

## E-BUSINESS – THE MAJOR FACTORS FOR ADVANCED COMPETITIVE IN ROMANIAN TRAVEL AGENCIES

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### **Abstract**

*The Internet and e-business adoption are the most important issues of this century for travel agencies. Although, the Internet provides many opportunities to do business; therefore, in the near future the Romania travel agencies may lose their competitiveness. Redesigning the business processes of travel agencies to adapt them to e-business environment is aimed in this study. The present system is going to be analyzed and redesigned to make them able to utilize from technology efficiently.*

**Keywords:** e-business, travel agencies, e-commerce.

**JEL Classification:** M16, M21, P26.

### **1. Introduction**

Travel, which is simply the transport of people on a trip or journey for a limited duration of time, is one of the most dynamic sectors of the tourism industry. Meanwhile, the diffusion of the Internet usage to business environment has been tremendously increasing in the last few years. Thus, commercial introduction of the Internet has started a process of change in the travel product buying habits of both leisure and business users.

For this purpose, firstly a literature survey was conducted by an extensive review of books, journals, internet resources, dissertations and official statistics. Then interviews were made with the key stakeholders from multiple levels of travel agencies in order to learn the current business processes (as-is system) and their system requirements for the new (to-be) system. In addition to this, questionnaires were used for defining the expectations of end-users (customers) from the travel agencies' e-business applications. Bringing all of these inputs together, business processes were redesigned.

### **2. Literature review**

In the literature there are many different definitions about reengineering and redesign. Although some of the researchers do not distinguish between redesign and reengineering, vast majority of researchers mention redesign as a phase or stage in Business Process Redesign. Because of this, it will be useful to learn Business Process Redesign in detail first and try to understand “redesign” afterwards.

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Peppard and Rowland (1995) define BPR as “BPR is an improvement philosophy. It aims to achieve step improvements in performance by redesigning the processes through which an organization operates, maximizing their value-added content and minimizing everything else. This approach can be applied at an individual process level or to the whole organization”. Another good definition was made by Hammer and Champy (2001) as “Fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed”.

The four key words that Hammer and Champy (2001) used in their definition are fundamental, radical, dramatic and process. The word fundamental is described such that; “Reengineering begins with no assumptions and no givens. It first determines what a company must do, than how to do it. It ignores what is and concentrates on what should be”. By the words ‘radical redesign’ they mean discarding all existing structures and procedures and inventing completely new way of accomplishing work (reinvention). They defend that if a company falls 10 percent short of where it should be, if its costs come 10 percent too high, if its quality is 10 percent too low, if its customer service performance needs a 10 percent boost, that company does not need reengineering. Reengineering should be brought in only when a need exists for heavy blasting. These statements also describe the third key word; dramatic. The fourth key word is process. Although this word is the most important one, it is also the one that gives most corporate managers the greatest difficulty. Because most business people are not process-oriented; they are focused on tasks, on jobs, on people, on structures, but not on processes.

Hammer and Champy (2001) define process redesign as “Redesign is the most nakedly creative part of the entire reengineering process. More than any other, it demands imagination, inductive thinking, and a touch of craziness”. There is no procedure available to produce a radical new process design and there is no hard and fast rules exist for. The good thing about it is that, it is not necessary to start with an entirely blank slate.

Many companies believe that, if they have a corporate web site and an e-mail address for communication with their customers or partners, they are doing e-business. But e-business includes much more than this. So, it will be helpful to begin with defining the e-business first.

E-business is defined by IBM as; “The transformation of key business processes through the use of Internet technologies” (Leyman et al., 2002). Here the key business processes mentioned are the organizational processes or units such as research and development, marketing, manufacturing and inbound and outbound logistics. The buy-side e-commerce transactions with suppliers and the sell-side e-commerce transactions with customers can also be considered to be key business processes (Chaffey, 2002).

Travel agency is solely an intermediary between the clients and the tourism services / products. It works with an agency agreement with the service supplier as a

subcontractor. Travel agency can also be a retailer of a tour operator, which is the producer of package tours, and sells packages on behalf of a tour operator. Travel agency does not have stocks, because travel agency is not the producer of the services, but a coordinator between the tourism product and the tourist.

Travel agencies also indicated the advantages of using the Internet as a marketing communication channel. The same results were observed in Romania with the reasons indicated previously. The ability to reach global markets by removing geographical boundaries (94 out of 150) and reduction of advertising costs (68 out of 150) are also added. In the Literature there are many different definitions about reengineering and redesign. Although some of the researchers do not distinguish between redesign and reengineering, vast majority of researchers mention redesign as a phase or stage in BPR. Because of this, it will be useful to learn BPR in detail first and try to understand “redesign” afterwards.

Regarding the information taken from three travel agencies, the workflow of a Turkish travel agency for package tours is found to include the followings;

- The agency gets in contact with service suppliers to collect the opportunities, after deciding on the destination of the tour and prepares a preliminary feasible tour.
- The agency makes reservations to required service suppliers and sends down-payments if needed.
- After sending the related schedule and information about the tour to service suppliers, and getting confirmation, the agency declares the tour rate.
- The tour program and rates are sent 10 branches or if it is a small agency, to authorized sales agents.
- Advertisements are made and sales continue until a specified due date for tour cancellation is over or the products are sold.
- After the sales are completed, the name list of the customers is sent to related service suppliers, and all the reservations are reconfirmed.

BPR for e-business involves rethinking and redesigning business processes at both the enterprise and supply chain level to take advantage of The Internet connectivity and new ways of creating value (El Sawy, 2002). Traditional enterprises are transforming them into e-business by reinventing the way they carry out their business processes to take full advantage of the capabilities of the Internet. The internet changes the way information can move across enterprises, the way business transactions are carried out, and the way relationships are nurtured and maintained (El Sawy, 2002).

BPR for e-business is more than web-enabling. It involves redesigning enterprise processes across entire supply chains, whether they are front-office processes that interface with the customer (such as sales, marketing, and customer service) or back-office processes (such as order processing, inventory management, and manufacturing) or how back-office and front-office processes are connected together. When enterprises can exchange information easily in real time, work can be performed where it is done best across a supply chain (El Sawy, 2002).

### **3. Methodology**

The aim of this study was the analysis of the current package tour based business processes of travel agencies. The goal of analysis phase truly understands the requirements of the new system and at the end either developing a system concept that addresses those requirements or deciding that there is no need for a new system. The basic system analysis phase includes two steps; first understanding the as-is (current) system and identifying the improvements; second modelling the to-be (new) system. Fact-finding methods are used to gather the needed information to extract business processes of three Travel agencies and understand system requirements in this study.

Parallel to the aim of this study, the study continues with the analysis of the current, package tour based business processes of travel agencies. The goal of analysis phase truly understands the requirements of the new system and at the end either developing a system concept that addresses those requirements or deciding that there is no need for a new system. The basic system analysis phase includes two steps; first understanding the as-is (current) system and identifying the improvements; second modelling the to-be (new) system. Fact-finding methods are used 10 gather the needed information to extract business processes of TAs and understand system requirements in this study.

### **4. Results and implications**

As a result of the interviews made, it can be said that travel agencies in Romania form the package, market and sell the tour, and make the operations. So they both do the business of travel agency and tour operator; they are both the producer and retailer. The requirements of the agencies and so the processes that need to be redesigned were also tried to be clarified during interviews.

The purpose of using questionnaire in this study is to identify the expectations of end-users (customers) from the travel agencies' e-business applications before implementing any service improvement program.

The results showed that; only 46,7% of the customers had been using the web sites of travel agencies. Others either did not know if the agency had a web site (30%) or indicated that the agency did not have a web site (23,33%).

Lack of security was still a valid problem for Travel agencies web site users. 78.6 per cent of the users did not check the security checkbox as a property for the web site they used. Another deficiency indicated by half of the customers was that, all of the products / opportunities of the travel agency were not included in the web site. Some of the respondents made comments about the deficiencies of the web sites. These included the need for a comparison page for the services and a better and easier design.

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The purpose of using questionnaire in this study is to identify the expectations of end-users (customers) from the travel agencies' e-business applications before implementing any service improvement program. Convenient sampling technique was used to select the respondents, which were the travellers who had a regular connection to the Internet and could use it.

The results showed that; only 46.7 per cent of the customers (14/30) had been using the web sites of travel agencies. Others either did not know if the agency had a web site (9/30) or indicated that the agency did not have a web site (7/30). The expectations of customers from the web sites of Travel agencies were also asked to all of respondents. According to the results, it can be said that 80% of the customers wanted to learn the prices of the services offered, and this was the most common expectation. It was followed by the advertisements of tours with 76,7% and transport information with 66,7%. This information was also provided online by Travel agencies which had web sites. 63,3 % of the customers wanted to see the photos or maps of the region they were planning to go, but only half of the web sites provided this service. The other services that more than half of respondents wanted were contact information, information about regions, travel insurance, promotions, tour sales/ reservations and different types of payments.

#### **4. Conclusion**

The major purpose of this project was to identify the critical business processes of travel agencies, redesign them if necessary, and re-model and adopt them to e-business environment. The whole procedure was conducted looking through a business perspective rather than a technical approach.

During the identification of the critical business processes, it was seen that travel agencies in Romania have many limitations and an urgent redesign and technology adoption is needed for travel agencies to be integrated to the e-business environment.

The redesigned system provides more flexibility and convenience. The agency can add extra processes to this model, according to their individual requirements. It reduces the labour costs and it improves the communication both within the organization and with other organizations in a less costly manner. Globalisation of travel services increases the sales amount without increasing the advertisement costs. Automation of transactions will increase the speed of service.

Finally, it is important to mention that, e-business adoption will soon be one of the major factors that determine the competitiveness of a company. The agencies

that redesign its business processes and adapt to e-business before the others will increase their market share and soon will be the leaders of the sector.

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