National Research University
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Essay
«Electronic commerce: its' development and impact on touristic »

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Аннотация

Для исследования нашей группе (156) была предложена тема: «E-commerce: a substitute or an addition to the traditional trading schemes». Целью данной работы является рассмотрение развития электронной коммерции в конкретной отрасли для решения вопроса, заданного названием эссе и написание вывода. В данной работе рассмотрена интересующая меня отрасль электронной коммерции, а именно – туризм, как одна из наиболее развивающихся в настоящее время отраслей электронной коммерции.

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Introduction

«In the future in the market there will be two types of the companies: those who in the Internet and those who left business»

Bill Gates

The beginning of the third millennium is becoming a period of real practical realizing the immense opportunity of information and communications technologies and its' usage in different fields of economics and international business. The recent achievements in development of global information and communication technologies led to rapid growth of the economic activity called "e-commerce" or "electronic commerce".

Spreading widely all over the world and offering an increasingly wide range of products and services e-commerce becomes an instrument of integration of certain people, companies, spheres, public institutions and even countries in one community in which the partners' work is implemented efficiently and seamlessly by means of informational and telecommunication technologies. And the usage of modern information technology and communication systems (an electronic data interchange, the Internet, an electronic mail service, electronic payments) is able to bring all the aspects of doing business to a qualitatively new level.

Further, we will consider particularly such kind of development by the example of sphere of international tourism.

The development of e-commerce and increasing its volume is accompanied by a number of positive effects for the global and Russian economies. This is the

expansion of e-Commerce: first, the reduction of transactional costs, trade facilitation, enhancing opportunities for inward investment, expanding the geography and availability to participate in the business, increasing competition. Aspects of e-commerce are now among the most relevant. In modern conditions the issues of promoting wider access to international e-commerce have increasingly become the priority in the agendas of a number of influential economic and trade organizations, as well as in the decisions of the state authorities of many developed and developing countries.

Main concept of E-commerce

The term "electronic commerce" the set of various technologies among which – EDI (Electronic Data Interchange), e-mail, the Internet, the intranet (exchange of information in the company) unites in themselves, an extranet (exchange of information with the outside world).

Special case of system of electronic commerce is electronic trading. This trade (wholesale or retail) means that the supplier of goods or services provides them for a certain payment.

Electronic commerce is the general concept including any forms of the business operations which are carried out in the electronic way, and using various telecommunication technologies. Business operations can directly be carried out between firms, firms and customers, and also between firms and public institutions.

Electronic commerce is realized within Internet economy which is often called network economy (Wednesday in which any company or the individual who are in any point of economic system can easily contact also to the minimum expenses

with any other company or the individual concerning collaboration, for trade, for an exchange of ideas and a know-how or just for pleasure).

The modern information technologies used in system of electronic commerce include special infrastructure program and hardware, general services, special applications, and also legal structure and the corresponding standards and rules.

Usually carry to the main kinds of communication technologies: e-mail, fax, technology of electronic data exchange (EDI) and electronic payments (EFT). Each of the listed types of technologies is necessary for ensuring normal functioning of system of electronic commerce.

Electronic commerce implies any kind of the business operations and transactions providing the use of the most advanced information technologies and the communication environments for the purpose of ensuring higher economic efficiency in comparison with the traditional types of commerce.

Follows from this definition that electronic commerce is not only electronic trading. E-commerce is not just the trade which is based on application of new information and communication technologies on the Internet. It represents very big structure of various business activities. By means of electronic commerce achievement of the economic and financial targets formulated in the mission of firm is provided.

Electronic commerce means doing business online in the Internet, it is about using the power of digital information with the greatest benefit to understand the needs and preferences of each customer to provide them with all the necessary products and services and then deliver this products and services as quickly as possible.

Personalized, automated services offer business the potential to increase revenues, lower costs, and establish and strengthen customer and partner relationships. To achieve this benefits, many companies today engage in e-commerce for direct marketing, selling, online banking and billing, secure distribution of information, value chain trading and corporate purchasing(Electronic commerce, 4th edition, Pete Loshin, John Vacca).

Now, before the reference of the sphere of tourism, let's take a brief look at how the e-commerce developed in general (also the history of development) and what are the main differences between e-commerce and the traditional trading system.

Development of E-commerce

Business has utilized technology since the beginnings of commerce. By the 1970s companies began to increasingly incorporate advanced IT in their business models. From the 1980s onwards, advanced technology penetrated deep into the heart of business; transforming structures, processes and the complete way of transacting business. Computer networks now cross the whole length of the supply chain, coordinating interorganizational business processes and facilitating new forms of interaction and communication. These changes have ushered in the world of e-commerce Web services that promise to facilitate this undertaking by replacing proprietary interfaces and data formats with a standard Web messaging and transaction standards to enable distributed infrastructures. (E-Commerce. Bradford, GBR: Emerald Group Publishing Ltd, 2005. ProQuest ebrary. Copyright © 2005. Emerald Group Publishing Ltd. All rights reserved)

The term "Electronic Commerce" has arisen practically right after emergence of the computer in 50th, 60th. It was the era of "Mainframe-based" of appendices. Programs for transport - booking, and also data exchange between various services for preparation of flights were one of the first such appendices.

1968. In the USA the special committee TDCC (Transportation Data Coordination Committee) which task was a coordination of 4 already developed industrial standards for various transport systems - aircraft, the railway and motor transport has been formed. Results of activity of this commission have formed the basis of

the new standard for the organization of electronic data exchange between the organizations - EDI (Electronic Data Interchange). The standard has received the name - ANSI X.12 (host-based).

70th years. Approximately at the same time in England there are same processes - search of standard decisions for data exchange. But here the main orientation was on trade. There was a set of the Tradacoms standards for international trade. His Economic Commission for Europe - UNECE (United Nations Economic Commission for Europe) accepts as the international GTDI standards (General-purpose Trade Data Interchange standards).

Thus there was a situation of coexistence of 2 systems of standards - European and American. It couldn't arrange trade business which has begun an active interpenetration across the ocean therefore the movement on combination of EDI standards has begun.

80s, 90s. On the basis of the GTDI standards there was an international EDIFACT standard (Electronic Data Interchange for Administration, Commerce and Transport) accepted by ISO (ISO 9735). As the transport EDIFACT environment uses the standard of e-mail X.400 (X.435 subset). Milestones of development of the X.400 standard - version 1984, 1988, 1992 of years, became also stages of development EDIFACT. But in the USA X.12 still main standard for interaction of corporations by means of EDI. In 1997 the final association EDIFACT and H.12 was planned, but it is real hasn't occurred since to the agenda for EDI there was other, more actual problem - a possibility of carrying out operations of Electronic Commerce on the Internet.

90th years. Rapid growth the Internet connected with emergence of Web technology has forced analysts of EDI to revise cardinally the plans for further development of Electronic Commerce. Now there is a new type of business - retail trade on the Internet. And as the Internet was (and remains) cheaper environment

for information transfer, than the concept of e-mail through the imposed private networks (VAN), the EDIINT standard (EDIFACT over Internet) on the basis of standards for e-mail the Internet - SMTP/S-MIME has been created.

Nowadays Electronic commerce can be carried out at the different levels:

- national;

- international (international).

The basis of distinction of carrying out business operations at these levels is made not by technical and technological components (as electronic commerce differs in global character), but legislative. At the international level (in comparison with international) realization of system of electronic commerce significantly becomes complicated. It is caused by such factors as use of different systems of the taxation, customs duties, adoption of individual and at the same time unequal agreements between the different countries, significant differences in the applied rules of banking operations. Functioning of the systems of electronic commerce at the national level is connected generally with the representative office of the firm in a network, advertising, and also pre-sale and after-sale support.

Classification of main types of E-commerce

Electronic commerce develops within two main models:

B2B (Business-to-Business) and 2) B2C (Business-to-Customer). It corresponds to the following concepts: "service of the legal entities by legal entities" and "service of natural persons by legal entities".

Abroad historically the first were models of electronic commerce belonging to the category B2C. The habitual mechanism of Motor-transactions (Mail Order-Telephone Order) has been transferred to Wednesday the Internet. The order of the buyer was made by filling the form on the website of the seller, payment of goods

happened on a plastic card. After that the goods were delivered by mail or through a courier service. At this stage of development of electronic commerce there was no speech about any systems of payment by means of the Internet.

In the western countries the commercial operations paid with payment cards dominate. Some of the scheme of carrying out the payments weren't widely adopted around one bank in which both the seller, and buyers have own settlement accounts. Such schemes are called "payment service providers". Domination of the payment cards as the means of calculations on the Internet is explained by their wide circulation among the population of the developed countries.

Today the most developed market of electronic commerce is the market of the USA. Therefore the analysis of the saved-up experience in the sphere of electronic commerce we will mainly conduct on the example of this USA, and also countries of Western Europe. According to the American experts, there are eight main categories of commerce operating in the Internet.

The first category – the large retail trade enterprises selling goods directly Online according to model of direct sales with use of traditional mechanisms of Motor-transactions and debugged channels of payment and delivery of goods.

The second category – the large-scale universal Internet portals (for example, AOL, Yahoo! and others) providing to clients access to commercial services of various companies working in different segments of the market on the web space. The client in this case has an opportunity to acquire the necessary inventory and services in one place, and the portal earns on the commission from these transactions.

The third category – thematic portals (the catalogs consisting of a number of the websites) providing access to services of the companies working in some one segment of the market.

The fourth category – electronic auctions which work as "exchange platforms". They provide to sellers and buyers the convenient mechanism for the conclusion of two-way deals. This category of businessmen develops now quicker than others.

The fifth category – businessmen who trade in the products existing in a digital form (music, videos, texts, on-line games, etc.). Here the businessmen who are engaged in advertising on the Internet belong.

The sixth category is the websites (a set of the html-documents connected among themselves having own name and the address on the Internet) on which the "communities" uniting the consumers interested in products of one class are created. Websites of this sort allow consumers to receive economy of means at the expense of wholesale discounts. This category so far only begins to be formed. The aspiration to use of this model, for example, at buyers of difficult household appliances and home computers is already noticeable.

It is necessary to refer the electronic commerce focused on service of corporate clients (B2B) to the seventh category. In this sector, according to the forecast of the American experts, it is possible to expect the most rapid growth.

At last, the eighth category is various services in exposure and payment of accounts (for utilities, medical care, insurance, etc.).

Role of electronic technologies in the development of tourism

Broad application of Internet technologies becomes one of the most urgent tasks in the industry of tourism. Creation of powerful computer booking systems of means of placement and transport, excursion and cultural and improving service, information on existence and availability of these or those rounds, routes, tourist capacity of the countries and regions — all complex of these questions becomes

actual for the organization of the current and future activity of the tourist enterprises.

Experts recognize that today tourism is one of the leading and most dynamic branches of world economy, for fast growth rates *it is recognized as an economic phenomenon of century and in the next years will become its' most important sector*. Tourism plays a significant role in economy as participates in formation of gross domestic product, creation of additional workplaces and employment of the population, activation of the foreign trade balance.

Tourism exerts huge impact on such key industries of economy as transport and communication, construction, agriculture, production of consumer goods and others, acts as a peculiar catalyst of social and economic development. In turn, development of tourism is influenced by various factors: demographic, natural and geographical, social and economic, historical, religious and political and legal. Value of tourism as source of currency receipts, expansion of the international contacts, employment of the population constantly grows.

Development of this or that type of tourism in regions is influenced by various factors. Treat the limiting factors which are negatively influencing development of regional tourism: crises, growth of external debt, political instability, increase in prices for consumer goods, unemployment, strikes, criminogenic situation, financial instability (inflation, stagnation of currencies), reduction of volumes of personal consumption, trouble of an ecological situation, bankruptcy of tourist firms, toughening of tourist formalities, non-performance of the obligations by travel agencies etc. The special place among the factors exerting impact on tourism development occupies a seasonality factor. Depending on a season the volume of tourist activity can have big fluctuations.

 Extent of development of regional tourism is defined considerably by equipment of the territory material resources for accommodation of tourists, a trade and restaurant network and we designate, i.e. all the fact that it is accepted to include in concept of tourist infrastructure and level of service, territory capacity for

reception of tourists, an ecological condition of the territory, level of all-economic development, security with a manpower, appliances and financial opportunities of the region accepting tourists.

Without the Internet it is impossible to present activity of modern travel company, the Internet in a way of e-commerce is used practically in all main business processes in travel agency, beginning from search and customer acquisition as the communication and marketing tool and finishing with formation of a tourist's product.

E-commerce gradually occupies more and more significant segment of the tourist market. Travel agencies, carriers, hotel networks and other companies unite in the Network and online bookings offer opportunities. In turn travelers even more often not only look for information on hotels and vacation spots here, but also independently reserve all necessary services.

For 2006 the number of visitors of the websites of the largest agencies Expedia and Thompson has grown by 60% - both stake on online booking of tickets, hotels and other tourist services. The similar tendency is observed and in Russia where for the first 8 months 2007 growth of attendance of the tourist websites has reached 50-60%, tells the special correspondent of Travel.ru. According to the latest data, search engines monthly process about 200 million requests for tourist subject.

In Great Britain not less than 17 million inhabitants in whole or in part form the travel by means of the Internet, tells travelindustrydeals.com. The researches EyeforTravel for 2007 also show significant increase in interest in online booking in the Central and Eastern Europe. So, in the last two years the number of the tourist services reserved on the Internet has increased in the Czech Republic twice. In Slovenia and Slovakia growth has made 50%. According to forecasts of Euromonitor International, till 2011 in the European Union countries the tourist market on the Internet will grow by 20% and will reach a turnover of 33 billion pounds sterling (48,7 billion euros).

The last researches show that it is possible to save about 9% on independent booking of air tickets, and a full complex of tourist services – to 25% concerning tourist's package cost in travel agency. These facts strongly worry agents who have got used to earn on resales and now are forced to look for new ways of development. More open for Internet users are also large corporations: for example, the blogs were already created by Avis Rent-A-Car and Delta airline. Usual user text blogs also gradually come to the new level of video blogs and podcasts (thematic information audio files).

Noticeable development happens in mobile technologies. There are opportunities a podcast guides in any available place (for example, at tourist office or in large shopping centers), it is simpler and simpler to book the ticket or hotel in wireless systems of online booking.

At the same time tourist's products are high on the list in sales volumes on the Internet for today. This tendency is imposed on the increasing desire of the tourist most to project the trip and respectively refusal of purchase through travel agencies of the ready, calculated on the mass consumer tourist's package. The increasing number of tourists in Europe prefers to reserve only flight and hotel, and other elements of the program to buy in addition on the place according to the individual taste and the schedule in advance.

Other tendency in the sphere of tourism is growth of mobility of consumers due to emergence of the budgetary air carriers and in this regard change of terms of duration of a trip to rounds and booking of tourist's services, shorter on duration, on the eve of a trip. It demands from service providers of more expeditious strategy in informing clients and to decrease in time for processing of the order.

In recent years in tourism there is an accent shift from actions for advertising and direct marketing to marketing of the directions and sales on the Internet. By estimates of experts the actions directed to professionals from the travel agencies which are engaged in sale of your direction in the market well familiar to them and to journalists from the tourist press give the greatest effect now.

The huge competition of the market of tourist advertising in the Internet is the most convincing proof that advertising of travel company in the Internet yields tangible results at the minimum cost. At the moment the rare travel agency does without Internet advertising since in the modern market it is inadmissible to neglect such active source of clients. Fight for the best advertising positions begins long before start of a tourist season and, despite a large number of the tourist websites, the most advantageous positions demand preliminary booking.

Now two main ways of use of the Internet by tourist firms are observed:

1. advertising of tourist services and image of firm on own or someone else's Internet pages;

2. sale of tourist services through Internet pages (Online store).

In the first of the above described cases the Internet is used for the purpose of adverts of tourist services approximately as well as traditional mass media. On personal or someone else's Internet pages of the travel agent information of adverts character is placed, contact information of firm is given. Advantages of use of ads on the Internet in comparison with traditional mass media, as a rule, consist in lower expenses.

The detailed description of the rendered services is provided in the second case on Internet pages of tourist firm and the possibility of filling and sending a form of the application for acquisition of a certain tourist package or separate tourist services is provided.

Broad application of Internet technologies becomes one of the most urgent tasks in the industry of tourism. Creation of powerful computer booking systems of means of placement and transport, excursion and cultural and improving service, information on existence and availability of these or those rounds, routes, tourist capacity of the countries and regions — all complex of these questions becomes actual for the organization of the current and future activity of the tourist enterprises.

It is necessary to notice that many tourist companies see threat to do the business in a wide circulation of the Internet. Opening of on-line booking systems of hotels, air tickets and other components of round will allow clients to organize independently the rest, without resorting to services of agencies.

E-commerce gives the chance to carry out mass advertising campaigns at the minimum expenses. If to publish commercial information in the popular electronic edition, it will become available to millions of people of the whole world not for one day, and for month, quarter, year. For rather small money it is possible to post online the most extensive data on firm, her goods and services, working conditions with clients, etc.

For the solution of the existing problems and association of workers and users of information technologies in tourism the Association of Assistance to Tourist Technologies (AATT) which part a number of the companies which are carrying out certain kinds of activity is has been created: "Alean" (Alean booking system); "Arim-Soft" (tourist portal "100 roads"); "Megatek" (system of automation "Master-Tur"); "Most Software" (system of automation "Most Round"); UTS (booking system of hotels and services).

Main objective of ASTT — training of participants of the tourist market for introduction and effective use of modern means of business. The association holds the conferences and seminars directed to increase of professional skills, advises heads of the enterprises, investigates the tourist market and informs the companies on tendencies of his development, develops and introduces standards on the software.

Modern technologies allow the tourist organization:

• to expand the range of the services provided to the client;

• to increase efficiency of work and to lower expenses;

• it is more effective to interact with partners;

• to use multimedia promotional and informational products;

• to get access to extensive information resources.

The industry of tourism in recent years has significantly changed in connection with development and expansion of use of computer technologies. Distinctive features of a tourist product demand fast providing necessary data on existence of empty seats in the enterprises of placement and transport, and also their reservation and booking. It is quite feasible on condition of broad application of modern computer technologies of processing and information transfer.

Conclusion

In today's fast-paced world, in order to stay in contention and thrive in the business world, it is very important to break -through these conventional rules and adapt thein formation technology ways of doing business.

In conclusion, I would like to sum up that due to all the analyzed information that e-commerce has become a revolution in touristic sphere of commerce and trading. It is difficult to imagine the field of tourism without current communication opportunities and the beginning of e-commerce growth became the beginning of new trading field.

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