ICTs in Travel Agencies

Information and Communication Technologies (ICTs) have been playing a significant role in the business of travel agencies. Travel agencies, irrespective of online or offline, rely on ICT products like Computer Reservation Systems (CRSs) and Global Distribution Systems (GDSs) to access the inventory of tourism suppliers and proceed transactions for their customers. Due to the wide usage of ICTs, consumers nowadays can easily retrieve a wide range of travel information from the Internet at any time and make the purchase directly from supplier websites without getting any travel agencies involved. Towards this end, the future of travel agencies becomes uncertain. However, ICTs also provide an alternative venue for travel agencies to develop their business, leading to the proliferation of online travel agents (OTAs).

In summary, to travel agencies, ICTs pose threats on one hand and provide opportunities on the other hand.

Significance

Travel agency is a major beneficiary of the advancement of ICTs. The advent of CRSs and GDSs facilitate the intermediary role of travel agencies between suppliers and travelers. These systems can be considered as a catalyst of the travel agency business. These systems are not only used by the traditional travel agency, but are also used by OTAs.

The commercial use of the Internet has transformed the global tourism in a drastic manner. A growing significance of the Internet in travel booking is evident in recent years, irrespective in developed or developing countries. In particular, over half of travel bookings are through the Internet in the UK, Italy, Canada, Japan, France, the Netherlands, and Germany (ranging from 53% to 78%). From 2008 to 2012, Internet bookings in China has increased from 19% to 39%, whereas in Russia the figure has increased from 9% to 42%. These facts indicate that the market of traditional travel agencies has been shrinking. In the meantime, OTAs prevail. While OTAs can exempt themselves from the cost of setting up physical outlets, their potential customer pools are larger given that people from all over the world can access their websites. A further threat of Internet on the business of traditional travel agencies is the growing number of direct bookings on supplier websites, which on the other hand leads to competition between OTAs and suppliers (business partner of each other) in the online environment.

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1 This article is downloaded from the IFITT e-Tourism Wikipedia: http://www.ifitt.org/resources/wiki
In view of the prevalence of mobile technology nowadays, its growing importance in travel search and booking is plausible. The report of “Google The 2012 Traveler” shows that the percentage of leisure travelers using mobile devices to access travel information has increased from 8% in 2009 to 38% in 2012, whilst the percentage of business travelers has increased from 25% in 2009 to 57% in 2012 [5]. The research also shows that the percentage of travelers using personal computers to access travel information has dropped, whereas the percentage has increased for using mobile phones and tablets.

Although the business of traditional travel agencies is being nibbled by their online counterparts, the former will still maintain their existence in the near future in light of their inherent characteristics of allowing face-to-face interactions, which are emphasized by certain customer segments [6]. The Internet, from a different perspective, may provide opportunity for traditional travel agencies as some customers prefer searching travel information on the Internet and making their bookings through offline channels [7].

History

The application of ICTs in travel agencies can be traced to the advent of the CRSs in the 1970s and the GDSs in the late 1980s [8]. Given these systems, travel agencies gain access to various kinds of tourism information including air travel, hotels, rail travel, and car rentals, and make reservations on behalf of the customers. The rapid development of the Internet in the late 1990s made another major transformation of the distribution of tourism products, specifically in the growing market share of OTAs. The first OTA, namely Internet Travel Network, was established in 1995 [9]. In early 1998, a unique business model was initiated by an OTA called Priceline [10]. The model, generally known as the "opaque" model, is characterized by consumers purchasing tourism products by stating their preferred rates of hotel rooms and service quality level without knowing the brand until the actual payment was made [11]. Riding on the wave of online booking, there has been an increasing number of suppliers (e.g., airlines, hotels, and others) allowing travelers to make booking directly on their websites over the past decade.

Examples

Online travel agencies

- Expedia.com
- Travelocity.com
- Priceline.com
- Orbitz.com
- Kayak.com
Global Distribution Systems

- Sabre
- Amadeus
- Abacus
- Infini
- Travelport

Notes and References


Further Readings


Web links

- Academic Journal: [Information Technology & Tourism](#)
- Academic Journal: [Journal of Hospitality and Tourism Technology](#)
- [eTourismLab at Bournemouth University](#)