Executive Summary

In the space of a few short years, information and communication technologies (ICT) have had an enormous impact on the tourism industry worldwide – an impact that is still in its early stages in developing countries, where the potential for e-tourism is especially promising. In order to help these countries make the most of that potential, UNCTAD has developed an e-tourism initiative.

The idea, based on public/private sector collaboration, is to give developing destinations the technical means for marketing and selling their own tourism services online. Tailor-made, easily replicable platforms are created for this purpose, complemented by training, online value-added services, such as reservation, and a good business model aimed at ensuring long-term financial viability.

The result is increased visibility for the country of destination and a tourism industry that is highly responsive to the needs of today’s travellers for quick access to information, customized products and secure, online payment facilities.
The UNCTAD E-Tourism Initiative

UNCTAD: Helping destinations to become more autonomous

Globalization and new information and communication technology (ICT) are radically transforming the tourist industry. The demonopolization of information flows and the disintermediation brought about by growing Internet use mean that developing countries can now make the most of their tourism resources by targeting the potential tourist directly. Well used, ICT can make these countries more self-sufficient in constructing their own brand images and promoting their own tourist attractions and, by involving all concerned, can also reduce the usual capital flight. Developing countries can thus maximize their comparative advantage in this sector, adjust their tourism services to suit their own development strategies and become better integrated in the world economy. This potential rebalancing of the international tourism system is today becoming necessary as more and more tourists make use of the Internet.

The tourist industry is heterogeneous and fragmented. It involves many different players, both private and public, and draws on the widest possible range of cross-cutting skills. As in developed countries, cooperation mechanisms and public and private partnerships centered on ICT need to be established in order to enable new product ranges to be developed and make it easier to promote them on new markets. The question which now needs to be addressed is how to use local, national, sub-regional and global partnerships and alliances to maximize the benefits offered by the ICT medium.

Purpose of the initiative

For many developing countries tourism has always offered genuine, measurable and expanding opportunities. It is often their primary source of hard currency and is also one of the largest sources of employment, mainly unskilled work carried out in these countries by women.

The Internet is one of the determining factors in the exponential world growth of the tourist industry, giving every potential tourist immediate access to information on possible destinations. In this way, ICT is stimulating the emergence of a new kind of tourism, e-tourism, creating a demand for customized, “à la carte” trips.

The immediate objective is to design, create and establish a steady e-commerce market in the tourism and craft industry, by identifying, promoting and integrating the providers of national goods and services to international business.

If properly incorporated into development strategies, especially those concerned with new technology, the tourism sector can be the cornerstone of new production systems, reducing poverty and helping to integrate countries into the global economy.

UNCTAD has conceived and developed the e-tourism initiative with the aim of helping developing countries to make the most of their tourism potential. The idea is to give developing countries the technical means to organize, promote and sell their own tourist attractions and local crafts online. The initiative is based on a tool with the aim of (a) upstream - helping to organize their e-tourism sectors, and (b) downstream - promoting their products. The information and publicity generated will be complemented by high-value-added services, starting with online reservation and followed by online ordering (and payment and delivery) of local craft products. Web platforms which can be customized and reproduced are created for this purpose; they are complemented by training and the implementation of a business model aimed at ensuring their long-term viability.
This initiative is structured around a tool, a method and partnership-building.

The aim of the tool, the country platform, is to help countries to identify, standardize, coordinate and propose tourism and craft services in response to varying world demand.

ICT is one of the most effective ways of doing this, as it enables developing countries to take charge of their own tourist advertising, generate revenue for the local economy and remain competitive. Bridging the digital divide brings additional freedom and greater autonomy to the destination countries. These countries can partially free themselves from “the tyranny of the transaction” (Hilalli, 2003), create their own tourist “brands” and promote their images according to their own national strategies. This would be in addition to existing systems for promoting tourism, while incorporating more of the local players who may be shut out of traditional packages.

This initiative is centered on the development of e-tourism marketing, built around services offered by small- and medium-sized enterprises (SMEs) and directed by the tourist industry, with help from governments and the international community. Its objectives are to enable destination countries to develop new tourism products, to help improve the quality of their services and to extend participation from the local to the national and from the national to the subregional level, besides making the sector more competitive.

This tool is designed to be inclusive, decentralized and commercial, and by relying on partnerships at different levels it contributes to the organization of national markets by encouraging organizational and functional links between private and public entities in the sector, and allows tourism services to be promoted in accordance with countries’ development objectives. The model may give a real boost to national growth, mainly among SMEs, by promoting a positive image of countries’ tourism services and local crafts. Developing countries would be able to raise the profile of their tourist potential and their businesses, offer additional opportunities to promote their products and services and diversify their customer bases, enabling the private sector to take over for the long term, in partnership with the public sector. The abundance of contacts offered by the tourism sector provides innumerable opportunities for partnerships, which will
be established at all phases of the initiative. Some partnerships will be pursued when planning begins, others (mainly large, as well-known global companies) at the development stage to support the project, and others when the product is actually introduced in the target countries, all in very close cooperation with international partners, such as the World Tourism Organization (WTO), sub-regional, national and local partners, NGOs, local communities and local traders. Finally, further partnerships will be developed to build skills at the local level.

The method

As well as providing a technical platform, the initiative also provides a method for collating the relevant information (about the tourism and craft sectors), standardizing it and distributing it on the Internet. This will be done by producing and distributing a guide that gives full directions for using the portal, and special records for the various entities operating in the sector. The three major topics underlying the proposed training are data collection, standardization, and distribution and promotion.

All too often, difficulties arise during the course of a technical cooperation project such as this one; it is therefore essential that all the local entities involved (private and public) should be stakeholders from the start, taking ownership of the project and jointly defining its framework, and that their responsibilities towards each other should be clearly understood, accepted and followed up. This is, in fact, the purpose of the awareness-raising seminar planned for the start of the project.

For these reasons, the project was designed to be inclusive and decentralized; as the market is by definition fragmented (physically and virtually), each participant is responsible for its own part and is given a roadmap and blueprints for measuring and evaluating results. At the end of the project this informal arrangement should be firmed up and kept in operation in accordance with the associated business plan.

Information to be included:

- General information about the country (maps, visas, climate, etc.);
- Specific local information about tourism services such as special-interest tours, a list of tourist spots and craft centres, national or regional parks, markets, hotels, restaurants, travel agencies, airlines and transport, practical information about excursions, guides, interpreters, doctors and car hire agencies;
- Information about local crafts (relevant organizations and associations, craftsmen, products, etc.); and
- Links to the web sites of the various partnerships and associates and to existing information on the Web.

Integrated management tools will allow real business relationships to be established between all the entities operating in the sector, enabling web-site users to be monitored (by category, types of services contracted for, personalized web pages, online price adjustments, promotions) and clients to be profiled/targeted (nationality, socio-professional group, services requested, etc.).

The initiative is intended to capitalize on convergences of interest between a dynamic, flexible and enterprising private sector and a public sector which is seeking to align itself closely with the private sector to promote development and sales by optimizing and building on existing resources within the framework of a national strategy for sustainable development. It affords a means of keeping an eye on the sometimes unruly development of the tourist sector, refocusing it for the common good.
Partnerships are therefore extremely relevant in the sense that they will enable all concerned, private or public, to coordinate their resources and objectives: improving existing tourism products and creating new ones, for example, diversifying the customer base and expanding markets, while also creating economies of scale by pooling human, financial and technical resources.

**UNCTAD’s role**

UNCTAD expects to contribute to this initiative as **project manager and facilitator**.

(a) **As project manager**, UNCTAD aims to (i) design and develop a reproducible and personalizable model of an Internet platform aimed at identifying and presenting tourism services in a dynamic way, and (ii) implement and implant this model at the country or community level. The tool will be developed by UNCTAD as part of a technical assistance project for a number of pilot countries that have already expressed an interest.¹

(b) **As facilitator**, UNCTAD aims to involve **well-known partners** from the start of the initiative and at all levels of implementation, in order to provide leverage that will increase its relevance and impact. Partnerships will be built around the model devised by UNCTAD to improve their features, facilitate general adoption and increase benefits. These partnerships may be developed on a world,² regional³ and/or local⁴ level at different stages of the initiative, depending on the scope of activities and the extent of cooperation agreed upon. They could therefore be defined in terms of the four stages envisaged for the initiative: design, implementation, incorporation of the entities concerned and promotion. UNCTAD will make a collaborative web site available to the partners, giving their names and describing the services they are expected to offer, and will also manage the official communication system.⁵

¹ The international community has for many years recognized UNCTAD’s work and competence in the successful development of broad technical assistance programmes centred around new ICT, such as ASYCUDA (http://www.asycuda.org), DMFAS (http://r0.unctad.org/dmfas/index.htm), ACIS, the World Trade Point Federation (http://www.wtpfed.org) and the MIX market (www.mixmarket.org), etc.

² A natural partner would be the World Tourism Organization. Partnerships centred on the technical platform are also a possibility (equipment or software provided at reduced cost).

³ A subregional project could be based on existing subregional organizations (Arab Maghreb Union, Economic Community of West African States).

⁴ Local associations and communities, universities.

⁵ Information sharing is very important for partners, external organizations, the public, and the markets. Setting up an Extranet would enable a good level of communication and avoid misunderstandings, confusion, and even hostility between partners. It is equally important to communicate outside the partnership (e-mails, information bulletins, meetings, teleconferences). See http://etourism.unctad.org.
Once the platform is up and running it is expected to bring a number of benefits. These could include, a strengthening of the organizational fabric thanks to the cooperation between the public and private sectors that operation of the portal will entail, the concomitant spread of good business practices and attention to international standards.

Similarly, the diversity of contributors and skills, and the close association of public and private operators as the initiative is set in train will ensure from the outset that the sector is better protected and that the risks, information and responsibilities are shared in an optimal fashion and that the number of connections and networks is increased, so that the initiative is better disseminated. On the ground, there is the potential for the sector to become better integrated into the global economy and for capital flight to be greatly reduced by bringing in new operators, taking account of local conditions and showcasing local products.
Considerable economies of scale would then be possible thanks to the operational gains brought about by sharing resources (IT and linguistic, for example), efficiency, management structures, developments and technological innovation. The initiative can also be expected to promote the country and its resources, develop its brand image and raise its profile.

This model responds to current tourist demand, with travellers seeking experiences that meet their personal stipulations for customized trips. It could give rise to flexible tourist packages and the creation of more open alliances to jointly showcase and promote destinations. This will increase the visibility of the destination countries. In return, the local tourist industry also becomes more responsive to the market and the traveller’s desire for fast access to reliable information, customized trips and online payment methods is satisfied.

**Becoming a partner**

This initiative is rooted in ICT and could be used as an example: owing to the cross-cutting nature of the sector, it actually extends far further given the nature and diversity of the entities involved and the close interweaving with other economic sectors. Good practices can thus spread beyond the setting of the initiative and its participants and partners, and of course into the market that it will be helping to organize.

Alliances will be sought in the following fields of activity:

- Product improvement;
- Product promotion;
- Relevant human resources;
- Information technology and various studies (upstream and downstream);
- Funding and/or sundry contributions in kind.

A number of partners with established reputations will then need to be selected from within these fields.

These partnerships fall into three categories: they may be formed in the private sector (private-private), in the public sector (public-public) or between the private and public sectors. The pooling of common resources and complementary skills for a collective promotion campaign is one example. Private partners typically bring benefits such as business sense, and access to new sources of funding, planning and service-provision skills, training and new technologies. Similarly, the private sector benefits from access to new markets, an expansion in the services provided, and potential productivity gains. It is a win-win strategy.

The different partners will forge many types of links:

- Vertical links (equipment, software, applications);
Links within the country, strengthening the local organizational and operational network (tourist
information centres, NGOs, local tour operators, local agencies);
- Links between the countries of a subregion (Maghreb, the Arab Maghreb Union) with the
objective of increasing the size and scope of the market;
- Special-interest links (river tourism, holiday resorts, desert tours, wildlife parks).

Possible types of partnerships

UNCTAD is searching for partnerships able to contribute in the following areas. This is not an
exhaustive list, simply an illustration of the issues concerned and the types of skills required.

Activty A: Product improvement

Partnerships could lead to the development of new products. For example, by using the powerful
databases recording and classifying the various tourism resources, partnerships could devise new
angles for promoting products, which could be tested on the target market.

1. Contribute to awareness of existing options, help catalogue and validate the available
products (collating, standardizing), contribute to monitoring methods;
2. Enable environmental resources to be improved and preserved through greater
understanding and monitoring (sustainable tourism, respect for communities);
3. Ensure international standards are set, observed and monitored;
4. Improve productivity and innovation;
5. Help to develop NGOs and local resources and encourage their integration into the market;
6. Provide technical support to programmes developing tourist products;
7. Contribute to the development and integration of SMEs;
8. Ensure the sustainable development of the tourism sector;
9. Make one’s presence known and overcome barriers to trade and investment;
10. Develop an appropriate system of rules and regulations in order to create a relationship of
trust with the user (descriptions, standards);
11. Take a position on the international market.

Activty B: Product Promotion

Using client databases, partnerships should try to encourage return custom, penetrate new markets and
team up with established travel agencies.

1. Enhance the destination’s image (avoiding bad press and warnings);
2. Develop a promotion strategy and plan;
3. Increase the use of promotion techniques and more effective marketing strategies (targeting,
feedback, micro- and macro-level marketing, brand image);
4. Penetrate new markets;
5. Diversify the market (linguistically, geographically);
6. Strike agreements on combined promotional offers (virtual or non-virtual);
7. Support participation in tourist industry trade fairs.

Activty C: Human resources

1. Impose established quality standards widely;
2. Gain management and negotiation skills for working with tour operators and clients;
3. Offer training and education programmes;

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7 Assistance in monitoring and classifying hotels (WTO project in Peru).
8 See, for example, the methods for certifying NGOs developed by Fair Trade in Tourism South Africa
(www.fairtourismsa.org.za).
9 Such as a discount on one service if one purchases another, competitions, prizes, reciprocal recognition of
loyalty points.
4. Offer ad hoc training support for intermediaries, who will be assisted in developing or extending the range of their business development services linked to tourism promotion.

**Activity D: Technology**

Technology can improve participation, communication, and the pooling of information. E-mails, e-bulletins and e-postcards make communicating much easier. Similarly, the use of technology makes it much easier to carry out research on customer motivation and satisfaction.

1. Develop an Intranet model, on a participatory and decentralized basis;
2. Develop management tools (cf annex);
3. Develop a generic business model for the platform and user guides explaining the benefits for everyone taking part;
4. Provide search and testing facilities, and market studies;
5. Encourage innovation and the application and distribution of innovative technology.

**Activity E: Funding**

Groups have more negotiating power; they can share costs, make joint investments (equipment, training), and negotiate better rates (reservation, payment).

1. Obtain investments and funding;
2. Optimize public investment;
3. Secure start-up funding.

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**Example of partnership form (to register go to http://etourism.unctad.org)**

| **Full official name**<br>(of business) |  |
| Nationality |  |
| Legal status |  |
| Official address |  |
| Representative |  |
| Telephone number |  |
| Fax number |  |
| E-mail address |  |
| General description (e.g. A1, B2 or other) | Nature of the partnership and its general aims. |
| **Target groups** | Who are the target groups and how will they benefit? |
| **Objectives of the partnership** | How will its actions help to resolve the problem? Create an action plan, set out the corresponding activities, prepare plans for its implementation and describe how responsibilities will be distributed. |
| **List of activities and schedule** | What do you plan to do? Give details of the necessary activities for carrying out your project(s) and a realistic estimation of the time needed for each. |
| **Resources** | What resources will you need (manpower, materials etc.)? |
| **Variables** | Are there any external variables that could cause delays or alter the results? |
| **Roles and responsibilities** | List the organizations responsible for each activity or  |

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10 A network of festivals, museums.
### Who are the beneficiaries?

Regarding the specific activities involved in implementing the project, the principal target beneficiaries are:

- The partners in general. While money enables projects to be carried out, so do the shared programmes, joint decision-making and mutual benefit which make up a partnership;
- The country, through the impact on its economy of an enhanced image of its crafts and culture, through gaining new information technologies and through the modernization of its technological infrastructure;
- All businesses involved, directly or indirectly, in international commerce, particularly SMEs in the tourism and crafts sector, through a web presence, increased visibility, additional promotion and management opportunities, and increased demand for their products and services. The Internet enables the kind of targeting that was previously impossible. The Web has advanced so much in recent years that it is now generating real advertising opportunities for reaching particular special-interest and geographical markets;
- Local businesses, by spreading their catchment areas;
- Individuals employed in the sector, through training courses for hotel industry workers, entrepreneurs, local travel agents, guides, etc.;
- Ministries of Trade, Tourism and Craft, National Tourist Offices, and professional organizations in the sector, as they will benefit from a more effective structure and organization; a standardized list of service-providers and monitoring of these services; an improved understanding of the sector; and they will also have a larger influence on the presentation of the tourism sector to the rest of the world, which will be structured and coherent;
- Potential tourists and travel agencies throughout the rest of the world;
- The initiative assumes the following in the pilot partner countries;
- Continued support from the authorities for the strengthening of an independent, dynamic and competitive private sector;
- Favourable developments in technical infrastructure;
- Increasing public adoption of the Internet;
- Adjustment of the laws and regulations governing electronic commerce (or working arrangements to begin with), aimed at building a relationship of trust with the consumer;
- A means for travel agencies to obtain insurance and reinsurance;
- The national authorities and the private sector will do their best to honour the conditions laid down for setting up the site;
- The staff made available by the private sector (or national administration) to carry out the initiative will continue to work solely on the initiative for the whole of its duration.
Contributions, responsibilities, risks

UNCTAD
UNCTAD is giving the project substantive administrative and technical support by mobilizing and selecting consultants and partners, preparing different aspects of the training and supervising the evaluation of this initiative's impact on the target country. UNCTAD is also supervising the development of a market model (technical, financial, marketing), and promoting it in various local seminars. It is responsible for implementing the project in the pilot partner countries. The planned partnerships could be managed in several different ways. (KPMG 2002)\(^{11}\) These will be decided on at a later date.

Donors
UNCTAD will approach donors, whose contributions will be clearly documented. The donors will be kept informed of the initiative’s progress through weekly reports along with a concluding report at the end of the project.

Partners
The partners will be responsible for providing their services within the agreed timeframe.

Target countries
National counterparts (institutions or individuals) will be selected by UNCTAD on the basis of their skills and the validity of their role in designing, operating and promoting the pilot site. They must provide offices and administrative, technical and substantive support to coordinate the project’s implementation in the country, and must be familiar with and keep abreast of what the country can offer the tourist.

Each counterpart is responsible for the quality and relevance of the information provided on the pilot site. The counterparts will initially be able to work as consultants and be paid directly by the project WITHOUT doing other jobs if they commit for the duration of the project.

Experience shows that customers soon reject out-of-date information. For this reason, a mechanism must be provided under the project to ensure that information is updated once the project is over. The local counterparts are strongly encouraged to team up with the project. They will ultimately be rewarded by their ability to ensure the site is supplied with up-to-date, useful information. This principle should be included in the business model for the pilot project.

Setting up a market such as this one is a very complex task, largely because it is new, dispersed and mixed (public-private).

The main risks are of:

- A decline in genuine high-level political will and follow-up during the project;
- A passive private sector and insufficient discipline and involvement among the various participants;
- The country underestimating the efforts needed to make the required changes to its laws and regulations;
- Inadequate infrastructure;
- An insufficiently motivated national team;
- A badly managed awareness and follow-up campaign.

\(^{11}\) (Definitions from KPMG) A main partner who takes the decisions for all the partners, shared management (where everybody takes part in the decision-making process), divided management (where each partner is responsible for their particular area of expertise), independent management (subcontracted by the partners), or joint management. The different natures and cultures of the partners, and their strategies, will also influence the nature of the partnership methods.
The process of modernization itself can create temporary inefficiencies for those involved. These risks can be reduced by studying similar experiences in other countries.

**Coordinating and follow-up mechanism**

A follow-up mechanism will be put into place both centrally and in each of the partner countries.

Follow-up at the national level will be ensured by the following, based on regular reports.

- Establishment of a follow-up and evaluation committee;
- Activities will be managed on a daily basis under work plans established and approved by the follow-up and evaluation committee. UNCTAD will be responsible for selecting partners and recruiting personnel to work on the initiative under its charge;
- Every week UNCTAD will prepare a detailed report for the committee members, particularly at the end of each phase defined in the initial work plan;
- The arrangements for the various financial reports, such as the statement of expenses and the statement of available funds, will conform to the applicable United Nations regulations;
- At the end of the initiative, the final report will be drawn up at a multiparty meeting.

**Platform**

**Planned activities**

The following activities (for illustrative purposes) will be carried out:

- Identification of potential international, regional and national project partners for technical, institutional or training support or any other specified area of expertise;
- A survey of existing initiatives and achievements at the regional and interregional levels and a search for synergies with them. Visits to selected sites;
- Development and introduction of a communication strategy aimed at introducing the project to the various national entities involved and promoting awareness of its impact on target countries’ economies;
- Regional and national seminars to introduce the project to the parties concerned and secure their cooperation in setting it up;
• Finding local partners to participate in the collective implementation of the project, including a national contact and a technical partner which can host the site securely. Identification of potential local partner structures (from business circles, etc.); private sector federations and associations in particular will be looked into, in cooperation with the National Tourist Office, with the aim of finding credible participants (definition of appropriate selection criteria, identification, validation);
• Design, development and implementation of a model pilot site. Configuration of computers and software, acquisition of hardware and system software;
• Simultaneous development of a generic business model including promotion and funding strategies;
• Development of training courses based on:
  • Designing, running and maintaining the site technically;
  • Collating, validating, standardizing and managing national tourism services;
  • Advertising the site to national clients;
  • Advertising the site to international clients and partners.
• Designing and preparing educational material adapted to these needs (reference manual, instructor’s guide, PowerPoint presentations, videos, case studies, practical exercises and simulations);
• Validation of educational training material;
• Finding and training potential instructors, training trainers;
• National/regional broadcasts to help the instructors identified;
• Inventory and evaluation of the country’s tourist and craft services (telephone directories, etc.), identifying gaps and needs as regards information and follow-up;
• Designing and developing an Intranet, linking up participants, designing corresponding databases and the related management and follow-up tools;
• Designing user guides (method);
• Setting up a mechanism to collect, process and distribute the missing information (preparation, checking, dispatching, and processing of standard questionnaires, monitoring, updating and adding the information to the respective databases);
• Assistance in establishing a price scale with a view to ensuring the financial autonomy of the site;
• Awareness and follow-up campaign;
• Promotion of web sites;
• Evaluation of the project’s impact in terms of relevance, effectiveness, efficiency, impact and durability;
• Management of the various partnerships.

**Timetable:** To be determined
**Resources:** To be determined
**Start date:** (June 2004)

Phase 1: Definition of start-up arrangements, agreements on the proposed concept and inputs from each of the proposed partners. This phase is concerned only with the launch of the initiative.

Phase 2: Start of pilot projects in some countries (to be determined) and search for funding from traditional donors or the private sector.

**End date:** Four years after the start date
**Contacts:** etourismportal@unctad.org
http://etourism.unctad.org
An illustration: Presentation of a model platform

The images below are for illustration purposes only and are not contractually binding. These screen shots show how the site’s management interface might look, the site as seen by Internet users, a hotel web page with online reservation and a sample business model.

Management module: (Stage 1)/First screen of the local configuration module of your site
Management module (Stage 2)/Management module (Stage 3)

You can enter standardized data on various market players.

Description of the accomodation

Every player has a specific form
An example of a potential site

- Country's data (the essence of the project)
- Advertisement zone (sponsors, partners)
- Links to partners that provide informational content
A search engine that searches (Multicriteria search engines)

A regional portal? Regional partners!
On-line reservation

A possible web page
In order to guarantee this market’s durability, a business model will be designed and validated, including the idea that the site should be financed by those who contribute information to it (seeking a customized presentation of their goods and services), as well as the marketing costs associated with market positioning.

Several scenarios will be envisaged (pessimistic, optimistic, neutral) for simulation purposes in order to work out the expected outcomes. This will ensure the smooth functioning of the market at the end of the day, both in a technical sense (positive development of dedicated technical methods) and in the human sense (motivated and skilled staff who stay with the project).