

e-Balancing International Tourism

THE UNITED Nations Conference on Trade and Development (UNCTAD) has launched an “e-Tourism Initiative” designed to boost travel and tourism in developing countries. The initiative seeks to put more power into the hands of small- and medium-sized enterprises (SMEs) and help destinations become autonomous in their search for business. It is designed to “rebalance the international tourism system”.

The initiative was discussed at the 11th UNCTAD quadrennial summit in Sao Paulo, Brazil, June 14-18, 2004. It has potentially significant implications for the PATA region, especially for national tourism organisations (NTOs) looking to improve their use of information and communications technologies (ICT) to establish direct access with the consumer, boost exposure for tourism SMEs, increase yield and curb the outflow of foreign exchange.

UNDERSTANDING UNCTAD

The United Nations created UNCTAD in 1964 to help integrate developing countries into the world economy. UNCTAD helps developing countries participate in the global trading system and adapt to economic change. One of the agency’s fundamental philosophies is to boost fair and equitable global trade through defending the interests of the least developed countries, small economies, landlocked nations and island states. One important way of doing this, UNCTAD argues, is to promote trade and commerce between and among developing countries and to reduce their dependence on developed countries as markets and sources of investment.

For UNCTAD, imbalance in the benefits of globalisation is a major concern. In a recent policy paper, UNCTAD states: “While rising trade and liberalisation have meant solid economic growth for some (countries), for others they have been accompanied by falling income, falling employment, greater indebtedness and greater poverty. The one-size-fits-all approach

to development has failed, multilateralism is in crisis, and there is a profound mismatch between the pursuit of national interests on the one hand and the broader goals of an international trading system on the other. Countries lacking the goods and services to compete in world trade have little to gain from the multilateral negotiations now under way.”

To address this, UNCTAD’s conference in Sao Paulo focused on seeking coherence between the national and international visions of trade and development. An UNCTAD XI policy document states: “To achieve that coherence, all countries will have to work towards a multilateral trading system that is ‘open, equitable, rule-based, predictable and non-discriminatory’, as pledged by the Millennium Declaration of the UN General Assembly.”

TOURISM’S SPECIAL FIT

UNCTAD feels travel and tourism can contribute substantially to the creation of a level global trading field. It sees a clear opportunity to marry the advances in the field of ICT with travel, tourism and cultural activities to help developing countries and SMEs compete more effectively in the global market.

The UN agency sees travel and tourism as a perfect industry for developing countries for many reasons. Most developing countries have a small manufactured export base and have little to sell in terms of commodities. However, they do have pristine beaches, forests, wildlife and habitats as well as ethnic cultures and traditions that can attract visitors, create jobs and boost economic growth.

UNCTAD believes that both globalisation and ICT are radically transforming the tourism industry. It says: “The demonopolisation of information flows and the dis-intermediation brought about by growing Internet usage mean that developing countries can now make the most of their tourism resources by targeting the potential tourist directly.”

The agency believes that travel and tourism industry players, both private and public, can be brought together through ICT-based and ICT-driven partnerships to develop and promote new products in new markets. "This potential rebalancing of the international tourism system is today becoming necessary as more and more tourists make use of the Internet," says UNCTAD.

e-TOURISM'S OBJECTIVES

A report prepared for the 11th UNCTAD conference says the e-tourism initiative will give developing countries the technical means for marketing and selling their own tourism services online. Tailor-made, easily replicable do-it-yourself platforms are to be created for this purpose. Complemented by training and a good business model, these platforms would offer value-added online services such as reservations.

The initiative has numerous potential benefits:

- Make developing countries more self-sufficient in constructing their brand images and promoting their tourist attractions
- Maximise their comparative advantage in tourism
- Adjust their tourism services to suit their own development strategies and become better integrated in the world economy
- Partially free themselves from "the tyranny of the transaction" (Hilalli, 2003)
- Boost national growth, mainly among SMEs, by promoting a positive image of tourism services and local crafts
- Offer additional opportunities to promote their products and services and diversify their customer bases
- Enhance existing systems for promoting tourism, while incorporating small players who may be shut out of

traditional media

- Reduce capital flight
- Bridge the digital divide to deliver greater autonomy.

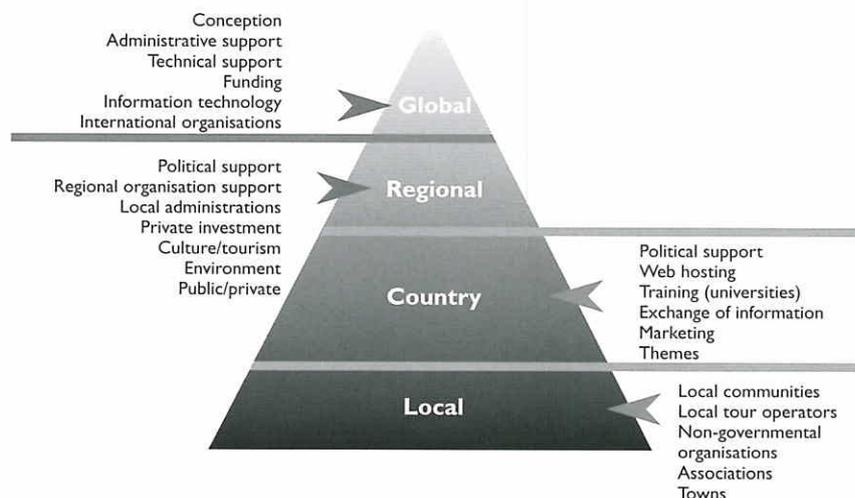
THREE EASY BITS

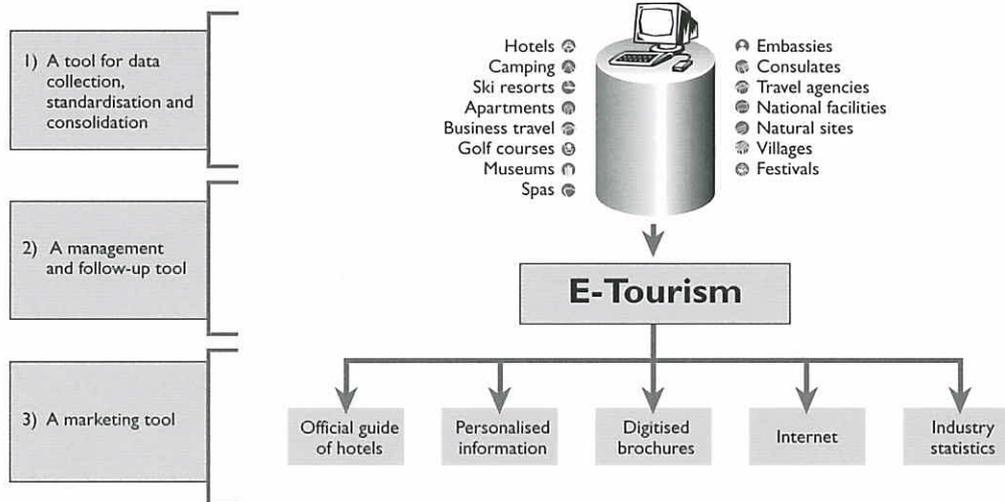
This initiative is structured around three elements: a tool, a method and partnerships.

The Tool: The tool will help countries to identify, standardise, co-ordinate and promote tourism and craft services in response to changing demand. Inclusive, decentralised and commercial, the tool will be the focus of cross-sector and private/public partnerships. It will be a Web site generator built around a group of databases and multi-criterion search engines, all designed to facilitate decision-making, management and promotion. Managed at the local level by a partnership of public and private stakeholders, the Web site will enjoy national and international exposure. Its business model will adapt to the conditions and development objectives of the country and the demands of the marketplace to ensure long-term viability.

The Method: The project concept paper advises that all local private and public entities take stake-holdings in the project and jointly define its framework. Their responsibilities toward each other should be clearly understood, accepted and followed up. An awareness-raising seminar will facilitate this process of understanding right from the start.

Partners must then collate the relevant information about the tourism and craft sectors, standardise it and distribute it on the Internet. Appropriate training and a guide will provide full directions for using the portal.





The e-tourism marketplace (the tool) must then be built to contain:

- General information about the country, such as maps, visas and climate
- Specific local information about tourism services, such as special-interest tours, tourist spots, craft centres, national or regional parks, markets, hotels, restaurants, travel agencies, airlines and transport, practical information, guides, interpreters, doctors and car hire agencies
- Information about local crafts, such as companies, associations, craft workers and products
- Links to the Web sites of various partners and associates and to other information.

Once built and running, an ongoing feedback mechanism should track the Web site usage of partners (updates, pricing, promotions) and customers (demographics, psychographics and demand).

Partnerships: Each partner will be held responsible for its own part of the business plan, therefore integrated management tools will allow real business relationships to be built between all partners. As the product is introduced in target countries, the abundance of contacts offered by the tourism sector will provide innumerable opportunities for new partnerships both at home and abroad. Partnerships will be developed to build skills at the local level; improve existing tourism products and create new ones; diversify the customer base; expand markets; and create economies of scale by pooling human, financial and technical resources.

UNCTAD'S COMMITMENT

UNCTAD will support the initiative as project manager, facilitator and evaluator. As project manager, UNCTAD will develop an Internet platform that can be reproduced and personalised. The agency will then implement this model at the country or community level. Prototype models are being developed and tested as part of a technical assistance project for countries that have expressed an interest in piloting the initiative.

As facilitator, UNCTAD will manage the official communication system, conduct training and recruit partners. Partnerships will be built around improving the model, facilitating general adoption and increasing its benefits. These partnerships may be developed on a world, regional and/or local level. UNCTAD will provide a collaborative Web site to the partners and describe the services they are expected to offer.

UNCTAD will set up a follow-up and evaluation mechanism both centrally and in each of the partner countries. Committees will ensure that follow-up takes place at the national level by establishing and approving all work plans. Every week, UNCTAD will prepare a detailed report for committee members; and at the end of each phase as defined in the initial work plan.

The various financial reports, such as the statement of expenses and the statement of available funds, will conform to applicable UN regulations. Prospective donors and partners can expect to receive weekly reports from UNCTAD that will keep them informed of the initiative's progress. At the end of the initiative, UNCTAD will draw up a final report at a multiparty meeting that will evaluate the initiative's impact on the target country.

RECEIVED RESPONSIBILITIES

UNCTAD will select national counterparts (institutions or individuals) on the basis of their skills in designing, operating and promoting the pilot site. These entities will need to provide offices and administrative, technical and substantive support to co-ordinate the project's implementation. Responsible for the quality of the information on the pilot site, counterparts will be paid as consultants, provided they commit exclusively to the project for its duration.

The initiative assumes the following in the pilot-partner countries:

- Continued support from the authorities for the strengthening of an independent, dynamic and competitive private sector
- Favourable developments in technical infrastructure
- Increasing public adoption of the Internet
- Adjustment of the laws and regulations governing electronic commerce and working arrangements aimed at building trust between partners and with the consumer
- A means for travel agencies to obtain insurance and re-insurance
- A commitment from the authorities to do their best to honour the conditions laid down for setting up the site
- That assigned staff will continue to work solely on the initiative for its duration.

Beware the Risks

UNCTAD says there are risks associated with the project and has identified them early to ensure they are addressed from the beginning. The main risks the agency identified are:

- A decline in genuine high-level political will and follow-up during the project
- A passive private sector and insufficient discipline and involvement among the various participants
- The country underestimating the efforts needed to make the required changes to its laws and regulations
- Inadequate infrastructure
- An insufficiently motivated national team
- A badly managed awareness and follow-up campaign.

BENEFITS AND BENEFICIARIES

UNCTAD has designed this e-tourism initiative in response to the growing trend of travellers seeking customised travel experiences. The model could give rise to flexible tourist packages and the creation of more open alliances to showcase and promote destinations. In response, the local tourist industry may become more responsive to travellers' desire for quick access

to reliable information, flexible packaging and convenient and secure payment methods.

The principal target beneficiaries of the initiative:

- The partners in general
- All businesses directly or indirectly involved in the tourism and crafts sector will realise increased visibility, additional marketing opportunities and increased demand for their products and services.
- Individuals employed in the sector will benefit from training courses
- The country will benefit from increased tourism, an enhanced image of its crafts and culture, the adoption of new information technologies and the modernisation of its technological infrastructure
- Ministries of trade, tourism and culture, NTOs and professional organisations will benefit from an effective structure to promote culture and tourism to the rest of the world
- Potential tourists and travel agencies worldwide.

DEVIL IN THE DETAIL

This will not be an easy project to implement, as it will involve a significant amount of time, money and effort. One key issue will be formatting the content and ensuring that all the stakeholders deliver it in a standardised manner so that it can be easily searched and booked. While the technology for doing this exists, training the SMEs to properly segment, categorise and update their information on the Web site will be critical.

As with all such projects, the concept is excellent, but the devil will always be in the detail. If it can be executed professionally, cost-effectively and transparently, however, it will harvest important long-term benefits.

NOTE: This publication is intended to provide accurate information and includes material from sources considered to be reliable. It is provided with the understanding that the Pacific Asia Travel Association, a not-for-profit organisation, is not rendering any professional services and disclaims any warranty concerning information provided. Statements and opinions expressed in any publications do not necessarily represent those of the publisher or PATA.

The editor and PATA's Strategic Intelligence Centre welcome your comments and feedback. Please contact Mr John Koldowski via e-mail at johnk@PATA.org or Mr Imtiaz Muqbil at imtiaz@loxinfo.co.th.



Issues & Trends, Pacific Asia Travel is a monthly publication published for the members of the Pacific Asia Travel Association.

Mr John Koldowski

Mr Imtiaz Muqbil
Keen Publishing

**Editor and Managing Director-
Strategic Intelligence Centre
Writer and Researcher
Design and Production**

All rights reserved. No part of this publication may be reproduced in any form or by any electronic or mechanical means, including information storage and retrieval systems, without permission in writing from authorised personnel from the Pacific Asia Travel Association, except by media who may quote brief passages in an article.