



INTERNATIONAL USAGE OF INTERNET IN E-BUSINESS AND E-TOURISM

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Abstract This paper is based, as the title suggests, on the information necessary for the establishment and implementation of an online business. We aim to present the concepts of e-business and e-tourism, the relations between the two, the advantages of having an online business and its characteristics. Yet merely the information would not be sufficient without presenting the e-business models and the stages of implementation.

In October 1997, IBM was one of the first companies that used the term e-Business for promoting its services. According to these: e-Business represents the “transformation of key business processes through using the technology of the Internet.”¹

E-Business or Electronic Business represents the administration of businesses through the internet. This includes the selling and purchasing of goods and services, together with providing technical support to customers via the Internet. E-Business is a term often used in combination with e-commerce, but also contains services beyond the sale of goods.

Key words:

e-Business, Tourism,
Electronic services,
Business model

JEL Codes:

M2

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1. INTRODUCTION

According to the Business Dictionary, e-Business or Electronic Business can be defined as follows: “The company that, unlike e-commerce companies, conducts its daily business functions on the internet or/and other electronic networks, such as EDI (EDI – Electronic Data Interchange). Electronic businesses include cooperation with distributors for promoting the sales, interaction with and serving the clients, as well as conducting joint research with business partners”². The concept of e-Business is generally used in 2 ways within the organizations. *The first* is a concept that can be applied to strategy and operations. For example, “our organization needs an improved e-Business strategy”.³

e-Business can comprise a number of functions and services from developing intranet and extranet e-services to providing services and activities on the Internet by service providers.

The second meaning is used as an adjective to describe business that is conducted online, which has no physical presence in a particular office and tries to reduce customer support via the online medium. Amazon (www.amazon.com) and eBay (www.ebay.com) are the largest e-Businesses in the world. e-Business has changed tourism industry, so that the term e-Tourism refers to the usage of the e-Business systems in this industry. Reasons for introducing e-Business in Tourism may be:

- ✓ Economic necessity
- ✓ The rapidity of technological processes (low cost, easier access)

¹ Chaffey D., E-business and E-commerce Management, Editura Prentice Hall, p. 14

² <http://www.businessdictionary.com/definition/electronic-business-E-Business.html>

³ Idem, p. 14

✓ The increase of consumer expectations (short time and overcoming security concerns). Dimitrios Buhalis (2003) ⁴“e-Tourism represents the digitalization of all processes and value chains in the industries of tourism, travel, hospitality and catering, which enables organizations to maximize efficiency and effectiveness.” ⁴ The concept of e-Tourism has been introduced to the market in the mid 90s together with the term e-Business, and it is a service that focuses its attention on the experiences of the consumer in tourism both during, as well as before and after her/his stay. It

has revolutionized all business processes, the entire value chain, and the strategic relations of tourism organizations, with all their stakeholders. There is a need for the advantage of the intranet to reorganize internal processes, of the extranet for developing transactions with reliable partners, and there is also a need for the Internet to interact with all stakeholders. e-Tourism defines more and more the competitiveness of the organization and, therefore, it is essential for the competitiveness of the industry in the long-run.

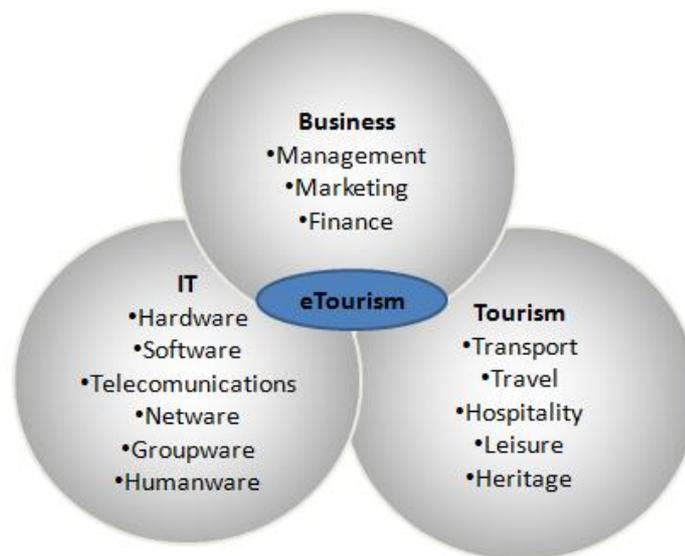


Figure 1- Introduction to e-Tourism

Source: after Angelina Njegus, Introduction to e-Tourism, Belgrade 2014

Resulting from their definition, one finds that e-Business and e-Tourism are interrelated, and e-Tourism could not have been done without the existence of the concepts of e-Business or Online Business. An online tourism agency uses all the constituent elements of these two concepts.

1. THE CHARACTERISTICS AND ADVANTAGES OF E-BUSINESS

In order to survive, businesses need that their potential clients get to know about their existence. World Wide Web offers the opportunity to allow the world to know about the existence of the companies, about the services

and products they offer and, at the same time, it has the means that allow consumers to order products and services offered by such companies, all via the Internet. A company's presence on the Internet through a website has several advantages as compared to opening a physical office of the firm. Advantages can be divided according to their direct beneficiaries: direct benefits of the company, benefits of the beneficiaries and benefits of the society. The main **advantages** for the **companies' activities**:

➤ "Facilitates business expansion, providing quick access to local and national markets, but most importantly to international markets;

⁴ Dimitrios Buhalis, eTourism, Editura Financial Times/Prentice Hall, 2003

- Decreasing the costs of the company's activity, in particular those related to creating, processing, distributing, storing and retrieving information held on paper; in the case of electronic businesses, automated IT solutions are used for these activities;
- It creates the possibility of easy modelling of products and services according to the needs of buyers;
- Communication and transport costs are much more reduced".⁵

The presence of companies on the Internet brings significant advantages, such as those listed above, which means the possibility of a better development of activities, with a smaller budget as well as the opportunity to get in touch with clients on an international level.

The advantages for the consumers are numerous, of which we can enumerate some:

- "It provides consumers the opportunity to make purchases or make transactions 24h/day, throughout the year from almost any location.
- It provides consumers a wide range of options.
- Buyers can easily choose the lowest price for a product or service.
- It allows the fast delivery of products and/or services.

- Consumers can receive relevant information in a short time: in seconds rather than in days or even weeks as in the case of many traditional businesses.

- It makes possible for one to participate in virtual auctions

- It facilitates competition, which leads to the lower prices of products and services.

- It allows consumers to interact with other buyers through electronic communities, to share impressions and compare their experiences."⁶

The presence of companies on the Internet brings benefits to the consumers that they would not have previously enjoyed with a classic business, thus improving the standard of living for people.

Electronic business also brings a series of **advantages to society**:

- It provides the opportunity for many people to work from home and buy from home, which can lead to a decrease in car traffic and a decrease in pollution over time.

- Certain goods can be sold at lower prices, which benefits those with lower incomes, thus contributing to social protection.

- Electronic businesses contribute to the increase of efficiency and/or improvement of

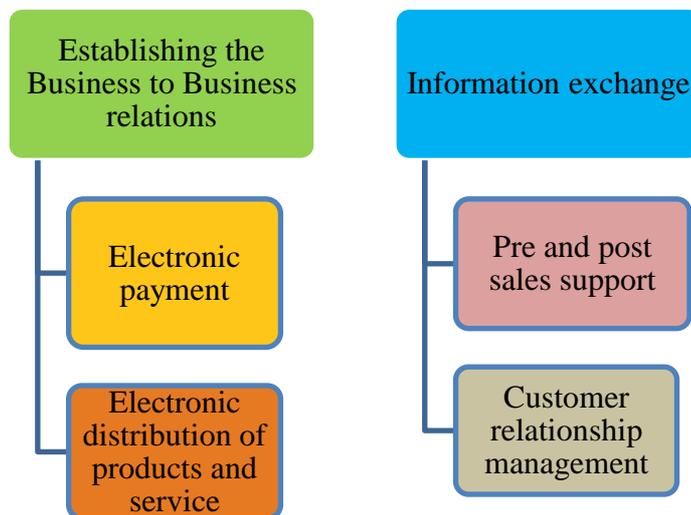


Figure 2 The main characteristics of online businesses

Source: Personal interpretation after http://www.seap.usv.ro/~valeriul/lupu/afaceri_electronice.pdf

⁵ http://www.seap.usv.ro/~valeriul/lupu/afaceri_electronice.pdf

⁶ http://www.seap.usv.ro/~valeriul/lupu/afaceri_electronice.pdf

Besides these advantages, electronic businesses also have a series of limitations. The most important **shortcomings** of **electronic businesses** are:

- The lack of universally accepted standards for quality, security and trust in electronic businesses.
- Software development tools for conducting e-business are still evolving.
- There are some difficulties concerning the integration of ecommerce softwares with certain existing applications and databases.

➤ Internet access is still expensive and/or inconvenient for a large part of the population. In recent years there has been an increase in e-business in our country as well, and the tendency is continually growing.

E-BUSINESS MODELS

Electronic commerce allows the participation of several types of individuals at the same time: natural, legal, as well as belonging to the state or to its institutions. Depending on their relationships, several e-Business categories have emerged.



Figure 3. E-Business models
 Source: Personal format using the brand's image

a) B2B (business-to-business): is the model in which all participants are companies or other organizations. This category contains two subtypes:

- Partnership agreement between companies;
- An electronic market (e-market) where more buyers and more sellers interact with each other.

b) B2C Business-to-consumer (business-to-consumption): is the e-commerce model in which companies sell to individual buyers - individuals. The B2C online market in Romania is still in a stage of development. Although consumers experience this phenomenon online, there are many obstacles that need to be overcome before changing consumer behaviour: creating transaction security, ensuring customer protection, increasing Internet speed in the network, and providing Internet access.

c) C2B (consumer-to-business): is the e-commerce model by which individuals - consumers, users of the Internet try to sell their products or services to companies, or look for sellers to bid for the products and services they need.

d) C2C (consumer-to-consumer): refers to consumers who sell directly to other consumers. A good example in this field is the website of eBay.

e) B2G (business-to-government): defines the model through which governments use e-commerce channels to increase the efficiency of operations and to improve services offered to citizens, who are also customers at the same time.

f) G2B (government-to-business): is the model of e-commerce in which a government

institution buys or sells goods or services from/to legal persons.

g) G2C (government-to-consumer): this model is limited to government-citizen relations for information and providing public services

Online businesses are those traditional businesses that can be automatized and can be conducted on the Internet. The virtual market is the place where electronic commerce takes place, namely the place where vendors and buyers meet to exchange products or services for a fee. The models presented above are the types of currently existing business models

Business analysis has as its main stages: "Identifying the type of business and putting it into one of the categories of electronic business already presented; Establishing business objectives and performances; Establishing the channels to be used for the sale and distribution of products and/or services; Choosing an Internet Service Provider (ISP) that will also provide site hosting services; Determining the site's image and content. It has to be scalable and it has to implement security features; Choosing a strategy to promote the products and the website; Choosing the means and methods that will be used to pay for products/services: checks, credit cards."⁷

2. STAGES OF AN E-BUSINESS DEVELOPMENT AND MEANS OF PAYMENT

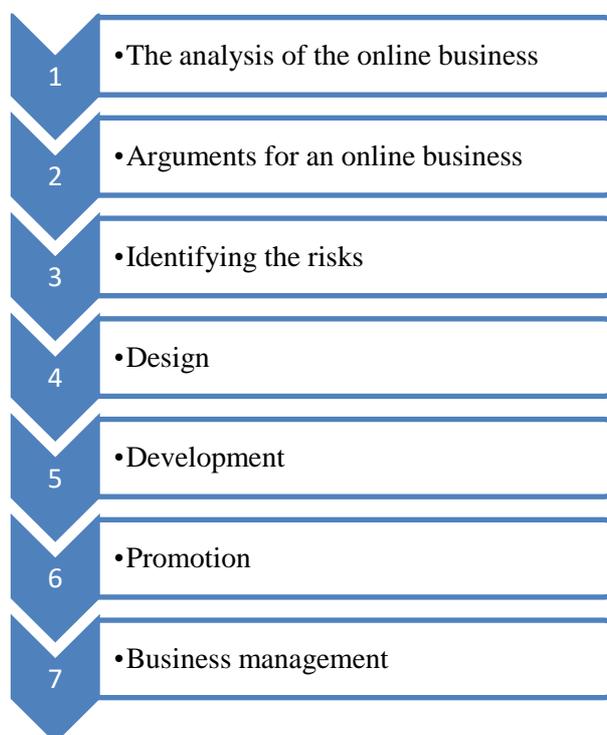


Figure 4. Stages of establishing electronic businesses

Source: Personal interpretation after http://www.seap.usv.ro/~valeriul/lupu/afaceri_electronice.pdf

The most important methods of **claiming the opportunity of businesses' electronic version** are:

✓ Explaining the benefits of e-business for beneficiaries or the customers of the company.

✓ Explaining the implications of the technology used in order to conduct e-business in the making of business

✓ Making a pilot project.

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http://www.seap.usv.ro/~valeriul/lupu/afaceri_electronice.pdf

- ✓ Estimating the costs for staff training, business maintenance, and technical support needed to run the business.
 - ✓ Calculating business productivity and comparing it with business productivity in its traditional version.
- It is necessary to **identify the risks** that may arise in the implementation of an e-business:
- ✓ If in the case of traditional businesses the competition was local or national, depending on the field and extent of the business, in the case of e-commerce, the competition is global, since the location of the company no longer has any importance in the majority of cases.
 - ✓ A key factor in conducting e-business is securing the site; "cracking" the site leads to the impossibility of doing business.
 - ✓ Viability: there are certain types of activities/fields for which building an e-business is not appropriate.
- The strategies used for **designing** the content of an e-business site are:
- ✓ "Content is King" – this strategy focuses on the content, consistency and density of the information presented, on the design and the amount of information available on the site.

- ✓ Contact with users - the content of the site is modified as a result of the messages received by users and based on their responses to the questionnaires published on the site.
- ✓ FAQ (Frequently Asked Questions) is a feature that appears on many sites in order to update the content according to the demands of the site's frequent users.
- ✓ Consistency of browsing - it is important that site navigation should be consistent, thus making it easy for all types of users to use it
- ✓ Colour consistency - it is advised that users should not be tired with too many colours, but the colours used should bring about a harmonious rendering of the site, and the same colours should be used in the making of printed promotional materials for the company.
- ✓ The speed of uploading information should be as fast as possible; in this sense, the size of the images in the site should be as small as possible.

Website **development** involves separating data (content) from the form of presentation (form). The creation of a website consists of a series of phases, and for each phase one should use one or more of a series of programming technologies. The stages and the related technologies are presented in table no. 1.

Stage	Technology used
Creating the document at the level of the client	JavaScript, applet-uri Java, DHTML, DOM
Creating the document at the level of server	CGI, PHP, ASP, ASP.NET, ISAPI
Transforming XML data into HTML pages	XSL, CSS
Data storage and query	XML, XQL, SQL, CGI, ASP, PHP

Table 1. Technologies used for the development of e-businesses

Source: after Lupu V., Lupu C. (2007), "Intelligent business systems for satisfying the demanding requests of the customers using gis technologies"

Promoting e-business represents the next step in the development of an e-business. The stages of promoting an e-business are the following: publishing the site and announcing its appearance on the Web.

Business management involves the use of advanced information management systems. There are systems for knowledge management, for customer relations, for collaboration, for the management of the company's image, etc. For

knowledge management, the following technologies can be used:

- ✓ OLAP (On-line Analytical Processing);
- ✓ Repository of data (Data Warehouse);
- ✓ Semantic Web.

Within an organization (enterprise) all activities can be integrated and managed through specialized softwares:

- ✓ production management
- ✓ relations with customers
- ✓ relations with suppliers

- ✓ accountancy
- ✓ warehouse management and logistics
- ✓ human resources.



Figure 3. Online business management systems

Source:: <http://www.acumencorp.com/lp2-what-is-erp/>

As one has to observe, in the making of an e-business, a series of investments are required, that will pay off in the course of doing business, provided there is an objective analysis and quality management.

MEANS OF PAYMENT IN E-BUSINESS

In doing e-business, a very important aspect is the making of payments for the products or services offered. There are several means of payment, of which the most widespread methods are:

- Credit cards;
- Gift certificates;
- E-checks;
- PayPal;
- CyberCash;
- SmartCard.

In addition to the systems presented above, there are other payment systems used in electronic business. In order to make payments via these services, it is necessary that both the seller and the buyer agree on the payment system. In our country there is the possibility to make payments through ordinary or special bank cards used for e-

commerce, but the most used method is payment in cash on delivery. The product is delivered by mail, and the buyer makes the payment upon picking it up. Ensuring the security and confidentiality of transactions is one of the most important issues concerning electronic payment.

CONCLUSIONS

The holistic development policy of online businesses leads, in the long run, to disseminating the benefits of the integration process to all regions and states of the Union. The solidarity shown by Member States with a level of economic development above the European Union's average, leads, on the one hand, to the reducing of the regional problems in the less developed regions (increasing the rate of employment, productivity, income and production within these regions), and, on the other hand, it contributes to the overall development of the European Union, with beneficial effects also on the richer countries (reduction of taxes due to economic growth, creation of socio-economic stability, increased security, reduced EU expenditure allocated to social policy schemes or to environmental protection schemes or programs).

e-Business and e-Tourism allow small businesses to compete internationally and remove unwanted inventory, so that no inventory could be formed that would represent a loss. Consumers can create their own tourist packages, but it is a bit more difficult since tourism agencies are still in use, but the structure of the industry has changed: many intermediaries have left or have been absorbed as parts of vertical integration. The internet is useful for brand development and expansion, but now the clutter becomes a problem for the vast majority of businesses. Real-time pricing can be set to help managing the demands, but yield management is the sophisticated means for maximizing profit: it was initially used only by airlines, then by hotels, and now it is also used by smaller operators. Strategic associations have been set up to support airlines, hotels and travel agencies, thus currently problems are easier to solve, since one can find many more available solutions.

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