are largely used as a vehicle to teach basic computer skills, then people are unlikely to use the system to its potential.

If one of the main objectives of the government’s policy programme in implementing DMS was an implicit requirement to improve the IT literacy in the tourism sector,
then the drive can be seen to be fated to fail given the complexity of the problem it apparently seeks to address. On the government’s part this blend of societal, technical and economic rationales is seen as mutually achievable and complementary. However it poses some questions on how well founded the WTB’s DMS strategy is in terms of achieving its stated aims of increased marketing efficiencies and better economic returns and increasing IT literacy in the region. It appears that WTB objectives are becoming confused with those of the Welsh Assembly and UK government’s agenda of tackling the digital divide.

Compare the objectives of VisitWales to the commercial objectives of Tiscover—a profit making venture, one finds that the corporate objectives are very clear and focused (Chapter 4: 157). The company is a PLC and a profit-making venture. The IT decisions taken by the company are concrete business decisions. Competitive pressure of maintaining market position and customer base are paramount and decisions are focused on measurable financial and service outcomes.

Implementation of DMS via the national tourism organisations is not a straightforward task. As O’Connor (2002) points out that often public bodies are too politicised and bureaucratic to successfully operate businesses in the digital world and their rigidity prevents them from responding quickly and decisively to opportunities presented by developing technology.
6.10 PRACTICAL CONCERNS OVER DMS IMPLEMENTATION

Economic reality or Inflated Results

In 2000, the National Assembly for Wales allocated £4m over three years to the Wales Tourist Board towards the development of a destination management system (DMS) for the country (Edmunds, 2002)

VisitScotland.com was set up using a loan of £7.4 million from the Scottish Executive. The internet company which was set up to operate Scotland's official tourist website has run up a loss of almost £1.5 million in just ten months, it emerged last night (MacDonell, 2003)

Solow’s (1987) well-known observation, ‘you can see the computer age everywhere but in the productivity statistics’, (36) might apply to DMSs as well. For if Solow was right, it meant that businesses were investing billions of dollars on technology with no apparent returns. The Solow paradox continues to cast doubt on the effects of advances in information technology on productivity improvements in the U.S. economy and elsewhere.

From the figures stated above, it is evident that ICT decisions in DMSs represent significant expenditures. This level of expenditure has been growing over the last decade as ICT systems are applied in an ever-increasing range of applications in almost every industry sector. The results of these investments, however, are less than clear. Peacock (1998: 2000) observes that while there are studies where technological innovation can be linked to an increase in productivity, there is no evidence linking the revolution in technology and working practices to significant overall improvements in productivity within the tourism and hospitality industries.
Despite efforts from Lemay (1996), Lynch and Horton (1997) and Nassar (2002), there are still no established criteria for judging the success of web sites. Due to rapidly changing conditions in the digital market, organisations are unsure of the number and characteristics of people on the Internet. There are no standardised measures for traffic on commercial web sites (Gretzel et al., 2000).

The VisitWales website provides statistics on the number of ‘visits’ to the website that goes into hundreds of thousands (Figure 6.4). Likewise VisitScotland’s annual report mentions that VisitScotland.com achieved over 2 million unique visitors for 2003-04. The monthly average was 169,000 unique visitors (target: 132,000), 60% higher than 2002-03 (http://www.scotexchange.net/). Most of these measures are obtained through log files and it is difficult to ascertain the meaning behind the results (e.g. whether clicking on a link was an accident or intended behaviour) and determine whether the loaded site satisfied the consumer’s expectations (Schlosser et al., 1999).

A visit to a Web site is the length of time a unique user spends interacting with that Web site. User sessions are calculated by some log analyzer products by tracking requests from an IP address until a period of inactivity (approximately 30 minutes) indicates to the software that the session has ended. These sessions are, at best, gross estimates and based on two unsound inferences from data that is logged – that a host corresponds to an individual, and that the individual would not normally pause (whether to go to another site or another task) within a site visit (Haigh and Megarity, 1998). Secondly, number of visitors doesn’t reflect the amount of qualified traffic i.e. how many people visiting the website are turning into paying customers or even visiting the destination.
Figure 6.4: Number of visits to VisitWales.com

Similar doubts are being cast on EnglandNet - a new £10 million online one-stop-shop for holidaymakers in England launched by Department for Culture, Media and Sport's (DCMS). While EnglandNet is being applauded for its strategic vision, there seems to be an extremely high expenditure for an e-Government service of this type. An article on ‘PublicTechnology.net’ (2005) mentioned that ‘in the private sector £10 million would enable you to build several FT.coms’.

DCMS is yet to publish its return on investment criteria and success/failure benchmarks for the site. It is estimated that in order to ‘break even’ in commercial terms the venture would need to deliver £3.33 million of incremental new profit to the UK economy per year (if the £10m is written off across 3 years). Even with generous 20% profit margin on travel and tourism, it should be generating at least £15 million.
of new tourism attracted to the UK per year. On monthly basis that's over £1 million new incoming tourist money per month - generated purely as a result of the web site. (publictechnology.net, 2005)

Harrison and Lennon (2003) reviewed statistical projections regarding online sales in the travel and tourism industry and identified two significant problems. Firstly, there is an over-reliance on American e-commerce consultants. The data provided by the consultants on its own has no meaning and its validity is questionable. They accuse organisations of manipulating the data through ‘dubious cross-contextualization’ in order to fit it with their own policy or business objectives (2003: 137). Secondly, they question the methodologies employed for the collection of the projection data as it tends to vary so much in scale between the different sources.

In many cases researchers, organisation, industry writers and consultants wishing to communicate the impact of the internet on the sales of travel and tourism have utilized figures created by American e-commerce consultants primarily due to a dearth of research on the subject outside United States. In terms of Internet application, penetration, utilization, and online sales in United States is significantly ahead of most of the rest of the world (Marcussen, 1999), yet figures that are published seldom highlight this inconsistency.

Politicians are being accused of blurring contexts in informing businesses of what they can expect in terms of online sales (Harrison and Lennon, 2003). In Scotland, the Executive of the new Scottish Parliament cited that ‘travel industry sales via e-commerce will represent 12 per cent of world-wide travel industry sales by 2003’. However, when asked about the source of the citation, it proved difficult to track
down where this figure originated from. On investigating further it was found that Forrester Research quotes 12 percent as the likely online travel sales contribution by 2003, but the figures are meant for the United States market by far. Data are presented that are supposed to support an assertion, but the tourist boards fail to notice that their own numbers imply that what they are saying cannot be true. Time and again, one finds inflated figures that seem to the unwary reader to be full of convincing evidence but strikes anyone familiar with data as strangely, almost inept in their handling of the numbers.

Over-Commitment to IT projects

In relation to DMS, it would appear that there has almost been an over-commitment to implementing the systems. Scotland has been trying to implement a DMS since the inception of Hi-Line in 1992. The BRAVO initiative sponsored by the British Tourist Authority which was meant to link airline computer reservation systems and regional/national reservations stalled in the early stages of its inception (Pringle, 1994; Frew and O’Connor, 1999). Gulliver- the Irish DMS, piloted in 1992 was received with a mixed reception and underwent a review in 1993 (Frew and O’Connor, 1999). English Tourist Boards efforts of implementing the ETNA project met with similar fate.

Staw (1981) describes this situation as an escalation situation when decision makers become overcommitted to the cause and invest more resources in failing projects. Organisations (in this case the DMOs) continue to put resources in ‘runaway projects’ (DMSs). There is a tendency to spend additional money whether it gives the business effect that the project was intended to accomplish or not (Keil, 1995). As a result the
DMOs end up wasting valuable resources that could probably be better invested somewhere else.

In contrast to private sector environment where accountability of actions is a vital element of the business, public sector environment has no ‘bottom-line’ decision making. Due to the large scale nature of the projects involving national or regional population, the projects become too complex to handle (Vowler, 2003). With the absence of bottom line decision making, new resources can always be raised. There is no fear of bankruptcy or management takeover (Margetts and Willcocks, 1993). In addition, a ‘no-blame’ culture tends to exist that can lead to unnecessary tensions and prevents openness and honest sharing of objectives and problems (CSSA, 2003).

The factors discussed above have impacted on the success of DMSs as the majority have been initiated by government organisations. Thus if DMOs are intending to use DMSs as e-business solutions for the destinations, it is vital for the policy makers to know about escalation situations in order to avoid runaway projects.

6.11 SUMMARY

Success in implementing DMSs is attributable to a number of factors, including commitment of the sector funding it, the existence of stakeholder co-operation, appropriate technology, existence of training and costs and benefits. Getting all the factors to work in balance has been an impossible task for the DMOs so far. As Evans and Peacock (2000: 506) point out:

*the role of DMS and intranet systems is still underdeveloped, with insufficient appreciation of, or means of evaluating the costs and benefits to SMTEs (small and medium tourism enterprises) by firms themselves, or by service providers, and there is little evidence of*
DMS and joint web-based reservation systems being sustained beyond the set-up stage.

In the beginning of the chapter, various suggestions were put forward as to how DMSs of the future could realise their commercial potential. Further discussion, however, reveals the extent to which the political element is especially relevant and prominent in the development of DMSs. Much needs to be understood about the attitudes and motivations of the SMEs, who are the key stakeholders of the system, in order to ensure the viability of the DMSs. The EU/Government must shed its ‘top-down’ style of information ‘provider’ in favour of a participatory mode. Information/training given to SMEs must be forthcoming in a language that is understandable to owner/manager if true ‘learning’ has to take place.

The public-sector faces increasing demands to operate like a business and import private sector concepts such as entrepreneurship, privatisation and treating citizens like a ‘customer’. However, these values are at odds with those of democratic politics and administration and thus raise questions on how easily entrepreneurship can be combined with public-service.

One must be cautious with claims that DMS generally have become associated with. The e-business and DMS discourse flagrantly exploit the statistics to justify increased resources for the tourist boards. Given the huge popularity and demand for this technology, the question remains whether DMSs will prove to be a weapon or a tool in this modern technological society. This discussion has not been an effort to dismiss the value of DMSs in tourism. However, it does offer evidence that suggests that many of the taken-for-granted assumptions about technology should be challenged and that, in particular a hard look should be taken at the claimed benefits and costs.
# Chapter Seven: Conclusions

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CHAPTER SEVEN: CONCLUSIONS

7.1 INTRODUCTION

This thesis evolved from a desire to identify generic guidelines for the implementation of a successful DMS and to assess if the WTB had achieved its intended aim of marketing the tourism SMEs in Wales to a wider market through VisitWales. To do so it had to demonstrate an understanding of SME issues and explicit explanation of the role of DMSs within tourism public strategy and wider policy decisions. Furthermore, it had to elucidate an understanding, in a much wider context, of the external influences on tourism.

This chapter concludes the study on the evaluation of generic guidelines for DMS implementation and VisitWales. Section 7.2 highlights how the research has been able to address its objectives. Section 7.3 presents the major research findings in relation to VisitWales and the other contemporary DMSs. Sections 7.4 outlines the significant contributions of the study. The limitations of the study are presented in section 7.5, and the chapter concludes by setting an agenda for further research on this complex, yet significant subject matter in section 7.6.

7.2 MEETING THE OBJECTIVES

The research has been able to address its objectives in the following ways:
Objective 1: Critically review key literature relating to the environment in which tourism currently operates and the development of DMSs and develop a generic framework of DMS implementation and development.

Chapter three explored the environment in which tourism currently operates and reviewed the key literature regarding the development of DMSs and their evolution as a strategic marketing tool for SMEs and public sector organisations. It provided an organising framework against which other contemporary DMSs could be examined.

Objective 2: Use the generic framework from objective 1 to represent differential DMS practice as evidenced through an in-depth analysis of the cases of some contemporary DMSs and in particular to focus on perceptions of success and failure of these DMSs.

For the second objective of the thesis, a thorough analysis of the chosen contemporary DMSs was carried out. The case studies were investigated in an in-depth manner to illustrate different aspects of DMS implementation and organisation at local/regional, national and international level. The case studies described, at least partially, the politics that contributed to and emerged from the implementation of DMSs. Primary research was undertaken through semi-structured interviews and online surveys. A large amount of secondary research was also undertaken in order to gather information.
Chapter seven: Conclusions

Objective 3: Explore the place of VisitWales in relation to Customer Relationship Management (CRM) and wider marketing strategies of Welsh SMEs and Welsh SME perceptions of the benefits of VisitWales for their businesses.

Chapter five (Phase 1) evaluated the attitude of Welsh SMEs towards to e-marketing and customer relationship management (CRM) through their websites by focusing on a purposive sample of Welsh tourism-SME websites selected from the population of businesses represented on VisitWales. Chapter five (Phase 2) explores the perceptions of SME owner-managers of the benefits of VisitWales. A thorough review of the DMS and ICT adoption by SME literature revealed key themes including: The nature of SME business; the attitudes of SMEs towards ICT adoption; SME’s use of the Web and the experience of VisitWales. These themes were used to develop an interview question schedule. A cluster sampling approach of 20 small businesses to reflect geographical distribution across the four regions identified on VisitWales - South Wales, North Wales, Mid-Wales and West Wales - was chosen. Semi-structured interviews were conducted and transcribed.

Objective 4: To trace the evolution and policy context for the VisitWales DMS as implemented by the Wales Tourist Board and evaluate whether it has benefited from the lessons of failure evidenced by other DMSs and to critically examine the role of key stakeholders in the conception, specification, development and implementation of VisitWales.
Chapter seven: Conclusions

Chapter five (phase 3) further examined the role of key stakeholders in the conception, specification, development and implementation of VisitWales. It traces the development of VisitWales - from its inception through to the post implementation phase. It evaluates the VisitWales project within the broader context of European funded programmes in Wales and the Single Programming Document (SPD). These evaluations are supplemented by semi-structured interviews with officials of the Wales Tourist Board, representatives of the tourism industry and developers of the system.

Objective 5: Identify generic guidelines for successful DMS implementation and to reflect on how common problems such as stakeholder co-operation and SME engagement with e-commerce, can ever be resolved.

Chapter six hypothesised the means by which many of the deficiencies of DMSs may be resolved. In addition, it explores why public and private sector destination management systems have struggled to realize their commercial potential. The discussion in chapter six reviewed European and Welsh government’s ICT policies and their understanding of SMEs in order to find out whether the problem of SMEs engagement with e-commerce can ever be resolved.
7.3 KEY FINDINGS

The discussion in chapter three suggests that although the emergence of the Web and consequently e-commerce has attracted many tourism providers and DMOs to consider the implications of global promotion of their brands, the impact of this technology may not be as radical and innovative as it appears at first brush. During any period of change there will be winners and losers as demand shifts from one provider to another. Whilst the introduction of the new technology has created opportunities for DMOs, it has also presented significant challenges as the changing environment has led to a technological stampede where providers are working fervently to re-engineer their business practices.

Industry observers have acknowledged the benefits that ICTs offer small firms in terms of increased business efficiency, product and service differentiation, cost reductions and speed of operational response. There are, however, considerable barriers that could affect the rate of e-business adoption in SMEs. These include lack of business and management skills, insufficient marketing and planning expertise, and desire to operate at base economic level. Furthermore, they are often reluctant to take business risks and are motivated by ‘lifestyle’ considerations as opposed to profit or business expansion. Such factors pose challenges for policy-makers whose concern is to introduce and range of policies and measures to stimulate and support the development of SMEs.

Government interest in creating computer-based national reservations systems for SMEs has resulted in the implementation of DMSs. A range of issues involved in the
Development and implementation of DMSs were explored in chapter three. These included typology of DMSs, their funding models, their ‘raison d’être’, their development, the challenges they have faced and critical success factors.

Based on the organizing framework presented in Chapter 3, other contemporary DMSs were evaluated and led to a number of findings relating to the conclusions of previous DMS researchers. One of the most substantial findings relates to the issue of partnerships in DMSs. There are still challenges for sustainable public, public-private and private sector DMSs. Purely non-commercial DMSs suffer from problems of stakeholder cooperation as evidenced in the case of VisitWales and PureNZ. Tourism operators often are reluctant to pay commission and contribute to the cost of operating the DMS. As DMSs do not wish to be seen as publicly subsidising competition by larger hotels and travel agents, they are marginalised to the marketing of SMEs in remote regions. Also, public sector DMSs are driven by public interest and not by business requirements and e-commerce developments.

Purely commercial systems are not deemed to be comprehensive enough and tend to under-provide resources for marketing the destination. With private sector responsibility, big industry players tend to dominate and benefits are unequally spread. An organisation with purely commercial goals cannot be expected to promote establishments which impose greater costs than they bring revenue into the DMS (Colebrook, 2004). In addition, online commercial agencies are not necessarily interested in selling the destination but are concerned with selling products that bring them revenue.
The problems with the two models stated above have led to many public-private partnerships. Tiscover is probably the most successful public-private partnership which is quoted on every occasion. However, there are still challenges for public-private partnerships. In a partnership situation, relationships with industry may be conditioned by public sector principles that may include issues of accountability, data ownership and privacy concerns (Elliott, 1997; Faulkner, 1997). This can complicate and prolong policy process for the industry thus reducing its timely and appropriate responsiveness.

In some organisations, there is growing realisation that a DMS needs to be driven by commercial needs as opposed to public interest. Gulliver, the Irish Tourist Board’s DMS Chapter 3 (pg: 118), has defied conventional wisdom and gone back to basics (Rafferty and Kelly, 2003 cited Mistilis and Daniele, 2004) as Gulliver now regards market forces as the principal element and is driven by business requirements, rather than public interest.

VisitWales’ (a wholly public sector initiative) success was dependent upon a number of inter-related factors that were dynamic, complex and variable, many of which were beyond its control. Most of the problems of VisitWales stem from the fact that they tried to incorporate ‘too much’ into the system. Being a quasi-autonomous public sector organisation, WTB’s lack of basic business knowledge and poor-business plans played a huge part. Moreover, failure to meet SME expectations and the inability to bring any significant increase in the volume of visitors to the region contributed to the problem.
Most successful online businesses have sound strategies and have been able to deal with the limitations of the Web by creating market niches, producing better web sites, and exploiting economies of scale through product/service differentiation. VisitWales, like other public sector DMSs operating in the other regions of the world, is trying to sell a largely undifferentiated product and is trying to survive in a very aggressive and a competitive market environment.

Literature recommends that DMOs need to become more business-like and develop a culture that encourages innovation and risk-taking. However, such values are at odds with the values of ‘democratic politics and administration’ (Terry, 1993: 393). As Colebrook (2005) suggests, ‘tourist boards have lot of values like independence, impartiality, comprehensiveness’, which cannot be provided by a commercial DMSs (supposedly more successful) to the same extent as they are driven by profit.

The Web makes available an overwhelming quantity of information it to its users. This represents a major problem because finding specific information can become a complicated and time-consuming process. Those DMOs, such as TNZ, which develop a DMS strategy which is at the heart of the organisation can hope for some success. Tiscover had a ‘first mover advantage’ and has been able to build on that brand name. To be effective, brands must be promoted through the global mass media. Brand awareness is a critical issue and is becoming an essential part of the marketing landscape of most DMOs.
National DMSs are facing increasing competition from online servers such as Travelocity, Expedia, Orbitz and through loose aggregations of private operators, local councils or tourism authorities and smaller DMSs (Mistilis and Daniele, 2004). Life seems to be tougher for the public sector DMSs who are trying to balance the needs of the innumerable stakeholders in their destination.

The idea of a single co-ordinated destination is still to be realized as problem of SME co-operation and involvement in DMSs initiatives is pervasive. The position of SMEs, who lie at the heart of the system, is of critical importance to the progress of DMSs. Policy makers need to find out more about the need and motivations of individuals who set up and operate their own tourism businesses in an effort to understand their self-ascribed goals that impact on their interaction with DMS.

The study suggests that previous academic research is not explicit about governments political agenda associated with SMEs which impacts on the success of DMSs. The essence of the discussion in chapter six highlighted how rhetoric of globalization, competitiveness and ICT has crept into government strategy on DMS implementation. There is a pervasive assumption concerning official ‘support’ for SME development. The discussion highlights that there are no indicators at present that DMSs are adding commercial value to SME operations and that many of the taken-for-granted assumptions about DMS technology should be challenged and a hard look should be taken at the claimed benefits and costs. Currently, there is neither empirical nor theoretical reason to
believe that this scenario will change for the better. From this perspective, neither academics nor policy-makers can lose sight of fundamental issues surrounding all the DMSs which technology may not be capable of addressing.

7.4 CONTRIBUTION OF THE THESIS

The thesis makes a contribution to the understanding of various issues related to Destination Management Systems, including: Web marketing, public policy, information technology, branding, SMEs and Entrepreneurship. Through its review of literature and generation of ideas it adds to the growing academic literature about DMSs. Another significant contribution of the research is tracing the development of VisitWales and evaluating to what extent it has been successful in meeting its objectives. Supplemented by the findings from SME interviews, key stakeholders, and secondary data involved in the development of the DMS, the study provides a comprehensive view of the development, implementation and post-implementation of VisitWales.

The research has hypothesised the means by which many of the deficiencies of DMSs may be resolved. Although the thesis is not meant to be a panacea for the deficiencies of VisitWales, it is intended that the reader would have a more informed understanding of why VisitWales is in its present predicament. More significantly, the study has raised questions on the viability of DMSs, and highlighted the political agendas which often drive the development of such systems.
One of the findings of the research has been that SMEs have lacked the enthusiasm to engage with *VisitWales*. This raises questions on the level of consultation that took place and casts doubt on the research carried out about ‘the actual need’ and ‘benefits’ of the system at grass-root level. Foremost in driving the successful development and management of DMS is the key strategic issue- ‘Who does the DMS represent a competitive opportunity for?’ Does the DMS address a genuine requirement or is it a tool used primarily by the government to gain funding rather than meet a specific need within the tourism industry? If the ‘need’ had been researched thoroughly by consultation with the SMEs, it would have demonstrated that SMEs who are growth-oriented are capable of acting independently and market themselves through existing channels and those that are not overtly growth-driven cannot be forced to participate in the venture. Thus, the future of DMSs as a significant contributor to the tourism industry can never be fully realised while there is still a lack of consultation, and a clear planning and operational strategy. Furthermore, as long as DMSs remain entrenched within political control, and investment, the benefits to the small operators will be limited.

The author drew on the field of hermeneutics to develop a discourse analysis approach that is informed by interpretivism to study the phenomenon of DMSs. The most important contribution of hermeneutics is its extension of existing interpretive approaches to the study of management. Documents of various kinds such as newsletters of organisations, speeches, and press releases, that could inform on the current development and explain the complexity of the study were analysed and interpreted. Hermeneutics enabled the author to connect ideas of culture, domination, and power to the study.
Having commenced the thesis by asking if *VisitWales* has benefited from the lessons of failure evidenced by other DMSs, the author concludes that it is more pertinent to ask the question why there is continual investment by governments across the world into DMSs that continue to under perform and result in failure. Some of the problems that limited the potential of DMS initiatives implemented in the past still remain, despite significant improvement in technology.

It is hoped that the findings of this study will stimulate the debate about the future direction of *VisitWales* and other DMSs. A more questioning perspective on the claims of success of DMS is required and rigorous examination of the costs and benefits is needed. If ICT policies are to address the problem of marketing in SMEs effectively, much more needs to be understood about the role of ICT in the lives of the SME individuals and communities. It is high time policy-makers started addressing the views of those who express concerns about DMS technology and associated issues, rather than ignoring or marginalizing them.

Finally, adopting a heterogeneous approach enabled the author to understand better the processes that make DMS such a complex study. Such an approach encapsulated the intricacies, tensions, and politics that DMSs find themselves in, and proved to be the most appropriate means by which the author was able to explain the nuances and complexities in the study of DMSs.
7.5 LIMITATIONS

In relation to this dynamic field of study, three major limitations were recognised. Firstly, due to the confidential nature of the study, the data used in the case studies has been collected from many different sources such as government web sites, private organisations, ministerial websites, and newspapers. In some cases, access to government reports and officials was restricted and obtaining data has also been problematic.

Secondly, the on-line (Web) survey that was used to evaluate views of SMEs using Tiscover, is a relatively new and a developing phenomenon. There are generally meant for carefully targeted and highly motivated populations and there are virtually no comparable studies that could indicate whether the response rate of the survey used is satisfactory or not. To minimize incompatibilities with browsers, survey pages were compliant with HTML 3.0. The survey instrument used for suppliers on Tiscover was designed to reduce sampling, response and questionnaire bias.

Thirdly, one of the main limitations of case study research is the restricted external validity and the challenge of making recommendations beyond the cases being studied. Although depth of information is gathered, extrapolating to different situations could be problematic. However, generalisations made in the research are moderate and contribute to the theoretical understanding of DMS issues and provide an academic framework for further study.
7.6 DIRECTIONS FOR FURTHER RESEARCH

As governments continue to make significant investments in DMSs, the research findings provide some promising areas for future investigation that are highlighted below:

> Low uptake of DMS technology by SMEs has grave implications for DMSs in general as they may fall out of the value chain. An extensive analysis of SME participation and attitudes towards DMSs needs to be done in order to evaluate the extent of the usage of such channels. This study used semi-structured interviews and an on-line survey to investigate the attitudes of SMEs towards the benefits of the DMSs on which they were represented. Perhaps other studies could use alternative methodologies or expand the online survey to examine the attitudes of the SMEs and their online behaviour by selecting a larger random sample that would be representative of the population.

> The focus of this study was on SMEs and governments in particular. The role of the consumer was not investigated. This could be another possible area of further research where the attitude of the end-users towards DMSs could be explored.

> Academic research has largely ignored or is not explicit about government’s political agenda associated with SMEs which impacts on the success of DMSs. The author use an interpretivist approach to research the development process of DMSs. Perhaps more research could be geared towards the political dimension i.e.
the reasons for continual investment by governments into DMS that continue to under perform and result in failure.

This study recognises that a public sector initiative cannot be judged in terms of commercial viability and is in principal different to a private sector organisation or a public-private partnership. However, an appraisal of costs and benefits of every project needs to be conducted in order to assess their viability and prevent further investment in case of a failure.

7.7 FINAL THOUGHTS

The chapter draws to a conclusion the research for this thesis. In doing so, it acknowledges that DMSs are faced with innumerable inter-related factors that are dynamic, variable, complex and many of which are beyond their control. Adapting a heterogeneous approach enabled the author to understand better the process that contributed to making such a convoluted environment. Whilst the initial intention was to identify a recipe for success, it is clear that DMSs cannot prosper within the existing policy, environment and structure. Therefore, until these complex issues are addressed, it seems the benefits of this ideal system cannot be achieved, despite any amount of government investment.
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References


References


APPENDICES
Appendix A - Interview pattern with Business Development Executives of the DMS studied

The Development Plan for DMS

- Is the DMS a totally public initiative or a private initiative?
- Who conceived the idea for the DMS?
- How was the decision to develop the DMS determined?
- How long did the process take to come to fruition?

Requirements Analysis

- How were the requirements for the system defined?
- Were the requirements for the system very clear from the beginning?

About the DMS

- How is the DMS funded?
- Do customers pay for being on it?
- How did the suppliers in the region react to the DMS?
- Could you give an estimate the number of suppliers using the DMS?
- If the accommodation supplier doesn’t manage and update their data, how do you ensure that the data on the site is current and updated?
- How do you establish and maintain contact with the various suppliers?
- What kind of quality control procedures does the DMS have i.e. to make sure that the data on it is current and updated?
- How do suppliers manage their data on the DMS?
- What proportion of small businesses does it represent i.e. micro-businesses?
- How does the DMS promote the brands of individual suppliers?
- How many businesses at present are bookable through the DMS?

Viability of the project

- How does the DMS pay for itself in financial terms? Are you going to privatise it in the near future?
- Research suggests that over 200 different kinds of DMSs have failed over the last decade. What is so different about the DMS?
- Would you be able to give an estimate of how much business has been conducted through the system so far?
Appendix B- Copy of the online survey in German

Sie sind auf dieser Webseite gelandet über die an Ihnen gesendete email. Ergänzen Sie bitte die folgenden Informationen:

<table>
<thead>
<tr>
<th>Name des Unternehmens</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ort</td>
</tr>
<tr>
<td>Land</td>
</tr>
</tbody>
</table>

**Section 1 : Geschäftsinformation**

1. Ist das der einzige Betrieb den Sie führen?

Ja [ ] Nein [ ]

1.a. Falls nein, bitte geben Sie weitere Betriebe an.

2. Wieviele Zimmer sind in Ihrem Betrieb?

3. Anzahl des Personals, das Sie beschäftigen (Vollzeit- und Teilzeitbeschäftigte)?

Vollzeitbeschäftigte [ ]

Teilzeitbeschäftigte [ ]

Falls Sie keine Angestellten haben, dann klicken Sie bitte hier [ ]

4. Seit wann gibt es Ihren Betrieb?

5. Wie hoch ist der durchschnittliche Umsatz Ihres Betriebs?

[ ] 1 - 10,000 €

[ ] 10,001 - 20,000 €
Section 2 : Tiscover

6. Seit wann benutzen Sie Tiscover?

7. Warum haben Sie sich bei Tiscover angemeldet?

8. Wurden dadurch Ihre Ziele erreicht?

9. Zahlen Sie für diesen Service?
   Ja ☐  Nein ☐

10. Wenn Ja, wieviel?

11. Wissen Sie den Ursprung Ihrer Buchungen die Sie bekommen?
   Ja ☐  Nein ☐

12. Wenn ja, geben Sie bitte den Prozentsatz Ihrer Gesamtbuchungen an, der durch Tiscover erfolgt.
13. Bieten Sie direkte online Buchungen an durch Tiscover?
Ja  Nein

14. Wie aktualisieren Sie Ihre Daten/Information in Tiscover?
Über:
  - Computer
  - Handy
  - Tourismusbüro
  - Andere

Falls Andere bitte geben Sie Details an.

15. Wie oft aktualisieren Sie Ihren Eintrag/Information?
  - Mehrmals pro Tag
  - Täglich
  - Wöchentlich
  - Einmal im Monat
  - Jährlich
  - Nie

16. Welche anderen Buchungssysteme benutzen Sie?

17. Welches System gibt Ihnen die größte Zahl von Buchungen?

Vielen Dank für Ihre Zeit und Hilfe bei diesem Fragebogen.
Appendix B-1-1- Copy of online survey in English

You have come to the website as a result of the email sent to you. Please fill in the following information:

Property Name
Town
Country

**Section 1: Business Information**

1. Is this the only business you run?

   Yes [ ] No [ ]

1.a. If no, what other businesses are you responsible for?

2. How many rooms are in your establishment?

3. How many people do you employ?

4. How long has the business been running?

5. What would be the approximate turnover of the business?

   - 1 - 10,000 €
   - 10,001 - 20,000 €
   - 20,001 - 40,000 €
   - 40,001 - 100,000 €
Section 2: Tiscover

6. How long have you been using the system?

7. Do you pay for being on the system?
   Yes ☐  No ☐

8. If yes, how much do you pay?

9. Do you track the source of your bookings?
   Yes ☐  No ☐

10. If yes, could you mention what percentage of your total bookings come through Tiscover?

11. Do you provide real-time availability / online booking?
    Yes ☐  No ☐

12. How do you update your data/information in Tiscover?
    ☑ PC
    ☐ Mobile Phone
    ☐ Tourist Board
13. How often do you update your inventory/information on Tiscover?

- Several times a day
- Daily
- Weekly
- Monthly
- Annually
- Never Update

14. What other systems do you subscribe to?

15. Which system gives you the maximum number of bookings?

16. In your opinion, what would make Tiscover more effective?

Many thanks for your time and co-operation in completing this questionnaire
<table>
<thead>
<tr>
<th>Design Features</th>
<th>Sub-optimal</th>
<th>Satisfactory</th>
<th>Good</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ACCESSIBILITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accessibility</td>
<td>Website is always offline, not accessible from most search engines, ranks low on search engines.</td>
<td>Website is generally accessible, accessible from at least major search engines, ranks high (top 20 sites) on major search engines.</td>
<td>Website consistently accessible from all search engines, ranks high (top 10 sites) on search engines, accessible from other parent (chain) sites.</td>
<td>Foster (1999); Guenther (1999); Users interviews.</td>
</tr>
<tr>
<td>Downloading</td>
<td>Downloads in more than 30 seconds, downloads with many missing elements (e.g. graphics), not compatible with user’s web browser.</td>
<td>Site downloads in 10 to 30 seconds, site downloads with incomplete elements, downloads directly on user’s web browser.</td>
<td>Downloads in 10 seconds or less, downloads complete with no missing elements, downloads directly on user’s web browser.</td>
<td>GVU (1998); Dellaret and Kahn (1999); Nielsen (1999b); Nielsen (2000a); Schaffer (2001).</td>
</tr>
<tr>
<td>Navigation</td>
<td>Difficult to navigate, does not include any navigation tools, very difficult to move between pages, includes dead or inactive hyperlinks.</td>
<td>Easy to navigate, includes navigation tools, easy to move between pages, includes active hyperlinks.</td>
<td>Very easy to navigate, includes interesting and interactive navigation tools, all hyperlinks are active and live.</td>
<td>Lemay (1995); Murphy et al. (1996a); Hamill and Gregory (1997); Standing and Vasudavan (1999); Users interviews.</td>
</tr>
<tr>
<td>URL</td>
<td>Does not operate under its own URL, URL address is long and difficult to remember, does not reflect the hotel brand.</td>
<td>N/A</td>
<td>Operates under its own URL, short and easy to remember, reflects the hotel brand.</td>
<td>Murphy et al. (1996a); Lederer and Maupin (1997); Foster (1998); Fama (1999); Weeks and Grouch (1999).</td>
</tr>
<tr>
<td><strong>INFORMATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Destination contents</td>
<td>No destination contents available</td>
<td>N/A</td>
<td>Detailed destination contents available</td>
<td>On-line survey.</td>
</tr>
<tr>
<td>Price information available on-line</td>
<td>Price information is not available or vague.</td>
<td>Price information available, but no details.</td>
<td>Price information available with more details.</td>
<td>On-line survey.</td>
</tr>
<tr>
<td>Basic product information</td>
<td>Lacks basic information about the product.</td>
<td>Basic information about the product is available.</td>
<td>Many items of basic information about the product are available.</td>
<td>Murphy et al. (1996a); Gilbert et al. (1999); Users interviews.</td>
</tr>
<tr>
<td>Additional product information</td>
<td>Lacks additional product information.</td>
<td>N/A</td>
<td>Detailed product information is available.</td>
<td>Foster (1999); Lodging news (2001); Bakos (2001); Users interviews.</td>
</tr>
<tr>
<td>Product availability</td>
<td>Not possible to check.</td>
<td>Only possible to check by e-mail.</td>
<td>Can be checked instantly on-line.</td>
<td>Gilbert et al. (1999); On-line survey.</td>
</tr>
<tr>
<td>On-line advertising</td>
<td>No on-line advertising items.</td>
<td>Some advertising items available.</td>
<td>Advertising items are well used.</td>
<td>Dutta et al. (1998); On-line survey.</td>
</tr>
<tr>
<td>Search the site</td>
<td>Not possible.</td>
<td>Not updated. Never show when last updated.</td>
<td>Not frequently updated, shows when it is last updated.</td>
<td>Frequently updated, shows when it is last updated.</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-------------</td>
<td>-----------------------------------------------</td>
<td>--------------------------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>Updates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graphics</td>
<td>General misuse of Graphics, no consistency in using fonts and colours, contains complex backgrounds, large image blocks; many moving useless item.</td>
<td>Good use of graphics but overly dependent on them.</td>
<td>Graphics are used to provide a dynamic, attractive feel to the site</td>
<td>Tittel and James (1995); DeAngellis (1996); Burns (1997); Users interviews.</td>
</tr>
</tbody>
</table>

**E-COMMERCE/ IMMEDIACY**

<table>
<thead>
<tr>
<th>Real time confirmation</th>
<th>Not available</th>
<th>Confirmation available by email but usually takes few days to respond to confirmation.</th>
<th>Instant real time confirmation available.</th>
<th>Gilbert et al. (1999); Weeks and Crouch (1999); On-line survey.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real time processing of orders</td>
<td>Not provided.</td>
<td>N/A</td>
<td>Instant real time processing of orders provided.</td>
<td>Ellisworth and Ellisworth (1997); Gilbert et al. (1999).</td>
</tr>
<tr>
<td>Currency converter</td>
<td>Not included.</td>
<td>Show prices in two or more currencies.</td>
<td>Currency converter available.</td>
<td>On-line survey.</td>
</tr>
<tr>
<td>Email reservation</td>
<td>Not available.</td>
<td>Available but slow and takes long time to confirm.</td>
<td>Available and usually confirms the same/next day.</td>
<td>Gilbert et al. (1999); (Price and Starkov, 2002).</td>
</tr>
<tr>
<td>Privacy and security</td>
<td>Security and encryption systems are not employed; no sign of security standards on site.</td>
<td>N/A</td>
<td>Security encryption systems are not employed.</td>
<td>Ellisworth and Ellisworth (1997); Silversten (1999); Klemow (1999).</td>
</tr>
<tr>
<td>Credit cards used</td>
<td>Not applicable.</td>
<td>N/A</td>
<td>Provided</td>
<td>On-line survey.</td>
</tr>
<tr>
<td>Customer Relationship</td>
<td>FAQ (Frequently Asked Questions)</td>
<td>Direct email</td>
<td>Discounts</td>
<td>Feedback form</td>
</tr>
<tr>
<td>-----------------------</td>
<td>----------------------------------</td>
<td>--------------</td>
<td>-----------</td>
<td>----------------</td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td>Possible but reply always late.</td>
<td>Available.</td>
<td>Possible with immediate response.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Immediacy features are included in the e-commerce/immediacy section to avoid duplication. Immediacy features include: email reservation, on-line reservation, real-time processing of orders and real-time confirmation.*
Appendix D

Semi-Structured Interview Plan for Hotel Accommodation Suppliers

I have four areas that I wish to speak about.

Section A: Business Information

- How would you describe your primary business activity?
- How many businesses do you run?
- How many people do you employ in your hotel?
- How many rooms are there in your establishment?
- Who owns and manages it?
- How would you describe the management structure of your business? Centralised/Decentralised.
- Could you please draw a picture that describes the management structure in your business (e.g. an organisational tree)?

- How long has your business been running?
- What was the initial motivation behind the enterprise?
- What would you say is the main season for your business? Are you open all year round?
- What would be the approximate turnover of the business?
  a) £1-£10,000
Appendix D

b) £10,001-£20,000
c) £20,001-£40,000
d) £40,001-£100,000
e) £100,001-£250,000
f) £250,001-£500,000
g) £500,000+

- Are you VAT registered?
- What is the unique selling point of the business?
- Are you a member of any organisation?

Section B - Business culture and ICT integration with that culture

- Do you have a business strategy/development plan?
- Is it a ’written’ down plan?
- Why did you develop it?
- How often do you update it?
- Do you have a marketing plan? Yes or No
- Is it written down?
- If No, how do you market your business?
- If Yes, Is the marketing plan incorporated in the business plan or separate from it?
- How important is ICT for your business?
- What do you use IT for in your business?
- How does being on the net fit in with the overall strategy of your business?
- Does your plan talk about web marketing explicitly?
- Does it explicitly mention VW?

Section C - Experience of VisitWales

- What has been your experience of VisitWales?
- What were your motives for joining VisitWales?
- How did you hear about it/how were you recruited onto VW?
- What did you have to do?
- Did you talk to anyone?
- How much did it cost?
- Do you pay any commission /charge on bookings obtained from the DMS?
- At the moment there is no membership fees for VW. Would you be willing to pay a subscription in the near future?
- How long did it take to get on to VW?
- When did you join?
- How much information did you have before you joined VW?
- Have you been pleased with the outcomes of participating in VW?
- What impact has being on VisitWales had on your business?
- Would you have any idea of the number of bookings you get through the Internet?
  Do you track the source at all?
- Who do you interact with in relation to VW
- How does that feel
- What is good or bad about the interaction?

For those suppliers with a website
- Did you have a website first and then went onto VW or did you develop a website so you could go on *VisitWales*?
- Who developed the website for you?
- Who maintains it?
- Have you seen your website?
- Are you pleased with your website?
- What would you change about your website?
- Does your website generate emails?
- Do you do any proactive emailing?
- How often do you access emails?
- Do you find emailing a productive sales channel?
- How quickly do you respond to the emails that you receive from your consumers?

For businesses that do not allow booking through VW
- How important is it to provide real-time availability of information to the consumer?
- Why have/haven’t you decided to use the VW booking facility?
- How do you feel about the standard format on VW? Do you think it’s a good or a bad thing?
- Do you think that VW has raised the profile of Wales and its overall credibility in anyway?

**Section D: Business Profile Questionnaire**

- Name of the Business:
- Address:

Please answer the following questions:

- Age of the Proprietor
- Gender:
- Educational Level:
- Any IT Courses attended:
- IT skill/ability/training:
<table>
<thead>
<tr>
<th>Priority</th>
<th>Title</th>
<th>Resources (Million Euros)</th>
<th>Spatial Targeting</th>
<th>Measures (fund) (% of priorities' resources)</th>
</tr>
</thead>
</table>
| 1        | Expanding and developing the SME base                                  | ERDF: 336.9 | ESF: 124.5 | Total: 461.9 | % of total: 24.9 | Generic Priority: Applies across region | 1. Financial support for SMEs (ERDF)(15-20)  
2. Promoting entrepreneurship and birth rate of SMEs (ERDF) (15-20)  
3. Developing competitive SMEs (ERDF) (20-25)  
4. Promoting adaptability and entrepreneurship (27)  
5. Providing sites and premises for SMEs (ERDF) (15-20) |
| 2        | Developing innovation and the knowledge based economy                 | ERDF: 258.9 | ESF: 37.5 | Total: 296.2 | % of total: 16 | Not spatially targeted. Clear criteria set for measures 1 and 3. Measure 1 to tackle peripherality of former 5th rural areas, northern and western areas of the valleys. Measure 3 to maximize developing existing clusters and developing new R&D around further and higher educational institutions. | 1. ICT infrastructure (ERDF) (20-25)  
2. Stimulate and support demand for ICT (ERDF)(20-25)  
3. Support development of innovation and R&D (ERDF) (35-40)  
4. Skills for innovation and technology (ESF) (13)  
5. Clean energy sector development(ERDF) (10-15) |
| 3        | Community economic regeneration                                        | ERDF: 150  | ESF: 22.5 | Total: 172.5 | % of total: 9.6 | Utilize National Assembly commission's index of deprivation, 65% of resources to communities up to 10,000, locally identified as facing multiple deprivation At least two-thirds of the population in any area will live in wards rated as amongst 40% most deprived in region. 30% to groups of communities up to 5000 facing socioeconomic disadvantage reinforced by isolation. At least two-thirds in wards rated as among both 40% most peripheral and 50% most deprived, Overall no more than 30% of region's population covered. | 1. Community action for social exclusion (ESF) (13)  
2. Partnership and community capacity building(ERDF) (15-20)  
3. Regeneration of deprived areas through community led action (ERDF) (40-50)  
4. Support for creation % development of business in social economy (ERDF) (20-25) |
| 4        | Developing people                                                     | ERDF: 66   | ESF: 402 | Total: 468  | % of total: 25.3 | Concentrated on young people and others at risk of moving into long-term unemployment or inactivity. Spatial targeting of areas with high unemployment through employment zones. | 1. Preventative and active labour market measures (ESF) (30-35)  
2. Social inclusion (ESF) (20-25)  
3. Lifelong Learning (ESF)(20-25)  
4. Improving learning system (ERDF) (14)  
5. Improving participation of women in the labour market (ESF) (5-10)  
6. Anticipation and analysis of skills needs (ESF) (1-5) |
## Appendix E

<table>
<thead>
<tr>
<th>Priority</th>
<th>Title</th>
<th>Spatial Targeting</th>
<th>Resources (million Euro)</th>
<th>Measures [head (% of prioritised resources)]</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Rural development and sustainable use of natural resources</td>
<td>ESF: 12.3</td>
<td>EAGF: 30.5</td>
<td>N of total: 11.5</td>
</tr>
<tr>
<td>6</td>
<td>Strategic infrastructure development</td>
<td>ESF: 11.3</td>
<td>EAGF: 21.0</td>
<td>N of total: 11.5</td>
</tr>
<tr>
<td>7</td>
<td>Use of technical assistance</td>
<td>ESF: 11.1</td>
<td>EAGF: 20.5</td>
<td>N of total: 11.4</td>
</tr>
</tbody>
</table>

*Source: National and Regional Authorities*
<table>
<thead>
<tr>
<th>PPP Options</th>
<th>Sponsorship</th>
<th>Buy it &amp; Operate/Outsource</th>
<th>DBFO</th>
<th>Outsource</th>
<th>Joint Venture</th>
<th>Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Database</td>
<td>1</td>
<td>5</td>
<td>1 (limited income potential)</td>
<td>3 (available capital)</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Quality maintenance</td>
<td>1</td>
<td>5</td>
<td>1 (possible timescale issues)</td>
<td>5 (tried &amp; tested)</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Call Centre</td>
<td>5</td>
<td>1 (WTB staff numbers req'd not to increase)</td>
<td>3 (possible timescale issues)</td>
<td>5 (tried &amp; tested)</td>
<td>3</td>
<td>4 (if timing allows)</td>
</tr>
<tr>
<td>Booking Engine</td>
<td>1</td>
<td>5 (tried &amp; tested)</td>
<td>1</td>
<td>5 (tried &amp; tested)</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Internet</td>
<td>5 (Advertising)</td>
<td>4 (tried &amp; tested)</td>
<td>1</td>
<td>5 (tried &amp; tested)</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Extranet</td>
<td>5 (Advertising)</td>
<td>4 (tried &amp; tested)</td>
<td>1</td>
<td>5 (tried &amp; tested)</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

Scoring: 1 – potential low 5 – potential high
Please indicate the level of compliance with the Requirements Catalogue of your proposed DMS Systems for Wales. Refer to the Business Model for full details.

### 6.1 DMS Products & Services

<table>
<thead>
<tr>
<th>Req Set</th>
<th>Requirements Set Title</th>
<th>DFD X Ref</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6.1.1 Supply Summary &amp; Detailed Accommodation Details &amp; Links</td>
<td>2.15, 3.8, 3.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>% Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1(a)</td>
<td><strong>Display Summary Accommodation Information</strong> View a directory of accommodation according to the categories e.g. Hotels, Castles and stately homes, Bed and Breakfast, Leisure and holiday parks, Farm houses, Self-catering, Youth hostels, Camping and caravanning, Inns &amp; Luxury accommodation.</td>
<td></td>
</tr>
<tr>
<td>1(b)</td>
<td>+ Search all accommodation, according to a wide range of search criteria. + There must be frequent update of DMS held accommodation Price and availability information to allow accurate customer searches to be made. + Search results will list accommodation in decreasing order of which they best match the search criteria and not just return 100% matches. This should help to ensure that a match to the search criteria is always found, even if all the search criteria could not be met (e.g. internet search engines). The search results will display for each accommodation:- <strong>At Facility Level:-</strong> Facility Name, Address, Price Range, Facility Description &amp; Directions, Facilities, tourist type (e.g. families), contact details (tel. no., e-mail address, fax no., web address etc) <strong>At Individual Room Level:-</strong> Room type (e.g. single, double), availability, max persons, room price, facilities, Board and booking information.</td>
<td></td>
</tr>
<tr>
<td>1(c)</td>
<td>The ability to book accommodation (see purchase product or service).</td>
<td></td>
</tr>
<tr>
<td>Item</td>
<td>Description</td>
<td>% Compliance</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Introduction</td>
<td>This service provides its user with detailed/searchable information regarding tourism activities within the Wales destination. Functionality of this service should include requirements 2(a) - 2(c) as follows:-</td>
<td></td>
</tr>
<tr>
<td>2(a) Display Summary Activity Information</td>
<td>View a directory of Activities. Select an Activity category and view all Activities in that category.</td>
<td></td>
</tr>
</tbody>
</table>
| 2(b) Display Detailed Activity Information | + Each Activity maybe selected and the supporting information viewed, which will include links to relevant items e.g. accommodation in the vicinity of the Activity.  
+ Activities maybe searched according to the following search criteria:-  
+ Location and distance from town/city (Using GIS), Special Interest and dates.  
+ Links will also be provided for detailed tourist activity information services provided outside the scope of the Wales DMS. |              |
| 2(c) Book Activities     | The ability to book activities (see purchase product or service).                                                                                                                                           |              |

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>% Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>This service provides its user with detailed/searchable information regarding tourist attractions within the Wales destination. Functionality of this service should include the requirements 3(a) - 3(c) as follows:-</td>
<td></td>
</tr>
<tr>
<td>Item</td>
<td>Description</td>
<td>% Compliance</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>3(a) Display Summary</td>
<td>View a directory of attractions according to the categories e.g. Arts, Casinos, Culture, Education, Environmental, Flora, Gallery, Historic, Museum, National Parks, Nightlife, Restaurant, Shopping, Theme Park &amp; Wildlife. Select an attraction category and view all Attractions in that category.</td>
<td></td>
</tr>
<tr>
<td>Attraction Information</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3(b) Display Detailed Attraction Information</td>
<td>+ Select an attraction to view its supporting information. + The Attractions will be searchable according to the following criteria:- - Location and distance from town/city (Using GIS), Category, Special Interest and Dates + Links will also be provided for detailed tourist attraction information services outside the scope of the Wales DMS.</td>
<td></td>
</tr>
<tr>
<td>3(c) Book Attractions</td>
<td>Provide the ability to purchase tickets for visiting the attraction (see purchase product or service).</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Req Set</th>
<th>Requirements Set Title</th>
<th>DFD X Ref</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>6.1.4 Supply Summary and Details of Events &amp; Links</td>
<td>2.10, 3.2, 3.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>% Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>This service provides its user with summary and detailed/searchable information regarding Wales destination events. Relevant links will also be provided for event information services that are provided outside the scope of the Wales DMS. Functionality of this service will include requirements 4(a)–4(c) as follows:-</td>
<td></td>
</tr>
<tr>
<td>4(a) Display Summary Event Information</td>
<td>A directory of forthcoming events listed according to a range of Select an event category and view all Events in that category.</td>
<td></td>
</tr>
<tr>
<td>4(b) Display Detailed Event Information</td>
<td>Each Event maybe selected to view the supporting information, which should include Event Venue, Entrance Fee, Dates/Times, Contact details &amp; Links. The Events should be searchable by location (Using GIS), category of Event &amp; date range of Event.</td>
<td></td>
</tr>
<tr>
<td>4(c) Book Events</td>
<td>Links will be provided to detailed Event information services, that are outside the scope of the DMS e.g. Festival of Countryside. A link will be provided to book Events (see purchase product or service).</td>
<td></td>
</tr>
<tr>
<td>Item</td>
<td>Description</td>
<td>% Compliance</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Introduction</td>
<td>This service provides its user with detailed/searchable information regarding travel to/from Wales and transport within the Wales destination. Relevant links will also be provided for travel and transport information services provided outside the scope of the Wales DMS. Functionality of this service will include requirements 5(a)–5(d) as follows:-</td>
<td></td>
</tr>
</tbody>
</table>
| 5(a) Display Summary Travel & Transport Information | + A directory of the travel & transport options and general information for both:-  
- *International Travel* (e.g. Air, Ferries, Eurotunnel, Sailing Boats) to Wales/UK and  
- *Domestic Transport* (e.g. Air, Trains, Buses, Car Hire, Ferries)  
+ Travel options should be tailored based on customers selected country of origin.  
+ Travel and transport entries may be selected such that the travel options within that category may be viewed. |              |
| 5(b) Display Detailed Travel & Transport Information | + This service is outside the scope of the DMS in that it will be supplied by the providers of travel and transport services. The DMS will therefore provide links to international and domestic travel and transport service providers for detailed information which if possible should be integrated into the DMS information presentation where relevant.  
+ A Travel & Transport search facility should be provided allowing the following search criteria to be entered:-  
- Departure Date/Time, Arrival Date/Time, Depart from/Destination, Connections |              |
| 5(c) Book Travel & Transport | Links to travel & transport service providers and other ticketing offices.                                                                                                                                 |              |
| 5(d) Route Planner          | A car route planner that calculates and displays journeys on a map, where the destination and departure locations are entered by the user. A link to a “roadwatch” service will also be provided.                                         |              |
## Item | Description | % Compliance
---|---|---
### Introduction
This service provides its user with detailed/searchable information regarding Tours that include the Wales destination. Relevant links will also be provided for tour information services provided outside the scope of the Wales DMS. Functionality of this service will include requirements 6(a) – 6(c) as follows:-

### 6(a) Display Summary Tour Information
+ A directory of Tour Categories where each category maybe selected to display all tours in that category.
+ Tours should include e.g. Packaged and non packaged products, self led/guided tours, day trips, itinerary suggestions (including attraction and event links), tour/packages that include Wales as part of the itinerary.

### 6(b) Display Detailed Tour Information
+ Tours maybe selected to view the supporting information provided on each tour,
+ Links will be provided to detailed tour information services provided by the tour operator

### 6(c) Book Tours
The ability to book the tour will be provided (see purchase product or service).

<table>
<thead>
<tr>
<th>Req Set</th>
<th>Requirements Set Title</th>
<th>DFD X Ref</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>6.1.7 Supply Map/Supporting Destination info &amp; Links</td>
<td>3.5</td>
</tr>
</tbody>
</table>

### Item | Description | % Compliance
---|---|---
### Introduction
This service provides several GIS maps of Wales at varying levels of detail. Functionality of this service will include requirements 7(a) – 7(b) as follows:-

### 7(a) Wales Maps
A number of Geographical Information System (GIS) maps of Wales will be provided at a range of levels
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>% Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>7(b)</td>
<td>Display DMS Products &amp; Services on Map</td>
<td></td>
</tr>
</tbody>
</table>
|      | + The map will also be capable of displaying the locations of accommodation, attractions, events, activities and other tourism features which may be selected in other DMS services.  
+ The user of the service will be able to toggle between products, services and features displayed on the map and detailed information provided by other DMS services, such as accommodation, attractions, events, activities and other tourism features. The user of the service will be able to specify what to display on the map, including the display of Wales |              |
| 6.2  | Purchase Supplier Products & Services                                                                                                                                                                                                                                    |              |
| 8   | **6.2.1 Purchase Product or Service**                                                                                                                                                                                                                                   | 4.2, 4.3    |
| Item | Description                                                                                                                                                                                                                                                                                                                                 |              |
| Introduction | This service allows the user to purchase selected products and services on offer through the Wales DMS, by capturing both the order and financial transaction details. Functionality of this service will include requirements 8(a) – 8(c) as follows:-                                      |              |
| 8(a) | Book DMS Products and Services                                                                                                                                                                                                                                           |              |
|      | + The purchase and/or booking of products and services selected in other DMS services  
+ The user will be able purchase and/or book DMS products and services using the shopping cart metaphor, where applicable.  
+ The booking service will need to take into account current procedures and systems.  
+ A link will be provided to register/recognise the customer details (link to register/recognise customer).  
+ The customer will then complete the booking/order information, including the supply of credit card information and payment of a deposit if necessary.  
+ Customer Incentives will be described, that encourage the customer to book through the DMS e.g. Making the customer aware of cheaper tickets through DMS.  
+ A link will be provided to the product or service provider. |              |
<p>| 8(b) | Financial transactions                                                                                                                                                                                                                                                  |              |
|      | An external system will be contacted for financial transactions, all transactions will be secure to current Internet standards.                                                                                                                                             |              |
| 8(c) | + A directory of products that may be ordered in the DMS virtual shop. These products may |              |</p>
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>% Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virtual Shop</td>
<td>include the product categories- Tourist Guide Books, Souvenirs, Maps, T shirts/ Sweat Shirts, Posters, Welsh music cassettes &amp; CD’s.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ The user will be able to select a category to view the products on offer. Information will be displayed on each product which will include product description and price details.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ The user will be able to select products for ordering using the shopping cart metaphor, where applicable.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ A link will be provided to register/recognise the customer details (link to register/recognise customer).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ The customer will then complete the booking/order information, including the supply of credit card information and payment of a deposit if necessary.</td>
<td></td>
</tr>
</tbody>
</table>

6.3 Maintain & Manage DMS data

<table>
<thead>
<tr>
<th>Req Set</th>
<th>Requirements Set Title</th>
<th>DFD X Ref</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>6.3.1 Maintain &amp; Quality Control DMS Data and Manage DMS</td>
<td>6.1, 6.2, 6.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>% Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>This service is used by the Wales Destination Management Organisations to maintain and quality control all the Wales DMS data for which they are responsible. This will include the maintenance of system level data, including maintenance of system security settings. Functionality of this service will include requirements 9(a)-9(c) as follows:-</td>
<td></td>
</tr>
<tr>
<td>9(a) Maintain DMO Owned data</td>
<td>The maintenance of all DMS data that is the responsibility of DMO’s (quality and integrity is key) from various remote and local locations, relative to where the data is stored. + Read/Write access to the data will be defined by DMS system security functionality and maintained by WTB. + An audit trail should be provided of updates to DMS Data. + Where relevant and possible, updates to DMS data (e.g. product orders) should be linked to the customer. + Data duplication and therefore redundancy should be minimised.</td>
<td></td>
</tr>
<tr>
<td>Item</td>
<td>Description</td>
<td>% Compliance</td>
</tr>
<tr>
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<tr>
<td>9(b) Maintain Suppliers Data</td>
<td>This service is used by the Suppliers of information to the Wales DMS to maintain all the data for which they are responsible. + Read/Write access to the data will be defined by DMS system security functionality and maintained by WTB. The same category of data will be maintained at different levels by different people and this will need to be reflected in the DMS security settings. + An audit trail should be provided of updates to DMS Data. + Where relevant and possible, updates to DMS data (e.g. product orders) should be linked to the customer. + Data duplication and therefore redundancy should be minimised.</td>
<td></td>
</tr>
<tr>
<td>9(c) Quality Control DMS Data</td>
<td>This service is used to quality control the DMS data and report on data that fails the quality control standards. The functionality of this service should include: + Where possible, quality control procedures should be automated and where not the DMS should provide as much support as possible to the quality control procedures. + Data quality checks will need to be implemented by the WTB, RTC’s and LA’s. + Actions should be recorded that respond to any data that fails to meet the defined quality standards. + Reports will be generated to the owner of data that fails to meet the quality standards.</td>
<td></td>
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</table>

### 6.4 Provide Support Information & services

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<tr>
<th>Req Set</th>
<th>Requirements Set Title</th>
<th>DFD X Ref</th>
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</thead>
<tbody>
<tr>
<td>10</td>
<td>6.4.1 Travel Tools</td>
<td>2.1</td>
</tr>
</tbody>
</table>

<p>| Item                                      | Description                                                                                                                                 |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Introduction                             | Travel tool functionality will be provided and where possible implemented through links to existing tool services provided by 3rd parties. Functionality of this service will include requirements 10(a)-10(g) as follows: |              |
| 10(a) Currency Converter                 | A currency converter with “up to date” Information on currency exchange rates for tourists.                                                    |              |
| 10(b) UK Mileage Converter               | UK Mileage calculator where the distance in miles of kilometres maybe calculated between Welsh towns and cities.                                |              |
| 10(c) Metric Converter                   | Metric/Imperial Converter.                                                                                                                 |              |</p>
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<tr>
<th>Item</th>
<th>Description</th>
<th>% Compliance</th>
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<tbody>
<tr>
<td>10(d)</td>
<td>Weather Forecast Service</td>
<td></td>
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<tr>
<td>10(e)</td>
<td>Calendar &amp; Calculator</td>
<td></td>
</tr>
<tr>
<td>10(f)</td>
<td>Travel Tips (International customers only) e.g. Passport information/Visas, Inoculations etc.</td>
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<tr>
<td>10(g)</td>
<td>Safe Tanning Guide</td>
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<th>Req Set</th>
<th>Requirements Set Title</th>
<th>DFD X Ref</th>
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</thead>
<tbody>
<tr>
<td>11</td>
<td>6.4.2 Display Summary Information</td>
<td>2.4, 2.6, 2.7, 2.3, 2.11</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>% Compliance</th>
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<tbody>
<tr>
<td>Introduction</td>
<td>This service provides the functionality to display supporting DMS information to the customer e.g. culture and customs of Wales. Functionality of this service will include requirements 11(a)-11(e) as follows:—</td>
<td></td>
</tr>
</tbody>
</table>
| 11(a) Supply Summary Products & Services Information | This service provides its user with summary information on the products and services offered by the Wales DMS, including special offers. This service provides the main navigation about the DMS. The functionality of this service should include:—  
+ An intuitive, easy to use and well designed menu of the services and products that are offered by the DMS, which is easily accessible at all times, by the user. Needs to incorporate branding image and put over the look and feel of Wales, so as to market the destination in the most positive and inviting manner (aspiration is primary).  
+ Destination details  
+ A brief description of each DMS Product and Service  
+ Travel Packages should be advertised, where the packages are dependent on the customers selected country of origin.  
+ Special offers should be advertised, where the offers are dependent on the customers selected country of origin.  
+ A help function for each of the DMS products and services  
+ The user will be able to view general information on the geography and topography of Wales |              |
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Supply Geography, Topographic Data &amp; Links</td>
<td>+ Links will be provided to geographical and topographical services outside the scope of the DMS.</td>
</tr>
<tr>
<td>11(c) Supply Contact Details</td>
<td>This service provides its user with relevant Wales destination contact details.</td>
</tr>
<tr>
<td>11(d) Supply Culture &amp; Custom Details &amp; Links</td>
<td>This service provides its user with information on the customs and culture of Wales.</td>
</tr>
</tbody>
</table>
| 11(e) General Tourism Statistics & Corporate Info                   | This service provides its user with general tourism statistics and corporate information for perusal by the user of this service. The functionality of this service will include:  
  + Supply Tourist Statistics information to the user of this service.  
  + Supply Corporate information for the WTB and other DMO's to the user of this service.  
  + *Supply educational/research information to the user of this service* |

6.5 Supply Publication Service

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<tr>
<th>Req</th>
<th>Requirements Set Title</th>
<th>DFD X Ref</th>
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</thead>
<tbody>
<tr>
<td>12</td>
<td>6.5.1 Record Publication Request</td>
<td>5.1, 5.2</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Item</th>
<th>Description</th>
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<tbody>
<tr>
<td>Introduction</td>
<td>This service allows the user to request a publication on the Wales destination. Functionality of this service will include requirements 12(a)-12(e) as follows:-</td>
</tr>
<tr>
<td>12(a) Directory of DMS Publications</td>
<td>Display a directory of publications for ordering, which will include pictorial views of brochures.</td>
</tr>
<tr>
<td>12(b) Publication Ordering</td>
<td>Allow the customer to order a publication and record their order details.</td>
</tr>
<tr>
<td>12(c) Register/Recognise Customer</td>
<td>Register/recognise the customer details before ordering (link to register/recognise customer).</td>
</tr>
<tr>
<td>Requirement</td>
<td>Description</td>
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<tr>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Introduction</td>
<td>This service recognises existing customers through their unique ID and allows new customers to register their personal details with the Wales DMS. Functionality of this service will include requirements 13(a)-13(b) as follows:-</td>
</tr>
</tbody>
</table>
| 13(a) Recognition of Existing Customers | + The system will recognise existing customers through the entry of a logon id and password.  
+ Customers who have forgotten their logon id, will be assisted through them re-entering their Name, D.O.B. and post code (both domestic & international), for which a fuzzy logic search will be conducted and their id displayed. Customers who have forgotten their password, will be assisted through them entering a password reminder during registration, which may later be used to prompt them. |
| 13(b) Registration of New Customers | + New customers will be requested to a range of personal information:  
+ The system will make use of the post office post code package for entering the customer address (domestic).  
+ The system must be able to accommodate domestic and international address structures.  
+ The system will after registration be able to recognise the customer by entry of their logon id and password.  
+ This service must be compliant with Data Protection Act requirements. |
### 6.7 Customer Relationship Management

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<tr>
<th>Req Set</th>
<th>Requirements Set Title</th>
<th>DFD X Ref</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>Manage Customer Feedback/ Track Customer Info fulfilment &amp; Actual Activity/ Contact Management</td>
<td>7.1, 7.3, 7.4</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>% Compliance</th>
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<tbody>
<tr>
<td>Introduction</td>
<td>This service captures the customer feedback, records the information provided to the customer and records the actual customer activities.</td>
<td></td>
</tr>
<tr>
<td>14(a) Collate Contact Information</td>
<td>Facilitate the collation of contact information, including importing existing customer data (both trade and visitors) held outside the DMS. In particular there will be a need to interface with the BTA CRM system and allow data to be imported from the BTA CRM system into the Wales DMS.</td>
<td></td>
</tr>
<tr>
<td>14(b) Customer Search Facility</td>
<td>Provide Customer search facilities.</td>
<td></td>
</tr>
<tr>
<td>14(c) Record and Report on information sent to Customer</td>
<td>Provide a record of what information has been provided to the customer, including that requested through Direct Requests, Campaigns and Subscription Service.</td>
<td></td>
</tr>
<tr>
<td>14(d) Record and Report on source of Customer Information</td>
<td>The source of information required for customer feedback should be recorded, particularly when that information is derived from outside the DMS.</td>
<td></td>
</tr>
<tr>
<td>14(e) Record Customer Information</td>
<td>Be able to capture a wide variety of customer information including their travel plans, lifestyle and characteristics.</td>
<td></td>
</tr>
<tr>
<td>14(f) Record and Report on Customer Activity History</td>
<td>Record a history of customer activities, including their interaction with the DMS (e.g. Number publications ordered, Accommodation Booked, Products and services bought, Information requests and Queries).</td>
<td></td>
</tr>
<tr>
<td>14(g) Contact Channels</td>
<td>Cover multiple contact channels, call-in’s, roadshows, questionnaires etc.</td>
<td></td>
</tr>
<tr>
<td>14(h) Record and Report on Customer Actual Travel Activities</td>
<td>Support measurements of effectiveness through the capture and recording of the effect that the supplied information had regarding the customer’s actual travel activities.</td>
<td></td>
</tr>
<tr>
<td>14(i) Record and Report on Customer Complaints</td>
<td>Customer complaints and DMO response will be captured, including Local Authority health and safety and customer complaint information.</td>
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<tr>
<td>Item</td>
<td>Description</td>
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<tr>
<td>14(j) LA Information</td>
<td>Information held by the DMS may be used by Local Authorities in Civil Emergencies e.g. where a large number of people can be housed.</td>
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### Campaign Management

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<tr>
<th>Item</th>
<th>Description</th>
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<tbody>
<tr>
<td>Introduction</td>
<td>Campaign management provides a method of improving the efficiency of campaign activity. Functionality of this service will include requirements 15(a)-15(e) as follows.</td>
</tr>
<tr>
<td>15(a) Campaign Details</td>
<td>Defines and describes campaigns</td>
</tr>
<tr>
<td>15(b) Target Selection</td>
<td>Target Selection, based upon defined criteria and segmentation</td>
</tr>
<tr>
<td>15(c) Target Extraction</td>
<td>Target extraction, based upon final criteria and campaign execution</td>
</tr>
<tr>
<td>15(d) Campaign Response Analysis</td>
<td>Campaign Response Analysis; capturing responses, recording these as contact data and subsequent analysis to provide a measure of campaign results</td>
</tr>
<tr>
<td>15(e) Campaign Management</td>
<td>Campaign management functionality will need to cope with a variety of campaign formats, including mail, email, incoming/outgoing calls, questionnaires.</td>
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### Management Information Reporting

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<th>Item</th>
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<tbody>
<tr>
<td>Introduction</td>
<td>This service is used to provide the Wales DMS management information reports, both standard and ad-hoc, through the Querying, Reporting and Analysis (QRA) of the underlying DMS data</td>
</tr>
<tr>
<td>Item</td>
<td>Description</td>
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</tr>
<tr>
<td>16(a) MIS Report Production</td>
<td>The production of specific and general management reports that provide information for the tourist industry, such as how many accommodation bookings. These reports will be provided through the Industry Extranet in a format that can be interpreted by the most common Internet browsers (e.g. Microsoft IES or Netscape Navigator 4.6).</td>
</tr>
<tr>
<td>16(b) MIS Report Content</td>
<td>Support the generation of reports that contain graphs, tables.</td>
</tr>
<tr>
<td>16(c) Ad-hoc Querying Tool</td>
<td>The ability to produce complex ad-hoc reports from the database via an ad-hoc reporting tool, such as Seagate Crystal Reports or Business Objects. Ad-hoc reporting will be the performed against the live database, or if this is expected to affect performance of the system, a Data Mart should be provided.</td>
</tr>
<tr>
<td>16(d) Report Maintenance</td>
<td>Standard Reports must be easy to maintain, modify and create.</td>
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</table>

6.9 General Requirements

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<th>Req Set</th>
<th>Requirements Set Title</th>
<th>DFD X Ref</th>
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</thead>
<tbody>
<tr>
<td>17</td>
<td>6.9.1 General Requirements</td>
<td>N/A</td>
<td></td>
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<tr>
<th>Item</th>
<th>Description</th>
<th>% Compliance</th>
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</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>The following DMS requirements are of a general nature, but critical to the success of the DMS:</td>
<td></td>
</tr>
<tr>
<td>17(a) Data Protection Act</td>
<td>International and UK Data Protection legislation will apply as appropriate to all DMS services.</td>
<td></td>
</tr>
<tr>
<td>17(b) DMS Services</td>
<td>The DMS should use current commercial operations where beneficial as opposed to “re-inventing the wheel”.</td>
<td></td>
</tr>
<tr>
<td>17(c) Multi-lingual Information</td>
<td>The information and services provided by the DMS to the customer will possibly need to be multi-lingual.</td>
<td></td>
</tr>
<tr>
<td>17(d) Information Disclaimers</td>
<td>Appropriate disclaimers should be added that describe the information provided to the DMS customer e.g. Only subset of Wales accommodation provided.</td>
<td></td>
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</tbody>
</table>
17(e) Links to third Party Services | Links to services provided by organisations outside the scope of the DMS, should be in the best interest of the public and be provided through a variety of technological channels including telephone and website hyperlinks.

17(f) Technology Channels | The DMS services will need to be delivered through several different technologies including, Call Centre, Tourist Information Centres and the Web. The DMS services should be succinctly and efficiently delivered through each technology.

17(g) Information Content and Presentation to Customer | The quality, comprehensiveness and effective presentation of DMS data to the customer is essential. All DMS services should be “user friendly” and provide the user with the appropriate level (not swamp or skim) of information. Aspiration is primary in projecting the DMS, followed by Products and then Tools. The primary objective of all DMS services is to sell Wales.

17(h) Training Requirements | DMS training requirements will need to be identified and met.

17(i) Marketing | Marketing will facilitated through the DMS.

17(j) Information Contents 1 | DMS Information will consist of numerous images and other graphical material, as well as text.

17(k) Information Content 2 | DMS Information in Video and audio format will need to be supported in future phases of the DMS development.

17(l) Data Entry Validation | All data entered into the DMS must have validation applied at the time of entry.

17(m) Support and Maintenance | The service provider will be required to host the server and provide a maintenance and support service.

6.10 Non Functional Requirements

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<tr>
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<tbody>
<tr>
<td>18</td>
<td>6.10.1 Non Functional Requirements</td>
<td>N/A</td>
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<tr>
<th>Item</th>
<th>Description</th>
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<tr>
<td>18(a)</td>
<td>Documentation If applicable, comprehensive and detailed documentation covering the following areas must be provided. System design, program design and functionality, System Administrator documentation, User documentation, Operator documentation, Training documentation.</td>
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<td>Item</td>
<td>Description</td>
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| 18(b) System Reliability | **System Reliability is paramount.** Whilst it will be necessary to address the Service Level Agreement through the negotiation process, the following are indicative of the services required by the WTB:  
Performance  As the system is based upon the delivery of information, response time is paramount and as such the response time should be in the upper quartile of each country that provides the WTB with a significant market – i.e. UK, Ireland, Europe, North America, Japan, Australia and New Zealand. This will be regularly benchmarked and service levels enhanced accordingly.  
Availability  Calls will be made upon the service at all hours of the day and night and whilst 100% availability is desirable, it is anticipated that a figure in excess of 98% will be achieved.  
Security  The system must have sufficient levels of security built into the system to allow the remote updating, etc and must comply with British Standard BS7799, the standard for Security Information Systems. As credit card and personal details will be carried by the system so all architecture and hosting services need to demonstrate the highest level of security – mechanisms to demonstrate this should be utilised.  
Disaster Recovery  Mechanisms to ensure the maintenance of service through any natural or man made disaster must be in place.  
Maintenance  Maintenance of systems and hardware will be required that ensures that all performance and availability measures are retained on an ongoing basis.  
System refreshment  The system will need to be refreshed and enhanced in order to retain or improve the level of performance and availability and also to ensure that the system is fully available through all user interfaces, and other technologies identified during the negotiation stage of the tender. |              |
<p>| 18(c) System usage/volumes | See 6.11 for some indicative information                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |              |
| 18(d) User Interface     | The system must employ a web-browser style user interface for all elements of the system, which will be used by end users and contributors of information. The user interface must support all the major web browsers as well as other technologies as defined during negotiations – e.g. WAP browsers.                                                                                                                                                                                                                                               |              |</p>
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<tr>
<td>18(e)</td>
<td>Platform</td>
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<tr>
<td>18(f)</td>
<td>Data Conversion</td>
</tr>
<tr>
<td>18(g)</td>
<td>Backup and System Recovery</td>
</tr>
<tr>
<td>18(h)</td>
<td>Training and Support</td>
</tr>
<tr>
<td>18(i)</td>
<td>Interfaces</td>
</tr>
<tr>
<td>18(j)</td>
<td>Information Access</td>
</tr>
<tr>
<td>18(k)</td>
<td>Application Support</td>
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<tr>
<td>18(l)</td>
<td>Management Support</td>
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</tbody>
</table>

**Platform**
The system will use an open platform architecture to suit the vast array of different machines that will be in use by users of the system.

**Data Conversion**
A significant amount of data which will need to be converted, rationalised and loaded onto the system (See Interface Section).

**Backup and System Recovery**
The system must have comprehensive backup and recovery facilities and associated procedures in order to meet the Service Level Agreement.

**Training and Support**
Full training for users of the system must be provided. This must include System Administrator training, User training (approx 50 individuals) and System Operator training (approx 25 individuals). Schemes for cascades of training or other delivery techniques can be explored. Training for the tourism industry in Wales is outwith this contract and will be designed and implemented by the WTB.

On line and or remote support must be available for system administrators during at least normal business hours in the UK.

**Interfaces**
The system will need to present data from external databases (see appendix A), and will also be able to make bookings to these external systems.

**Information Access**
The system must be very flexible (table field level) in allowing the definition of system user read/write access to DMS data. There will be a number of different User profiles that must be supported, including those for WTB staff, other DMO organisation Staff, tourism industry staff and customers.

**Application Support**
The DMS database will have to support new applications and developing distribution channels such as iDTV in the future.

**Management Support**
The DMS system will need an application to set up users/password and allocate roles to users as well as to monitor maintenance and utilisation of data, etc.
### 6.11 System Usage/Volumes

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<th>Req Set</th>
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</thead>
<tbody>
<tr>
<td>19</td>
<td>6.11.1 Potential System Usage/Volumes</td>
<td>N/A</td>
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</table>

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<thead>
<tr>
<th>Item</th>
<th>Description</th>
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</table>
| Users    | Trade operators – 3,800  
WTB – 100  
22 Local authorities  
85 Tourist Information Centres (TICs)                                                                                                                                                  |              |
| Internet | 4.6 million hits on current WTB VisitWales.com September 2000  
100,000 non-direct hits via linked entry points  
73,000 hits – the WTB corporate site www.wtbonline.gov.uk (after 1 months operation) – September 2000                                                                 |              |
| Bookings | Overall bookings in Wales:  
28.56m paying bed nights – UK tourists 1999  
includes:  
Last minute via TICs during 1999:  
32,500 bookings (104,000 bed nights).  
2.5m paying bed nights – Overseas visitors 1999                                                                                                                                           |              |
| Visitors | 10 m UK visitors to Wales  
1 m overseas visitors  
48 m tourism day visits  
3.7 m visitors to TICs                                                                                                                                                                      |              |
| Enquiries| 800 per month from overseas visitors  
248,677 brochure requests UK pa  
TIC enquiries:  
63,000 general postal enquiries pa  
11,000 fax and e-mail enquiries pa  
55,000 campaign enquiries pa  
666,000 telephone enquiries pa                                                                                                                                                         |              |