

## Chapter 49

# The Impact of Web 2.0 on E-Commerce Adoption and Use by Tourism Businesses – Can SMMEs Play the Trick? A Case of the Eastern Cape Province

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### ABSTRACT

*The subject of Information Technology (IT) adoption and use has been going on for some time (Jeyaraj & Sabherwal, 2008). In particular, to electronic commerce (e-Commerce) adoption and use, the invention of Web 2.0 presents new technological features for potential and current e-Commerce adopters as well as new challenges. With Web 2.0, customers' perceptions, preferences and decisions are not only based on information presented on e-Commerce websites, but are also influenced by content generated by people on social networks and interactive e-Commerce websites. This poses the following question: how can Small, Medium and Micro-Sized Enterprises in the tourism sector (tourism SMMEs) keep up with these technological advancements given their limited resources? Accordingly, this book chapter proposes a framework that shows challenges and incentives (critical success factors) of e-Commerce, identifies e-Commerce platforms tourism SMMEs should adopt in order to maximise benefits and outlines what tourism SMMEs should expect from their e-Commerce platforms.*

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## **BACKGROUND**

### **Tourism Products and Customer Buying Behaviour**

The tourism sector is not formally classified under the International Standard Industrial Classifications (Smith, 1998 in Rogerson, 2005). As such, the scopes and ranges of tourism service or products can range from very tangible products such as geographical areas and man-made facilities to more intangible specific attractions (Gilmore, 2003). In other words, a tourism product is a complex set of complementary tourism services produced by different economic agents, with completely different functions, resources and a different knowledge base (Wanhill, 2002; Werthner & Ricci, 2004). As a result, tourism services can be distinguished from manufactured goods in that they are intangible, inseparable, perishable and heterogeneous (Seabra, Abrantes & Lages, 2007; Gilmore, 2003; Palmer, 2005).

These characteristics of tourism services create uncertainty and perceived risk in customers' minds in such a way that before buying, consumers acquire a large amount of information and make procurement decisions based on the consequent images and expectations (Seabra et al., 2007). Palmer (2005) proposed a model of services purchase in which he argued that service customers recognise the need for a service first then search for information on potential services that could meet their needs, evaluate available services, decide and purchase the services, and then evaluate the services after use.

In line with Palmer's (2005) proposition, research by Ho, Lin and Chen (2012) and Litvin, Pan and Goldsmith (2008) suggest that the major sources of information that influence tourism customers' purchase behaviours include the Internet, adverts, movies, travel agents, word-of-mouth and interpersonal influence. In particular, to the Internet, Huang and Benyoucef (2013) recently noted that the invention of Web 2.0 has transformed e-Commerce from a product oriented environment to a social and customer oriented one. With Web 2.0, customers' perceptions, preferences and decisions are not only based on information presented on e-Commerce websites, but are also influenced by content generated by people on social networks and interactive e-Commerce websites (Constantinides & Fountain, 2008 in Huang & Benyoucef, 2013). A good example is that of consumers sharing their tourism opinions is the social media website tripadvisor.com — touted (by the company) as “the largest site for unbiased travel reviews (which) gives you the real story about hotels, attractions, and restaurants around the world” (Litvin et al., 2008:458). It is therefore a primary task for tourism businesses' marketing and promotional effects to ensure relevant information is made visible and accessible to potential customers (Xiang & Pan, 2011).

### **The Impact of Web 2.0 on E-Commerce Platforms for Tourism Business**

The invention of Web 2.0 brought about different e-Commerce platforms for tourism businesses to adopt. This book chapter uses the ICDT model to describe what is expected of e-Commerce platforms for tourism businesses. The ICDT model is generic and applies to various industries (Karanasios, 2008). Halawani, Abdullah, Rahman and Halawani (2013) argue that there is a dearth of research that uses the ICDT model to assess the characteristics of the use of the Internet in travel and tourism enterprises even though O'Brien (1998 in Halawani et al., 2013) and Karanasios (2008) have used the model before to describe characteristics of e-Commerce platforms for tourism businesses. It is also important to reconsider the ICDT model due to the rapid growth of Internet use and Web technologies and its expansion to include many features (Halawani et al., 2013).

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