

# Perspective of Croatian tourism supported with ICT potential and ICT trends

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## **INFORMATION AND COMMUNICATION TECHNOLOGIES FOR TOURISM AS FACTOR OF COMPETITIVENESS**

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Subject review

Rapid development of the ICT and its overall influence on every segment of our lives result in constant changes of the global markets. Updates in technology and its applications are necessary for competitiveness. E-learning, the new kind of educational method, originated as the result of new progress in information and communication technologies. Implementation of new technologies demands constant education of the people involved in its use, and it is obvious that learning technology and business implementing that technology can be done only if the education process is using that technology too. These new ways of transferring knowledge demand on educational institutions to raise level of technical knowledge of their own staff and modify educational programs adequately.

Key words: Tourism, Information and communication technologies, e-learning, high education, competitiveness.

### **INTRODUCTION**

Information and communication technologies (ICT) and tourism are closely interrelated and it is often difficult to identify whether ICTs generate or simply facilitate the changes in tourism demand and supply. It looks, as always, that the truth, or reality is somewhere in the middle. As the galloping development of the ICT industry in passed decade has had implications for the whole world, the profound influence is especially on tourism industry. ICTs incorporate not only software, hardware and netware but also information, management and telecommunication systems to enable the processing and flow of tourism information within and between organizations. It also provides all equipment utilized for the production of commodities and the provision of services.

Implementation of new technologies demands constant education of the people involved in its use, and it is obvious that learning technology and business implementing that technology can be done only if the education process is using that technology too. Therefore it is essential for all educational institutions to adopt that technology and create new educational standards for its implementation. As one of the leading modes of new technology educational standards is e-Learning, in this study we

tried to present necessity of implementing it in tourism industry in Croatia in order to improve their competitiveness and achieve better market position in domestic and foreign markets.

### INFORMATION

From beginning of information era and simple data processing, through simple business application processing consumer information inside 2-3 days, till today's modern web applications which enable process to receive request, make reservations and confirm job inside few minutes.

According to the Gfk<sup>1</sup> poll researching reasons relevant for destination choice, given results concentrate on few main reasons as table shows. Since final choice depended upon country by origin, the selective tourist market approach became necessary. The results are enclosed in table 1. as follows:

Table 1. Reasons relevant for destination choice

country	1 <sup>st</sup> reason	2 <sup>nd</sup> reason	3 <sup>rd</sup> reason
<b>Austria</b>	53% climate, sun, beach	44% nature	33% friendly people
<b>Belgium</b>	45% climate, sun, beach	35% nature	30% habit of visiting
<b>France</b>	41% climate, beach	38% nature	31% new country
<b>Germany</b>	52% climate, nature		
<b>Italy</b>	37% historical and cultural heritage	37% new country	
<b>Netherlands</b>	37% known country	28% climate, beach	
<b>Poland</b>	41% new country	40% climate, beach	
<b>Portugal</b>	36% new country	32% historical and cultural heritage	
<b>Russia</b>	41% new country	32% historical and cultural heritage	
<b>Spain</b>	47% friendly people	31% historical and cultural heritage	
<b>Sweden</b>	47% climate and sun	34% nature	33% historical and cultural heritage
<b>Great Britain</b>	38% known country	22% climate, beach	
<b>USA</b>	55% historical and cultural heritage	52% new country	50% nature

<sup>1</sup> Gfk - Centre for Market Research

Disposing with above enclosed data, tourism organizations using ICTs can differentiate their product by using their core product as the basis, and then, by customizing the final product, adding specific value or additional products, to satisfy the individual requirements. ICTs provide the tools to search the profitable market segments, to identify value added components for the product and to promote the differentiated product through specialized media to particular market segments that would be interested.

Next poll done by Global Market Institution<sup>2</sup> (June 2005) researching on sample of 20 countries led to conclusion that more than 50% potential tourist relevant information about destination country take on Internet.

Table 2. **Information gathering source about destination**

country	personal recommendation	web search
<b>Russia</b>	59%	37%
<b>India</b>	59%	51%
<b>Denmark</b>	54%	55%
<b>US</b>	54%	58%
<b>Japan</b>	52%	53%
<b>China</b>	51%	65%
<b>Brazil</b>	50%	36%
<b>Australia</b>	50%	63%
<b>Germany</b>	49%	57%
<b>Canada</b>	49%	50%
<b>Mexico</b>	47%	31%
<b>Spain</b>	44%	62%
<b>Netherlands</b>	43%	60%
<b>Poland</b>	42%	47%
<b>UK</b>	39%	65%
<b>France</b>	36%	64%
<b>Italy</b>	33%	61%
<b>South Korea</b>	30%	69%

*Methods used by Internet users in selected countries worldwide to figure out where to go for their vacations, 2005 (as a % of respondents) Personal recommendation (PR) / Web search (WS).*

The majority of online travel shoppers begin travel research with an online travel agency, according to the latest Nielsen//NetRatings Quarterly Travel Benchmarking Survey. Consumers are evenly split between travel agencies and airline suppliers' Web sites when it comes to the actual purchase of online travel.

This trend of collecting information about destination, accommodation, added value, and services requires double equipment: human (knowledge, speed, competition) and technical (automatic data processing, Internet presentation...).

Word-of-mouth advertising has long been considered the benchmark of a product or service recommendation, but in the travel business, at least, the Internet may be changing that.

<sup>2</sup> Global Market Institution

According to GMI, consumers all around the world are turning to the Internet first for travel information. In Australia, Canada, China, Denmark, France, Germany, Italy, Japan, South Korea, the Netherlands, Poland, Spain, the UK and US, more people did Web searches than sought personal recommendations from friends and acquaintances.

Thanks to existence of ICTs tourist demand is undergoing a great transformation and qualitative trends are applying more pressure on the tourism to use ICTs. Tourist became more sophisticated and more requesting high-quality products. The new tourism is now characterized as flexible, segmented and customized. It recognizes every tourist as different seeker of exceptional value for money and time. The Internet has enabled the new kind of tourist to become more knowledgeable, they are more culturally and environmentally aware and they tend to involve with the local society inside destination. Educated, experienced and demanding tourists require sophisticated tourism products which can satisfy their educational, intellectual and sporting interests. In other words, ICTs play important role in the transformation of tourism demand because they enable consumers to identify the most appropriate product for their needs by using Internet and support their interactivity with tourism organizations.

On the supply side, the World Wide Web enabled the interactivity and networking between computer users by using the Internet to facilitate instant access and distribution of tourism information and to re-engineer the reservation of tourism organizations<sup>3</sup>. It results by emerging an electronic marketplace with lots of tourism providers developed Internet interface to communicate directly and efficiently with their partners. Some travel agencies and intermediaries took advantage of the emerging technologies and enhance their distributions mechanisms and their research. Lots of them have introduced ICTs internally with intends to rationalize and re-engineer their production processes and accordingly enhance their efficiency and effectiveness.

Also, ICTs support the strategic management of tourism organizations by empowering long term decisions making and by providing the info structure for collaboration and transactions between suppliers. The ICTs developments have deep implications for both the strategic and tactical management of tourism organizations. On the strategic level the tourist organizations have to collect all elements of their external environment, their competition and customer needs and reinvent themselves in order to enhance their competitiveness.

Interoperable information platforms enable tourism organizations to integrate all their systems and monitor and control internal processes and external trends and finally to take advantage of existing data in the organizations using knowledge management, expert systems and artificial intelligence.

ICT as an instrument in researching consumer needs, investigating competition, assessing the external environment and reshaping business process and functions create a framework of change and innovation. And competitiveness of tourism sector depends on the ability of their strategies management to take advantage of the new tools and to design products, procedures and mechanisms that will enable organizations to achieve their objects.

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<sup>3</sup> WTO (1995) Global Distribution Systems in the Tourism Industry, World Tourism Organization, Madrid

Institutions of high education have to meet market needs, attend current and establish new trends in business and learning and provide to the tourist staff education of modern tourism management and new ICT technologies by using them. It means that teaching plans and mode of its presentation must be adjusted to wider range of potential candidates, leaving current physical (buildings, classrooms, hardware,...) and human capacities (professors, assistants,...) in status quo. Crucial importance is to qualify own staff in designing educational materials course intended to certain groups, in this case tourism.

On the other side hotels, agencies, tourist community, tour operators, households, if they tend to became and remain competitive they must accept the trends of long life education and permanent improvement.

This is mutual benefit because; the tourism industry increases its requirements from ICTs, by expanding its needs and user requirements and by sponsoring technological developments which facilitate its functions. In turn, developments in ICTs offer further tools and greater potential, which are then matched by the requirements of the industry. This is a step by step approach where one section motivates the other and both move forward at a fast pace.

In recent 5 years positive movements in Croatian tourism are evident. Annual growth rate at this moment is about 6%<sup>4</sup>. Statistical Yearbook 2004 present us information such as shift in economy and current trends, stress the weak points and emphasize the needs of our intervention. Considering data that refers on tourism, give our attention on foreign tourist traffic organized by foreign and domestic travel agencies as inclusive tours as shown in data table 3.<sup>5</sup>

Table 3. Foreign tourist traffic by travel agencies

year	tourist arrivals in total	tourist arrivals by foreign agency	difference	% of tourist arrivals by domestic agency
1999	3805000	709133	3095867	81,3631274
2000	5832000	1293898	4538102	77,8138203
2001	6544000	1613679	4930321	75,3410910
2002	6944000	1446181	5497819	79,1736607
2003	7944000	1574723	6369277	80,1772029

Since tourism has multiple impacts on investments, income, employment, and therefore on standards of living, the growth in tourism is imperative of each and any economy. Contributions in interrelated factors of tourism (transport, travel, hospitality, leisure and heritage) vary depending on various parameters.

<sup>4</sup> Statistical Yearbook 2004 of Republic Croatia

<sup>5</sup> Statistical Yearbook 2004, op.cit.

Tourism is a very information intensive activity. In few other areas of activity are the generation, gathering, processing, application and communication of information as important for day-to-day operations as they are for the travel and tourism industry<sup>6</sup>.

In this value chain the role of ICT is important. ICT enhance the ability of whole economy to manage their resource, increase their productivity, and develop the partnerships with all their consumers, suppliers and enable the management of more resources and facilitate expansion, mergers and growth in general.

The goal is to attract as many as possible foreign tourists by domestic travel agencies and to expand it selves on foreign markets without intermediaries. The question is how can that be done? And the answer should be done by applying ICT in business process and educating their staff on the bases of new technologies.

## CONCLUSION

Training at all levels of an organization is critical for enabling employees and managers to appreciate the strategic dimension of ICTs as well as emerging the opportunities and challenges.

Applying e-learning or web based education in high education institutions in tourism, educational materials become available for the user on 24 hours a day, 7 days a week bases. Educational materials are designed specifically to be delivered through the web and used on remote user locations.

The result of this process will be improvement knowledge of staff in tourism that will make them qualified for work in travel agencies and their offices abroad. By using ICTs in one of developed mode (experts systems, artificial intelligence and neural networks) tourist organizations can recognize and capture patterns and elements in a see of data, coming from both the internal and external environment of organizations and assist decision makers to design appropriate response.

Furthermore, it will increase booking and improve selling complete domestic packing arrangement (accommodation, transport and other services). ICTs implementation and knowledge of the modern technologies and trends, as well empower domestic travel agencies to compete directly on foreign markets, not to be only intermediaries between foreign travel agencies and domestic destinations.

Accordingly to development and application of new technologies, lifelong education became inevitable. It is fact that strategic information's era impacts each segments of human professional and private activities. Tourist staff had to re-think and re-design its operations in order to respond to current and future challenges by redesigning the entire range of its business processes, job structure and systems. On the other side, being locked in tradition and obsolete tools will result by stagnation and professional collapse.

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<sup>6</sup> Poon, A. (1993) *Tourism, Technology and Competitive Strategies*, CAB International, Oxford

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