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CHAPTER 4



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Chapter 4

TAKING OFF: E-TOURISM OPPORTUNITIES FOR DEVELOPING COUNTRIES

A. Introduction

How can Governments and tourism providers together make use of the Internet to successfully reach online consumers and improve their relative position in tourism markets? What policies and strategies should they adopt to create value by promoting online their tourism offer? What are the best practices for developing an effective destination management system (DMS)?¹ This chapter attempts to respond to those questions by focusing on e-tourism policies and strategies that could help developing countries tap the opportunities offered by ICTs in this sector.

In 2001, the *E-Commerce and Development Report (ECDR)* analysed e-commerce and tourism with a view to exploring how the tourism industry was starting to benefit from information technologies and the Internet, as well as the effects on developing countries' competitiveness in tourism markets. The *ECDR* noted that one of the main changes brought about by e-tourism was the disintermediation of the tourism value chain driving revenue directly to tourism providers. This chapter further examines this issue, arguing that the online distribution of tourism products and services by developing countries' tourism providers can give the latter an opportunity to access international tourism markets on an equal footing, targeting potential tourists directly. Over the years, the demand for tourism products and services on the Internet has been growing, like the number of Internet users and the speed of access to the Internet.² Recent studies released in the United States show that 56 per cent of Internet users are planning their vacations online (in particular making their hotel and airline bookings), whereas 23 per cent consult both travel agents and the Internet, and 10 per cent rely exclusively on travel agents.³ If most consumers are more likely to use the Internet to search for tourism-related information, this means that online travel purchasing is gaining ground in the United States. In about four years the number of Internet users in the

United States who have booked their travel online has reached 50 per cent, compared with 30 per cent in 2000.⁴ Travel is the largest source of business-to-consumer (B2C) revenues with \$52.4 billion in 2004, and is predicted to reach over \$119 billion by 2010.⁵ The European online travel market grew by 51 per cent to reach \$ 23.3 billion in 2004 and is estimated to grow to \$ 49.9 billion in 2006.⁶ Most of the information relating to tourism opportunities is generated and maintained by developed country service providers and naturally reflects their interests. Most of the tourism sales are made through those overseas tourism providers.

The growing number of Internet users that want to obtain tourism-related information and prepare their itineraries, and the growing demand for new travel experiences⁷ respectful of environmental preservation and involving cultural, natural and social resources, open up huge opportunities for developing countries. ICTs also help destinations and national tourism providers to develop, manage and sell their offerings worldwide. The reorganization of the tourism market together with effective use of ICTs could allow developing countries to build their own brand images, develop new products, promote their tourism resources and expand their customer base to ultimately increase tourism foreign earnings and contribute to local development. The application of ICTs to this information-intensive industry, as a key business driver to organize and market destinations in developing countries, is an illustration of ICTs' potential for economic and social development and can contribute to the realization of the Millennium Development Goals (MDGs).

More and more destination management organizations (DMOs)⁸ in developing countries are using the Internet to market their tourism offerings. Their websites are mainly an information window and only a small share of DMOs have been able to offer fully fledged services in the form of a sophisticated DMS. In addition to using the Internet to market

their offers, tourism policies and strategies should be based on effective tourism innovations (new tourism products and services, technology).⁹

In view of the constraints faced by developing countries, in terms of infrastructure, human capacity and low level of adoption of e-business by local tourism providers, Governments and DMOs should play a central role in encouraging the participation and inclusion of tourism enterprises in global tourism markets. This chapter firstly considers the status of developing countries in the international tourism market and reviews ICT-related trends in the online segment of the tourism industry. Then, it discusses how DMS can support the management and marketing of destinations by creating an integrated tourism product and a cooperation network among tourism providers. It provides an overview of e-tourism websites developed by national tourism offices, the national DMOs in the LDCs. The experiences of Tunisia, Thailand, Quebec (Canada), and the ASEAN and the Caribbean regions in developing a DMS will illustrate key elements of e-tourism strategies and common challenges, possible options and best practices to build an effective DMS. In conclusion, the chapter proposes some recommendations for policy-makers and enterprises to develop effective e-tourism strategies.

B. Global trends in the tourism industry

The purpose of this section is to present key data on and trends in tourism, including its online segment, and to describe who is benefiting and who can further benefit from tourism flows and revenue. In 2003, tourism accounted for about 11 per cent of the world's gross domestic product (GDP) and foreign tourism earnings amounted to \$523 billion with 691 million international tourism arrivals.¹⁰ This industry supported over 200 million jobs, representing about 9 per cent of the global workforce.¹¹

1. Tourism and developing countries

Despite the large share of tourism in many developing countries' export revenues, and particularly the LDCs,¹² the majority of developing countries have not been able to capture a significant share of the value created by tourism activities. Charts 4.1 and 4.2

illustrate the evolution of international tourism arrivals by region from 1950 to 2004, as well as the distribution of international tourism receipts by region.¹³ Over that period, international tourism arrivals¹⁴ increased by a factor of 30, reaching 760 million travellers in 2004.¹⁵ International tourist flows and receipts¹⁶ have been largely dominated by Western Europe and North America, although the latter's market share has declined over the years. These two regions are simultaneously the main destinations and tourist suppliers. Europe itself regularly absorbs more than half of international tourists and receipts. This concentration of flows in Europe and North America reflects the importance of intraregional tourism within these two regions.¹⁷ In comparison, developing countries, albeit starting with very low levels of arrivals (about 8 per cent of international tourism arrivals in 1960), have attracted a growing number of travellers over the years totalling 34.5 per cent in 2004,¹⁸ out of which East Asia and the Pacific accounted for more than 19 per cent.

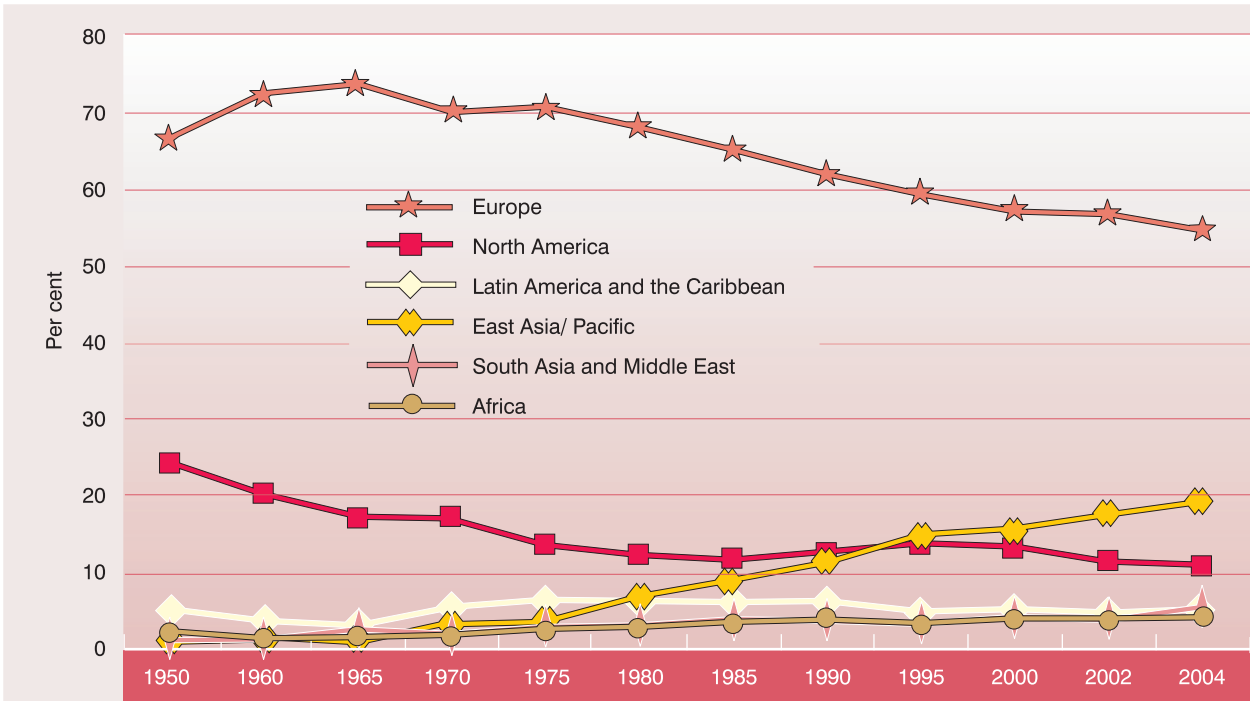
The number of international tourism arrivals has constantly increased over the period in Asia and the Pacific, reaching 147 million in 2004, and has recorded higher growth than in Europe and North America. Tourism in Asia is mainly intraregional (78 per cent of international tourism arrivals)¹⁹ and the rapid economic development of this region²⁰ contributes to the growth of tourism. The spectacular growth of China in terms of international tourism arrivals and receipts is the key factor in the rise of tourism in East Asia. A few years ago, China joined the top ten world tourism receivers, and in 2004 took over Italy's position as the fourth most visited destination worldwide with over 41 million international tourists. According to the World Tourism Organization (WTO), China will establish itself as the first tourism destination by 2020.

However, apart from East Asia and the Pacific, developing countries have not been able to significantly increase their tourism foreign earnings during the same period, and thus have not benefited in the same way from the spectacular development of international tourism receipts, which increased by a factor of 250, reaching 523 billion in 2003.

In 2003, developing countries attracted over 242 million tourists of which over 148 million were concentrated in 12 countries.²¹ Therefore, for the large majority of developing countries, their share in the

Chart 4.1

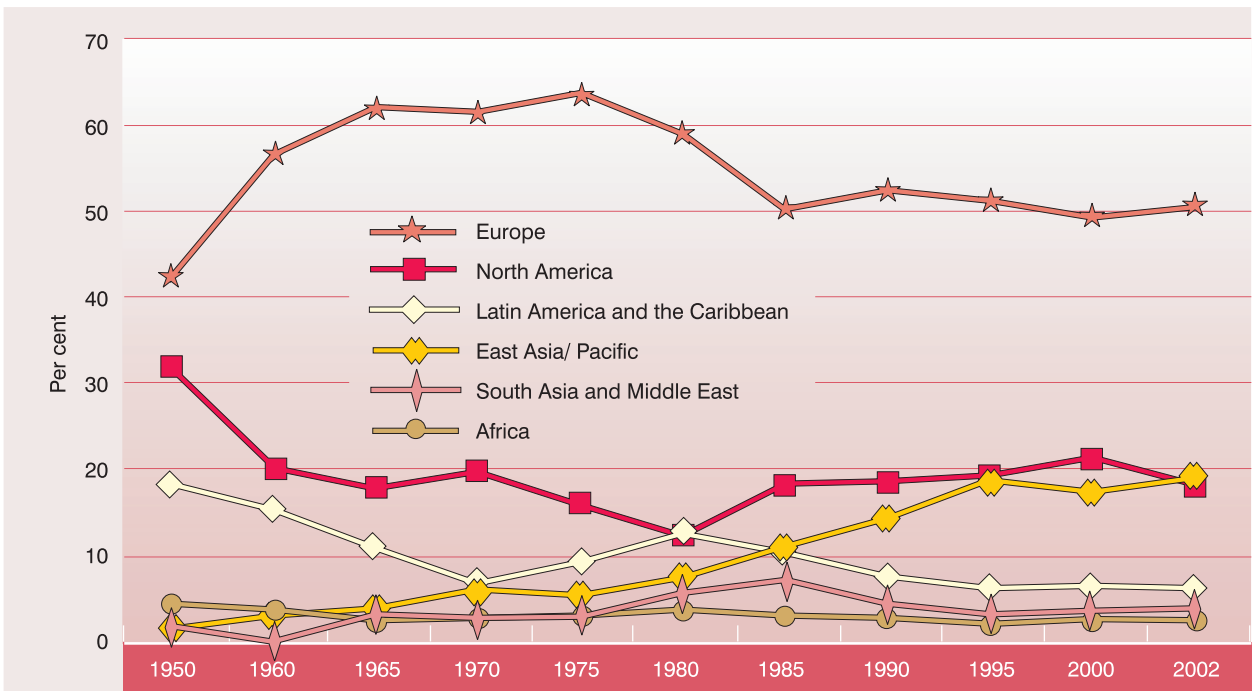
Share of international tourism arrivals by region (1950-2004)



Source: UNCTAD elaboration of data from the World Tourism Organization.

Chart 4.2

Distribution of international tourism receipts by region (1950-2002)



Source: UNCTAD elaboration of data from the World Tourism Organization.

international tourism market, in terms of both international tourism arrivals and receipts, is still small. Latin America, Central and Eastern Europe, Africa and the Middle East represent a small share of the world tourism flows and are dependent on tourists from other regions, in particular Western Europe, North America and Japan.²² Despite the rise of tourism in South Africa, Morocco, Egypt, Tunisia, Kenya and Senegal, Africa attracted only 4 per cent of all international tourists and accounted for less than 3 per cent of world tourism receipts in 2003.

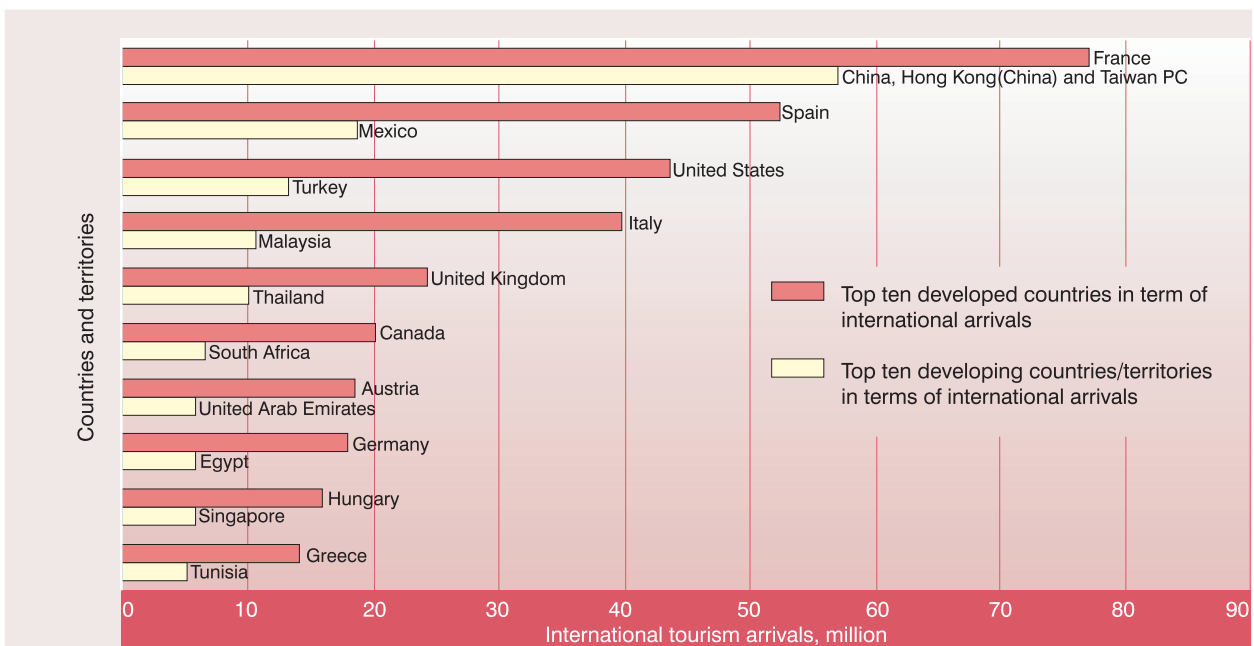
Charts 4.3 and 4.4 compare the top ten destinations in developed and developing countries in terms of international tourism arrivals and receipts in 2003. The top ten tourism destinations in developed countries attracted 323 million international tourism arrivals and totalled about \$263 billion in international tourism receipts, jointly accounting for almost half of international tourism arrivals and receipts. In comparison, for the top ten destinations in developing countries, international tourism arrivals totalled 138 million and tourism foreign earnings amounted to \$85

billion. Destinations such as India, Morocco and Indonesia are generating more tourism foreign earnings than others such as Tunisia and South Africa, which have attracted in comparison more tourists. The way in which, tourism has developed in these destinations contributes to explaining this situation (see section C.3).

According to the WTO, the number of international tourism arrivals is expected to increase by 4.1 per cent annually to reach close to 1.6 billion international arrivals by 2020. Long-haul travel is expected to grow by 5.4 per cent per year and intraregional travel by 3.8 per cent over the period.²⁴ The steady development of the tourism demand, as well as its complexity, has driven the growth of new tourism products that address specific market segments and in respect of which developing countries have a competitive advantage. As in other sectors, the effects of globalization have led to the appearance of new forms of tourism directed to sustainable tourism.²⁵ Such tourism niches could help destinations in developing countries in diversifying their offer. The online promotion of

Chart 4.3

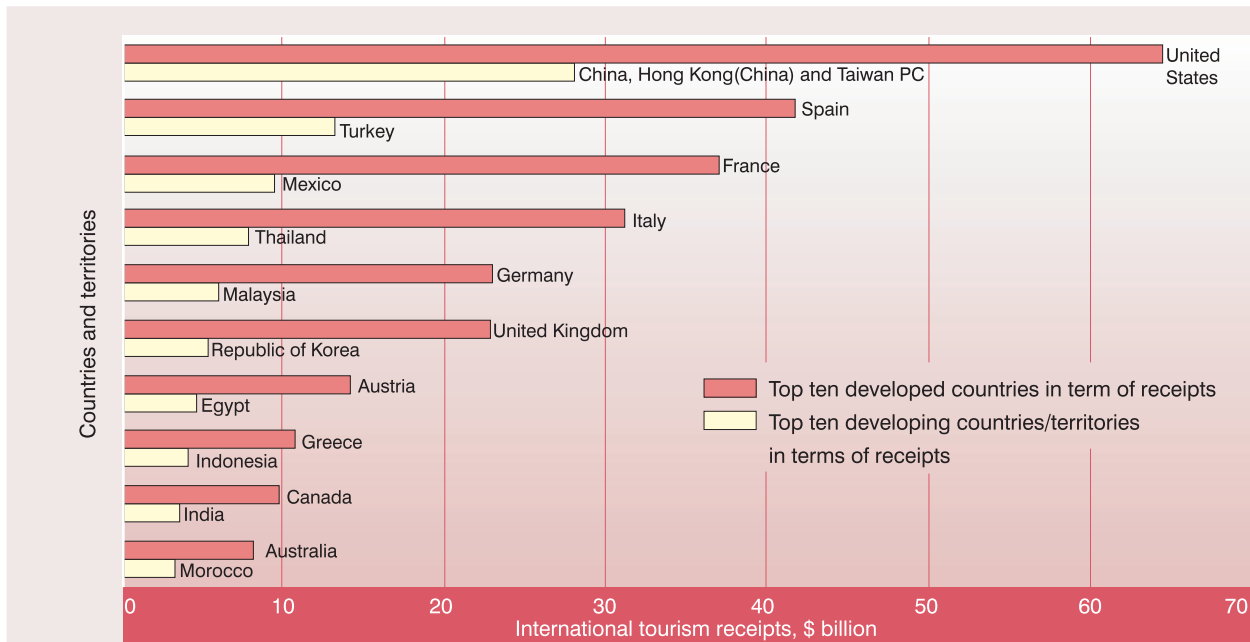
International tourism arrivals for top ten developed and developing countries/territories (2003)²³



Source: UNCTAD elaboration of data from the World Tourism Organization.

Chart 4.4

International tourism receipts for top ten developed and developing countries (2003)



Source: UNCTAD elaboration of data from the World Tourism Organization.

tourism niches by the destinations complements the tourism product offering of online travel distributors from developed countries, which is still rather uniform. The latter mainly propose accommodation offered by international hotel chains and “static” tour packages.

Consumers are more and more looking for tailor-made vacations, exotic destinations and authentic experiences,²⁶ and expect to obtain related information online. Travelling is increasingly linked to the discovery of cultures and people, such as staying in a longhouse in the forests of Borneo, learning belly-dancing in Cairo, relaxing with an Ayurveda treatment in Kerala or learning how to prepare local cuisine in Marrakesh. Consumers are favouring the appearance of niche tourism markets offering thematic or personalized travel experiences, and are expecting to obtain related information online. Ecotourism, for instance, is looked at by many Governments in developing countries and LDCs with a growing interest, as it promises direct financial benefits and empowerment for local communities, thus improving their welfare

while protecting natural and cultural resources. In that sense, eco-tourism could complement national policies to address Millennium Development Goal 7, whose aim is to ensure environmental sustainability and target human welfare and ecosystem health. It is one of the fastest-growing tourism segments,²⁷ and received great attention in 2002 with the United Nations International Year of Ecotourism, which contributed to promoting global recognition of the important role of sustainable tourism within the global framework of sustainable development.

2. Tourism in the Internet age

The heterogeneous, intangible and perishable²⁸ nature of tourism products distinguishes them from other industrial sectors and explains the importance of information in this industry and the relevance of ICTs. The international dimensions of tourism and the fact that tourism is a service industry also contribute to the central role of information in the tourism industry.

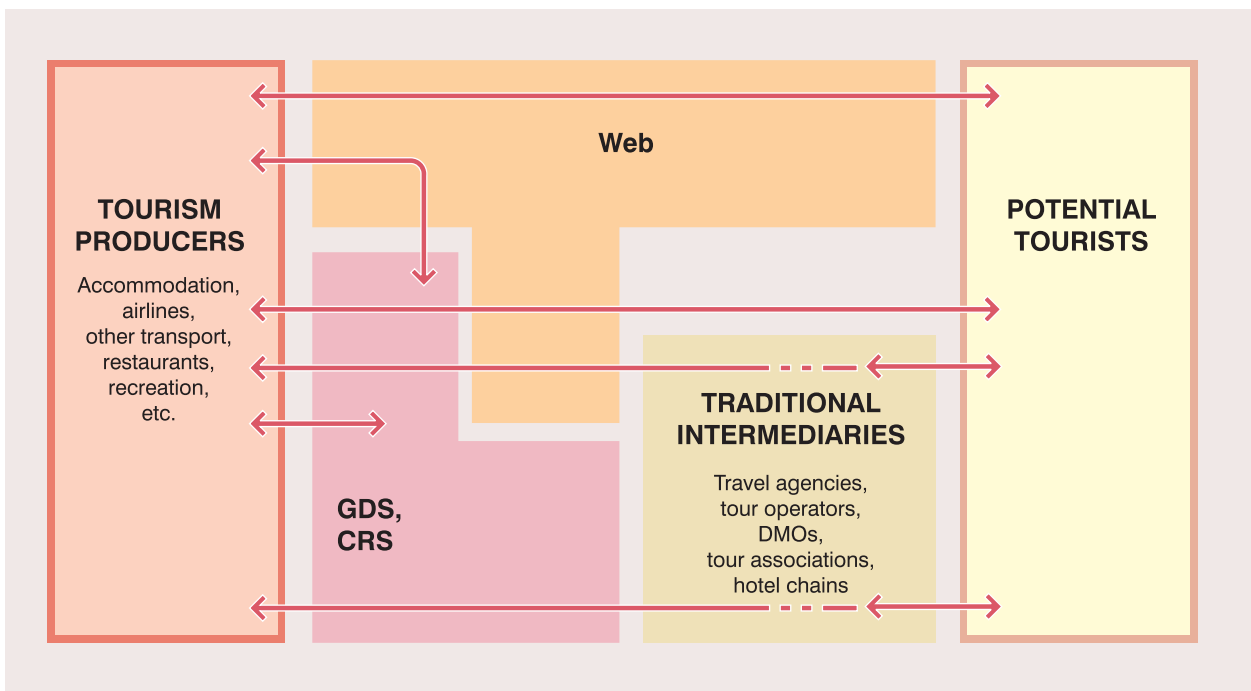
The Internet has provided consumers with an increasing number of options for obtaining information and organizing their trips, more travel choices, and price transparency in an online highly competitive environment (see section B.3). Meanwhile, the Internet represents a solution for direct sellers (hotels, transportation companies) enabling them to enter the market without paying fees to third-party intermediaries, and search engines drive significant volumes of traffic direct to suppliers.²⁹

As detailed in chart 4.5, many systems are now accessible to consumers through Internet gateways for airline tickets, hotels, rental cars and other services, as a result of which distribution channels are less dependent on traditional customer reservation systems (CRS) and global distribution systems (GDS). CRS were originally designed and operated by airlines, and further GDS such as Amadeus, Galileo, Sabre and Worldspan have been extended to travel agents as sales channels such as Expedia, Travelocity and Orbitz (see section B.3). The first GDS, Sabre, appeared in the United States in 1976 at the initiative of American Airlines to automate information systems related to flight reservations, schedules, prices and availability. For online pioneers in air transport, electronic distribution systems such as CRS and GDS

have boosted competitiveness and productivity by automating processes and integrating new systems to improve business functions and reduce operating costs through yield management.³⁰ Today, GDS display airline company products over an extensive network of 500,000 travel agencies. GDS represent an important distribution channel not only for airlines but also increasingly for hotels and car rental companies.

Potential tourists may aggregate different tourism services through a combination of tourism providers, looking for the best value or lowest price through different channels. Each distribution channel has specific advantages in the value chain and responds to particular needs of consumers. While the advice of a traditional travel agent is still valuable when preparing composite travel, online travel agencies and tour operators offer great facilities for travel arrangements (static as well as dynamic packages); websites of direct producers offer brand guarantee and customer services; and search engines and emerging travel-specific search engines allow price comparison (see section B.3). Price competition is manifest across the tourism industry and consumers are attentive to price (see chart 4.6) when they are preparing their travel.

Chart 4.5
Tourism distribution systems



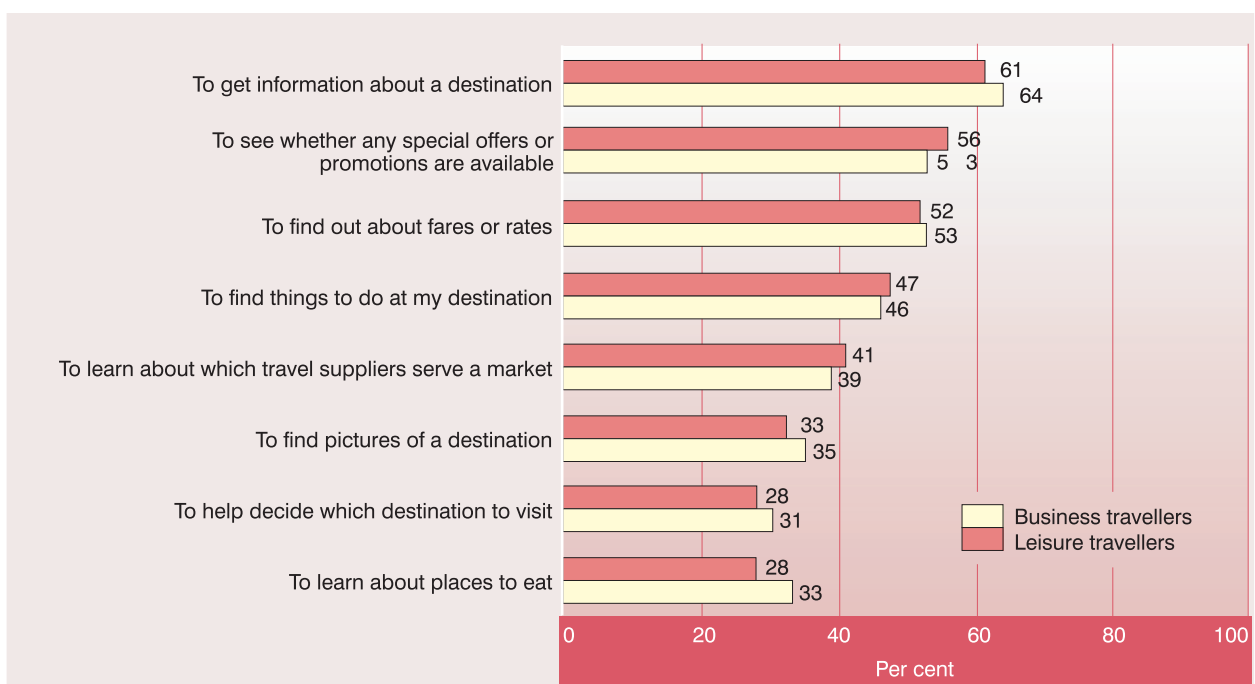
Online tourism markets have regional or country-specific attributes that is, behaviour/activities that might be somewhat different depending on the way in which tourism has developed (such as the greater prevalence of package holidays in Europe compared with the United States). As noted in the previous section, tourism in North America and in Europe is mainly intraregional, and therefore the majority of online bookings are done through tourism providers from developed countries. Tourism in the United States is mainly domestic and 90 per cent of tourism sales are made through online US airlines and travel agencies, as shown in chart 4.8. The United States is the largest Internet users' market (23 per cent of worldwide Internet users and a penetration rate of 55.58 per cent).³¹ In 2005, over 32 million US households are expected to use the Internet to buy leisure trips, on which they will spend \$63.6 billion. This figure is expected to be over 46 million households by 2009, spending \$111 billion according to Forrester Research.³² Confidence about online payment systems offered by US-based tourism enterprises explains the growing number of consumers who purchase products and services online. Internet travel-related behaviour presented in this section, based on US consumers, reflects the facilities offered by tourism pro-

viders in developed countries (online bookings, travel agents, etc.).

Tourism-related Internet use has engendered a customer profile that reflects particular habits, expectations and requirements. It provides useful indications for policymakers and tourism enterprises when they are preparing their online e-tourism strategy. Consumers are increasingly mastering the online research and purchase processes. They expect to find high-quality and reliable information enabling them to organize and purchase the best product offering for each occasion, and receive comprehensive feedback and confirmation. The Internet also allows consumers to share their travel experience and provides useful peer-to-peer evaluation of tourism providers.

Chart 4.6 shows the main reasons why US consumers use search engines for online travel. While information on destinations is at the top list, pricing and best offers/deals attract a great deal of consumers' attention. Suggestions about what to do and where to go are among the information that consumers look for on search engines. The increasing popularity of Internet search engines over the years accounts for part of

Chart 4.6
Use of online search engines for tourism in the United States (2004)



Source: Forrester's Consumer Technographics® December 2004 North American Study.

the growth of online bookings. More consumers are encouraged to visit travel sites as a result of searches than through any other media source³³. Leading search engines among US consumers used to obtain travel-related information are the largest web page indexers: Google (with about 33 per cent of leisure travellers and 22 per cent of business travellers according to Forrester Research, Inc.),³⁴ followed by Yahoo!,³⁵ MSN and AOL according to different surveys in 2005. More recently meta-search engines³⁶ aimed at providing the lowest prices, such as Fare-Chase, Kayak.com and Mobissimo Travel Search, are gaining ground, but most of them are newcomers and represent a low percentage of traffic.

While the Internet is currently used widely to search for tourism information, a large portion of world travel sales still takes place offline. Many consumers do not feel confident about the modalities of payment and data privacy, or simply prefer talking to someone to make a reservation.³⁷ However, several factors will continue to boost the growth in online bookings, the first of which is the increasing number of people connected to the Internet at work and/or at home. Also, the improvement of technology, in particular broadband availability, significantly facilitates access to information, as does the appearance of new online marketing tools, including videos, interactive maps, virtual tours or visits.

Greater flexibility is the key phrase for the next stage of consumers' empowerment. Consumers are increasingly looking for customizable travel that must be supported by technological innovations, such as flexible personalized options according to the type of activities, accommodation, duration of stay and price, or online advice for recreation based on similar request/profile.³⁸

3. Main features of the online tourism market

Online tourism drives and shapes the growth of the tourism industry.³⁹ Over the years, the distribution of tourism products and services has had to be adapted to the infrastructure available. New technologies have help to support the changing needs of the industry, focusing more on transactions ("transaction-centric")⁴⁰ than on customers (as is the case nowadays). In developed countries, large resources are being

invested by tourism providers to design user-friendly DMS based on innovative ICT-based tools offering various functionalities to meet their customers' expectations. At the same time ICTs are reducing operating costs, improving business processes and providing tourism producers with additional opportunities to present and sell their products, as well as to establish partnerships with carriers, GDS, tour operators, travel agencies and national tourism offices. The growing adoption of the Open Travel Alliance (OTA) standard based on Extensible Markup Language (XML)⁴¹ by the tourism business community greatly facilitates the exchange of information among tourism enterprises such as airlines, hotels, car rental enterprises and travel integrators such as Cendant, Sabre, Expedia, Orbitz and SITA.⁴² The OTA XML standard serves to improve the ability of consumers to search and book in a single online operation, and to increase aggregation processes among the industry. However, only a few large tourism players in developed countries are benefiting from technological innovations. The majority of developing countries are mainly concerned with setting up informative e-tourism websites to market their destinations (see section C).

Over the years, the number of online tourism providers, both generalists and niche players, has increased, and the market has experienced a gradual consolidation into the hands of the larger and better-funded companies. There have been some notable merger transactions and acquisitions in the US and European travel industry in the past couple of years. In 2004, Orbitz (\$1.25 billion), and Ebookers (\$404 million) were purchased by the US company Cendant, and Lastminute.com was bought by the US company Sabre in May 2005. New travel-specific search engines emerge, such as the US aggregator www.sidestep.com (May 2005), which proposes to consumers a single site to explore and book travel packages and filter their results to find precisely what they are looking for. From a B2C perspective, the top three US online travel agencies⁴³, Expedia, Travelocity and Orbitz, all owned by Cendant Corp., comprise about 77 per cent of the market. To give an indication of the development of online bookings, gross bookings at Expedia Inc. increased by 578 per cent from \$1,793 million in 2002 to \$10,364 million in 2004. In Europe, Opodo and Travelocity represent 60 per cent of the entire online travel market. On the B2B side, large American travel groups such as Sabre Holdings Corp. and Cendant Corp. dominate the online market.

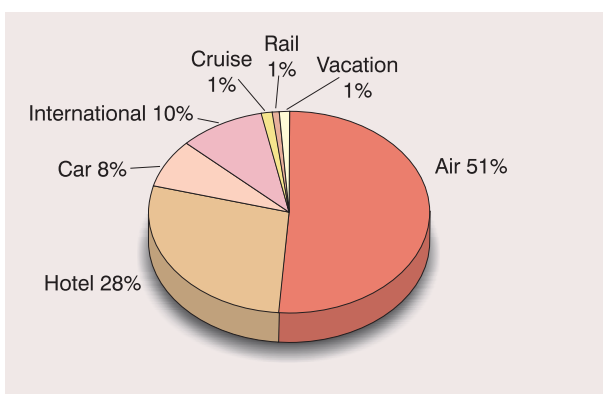
The emergence of travel-specific search engines has also amplified the aggregation of the travel industry and competition among the players. As previously noted, they allow customers to find the best value or lowest price for air tickets and hotels by browsing the databases of a large number of distributors which are often promising the lowest fare.

Today's distribution systems (see annex V) have reduced the market share of traditional travel agents. However, the latter have proved to be more resilient than predicted and high-street travel agents still dominate the market in terms of distribution. Human contact remains important particularly when the travel is complex, and the security of online transactions remains an issue for consumers. Additionally, major traditional tour operators have joined leading suppliers of e-business solutions to the travel industry that are often powering a large number of websites. For example, Thomas Cook, one of the biggest global high-street travel brands, is expecting to reach a similar level in the online travel sector by setting up an e-business platform which enables travellers to build tailor-made deals online by combining flights and hotels.

Another important feature of the online market is the move towards direct sellers (branded websites), such as airlines, hotels and transportation companies. Direct sellers in the United States, particularly airlines and hotels, have managed over time to increase their revenues online by avoiding third-party distributors, as is the case for airlines and hotels which capture the largest share of the online travel market, as indicated in chart 4.7.⁴⁴ As explained earlier, only 10 per cent of travel sales are made through non-US tourism providers.

Chart 4.7

Use of online travel market per segment in 2003

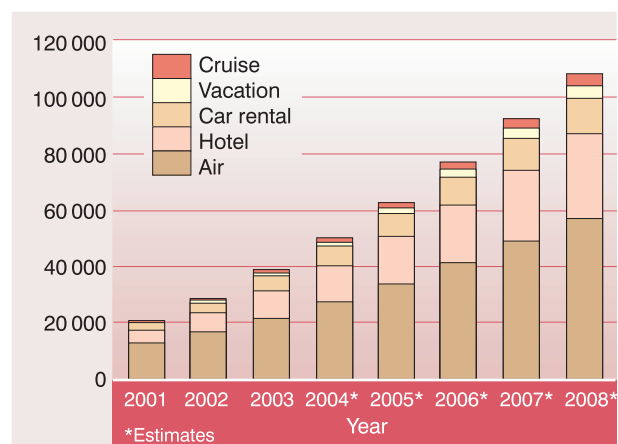


Source: PhoCusWright Inc. (2004).

Chart 4.8 details online travel distribution estimates by major travel categories from 2003 to 2008. The compound annual growth rate (CAGR) over the period is estimated at 22.9 per cent, and strong growth is expected for all travel categories. Cruises and all inclusive vacation packages lead the way with about 34 per cent CAGR, albeit starting from a relatively small base, followed by hotels (25.4 per cent) and airlines (21.2 per cent).

Chart 4.8

Online travel volume forecasts by travel category in the United States 2001-2008E



Source: Company data, CSFB estimates (2005).

For tourism players, the Internet has become an essential and growing channel of distribution where they seek to both cooperate and compete. For instance, an airline or a hotel will make profits by selling its products directly to consumers, but also by participating in other distribution networks to reach more consumers and sell available seats or rooms until the last minute.

4. Destination management systems

The growth of tourist flows, and the variety of consumers' motivations and requirements, lead destinations to organize their tourism industry to better respond to consumers' expectations. DMS are strategic ICT tools that can help DMOs and tourism enterprises in developing countries integrate, promote and distribute tourism products and services. The two primary functions of a DMS are to provide consumers

with comprehensive and accurate information for the preparation of their vacations, and with booking facilities for tourism services and products. It also provides tourism enterprises with the means to be better integrated into the tourism supply chain by organizing and promoting personalized and enriched tourism experiences.

In developing countries, the tourism industry tends to be fragmented and heterogeneous, encompassing a wealth of tourism SMEs that could be better organized and promoted. For example, WTO estimates that 85 per cent of accommodation enterprises in developing countries are small or medium-sized. Small businesses such as hotels in developing countries have often been excluded from global tourism distribution channels. Some of them have been under the influence of foreign tour operators (TO) for decades in order to ensure their inclusion in the international tourism scene. Before the advent of the Internet, local hotels often had no other option than to sell their room capacity at a low price to well-known tour operators, ensuring a small but stable amount of revenue for them throughout the year. As a result, the destinations marketed by TO may have gained in popularity, increasingly in the form of low-price package vacations, encouraging the development of “mass tourism” (see section C.3), but earned very low returns.

Tourism producers in developing countries could achieve autonomy and save costs by promoting and selling products directly to consumers provided that they have an effective website. The Internet enables tourism producers to manage their assets, make decisions on yield management and reduce commissions to third-party distributors. However, the Internet should be regarded as a distribution channel complementary to other offline and online distribution channels that attract a large number of consumers worldwide.

Tourism involves many different actors from the public and private sectors. The involvement of the public sector is necessary for the development of a brand image, the integration of tourism enterprises into the DMS and the contribution of initial funds. However, the operations of the DMS can be subcontracted to private companies. The cases presented in section C show that the public sector is the best interlocutor to coordinate the various interests of the stakeholders and to strategically support local tourism enterprises, while the private sector is better prepared to exploit the system in a commercial way.

The main beneficiaries of a DMS are:

- (i) Potential travellers;
- (ii) Providers of tourism products and services such as hospitality, restaurants, and leisure and transportation companies;
- (iii) National travel agents and outbound travel agents;
- (iv) Public sector: ministry in charge of tourism, national tourism offices, regional administrations, municipalities, ministries of economy, foreign affairs, environment, etc.;
- (v) IT providers;
- (vi) Investors.

The main objectives of a DMS are the following:

- To efficiently integrate and facilitate interaction among all stakeholders;
- To optimize the relationships with targeted groups;
- To collect, manage and distribute information on tourism products to a larger proportion of consumers and tourism distributors throughout the world;
- To develop an integrated tourism product and service offerings;
- To provide up-to-date and attractive tourism information and products according to the country's interests;
- To allow consumers to easily make a reservation and quickly receive a confirmation;
- To reduce marketing costs compared with traditional channels (such as printed material);
- To collect information on customers and to design marketing strategies for different market segments.

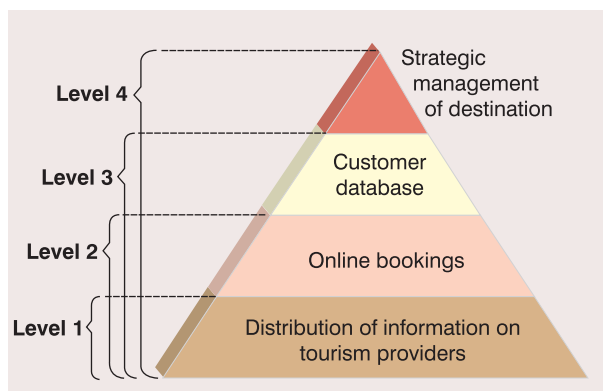
Collating, presenting and marketing tourism information is a challenging task for developing countries. A viable option for DMS stakeholders is to adopt a strategy that closely associates public intervention with private initiative, and optimizes the interaction with customers. Defining a tourism strategy based on destination resources, consumers' demand and the interest of local communities is the first step to embarking on an e-tourism strategy, and starting to build the image of the destination, using a DMS as a promotional tool and eventually as an online reserva-

tion system. The establishment of a DMS depends on the costs involved and the capacity of DMOs to run different functionalities, depending on the technological, human and financial resources available, and the capacity of the various stakeholders. Success in the development of a DMS is mainly associated with its organizational structure and the cooperation mechanisms established between the Government and the private sector.

DMS can have different forms and functionalities depending on financial, human capacity and organizational characteristics of DMOs. They can be divided into four categories depending on their different functionalities, as shown in chart 4.9.

Chart 4.9

Various levels of services provided by DMS



Source: Adapted from O'Connor (1999)

Level 1 is the most basic function and level 4 the most complex.⁴⁵ A new function is being added from one level to the next:

- Level 1 includes the distribution of information on tourism products and services (like an electronic brochure);
- Level 2 includes the functions of level 1 plus online reservation facilities;
- Level 3 includes the functions of levels 1 and 2 plus customer database management to improve the marketing of the destination globally;
- Level 4 includes the functions of levels 1, 2 and 3 plus the strategic management of the destination.

The large majority of DMS in developing countries have only reached level 1 (see section C). Table 4.1 details some of the main services and functions that a DMS should include in order to meet the expecta-

tions of stakeholders, in particular consumers and tourism sellers. The two sub-level categories, “informative” and “strategic”, are intended to reflect the degree of information that DMOs can gradually offer when building up their DMS. Depending on the degree of requirements and the availability of resources of destinations in developing countries, DMS can be gradually implemented in four stages as noted above.

From a consumer’s perspective, the primary functions of a DMS are to provide information and manage customers’ relationships by offering dynamic services. When creating the website, it is important to focus on the following key principles that contribute to their effectiveness:

- Maximize the ease of use, and make sure that the layout and site navigation are clear and straightforward;
- Integrate all tourism products and services, and provide accurate information;
- Offer activity selection/what to do?
- Differentiate your offer: niche markets, customized (“do it yourself” approach) products and dynamic packaging;
- Optimize interaction with customers, offering timely responsiveness;
- Propose content in the languages of targeted tourism markets and customize the layout and content on the basis of the targeted market;
- Find out how to improve service and product offerings;
- Ensure quality assurance of service and product offerings;
- Link up with outbound and inbound tourism distributors and ensure search engine optimization;
- Ensure and communicate on the security of transactions.

In order to promote e-tourism development, UNCTAD has developed a DMS as part of the E-Tourism Initiative (ETI), a technical assistance package aimed at promoting the application of ICTs in tourism so as to enable developing countries to exploit their tourism resources and benefit from greater autonomy in developing and promoting their own brand (see box 4.1).

Table 4.1
Key services and functions of a DMS

| Services and functions of a DMS | Informative | Strategic |
|---|---|--|
| General information | <ul style="list-style-type: none"> √ Information on destination: history, culture, natural assets, geography, main tourist attractions; √ Practical information: visa requirements, international and national companies flying to the country, maps, pictures, specific events (festivals, fairs, markets^o), weather forecasts, entertainment^o), foreign consulates within the country, embassies abroad, vaccinations, hospitals, currency and foreign exchange, etc. | <ul style="list-style-type: none"> √ Content available in the languages of destinations» main existing and potential tourism markets; √ Depending on the language chosen, the content and its presentation can differ to match different targeted tou-rism markets. |
| Management of information on tourism products and services | <ul style="list-style-type: none"> √ Accurate description (including photos) of the products and services (accommodation, restaurants, museums, cultural centres, boutiques, etc.), including information about surrounding areas; links to their websites if available; √ Information on cultural or leisure activities;- Excursions and guided tours; √ Contacts of national travel agencies, transport companies (airlines, train, car, boats, etc). | <ul style="list-style-type: none"> √ Suggestion ideas for holidays: places to go and things to do (adventure, nature, sports, art and culture, gastronomy, etc.); √ Itinerary planning; √ Real-time dynamic/customized packages; √ Information search by key word, category, geographical location, etc;- √ Market optimization and yield management. |
| Customer management functions | <ul style="list-style-type: none"> √ Customer database management; √ Communication with customers by e-mail, telephone or fax, via a call centre, or direct contact with tourism providers. | <ul style="list-style-type: none"> √ Market research and impact analysis; √ Marketing campaigns. |
| Reservation functions | <ul style="list-style-type: none"> - Bookings are made by e-mail, telephone or fax, via a call centre, or by contacting directly the suppliers. | <ul style="list-style-type: none"> √ Online payment; √ Security of transactions. |

Box 4.1

E-Tourism Initiative: A comprehensive capacity-building package for destinations in developing countries

Destination marketing and management are key strategies for emerging destinations. Launched at UNCTAD XI in São Paulo, Brazil, in June 2004, the ETI offers business value for all stakeholders in the tourism industry. The ETI is the electronic component of UNCTAD's Task Force on Sustainable Tourism for Development, established in June 2003. The E-Tourism Initiative (ETI) is structured around a comprehensive package that includes ICT-based tools and a methodology, based on a steady partnership-building approach. Its main goals are to support the personalized traveller decision process and to allow developing and least developed countries to organize, market and distribute online aggregated tourism services from small and medium-sized enterprises, which are traditionally kept out of the market. The objective is to increase their inbound tourism flow, maximize the linkages between stakeholders, and increase their autonomy in the management of their destination.

For more information, see <http://etourism.unctad.org>.

C. E-tourism: Learning from experience

ICTs are one of the most effective tools allowing public authorities and tourism enterprises to take charge of the organization and promotion of their tourism, as well as for encouraging the adoption of e-business practices among national tourism providers and improving their competitiveness in tourism markets. However, the development of e-tourism is often hampered by a number of persistent issues. These include the lack of ICT infrastructure, of human capacity and vision about e-business-based strategies and policies that policymakers and enterprises in developing countries could adopt to develop and maintain competitive advantages in tourism markets. Most national tourism providers in developing countries continue with traditional operational practices and are not yet taking advantage of ICTs for conducting their business operations. The lack of awareness of ICT potentialities, knowledge of ICT tools and resources is preventing them from changing their work practices.

The diffusion of ICTs enables tourism producers to make tourism information available to a large number of people at relatively low cost, and to interact with consumers, other tourism producers and distributors. In developing countries, e-tourism websites reflect various levels of maturity, from very basic websites to a limited number of sophisticated DMS (for example, South Africa, Thailand and the Caribbean). Some developing countries, and LDCs, have started to develop and promote new and innovative tourism products online, such as ecotourism,⁴⁶ taking advantage of their tourism potentialities and consumers' needs and wants.

Destinations have their own priorities in terms of tourism development (domestic, regional, international), such as to increase market share or income, or to develop innovative products and services. They have to focus on their natural and cultural assets and development objectives in order to decide on adequate tourism strategies. Mass tourism and niche tourism have to be considered taking into account their advantages and value added for the individual country. In all cases, developing countries should integrate the principles of sustainable development into country policies and tourism programmes, and ensure that tourism is sustainable.

1. E-tourism in least developed countries

As noted in section B.1, the participation of LDCs in international tourism markets is progressing but still remains insignificant. International tourism arrivals in the LDCs have increased by 6.5 per cent annually since 1988, compared with world growth of 3.7 per cent. Tourism is a prominent economic sector in some LDCs, ranking first,⁴⁷ second or third among all export sectors in 19 LDCs, and is a less prominent but fast-growing sector for another 10 LDCs.⁴⁸ However, their overall share in international tourism is small, accounting for less than 1 per cent of international tourism receipts with a total of 6.4 million international tourism arrivals in 2003.⁴⁹

To assess the level of development of e-tourism in the LDCs, UNCTAD has conducted a survey with national DMOs that have developed a dedicated e-tourism website. The purpose of the survey was two-fold: to evaluate the level of development of the e-tourism websites and to identify the challenges faced in the successful development of e-tourism.

Out of 50 DMOs, 17 do not have an e-tourism website.⁵⁰ Tourism in these countries is insignificant, owing to instability, structural disadvantages (including poverty), the absence of tourism policies or a lack of demand. Among the 33 NTOs that promote their tourism online, 24 have a dedicated e-tourism website⁵¹ and 9 use government websites. This figure reflects a growing understanding among public authorities of the important role that e-tourism can play in development. Of the 24 questionnaires sent out to DMOs with dedicated e-tourism websites, 10 were completed and returned.

In addition to the questionnaire, the presentation, content and technical functionalities of the websites were evaluated according to their user-friendliness and the number/level of services proposed.⁵²

The location of the servers hosting the websites (including those with no dedicated e-tourism website), the companies that developed the websites, and the operating systems used, provide a good indication of the technical facilities and human capacities in LDCs. As shown in table 4.2, the large number of websites that are still dependent on the infrastructure of developed countries for worldwide access, high bandwidth and uninterrupted service reflects the lack of ICT availability in the LDCs. However, a large majority of

Table 4.2
DMO websites in 24 selected LDCs (2005) *— Server location, website development and operating systems

| Technical specificities specific | Websites | Information available |
|----------------------------------|---|-----------------------|
| Server location | 16 DMOs use servers in developed countries; 9 in the United States (Benin, Nepal, Rwanda, Samoa, Senegal, Solomon Islands, Tuvalu, Vanuatu, Yemen); 6 in Europe (Djibouti, Ethiopia, Madagascar, Mali, Togo, Uganda); 1 in Australia (Timor-Leste). | 21/24 LDCs |
| | 3 have their own servers (Gambia, Guinea, Maldives). | |
| | 2 have a server in their region (Bangladesh, Burkina Faso). | |
| Website development | The majority of DMO websites (18) are being developed locally, with the exception of Senegal (United States) Timor-Leste (Portugal), Togo (Belgium), Tuvalu (Fiji) and Uganda (Ireland). | 23/24 LDCs |
| Operating systems | A total of 11 DMOs use FOSS (GNU/Linux - Server Apache), and 13 operate under proprietary systems (UNIX, Windows). | 24/24 LDCs |

* LDCs with dedicated e-tourism websites

websites were developed by local companies. In addition, FOSS⁵³ tends to be used by nearly half of DMOs.

The main messages drawn from the questionnaires and the research into the 24 e-tourism websites are the following:

- Websites are mostly purely informative, corresponding to level 1 of DMS functions, as presented in chart 4.9. Online bookings are not available for any of the websites, but 18 of them provide links to local hotels, national travel agents and tour operators.⁵⁴ According to DMOs, the lack of both financial and human resources, together with a lack of dynamism on the part of tourism providers, prevents them from proposing this service.
- The majority of the websites provide rich information on the destinations (history, traditions, culture and geography, as well as accommodation, restaurants and entertainment, mainly in the form of tourism provider contacts or links to major hotel chain websites). The information is presented graphically in an attractive way and documented with photographs. Moreover, some websites propose spe-

cific activities, mainly related to the country's ecosystem, such as ecotourism. Regarding the 24 DMOs' websites, ecotourism is proposed by 15 countries.⁵⁵ Activities such as bird or gorilla watching, safaris and scuba diving are the main activities proposed. In some cases, activities based on cultural and natural resources are also offered.

- A couple of DMO websites offer poor-quality content, which could have a negative effect. In general, for promotional websites, the rule is not "something is better than nothing", because the website is a critical asset, but rather "no website is better than a bad one". Having an e-tourism website is an operational requirement, but it has to be supported by high-quality content and functionalities as discussed in section B.4. However, as described earlier, a DMS can be built gradually. At each level, the content must be of high quality and meet consumers' needs.
- The number of visits per website serves as a benchmarking indicator for NTOs, and a few of them, for instance the DMO of Nepal,⁵⁶ also identify the country of origin of visitors to their website.

- Of the 10 DMOs that responded to the survey, 4 indicated⁵⁷ that they had redesigned their e-tourism websites in 2004 and 2005, mainly to facilitate the ease of use and introduce new languages with a view to improving their effectiveness. In most cases, this was done by a local communication company or by the DMOs themselves (as shown in table 4.2). Several DMOs are planning to make their site more dynamic and user friendly.
- Out of 24 DMO e-tourism websites, 11 are multilingual,⁵⁸ with a maximum of six languages for Nepal, four for Senegal and three for Maldives. Eleven websites are available only in English and two only in French.
- One of the main tasks of the DMOs is to include all tourism providers, especially when existing databases are flawed and incomplete. They have all put in place different business models, some free of charge and some subject to an annual registration fee.
- Among the constraints the DMOs face, they reported a lack of knowledge, skills and human resources for web design, maintenance (includ-

ing the update of data) and database management. Some DMOs have received international or regional support to build their websites (UNDP, the EU, South Pacific Tourism Organisation and Portuguese Cooperation).

- The DMOs indicated that international support is essential, in particular in terms of capacity-building. They also stated their views on the benefit of sharing information among DMOs in order to learn from the experience of others.

Overall, the DMOs reported that the Internet has become the cheapest and quickest form of promoting their tourism offer. However, the technology in itself represents both an opportunity and a challenge for developing countries, notably the LDCs. The lack of knowledge of ICT tools and resources places developing countries at a severe disadvantage in competing in the international online tourism market.

One of the major challenges involved in setting up a DMS (see box 4.2) is to foster the support and commitment of all the tourism providers, and it is crucial to create awareness at an early stage among tourism producers about the creation and benefits of a DMS.

Box 4.2

The main challenges to the development of an effective DMS

- Lack of strategic orientation;
- Inability to strengthen the competitiveness of the local industry;
- Technology-leading project rather than a project that follows appropriate marketing and management strategies;
- Poor integrated approach;
- Inability to provide total services for tourism demand and supply;
- Limited geographical basis, which makes the system unfeasible;
- Premature innovation in a traditionally reserved industry;
- Lack of standardization and compatibility;
- Withdrawal of public sector interest and funding;
- Product rather than demand orientation.

Source: Buhalis (2003).

To illustrate the obstacles encountered by national DMOs, the case of Cambodia is presented in box 4.3.

Box 4.3

www.tourismcambodia.com

Since 1994, the number of international tourism arrivals in Cambodia has increased sixfold, reaching over one million tourists in 2004 according to Cambodia's official statistics. Tourism is a leading economic sector for Cambodia, ranking third (after sawn timber and logs) in 1998 of all export sectors with 9.5 per cent of total export of goods and services. In 2005, its tourism industry is expected to generate 7.3 per cent of GDP and close to 400,000 direct jobs.¹ As part of its development strategy, the NTO launched in 2001 www.tourismcambodia.com, and since then the website has received over 230,000 visits. In addition, the Government of Cambodia is preparing a number of legal instruments related to electronic commerce that will favour the development of e-tourism. The promotion of the tourism industry is also beginning to diversify from its traditional focus on city-based cultural and heritage sites to turn to tour packages along the Mekong, beach activities, boating and diving.

Cambodia is poorly marketed by major online travel agents at the international level. Of the six main online travel agencies in the United States (Expedia, Orbitz, Travelocity, Lastminute.com, eBookers.com and Opodo), only Expedia, Orbitz and Opodo promote this destination, proposing a maximum of 10 hotels from international chains. In this context, it is essential for Cambodia to promote online its tourism products and services according to its interests and to ensure extensive participation by local tourism SMEs.

One of the major challenges for the DMO is the collection of information and data on tourism providers throughout the country. Very few local hotels have a website, and therefore could benefit from the DMO website to increase their promotion. According to the DMO business plan, it will cost annually \$100 for five-star hotels and \$70 for four-star hotel and below, and \$40 for travel agents to be referenced on the website. However, most of the tourism providers are not familiar with the NTO's website, and this emphasizes the need for an awareness campaign. This is, for instance, the case of the Bopha-Angkor, a 22-room hotel in Siem Reap. The hotel set up www.bopha-angkor.com in 2001, using the Internet as an additional distribution channel, complementary to the information available in other media sources (tourism guides, articles, etc.). The hotel claims to generate 70 per cent of its revenues online and to receive an average of 20 online bookings a day by electronic mail. The website was reviewed in June 2005 to improve its presentation, as shown below, and to propose new products such as promotional seasonal packages.

¹ <http://www.wttc.org/>

www.bopha-angkor.com: before and after

May 2005

June 2005



2. National e-tourism strategies: Best practices

In view of all the public and private actors directly and indirectly involved, tourism growth depends largely on the interrelationships among its various components. ICTs can help all tourism stakeholders to create or reinforce their cooperation. E-tourism offers a collaborative space for public authorities (at the national, regional and local levels) and private providers.

The formulation of a national e-tourism strategy is a precondition for the establishment of a DMS that will support the promotion of a destination. Within the framework of a national e-tourism strategy, the role of the Government is to stimulate the tourism industry by supporting the adoption of e-business practices by enterprises for their integration into global tourism markets, and by coordinating the various interests, acting as a facilitator, and to build trust among consumers. In recent years there have been several national e-tourism initiatives by destinations, from which lessons can be drawn and best practices shared with regard in particular to public–private partnerships. In order to illustrate the diversity of the initiatives, this section will look at three case studies based on three DMS at different levels of development: www.tunisiestourisme.com.tn, www.tourismthailand.org and www.bonjourquebec.com. The latter have received several national and international awards for the quality of its website, its web marketing and online services. The experience of www.bonjourquebec.com generates a great deal of interest in other countries, and was presented at a national seminar in Tunisia, which is currently setting up a DMS.

www.tunisiestourisme.com.tn

(i) Context

Tunisia was the third tourism destination in Africa and the Middle East in 2003, with over 5.1 million international tourism arrivals, tourism representing 18.4 per cent of its exports and 5.85 per cent of its GDP.⁵⁹ However, in terms of tourism foreign earnings, Tunisia received only \$1,475 million, which represents an average of about \$288 per arrival, compared with \$625 per arrival in Morocco. The low level of foreign tourism earnings in Tunisia can be partly explained by the development of seaside resorts and wellness tourism⁶⁰ in the form of mass tourism pro-

moted as “all-inclusive” packages (including transport and accommodation). The natural and cultural resources of Tunisia, together with low wages, and attractive prices and offers, have significantly contributed to the development of mass tourism in Tunisia.

The tourism market in Tunisia is mainly supplied by Western Europe (about 50 per cent, of which 17 per cent from France, Germany, Italy and the United Kingdom) and the Maghreb (with the Libyan Arab Jamahiriya accounting for 25 per cent and Algeria for 16 per cent).⁶¹ Its promotion is primarily ensured by foreign tour operators, mainly European,⁶² both offline and online. For example, in France, one of the top three online travel agencies selling vacation packages⁶³ offers a week in Tunisia for \$215, including the flight and half-board accommodation.

Analysis of the main European tourism markets in terms of Internet use sheds light on the importance of this tool in the distribution of tourism products. France, Germany, Italy and the United Kingdom benefit from high Internet penetration rates.⁶⁴ In 2004, 47 per cent of French tourists searched for information on the Internet to prepare their vacation one month in advance.⁶⁵ In 2004, 62 per cent of Internet users in Germany searched for information to plan their holidays. In Italy, the proportion reached 54 per cent in 2004.⁶⁶ A recent study⁶⁷ reveals that 68 per cent of British travellers use the Internet to obtain information on their travel and accommodation, and it is estimated that 50 per cent will be purchasing their travel online within the next two years. With regard to the people travelling from the Maghreb to Tunisia, the web marketing of the destination does not constitute a priority in view of the low Internet connectivity rate in those countries.⁶⁸

(ii) Objectives and strategy

In the last few years, Tunisia has incorporated access to new technologies, and in particular to the Internet, into its development strategy, as a precondition for the participation of businesses and consumers in the digital economy (UNCTAD, 2004).

Since 1995, the Tunisian Government has set up several structures and consultative groups on tourism,⁶⁹ and the National Tourism Office has been holding seminars and workshops to foster dialogue with and among all the stakeholders of the tourism industry and to associate them in the definition of the national strategy in this sector.

Over the last few years, the Ministry of Tourism has carried out a number of studies with a view to defining priority action for its strategy based on tourism innovation (products, services, ICTs). The first priority aims at improving the existing offer (such as wellness tourism), developing new products and services, and involving the private sector. New products could include thematic forms of tourism based on Tunisia's natural resources such as cultural tourism, ecotourism, desert excursions and golf. The second priority consists in promoting effective institutions in the tourism sector, developing solid partnerships between the public sector at the national, regional, local levels, and the private sector. The third priority focuses on the competitiveness of the sector, which could be improved by investment incentives and revision of taxation. The fourth priority consists in elaborating a strategic marketing plan, recognizing the need to better target consumers and diversifying distribution channels. In addition, the development of human capacity in ICTs has been recognized as essential.

In support of its tourism strategy and as part of its national e-strategy aimed at creating an enabling environment for the development of e-business, the Government of Tunisia has decided to build a DMS. The objectives are twofold: through the use of ICTs, to reach consumers in existing and potential tourism markets, and therefore increase foreign exchange earnings; and to stimulate the adoption of e-business practices by tourism enterprises.

(iii) Challenges and opportunities

Seaside resort tourism which is currently the main type of offer in Tunisia is seasonal. For Tunisia, e-tourism will help to promote innovative tourism products and to target new tourism markets such as China, Malaysia, Serbia and Montenegro, South Africa, Turkey and also Latin American countries.⁷⁰ In that regard, and considering the growing importance of Chinese outbound tourism, Tunisia signed a cooperation agreement on tourism with China in June 2004.⁷¹

The Government of Tunisia organized in 2004 a national consultation on ICT and tourism in order to reach a consensus on the options available in terms of policies and strategies for development of the sector, and to identify the concerns of the professionals, encouraging them to take part in the process at an early stage (in order to be more committed in the

implementation phase of the strategies). The main outcomes of the consultation include the creation of:

- A national DMS to enhance the promotion of tourism products in association with all stakeholders ;
- Regional commissions responsible for ensuring the follow-up and the coordination of the actions with the stakeholders in the tourist sector on a regional scale;
- A committee to follow up on the recommendations of the national consultation.

In addition, the workshop agreed on capacitybuilding actions, as well as the development of a communication strategy adapted to consumers' needs and wants.

As at June 2005, www.tunisieturisme.com.tn had not yet been entirely finalized. The website is available in three languages (French, German and English). Online bookings and payment are not yet available. The website offers a "tourist guide", brochures in PDF format, photos, information on 11 cities around the country, the directory of Tunisian tourism offices worldwide, and some information on the history of Tunisia over the centuries. The "tourist guide" includes information on accommodation (searchable by town, type and category), transport, activities, events, restaurants and attractions.

In order to develop all the functionalities to make its DMS effective (estimated at \$2 million), Tunisia should identify technical partners that could help cover the related costs. One of the main priorities of the Government of Tunisia is to encourage the participation of local tourism enterprises in the DMS through an awareness campaign on the benefits of ICTs.

www.tourismthailand.org

(i) Context

In 2003, tourism in Thailand represented 5.47 per cent of GDP and 9.71 per cent of the country's exports.⁷² According to the Tourism Authority of Thailand (TAT), domestic tourism⁷³ represented in 2004 about 73 million tourists, who on average travel for two to three days, and spend an average of \$46 per person per day. Sixty per cent of international tourists that went to Thailand in 2004 came from

East Asia (about 7 million) and 22 per cent from Europe.⁷⁴ The length of stay of international tourists is about 8 days for which they spend \$ 98 per person per day.⁷⁵

Thailand has devoted great efforts and financial resources to marketing its destination in both domestic (Travel Thailand-Can Go Every Month, Unseen Thailand, One Day Fun Trip, etc.) and foreign markets (“Visit Thailand Year”, “The World Our Guest”,⁷⁶ “Amazing Thailand”,⁷⁷ “Happiness on Earth”) through promotional campaigns via newspapers, radio, television programmes and the Internet. Thailand has also developed subregional cooperation to jointly promote multi-destination packages such as the Heritage Necklace of South-East Asia, connecting cultural tourism places such as Phukam in Myanmar, Nan in Thailand, Luang Prabang in the Lao People’s Democratic Republic, Hue in VietNam and Siem Riep in Cambodia.

The first step in the development of tourism in Thailand (1960–1980) consisted in developing tourist facilities for Thais, and in building knowledge about the importance of tourism among the public and private actors, including in provincial areas, through seminars, training and the media. Between 1965 and 1973, the Thai tourism industry experienced rapid growth and represented the third largest foreign exchange revenue after exports of rubber and rice. A National Tourism Development Plan was formulated (1979–1991) and included for the first time in the National Economic and Social Development Plan.

However, tourism planning in the initial stages did not feature much local community involvement. Most government policies focused on increasing markets and tourism numbers. This led to rapid growth in arrivals and income, but also to negative effects on society and the environment. The Thai tourism industry fell into a “low price trap” cycle, which eventually led to the deterioration of tourism products. To remedy this situation, the strategy adopted was to move to quality products through a greater balance between marketing and development by focusing on the tourism providers rather than the demand as a driving force. The concept of sustainable tourism development was introduced with a view to adding value to tourism products and services and as a means of building and strengthening local communities, combining economy, ecology and society. An eco-tourism-based plan was formulated, and led to the promotion of community-based tourism, home

stay programmes, agro-tourism and adventure tourism. In addition, shopping, sports, food, culture, cultural heritage and cooperation with neighbouring countries to increase the length of stay and average expenditure were promoted.

(ii) Objectives and strategy

As a result of its tourism strategy, Thailand received over 10 million international tourism arrivals in 2003. In order to achieve the goal of 20 million tourism arrivals by 2008, the TAT has set e-tourism as one of the main priorities of the Thailand Tourism Promotion Policies for 2003–2006. To that end, TAT proposed to accelerate the development of an information technology system that facilitates e-tourism, including online business transactions as well as IT-based marketing operations and provision of security systems. The main objectives of enhancing the use of ICTs are to increase competitive advantage in the tourism sector, to generate income, to satisfy the needs of international tourists, and to maximize the efficiency and the effectiveness of tourism operations within TAT. www.tourismthailand.org was officially launched in 2003. The website provides information about the country and is supported by www.thailandbookings.com, which offers a selection of hotels, thematic tour packages searchable by key word, location and price, transport facilities and a booking system (provided by the Bank of Asia in partnership with Verisign). The website is available in 13 languages.⁷⁸

The role of TAT is twofold: to centralize tourism information, public relations and tourism promotion into one database, including information on public and private tourism agencies locally and globally; and to use ICT to stimulate and support online business transactions to meet the needs of consumers and tourism enterprises. TAT focuses on the adoption of e-business practices by tourism providers, and encourages them to make use of the Internet in their businesses through many different initiatives. These include training courses to enhance the capacity of tourism providers to learn more about the Internet and e-commerce, and also their integration into www.thailandbookings.com (B2C) as well as the B2B trade portal www.thaitravelmart.com. This portal helps Thai sellers, in particular SMEs, and overseas buyers, of tourism products and services to identify trading partners. At present, a total of 530 Thai operators and 371 overseas tourism travel agents have registered; they belong to nine major tourism

categories (travel agents, hotel and resort, restaurant, spa, golf, theme park, diving, health care and rental transportation). In order to foster the participation of tourism providers, the membership is free of charge for both buyers and sellers who register themselves on www.thaitraveltmart.com. Search can be made by product or by company (overseas and Thai tourism directories are available).

In 2004, the number of Internet hits on www.thailandbooking.com was about 150,000 per month, and 3,000 and 5,000 e-mails were sent by consumers to get information on particular hotels and tours. About 1,000 online bookings were received every month. The website is linked with <http://www.asean-tourism.com> in order to help promote destinations among ASEAN countries.⁷⁹

(iii) Challenges, opportunities and lessons learned

The main challenges encountered are lack of IT and English skills, lack of online marketing knowledge among tourism providers and limited access to telecommunication systems. According to TAT, the main benefit of the Internet is that tourism providers have been able to reach more consumers and business partners globally, in a more efficient way and at relatively low costs. Thai tourism enterprises, especially the SMEs, can become more autonomous by broadening their market and targeting directly consumers, and by creating direct relationships with tourism distributors.

Thailand has a long tradition in marketing its destination to worldwide consumers and to its tourism enterprises. With the rapid development of tourism, partnerships with overseas travel agents have developed over the years, and those partners are already registered on www.thaitraveltmart.com. TAT intends to further ensure the promotion of Thailand through global online travel agencies (Cheap Tickets and Orbitz) in order to enlarge its customer base.

In addition, a new version of www.tourismthailand.org should be launched before the end of 2005. The website, which uses the HTML format, will adopt in its new version XML standards to better enable the interchange and update of data with other websites in a more effective way.

www.bonjourquebec.com

(i) Context

Tourism in Quebec is mainly domestic. Out of the 26.8 million tourists in 2003, only 9.3 per cent came from the United States and 3.6 per cent from other countries. www.bonjourquebec.com (BQC) is the official tourism DMS of the Government of Quebec and was launched in 2000. Its mission is to enhance the promotion of Quebec's tourism industry globally in order to attract new markets.

BQC is a sophisticated but easy to use DMS resulting from a successful public and private partnership between the Quebec Ministry of Tourism, the Destination Management Organisation of Quebec, and Bell Canada for the technological realization. Several development steps were necessary over the years in order to conceive and develop the various functionalities of the portal. Resources and efforts focused on the steady coordination between the Government and the private sector, as well as on the development of tourism products and the online promotion of the destination.

(ii) Objectives and functionalities

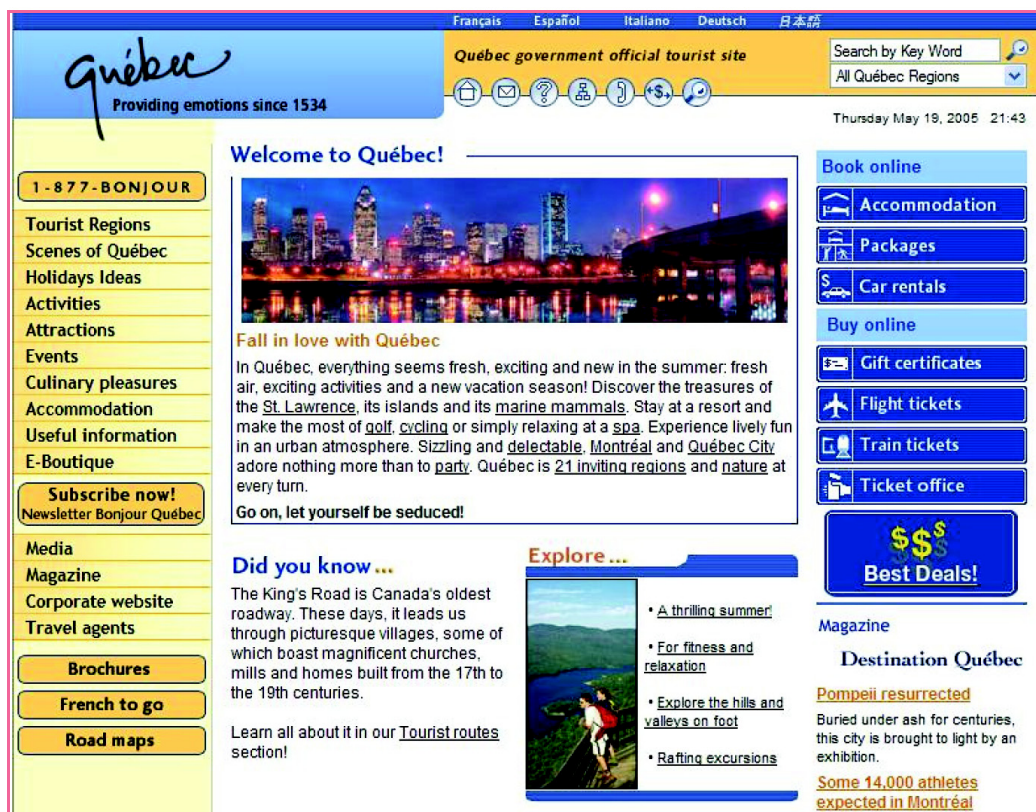
The main objectives of BQC are twofold: to provide travellers worldwide with accurate and attractive information on the destination; and to facilitate interaction among public and private initiatives. To this end, www.bonjourquebec.com integrates 39 functionalities addressing four main user categories:

(a) Customers

It provides worldwide customers who plan to visit Quebec with a unique information/documentation/booking window in French, English and Spanish (and partially in German, Italian and Japanese):

- Information on tourism products and services, including vacation suggestions (more than 250 packages are offered), product descriptions, photos, dynamic mapping, guides, brochures that can be downloaded in PDF format, and a search engine;
- Reservation system with searchable directories cross-referenced by regions for accommodation, cultural events such as theatre and sporting manifestations through a "ticket office". Partnership agreements have been concluded with Travel-

Picture 1



price for the online sale of air and train tickets, and car rental reservation;

- Customer service functions that rely on a customer relationship management (CRM) approach, available seven days a week through e-mail, telephone, fax, national tourist offices and travel agencies in Quebec.

(b) Tourism enterprises

To date, over 13,000 information files give a very detailed description of attractions and tourist establishments. The registration and update of these files are free of charge. Of the 5,000 hotel properties classified by the Quebec Ministry of Tourism, more than 700 are transactional members, fulfilling the requirements of credit card acceptance and Internet connection at their property. The transactional members give a percentage to BQC for each online transaction. They benefit from an inventory management and Internet reservation service through a secure extranet on Bell's Resources Centre, which allows them to receive information on transactions. Businesses are invited to provide a description and photos to be displayed on the website to market and sell their prod-

ucts. In 2004, 72,000 transactions were processed online through www.bonjourquebec.com with payment by credit card.

(c) The Quebec Ministry of Tourism's staff, which update and manage databases as well as all functions related to marketing initiatives, the booking process and an internal electronic bulletin;

(d) Bell Canada's staff, which manage the reservation and billing system.

Since 1999, BQC has experienced a growth rate of 470 per cent in the number of customers, reaching in 2004 over nine million customers, of whom 69 per cent were located outside Quebec (mainly in the United States).

(iii) Challenges, opportunities, and lessons learned

The implementation of this DMS, even in a technologically advanced country, took nearly eight years from its theoretical inception based on several studies on the administrative and technological aspects of the

DMS and bid (to select the partner) to the gradual implementation of the functionalities for testing purposes and to ensure high-quality services and adequate training of the staff. In 2004, two additional functions were added to collect customers' data for targeted marketing purposes (allowing customers to keep abreast of current promotions and package deals by receiving electronically a monthly newsletter); and to create an electronic bulletin for enterprises.

The constraints faced by Quebec regarding the adoption of the DMS are similar to those faced traditionally by developing countries, to a different degree of intensity. To overcome them, BQC devoted great attention to the management of changes, the training and support of staff, and the definition and follow-up of the working process. One of the main challenges was to reduce the scepticism and conservatism of tourism enterprises with regard to new technologies. Hotels are still facing difficulties in applying yield management to product prices owing to their lack of expertise.

BQC represents a major change in the promotion and distribution of tourism services in Quebec. It allowed the Quebec Ministry of Tourism to be more competitive and to offer more comprehensive services to an increased number of clients with approximately the same number of staff, with a reduction in the costs related in particular to promotional mailing and transactional costs.

Key success factors include the partnership with Bell Canada, which enabled the whole project to materialize. Joining complementary skills and resources, and sharing the financial cost and risk, were essential to the success of the initiative. The Quebec Ministry of Tourism bore the costs related to the technological development and exploitation linked to its tourist information services, and to the exploitation of the DMS customers' database. It also ensured the promotion of BQC on global markets and the operationalization of its call centre. Bell Canada supplies the technology for BQC, and bears the risks and costs of the development and operation of the reservation system and e-commerce services.

The free-of-charge registration of tourism enterprises have guaranteed a high level of participation in the DMS. BQC ensured the accuracy and uniformity of the information provided by tourism enterprises by standardizing it and entering the data. The complementarities between the Internet, the tourist information offices and the call centres have ensured the suc-

cess of the initiative. BQC also intends to multiply access points by offering to regional tourism organizations in Quebec reservation sites (as well as databases) to increase its impact.

3. Intraregional and regional e-tourism strategies

Travellers may want to combine multiple destinations and organize thematic expeditions based on natural or cultural resources such as cruises, temples, imperial cities and safaris. Beyond destination competition, this represents one of the incentives for countries to jointly promote their destinations and mutually benefit from tourism flows. The existence of regional, intraregional and/or sub-regional tourism also encourages destinations to develop joint brands.

There are a number of advantages in promoting several destinations under the same umbrella, including considerable economies of scale that can be expected and, thanks to the operational gains brought about by sharing resources (IT and linguistic, online marketing, for example), efficiency, management structures, developments and technological innovation. There are also many challenges to overcome. Regional DMS are being developed by regional institutions such as ASEAN (www.asean-tourism.com) and the Caribbean Tourism Organization (www.doitcaribbean.com) to encourage the development of B2C and B2B tourism. Their main goal is to build economic growth through cooperation among destinations to increase intra-regional or international tourism. Other objectives include developing regional innovative and dynamic packages, entering new markets or building on tourism's potential.

www.asean-tourism.com

As noted in section B.1, tourism in Asia is mainly intraregional. International tourism arrivals in ASEAN countries totalled over 37.4 million by the end of 2003,⁸⁰ of which intra-ASEAN tourism represented 44 per cent. Out of the 15 million ASEAN arrivals, Singapore (5.6 million), Indonesia (1.8 million), Thailand (1.6 million) and Malaysia (1.3 million) had the largest shares. Furthermore, Asia as a whole represented a total of 74 per cent of arrivals in ASEAN countries,⁸¹ with the main tourism arrivals being from China (2 million), Japan (1.9 million) and the Republic of Korea (1.2). The growth of intraregional tourism in particular in South-East Asia led

ASEAN member countries to focus on developing strategies in order to foster such tourism.

In the 1990s, ASEAN members agreed to increase cooperative efforts in tourism promotion. During the “Visit ASEAN year” (1992) ASEAN member countries were invited to work together to promote the area as one destination. The ASEAN Bangkok Summit (1995) established the notion of promoting sustainable tourism.

In 1998, the ASEAN member countries set up an intraregional Plan of Action for tourism. One of the primary objectives was to abandon the traditional competitive approach to tourism growth in favour of a complementary relationship with other member countries and the building of a common brand image for the region as one vast and attractive destination that would provide a wide range of experiences for potential tourists.

In 2002, ASEAN member countries signed a tourism cooperation and promotion agreement to give a major boost to facilitation of intra-ASEAN travel, market access, safety and security, marketing campaigns, sustainable development and human resources development. As part of the actions conducted to increase intra-ASEAN travel, the “Visit ASEAN Campaign” (VAC) was launched in 2001 and introduced into national policies and actions in ASEAN member countries through related programmes, festivals and special events.

The website www.asean-tourism.com and the ASEAN Tourism Association’s website, www.aseanta.org⁸², were established in 2001 to support the VAC. The main objective of the campaign was to build a strong branding of the ASEAN region as a single tourism destination, building on its unique strengths and diversities, as well as the strong unity and complementation of the individual member countries. www.asean-tourism.com reflects that objective by presenting “Asia’s Perfect 10 Paradise” through the world cultural and natural heritage sites of the region as a whole. The website provides information on each country, including direct links to the official DMO websites, information on common heritage, events, attractions (sailing and canoeing, diving, forest tracking and hiking, and beaches), and tourism guides that can be purchased online at <http://www.barnesandnoble.com>.⁸³ The information on tourism products such as accommodation and each country’s entry formalities is available on each national website. ASEAN DMOs are encouraged to

update the content of their pages by, for example, amending the text and putting in new pictures, and so forth, and can update it directly.

www.asean-tourism.com is an information window and contains mainly photos. It does not provide tourism products. A link to www.aseanta.org gives access to two air and hotel passes directed at travellers outside ASEAN (the “ASEAN Air and Hotel Pass”⁸⁴), and the “ASEAN Hip-Hop Pass”, only available to ASEAN citizens. These travel packages are being offered in cooperation with participating airlines, hotels and travel agents, and propose competitive prices for international and intraregional travel. They include three components, namely air, hotel and city tour passes.

The “ASEAN Hip Hop Pass” sold 15,500 coupons worth \$2.1 million to 5,000 ASEAN residents in 2004. Considering the size of the ASEAN market for the region, these results are still low. In order to further promote this Pass, a marketing budget of \$300,000 was given to ASEANTA in 2004. More marketing actions and time will be needed to get the ASEAN market used to flying to two or more destinations on one trip. On the occasion of the ASEAN Tourism Forum (Malaysia, January 2005), the ASEAN task force on marketing concluded that a study of the Pass was needed in order to define whether it was the best model or whether there were other options such as more targeted marketing for ASEAN.

www.doitcaribbean.com

The Caribbean is considered the most tourism-dependent region in the world since tourism accounts for about 25 per cent of its GDP and is a significant contributor to the income, employment and development of the region.⁸⁵ In 2004, the Caribbean attracted over 42 million tourists, of whom 20 million were cruise passengers, and generated \$21 billion.⁸⁶

The Caribbean set an example with its regional e-tourism strategy. In late 2000, the Caribbean Tourism Organization (CTO) developed a DMS to collectively promote the 33 destinations of the Caribbean (www.doitcaribbean.com; see picture 2). The objective was to offer the region an online body to market its diversity, culture and heritage, as well as to facilitate the marketing of small islands that are offering similar tourism products. A regional strategy was

established to guarantee to member countries, in particular the smaller ones, equal competition.

“Places to go”, “things to do” and “special deals” are at the forefront of the website. The website proposes about 20 different activities, including eco-tourism. A choice of hotels (according to their size) is provided, together with a description and a link to hotel websites whenever available.



The website is available in six languages, which correspond to the Caribbean main markets, namely Germany, the United Kingdom and the United States, Spain, France, Italy and the Netherlands. According to the language chosen, the presentation of the website slightly differs,⁸⁷ taking advantage of web segment marketing. Technically, sub-sites were developed for each main tourism market. They provide to consumers an overview of a particular destination or special interest activity, linking directly to detailed information and booking links on the national websites of the member countries themselves.

The information provided by each sub-site is tailored to the particular interests and needs of each country (e.g. for the Spanish version a list of Spanish travel agents, airlines flying from Spain to the Caribbean and visa requirements). In order to update and maximize the content of the websites, a user-friendly content management system was put in place for CTO's international offices, for which a high level of coordination is required.

www.doitcaribbean.com is based on user-friendly web-management tools that include advanced functionalities providing value-added services to consumers, such as an interactive trip planner that offers information on selected areas of interest and hotels

and travel agents' contacts. An interactive map allows consumers to identify tourism-related activities for each destination. Online booking and payment facilities are available, and in order to address security and confidence issues, payment goes directly into a trust account supervised by Barclay Card merchant services. No money is released to the operator of the website until the client has arrived at the resort. In 2004, a new version of the booking engine used by many hotels and guesthouses was launched (powered by UK-based Escape2Travel, Ltd,⁸⁸ using the latest available technologies net and XML to facilitate communication and transfer of data). The main objective was to facilitate the online promotion of small hotels. Over 400 hotels have signed up so far for the booking engine. The booking system is available to both tourism distributors (who get a commission per booking of about 10 per cent) and consumers (the same price applies whether the booking is made online or through a travel agent), and offers the same rates for all users. According to the CTO, the booking engine offers higher commissions to travel agents and gives tour operators the ability to purchase a large inventory of rooms.



In support of the B2C website doitcaribbean.com, a B2B portal, www.onecaribbean.org, features prospects for businesses and individuals eager to develop their share of the Caribbean tourism business, including business seeking business, employment, investment, goods and services, and tender opportunities. It also includes a B2B directory with Caribbean accommodation, Caribbean specialist travel agents in the United States, Canada and Europe, tour operators, international and intra-Caribbean carriers, Caribbean ground operators and attractions, golf courses, yacht

charters, and so forth. To better serve the tourism providers, Onecaribbean.org is offering various reports and publications, tourism statistics, market intelligence and research, and the like. It also provides several private forums for various groups (e.g. for Directors of Tourism, Directors of Marketing, HRD specialists, etc.) where members can “meet” and share information. Recently, it has been used to provide online training for travel agents, and this activity is expected to develop in the future. The site receives about 20,000 visits a month from both within and outside the region. The CTO plans to upgrade the system in the near future in order to improve its structure and navigation so that it becomes easier to find information.

www.doitcaribbean.com receives over two million visitors a year. Capitalizing on its success, the CTO intends to offer to Caribbean member countries and tourism providers online marketing opportunities and global reach by proposing that website banner advertisements be added on the individual websites. To that end, a partnership agreement with International Travel Communications (ITC), a US-based marketing and communication enterprise, was signed in May 2005 for the production of various banner advertising options.⁸⁹

D. Conclusions and recommendations

Greater ICT availability and awareness of the potentialities of the Internet have led developing countries, including LDCs, to develop e-tourism websites. However, the large majority are still unable to exploit the potential of the Internet to the full, although they have a tremendous opportunity to reach a growing number of consumers who want their tourism products, which are not widely marketed and distributed by overseas operators. While the latter may be good at providing an overview of a country (and perhaps not even that much in the case of LDCs), they usually do not provide the level of detail that a focused or niche tourism DMS could offer.

Destinations and tourism providers must now fully embrace the use of ICTs to be able to meet consumers’ needs and help tourism providers distribute their products and services on a global scale. The challenge is not so much the technology as the adoption of new business models based on tourism innovation by all

the stakeholders. Public authorities, DMOs and tourism providers (at the national, regional and local levels) all have an important role to play in order to ensure effective and successful promotion of their destinations and improve their competitiveness in tourism markets. The use of ICTs should assist them in their efforts to market their tourism offer globally and at the same time to organize their tourism market and build a solid partnering industry that could capitalize on the benefits brought about by the Internet.

The following indicative elements should be considered when elaborating an ICT strategy for tourism development in developing countries.

Facilitate an enabling environment for e-tourism

Taking into account the multisector dimension of tourism, e-tourism strategies should be based on a holistic approach involving all stakeholders and combining local action in a sound national framework. Governments have a central role to play, particularly in terms of tourism planning and policy. E-tourism strategies should be integrated within the broader framework of national ICT policies addressing ICT access and liberalization of telecommunication infrastructure, capacity-building issues and the adaptation of the legal and regulatory framework, together with trust-building issues related to online payment.

Governments should support ICT use by SMEs and consumers, in particular in remote areas, by facilitating the provision of easy and low-cost access to broadband solutions to encourage their participation in the tourism industry. They should create awareness of the potential of e-tourism and provide incentives for the development of tourism enterprises’ websites (for hotels, for instance) that could be referenced to the DMO e-tourism website. They should develop capacity-building through education programmes and training in relevant fields (including IT, web management, marketing, language abilities and cultural understanding in the curricula of tourism institutes).

In order to set up a DMS, Governments and DMOs should organize consultative meetings with relevant partners (including customs, immigration and finance officials, for whom ICTs can also be used to improve processes in official tourism-related functions). They should share knowledge with other destinations that have implemented an e-tourism strategy to identify

the challenges and available options. Feasibility studies should be conducted to determine the strategic, administrative and technological aspects of the DMS, and a consensus on objectives, targets and relevant actions should be reached by all stakeholders.

Form solid public and private partnerships

Partnerships can be developed on a global, regional, national and/or local level, depending on the scope of activities and the extent of cooperation agreed upon. Partners can contribute to the technical development of the DMS, the development of new products and services, marketing actions, information technology and funding, as illustrated in the case studies.

Partnerships are particularly relevant as they enable all concerned, whether private or public stakeholders, to coordinate their resources and objectives, creating economies of scale by pooling human, financial and technical resources as in the case of regional or intraregional e-tourism promotion. The DMS gradually set up in both developed and developing countries demonstrate the importance of coordinating public policy and private initiatives and forming solid partnerships.

Adopt new business models

ICTs provide effective tools for DMOs and tourism providers to conduct their operations, from the organization of their tourism resources (databases, data processing) and networking with business partners to the distribution and web marketing of products. ICTs also help them identify consumers' needs, competitors and partners. Since the Internet is creating opportunities for cross-selling tourism products, B2B platforms should be implemented to help tourism buyers and sellers to identify partners in a simple and effective way. The examples of B2B travel trade portals www.thaitraveltmart.com and www.onecaribbean.org have emphasized the importance for DMOs of creating awareness of the DMS among all tourism providers at the national, regional and local levels, and facilitating their participation by providing them free-of-charge registration.

DMOs and tourism enterprises should engage in process innovation and strengthen IT literacy, use and ownership, as well as adopt XML standards to improve connectivity between business partners and the packaging of tourism products, and to lower distribution costs. They should incorporate ICTs into their business operations, integrating yield manage-

ment to better manage their inventory online, taking into account the options available for cross-selling their tourism products and services. They should define cost-revenue models and differentiate them according to the different categories of tourism providers that have joined DMS and to end-users. To that end, DMOs should establish the cost plan (fixed and variable costs), define the main revenue streams and carry out revenue analysis. Business models should be adapted to the conditions of each country to ensure DMS durability.

Be customer-centred

E-tourism websites and services must be truly customer-centred. Early in the chapter, we observed that building an effective DMS supposes that DMOs (at national, regional and local levels) present tourism products in ways that respond to consumers' expectations for unbiased and high-quality information and dynamic services, including reservation and booking systems, as shown in the example of www.bonjourquebec.com or www.doitcaribbean.com. DMOs should guarantee the credibility of the system by providing unbiased information, offering an easy-to-use, attractive presentation of the website. They can target specific tourism markets in offering sub-sites in different languages, and customize their presentation and content accordingly.

The risk in promoting a destination is that the offer will not match the consumer in the end. Therefore, DMOs need to have a comprehensive vision of existing and potential market segments, tourism evolution and prospects, consumers' tourism-related Internet use and tourism behaviour to be able to translate those into web-based technologies and adequate services (languages, presentation, content) and marketing campaigns. To that end, several methods and types of information can be used. This includes the collection and analysis of statistics on national and international tourism flows, the classification of consumers according to socio-economic factors and type of vacations, and the definition of behavioural patterns.

The ability to use technology innovations will be essential for DMOs. Proposing innovative quality products in the form of self-tailored packages and product-centric specifics will meet the expectations of tomorrow's traveller. DMOs should present dynamically tourism products by travel experience (activities) or preferences (duration of stay, type of accommodation, price). In this regard, developing countries could

make use of ICT tools, such as the E-Tourism Platform developed as part of the UNCTAD e-tourism initiative, which integrates this functionality.

Identify the most valuable products and services

A challenging task for destinations and tourism enterprises is to offer new products and services that are most likely to increase their attractiveness and competitiveness. Eco-tourism, cultural and natural heritage tourism, health and medical tourism and adventure tourism are some of the strategies used by destinations and tourism enterprises in developing countries. Niche tourism must be supported by the delivery of high-quality services. For instance, the destinations that have developed eco-tourism must be able to provide a sufficient number of qualified or experienced guides, and rural accommodation.

In order to online market niche tourism, destination and tourism providers should keep abreast of technological developments, standards, and consumers' travel behaviour, so as to adapt whenever necessary their tourism offerings and distribution.

Build trust

Building a dynamic DMS with comprehensive packaging is essential for meeting consumers' need for information, purchase, care and security. Security issues, in particular related to the transmission of credit card information, have to be addressed at the national level. In the end, the lack of confidence, security and user-friendly and high-quality frameworks remains influential in customers' decisions. This is an issue of particular relevance for the majority of developing countries, and particularly LDCs. Most of them do not have transaction capabilities or legal instruments to protect both businesses and consumers, or do not have the capacity to develop an

effective DMS, and cannot only rely on uncertain online revenues. For this reason, it is essential to propose different and complementary traditional distribution channels (travel agents, national tourism offices, tourism producers, call centres, etc.). DMS should work with certification authorities, building alliances with local bodies if they exist or international providers that offer the "stamp of approval" that consumers in developed countries now expect from online merchants (i.e. VeriSign, etc.). Privacy and security policies should be highly developed and prominently stated on the website. Transparency in these two areas is of paramount importance for building confidence.

Market e-tourism websites

As part of the actions to build a brand image, developing countries could take the lead in setting up the ".travel" domain, available since 2005. Provided that consumers easily associate country.travel or cities.travel, and find websites that meet their expectations, the ".travel" domain could support the branding efforts of destinations in developing countries. The ".travel" could be useful, but only if it is actually used; ensuring such use is something which the other special-interest top level domains (TLDs) have unfortunately not been very successful in doing so far.

The promotion of e-tourism websites must be supported by adequate marketing budgets and promotional actions. According to their tourism development objectives (domestic, intraregional or international), destinations and DMOs should organize tailor-made promotional campaigns. As emphasized in this chapter, they should use all channels and technology available, such as tourist guides, brochures, fairs, TV, radio, newspapers, direct marketing via e-mail, search optimization on major Internet search engines such as Google and Yahoo!,⁹⁰ and cross-linking to traditional and online travel distributors to increase their worldwide visibility.

Annex I

Table 1 — Evolution of international tourism arrivals by region

| Per cent | 1950 | 1960 | 1965 | 1970 | 1975 | 1980 | 1985 | 1990 | 1995 | 2000 | 2002 | 2004 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Europe | 66.48 | 72.32 | 73.67 | 70.14 | 70.73 | 67.97 | 64.90 | 61.97 | 59.47 | 57.13 | 56.47 | 54.6 |
| North America | 24.44 | 20.20 | 17.17 | 17.16 | 13.70 | 12.42 | 12.01 | 12.40 | 13.85 | 13.26 | 11.8 | 11.1 |
| Sub-total | 90.92 | 90.52 | 90.84 | 87.30 | 84.43 | 80.39 | 76.91 | 74.31 | 73.32 | 70.39 | 68.27 | 65.7 |
| Latin America and The Caribbean | 5.17 | 3.91 | 3.43 | 5.79 | 6.34 | 6.43 | 6.30 | 6.39 | 5.37 | 5.33 | 4.83 | 5.3 |
| East Asia/Pacific | 0.75 | 0.98 | 1.42 | 3.04 | 3.64 | 7.02 | 9.17 | 11.53 | 14.74 | 15.8 | 17.8 | 19.3 |
| South Asia and Middle East | 1.09 | 1.10 | 2.57 | 2.09 | 2.94 | 3.19 | 4.10 | 3.72 | 3.26 | 4.37 | 4.83 | 5.6 |
| Africa | 2.07 | 1.49 | 1.74 | 1.78 | 2.65 | 2.97 | 3.52 | 3.99 | 3.31 | 3.98 | 4.56 | 4.3 |
| Sub-total | 9.08 | 7.48 | 9.16 | 12.70 | 15.57 | 19.61 | 23.09 | 25.63 | 26.14 | 29.48 | 32.03 | 34.5 |
| World total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| World (total in thousands) | 25 282 | 69 296 | 112 729 | 159 690 | 214 357 | 284 841 | 321 240 | 443 866 | 567 033 | 687 300 | 702 600 | 760 000 |

Source: UNCTAD elaboration of data from the World Tourism Organization.

Table 2 — Distribution of international tourism receipts by region

| Per cent | 1950 | 1960 | 1965 | 1970 | 1975 | 1980 | 1985 | 1990 | 1995 | 2000 | 2002 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Europe | 42.14 | 56.56 | 62.04 | 61.58 | 63.52 | 58.83 | 50.12 | 52.59 | 51.07 | 49.16 | 50.71 |
| North America | 31.81 | 20.21 | 17.85 | 19.66 | 15.75 | 12.06 | 18.11 | 18.43 | 19.23 | 21.17 | 17.94 |
| Sub-total | 73.95 | 76.77 | 79.89 | 81.24 | 79.27 | 70.89 | 68.23 | 71.02 | 70.30 | 70.33 | 68.65 |
| Latin America and The Caribbean | 18.67 | 15.50 | 11.11 | 7.16 | 9.36 | 12.85 | 10.57 | 7.66 | 6.38 | 6.64 | 6.15 |
| East Asia/Pacific | 1.43 | 2.84 | 3.54 | 6.15 | 5.32 | 7.32 | 11.08 | 14.39 | 4.65 | 17.19 | 18.89 |
| South Asia and Middle East | 1.76 | 1.35 | 3.05 | 2.76 | 2.93 | 5.49 | 7.10 | 4.26 | 2.81 | 3.54 | 3.81 |
| Africa | 4.19 | 3.54 | 2.41 | 2.69 | 3.12 | 3.45 | 3.02 | 2.67 | 1.86 | 2.26 | 2.48 |
| Sub-total | 26.05 | 23.23 | 20.11 | 18.76 | 20.73 | 29.11 | 31.77 | 28.98 | 29.70 | 29.63 | 31.35 |
| World total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| World (total \$ million) | 2 100 | 6 867 | 11 604 | 17 900 | 40 702 | 102 372 | 116 158 | 254 816 | 371 682 | 477 00 | 474 200 |

Source: UNCTAD elaboration of data from the World Tourism Organization.

Annex II

Differences between developing countries/territories in international tourism arrivals in 2003 (from 1 to > 10 million arrivals)

| | Countries with > 10 million arrivals | 5 to 10 million arrivals | 5 to 10 million arrivals | Total of arrivals in thousands |
|---------------------------------|--|------------------------------------|--|--------------------------------|
| Asia and the Pacific | | Macao (China), Singapore | Indonesia, India, Kazakhstan, Philippines, Republic of Korea, Taiwan Province of China, VietNam | 103 124 |
| Latin America and the Caribbean | China, Hong Kong (China), Malaysia, Thailand | | Argentina, Brazil, Bahamas, Dominican Republic, Chile, Costa Rica, Cuba, Jamaica, Puerto Rico, Uruguay | 41 322 |
| Africa | Mexico | South Africa, Tunisia | Botswana, Morocco, Zimbabwe | 19 410 |
| Middle East | | United Arab Emirates, Saudi Arabia | Bahrain, Egypt, Islamic Republic of Iran, Jordan, Lebanon, Syrian Arab Republic | 30 349 |
| Europe | Turkey | | Cyprus | 15 644 |

Source: UNCTAD elaboration of data from the World Tourism Organization.

Annex III

International tourism arrivals (million) and receipts (\$ billion) for top ten developed countries / top ten developing countries in 2003

| International tourism arrivals (millions) and receipts (\$ billions) for top ten developed countries / top ten developing countries/territories in 2003 | | | | | | | | | | |
|---|---|-------------|---------------|-------------|----------------|-------------------|----------------------|-------------|-------------|-------------|
| Top ten developed countries | France | Spain | United States | Italy | United Kingdom | Canada | Austria | Germany | Hungary | Greece |
| International arrivals | 77 | 52.3 | 43.5 | 39.5 | 24.2 | 20.1 | 18.6 | 18 | 15.9 | 14.2 |
| Top ten developing countries/territories | (China (including Taiwan PC and Hong Kong (China))) | Mexico | Turkey | Malaysia | Thailand | South Africa | United Arab Emirates | Egypt | Singapore | Tunisia |
| International arrivals | 57.1 | 18.7 | 13.3 | 10.6 | 10.1 | 6.6 | 5.9 | 5.7 | 5.7 | 5.1 |
| Top ten developed countries | United States | Spain | France | Italy | Germany | United Kingdom | Austria | Greece | Canada | Australia |
| International receipts | 64.5 | 41.8 | 37 | 31.2 | 23 | 22.8 | 14.1 | 10.7 | 9.7 | 8.1 |
| Top ten developing countries/territories | (China (including Taiwan PC and Hong Kong (China))) | Turkey | Mexico | Thailand | Malaysia | Republic of Korea | Egypt | Indonesia | India | Morocco |
| International receipts | 28.0 | 13.2 | 9.5 | 7.8 | 5.9 | 5.3 | 4.6 | 4.0 | 3.5 | 3.2 |

Source: UNCTAD elaboration of data from the World Tourism Organization.

Annex IV

Search engine optimization on Google and Yahoo!

Google is a fully automated search engine, which employs robots known as "spiders" to crawl the web on a monthly basis and find sites for inclusion in the Google index. Since this process does not involve human editors, it is not necessary to submit one's e-tourism website to Google in order to be included in its index. In fact, the vast majority of sites listed are not manually submitted for inclusion.

Google's engine ranks pages largely on the basis of how many other sites link to them, sending the most popular pages to the top. Therefore, the best way to ensure that Google finds and ranks e-tourism websites is to ensure that it is linked to a large number of other sites (regional tourism portals, NGOs, partners, etc.). For more information, see at: <http://www.google.com/webmasters/>.

Yahoo! offers several ways for content providers to submit web pages and content directly to the Yahoo! Search Index and the Yahoo! Directory. The Yahoo! Directory is organized by subject. Sites are placed in categories by the Yahoo! Directory team to ensure that the Directory is organized in the best possible way, so that it is easy to use, intuitive and helpful to everyone. Websites need to be submitted and registered manually on Yahoo!, as it is more an index than a real search engine. For more information, see at: <http://search.yahoo.com/info/submit.html>.

Annex V

Evolution of Travel Distribution

| | Early Stages | Core Development | Growth of Traditional intermediaries | Emergence of Online Distribution Channels |
|-------------------|---|---|---|--|
| Timeframe | 1920s - 1950s | 1960s - 1970s | 1980s - Early 1990s | Mid 1990s - Present |
| Suppliers | Airlines | Airlines | <ul style="list-style-type: none"> • Car Rentals • Airlines • Lodging | <ul style="list-style-type: none"> • Airlines • Lodging • Car Rental • Cruise • Rail • Package • Tours |
| Industry Needs | <ul style="list-style-type: none"> • Reduce time and costs necessary to process ticket • Increase productivity of airline reservation agents • Immediately determine what flights/Seats are for sale • Modify inventory • Automating the recording of passenger record (PNR) | <ul style="list-style-type: none"> • Improve speed in accessing passenger records (PNR) • Improve reservation processing time from three hours to seconds • Reduce reservation error rate • Reduce staffing and training cost | <ul style="list-style-type: none"> • Increase productivity and capability for handling large amounts of information • Travel agents seek immediate access to airline flight schedules and fares • Ability to serve new business travel marketplace • Meet the demand of global airline alliances • Globalization of CRSs • Online booking | <ul style="list-style-type: none"> • Provide consumers with direct access to suppliers' inventory • Capture confidence in internet security • Capture and leverage consumer insight • Provide complex travel products • Enable customer self-service • Meet needs of small and large industry suppliers, intermediaries, and consumers |
| System Capacities | <ul style="list-style-type: none"> • Electromagnetic Systems ✓ electronic signal between agents terminal and main control room • Magnetronic Reservoir ✓ giant aluminium wheel that recorded millions of small electric charges | <ul style="list-style-type: none"> • Sabre • Two IBM 7090 computers used for data storage and processing | <ul style="list-style-type: none"> • Sabre ✓ easySabre (provides online booking to consumers in 1985) • Worldspan • Amadeus • Galileo • Corporate travel agencies | <ul style="list-style-type: none"> • Online agencies ✓ Travelocity.com • Supplier Websites ✓ Delta.com • GDS Web-based booking services ✓ Plante Sabre |

Annex V (continued)

| | Early Stages | Core Development | Growth of Traditional intermediaries | Emergence of Online Distribution Channels |
|----------------------------|--|--|---|--|
| | <ul style="list-style-type: none"> Data Organizing Translator √ machine readable card system | | | |
| System Deficiencies | <ul style="list-style-type: none"> Still experience time delay in information processing unable to accurately assign PNR information to a seat | Adequate system reliability due to thousands of agency locations | <ul style="list-style-type: none"> GDSs are text only, inflexible and require complex commands Legacy systems are outdated, expensive to maintain, require significant training time and have limited search capacity | <ul style="list-style-type: none"> Customer data is fragmented Lack standardized communication between suppliers and intermediaries Unable to provide complex products Unable to tailor info to individual needs |

Source: Accenture/World Travel and Tourism Council (WTTC), May 2002.

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Notes

1. Pollock (2001) defines a DMS as “the IT infrastructure used by a DMO for the collection, storage, manipulation and distribution of information in all its forms, and for the transaction of reservations and other commercial activities”
2. See *Information Economy Report 2005*, chapter 1.
3. http://www.ypbr.com/page_loader.php?tid=v4&sid=news&pid=pressrelease&id=25.
4. Source: Center for Excellence in Service at the Robert H. Smith School of Business, University of Maryland, Rockbridge Associates, Inc. (February 2005), reported by <http://www.emarketer.com>.
5. Source: Forrester Research, August 2004, reported by <http://www.emarketer.com/>.
6. PhoCusWright, see at http://www.netimperative.com/2005/05/17/Allcheckin_travel/view.
7. Buhalis (2003).
8. A DMO is a public or private organization responsible for the promotion and coordination of tourism.
9. OECD (2003).
10. See <http://www.world-tourism.org/facts/highlights/HIGHLIGHTS%20INGLES%2020041.pdf>.
11. See World Travel and Tourism Council (2005).
12. According to UNCTAD (“Tourism and development in the least developed countries”, UNCTAD/LDC/Misc.64, Geneva, 23 February 2001), the combined tourism export receipts of all LDCs in 1998 accounted for 16.2 per cent of their total non-oil export receipts. Tourism was the leading service export sector in 24 LDCs and the first source of foreign exchange earnings in 7 of them.
13. See annex I.
14. According to WTO, international tourism consists of both inbound tourism (tourism of non-resident visitors within the economic territory of the country of reference) and outbound tourism (tourism of resident visitors outside the economic territory of the country of reference).
15. WTO *World Tourism Barometer*, January 2005.
16. According to WTO, international tourism receipts earned by a destination country from inbound tourism cover all tourism receipts resulting from expenditure by visitors from abroad on, for instance, lodging, food and drinks, fuel, transport in the country, entertainment and shopping, etc.
17. WTO, *Tourism Highlights*, 2003.
18. *Compendium of Tourism Statistics*, WTO, edition 2004.
19. WTO, *Tourism Highlights*, 2003.
20. According to the World Bank, emerging economies in Asia and the Pacific are projected to grow by 6 per cent in 2005.
21. Developing countries which receive over 5 million international tourists in annex II.
22. In the Middle East, 45 per cent of the tourism is intraregional. In Africa, this proportion falls to 40 per cent and in South Asia to 35 per cent.
23. See annex III.
24. WTO, *Tourism 2020 Vision*, <http://www.world-tourism.org/facts/2020/2020.htm>.
25. According to UNEP, sustainability, for tourism as for other industries, has three interconnected aspects: environmental, socio-cultural and economic. Sustainability implies permanence, and so sustainable tourism includes optimum use of resources, including biological diversity; minimization of ecological, cultural and social impacts; and maximization of benefits to conservation and local communities. It also refers to the management structures that are needed to achieve this. See at <http://www.uneptie.org/pc/tourism/sust-tourism/about.htm>.

26. Buhalis (2003).
27. UNDESA (2003).
28. When a seat on a plane or a room in a hotel is not sold for a particular day, its revenue is lost for ever.
29. Online Travel: Marketing and selling, eMarketer, November 2004.
30. Yield management is an economic method that allows the comparison between supply and demand through differentiated pricing and systematic control of the inventory. Based on real-time demand forecasting by market micro-segment and an optimization model, yield management, which began in the United States in the 1980s, enables suppliers to increase their revenue, and customers to benefit from lower prices for the same quality of service, by calculating the best pricing policy for the sale of a product or service. For more information, see http://www.optims.com/UK/hight_profits.html.
31. See *Information Economy Report 2005*, chapter 1.
32. Forrester Research Inc, Online Leisure Travel Forecast 2004–2009 (March 2004), at <http://www.forrester.com>.
33. Marketer, Travel Agencies online, March 2005.
34. Forrester Research Inc, The search engines web travelers use (March 2005), at <http://www.forrester.com/>.
35. See annex IV for details of search engine optimization on Google and Yahoo!
36. A meta-search engine transmits one's search simultaneously to several individual search engines and their databases of web pages. See at <http://www.lib.berkeley.edu/TeachingLib/Guides/Internet/MetaSearch.html>.
37. See *Information Economy Report 2005*, chapters 5 and 6.
38. Buhalis (2003).
39. http://www.eyefortravel.com/papers/Customer_Centric_Transformation_WTTC_White_Paper.doc.
40. See annex V.
41. For a discussion on OTA and XML, see the *E-Commerce and Development Report 2001*. A list of OTA members is available at <http://www.opentravel.org/members.cfm#>.
42. SITA is the world's leading provider of integrated information and telecommunications solutions for the air transport industry, and provides services to airlines, airports, travel distribution and computer reservation systems, governmental organizations, aerospace companies and airfreight companies. For more information, see at <http://www.sita.aero/default.htm>.
43. Keynote Systems (2004).
44. Marketer (2005).
45. See UNCTAD (2000).
46. The International Ecotourism Society defines ecotourism as “responsible travel to natural areas that conserves the environment and improves the well-being of local people”. See at <http://www.uneptie.org/pc/tourism/sust-tourism/about.htm>.
47. First for Comoros, Gambia, Maldives, Samoa, Tuvalu, United Republic of Tanzania and Vanuatu.
48. See <http://www.unctad.org/en/docs/poldcm64.en.pdf>.
49. See WTO (2004). Calculations based on reported figures from 30 LDCs.
50. Afghanistan, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Equatorial Guinea, Eritrea, Guinea-Bissau, Kiribati, Lao People's Democratic Republic, Liberia, Niger, Sao Tome and Principe, Sierra Leone, Somalia and Sudan.
51. Bangladesh, Benin, Burkina Faso, Cambodia, Djibouti, Ethiopia, Gambia, Guinea, Madagascar, Maldives, Mali, Nepal, Rwanda, Samoa, Senegal, Solomon Islands, Timor-Leste, Togo, Tuvalu, Uganda, United Republic of Tanzania, Vanuatu, Yemen and Zambia.

52. The WTO has defined benchmarking criteria of e-tourism websites from a consumer perspective: accessibility, consistency, content usability, credibility, customization and interactivity, navigation, and technical performance.
53. For a detailed discussion on FOSS, see the *E-Commerce and Development Report 2004*.
54. Benin, Burkina Faso, Cambodia, Ethiopia, Gambia, Madagascar, Maldives, Mali, Nepal, Rwanda, Senegal, Solomon Islands, Timor-Leste, Togo, Uganda, Vanuatu, Yemen and Zambia
55. Benin, Burkina Faso, Gambia, Maldives, Nepal, Rwanda, Samoa, Senegal, Timor-Leste, Togo, Uganda, United Republic of Tanzania, Vanuatu, Yemen and Zambia.
56. The NTO website of Nepal has attracted visitors from the United States, India, the United Kingdom, Japan, Hong Kong SAR, Germany, France, China, Australia and Canada.
57. Maldives, Nepal, Mali and Uganda.
58. Benin, Maldives, Mali, Nepal, Rwanda, Samoa, Senegal, Timor, Togo, Vanuatu and Zambia.
59. Source: UNCTAD *Handbook of Statistics*, 2004.
60. After about 10 years, Tunisia occupies the second position after France for wellness tourism (thalassotherapy).
61. <http://www.ins.nat.tn/html/page01133.htm>.
62. The main ones are Neckermann, with 13 per cent of the market share in terms of nights; TUI (10.2 per cent); ITS (6 per cent); and Étapes Nouvelles (5 per cent). See http://www.webmanagercenter.com/telecharge/mr_tourisme_072004.pdf.
63. <http://www.promovacances.com>.
64. See the *Information Economy Report 2005*, chapter 1.
65. TNS Sofres, 2004. See <http://www.tns-sofres.com>.
66. Marketing British Tourism (2004).
67. See <http://www.abtmembers.org/research/abtstatstrends2004.pdf>.
68. See chapter 1.
69. The structures and consultative groups created are the following: the National Commission on Electronic Commerce (1997) in charge of implementing the e-commerce strategy and the infrastructure in Tunisia; the National Council of Tourism (1997); the National Observatory of Tourism (1995); and the management board of the competitiveness funds.
70. See http://www.amb-tunisie.fr/info/article.php3?id_article=438.
71. The growth of Chinese outbound tourism (16 million in 2004 according to the China National Tourism Administration) encourages not only Tunisia but also an increasing number of destinations in Europe, Latin America and Africa to sign cooperation agreements to develop joint-venture arrangements with travel agencies, facilitating the procedures for Chinese travellers.
72. Source: UNCTAD *Handbook of Statistics*, 2004.
73. According to WTO, domestic tourism is the tourism of resident visitors within the economic territory of the country of reference.
74. <http://www2.tat.or.th/stat/download/1204/res-1-12.xls>.
75. http://www2.tat.or.th/stat/web/static_index.php.
76. The World Our Guest”(1992) was a collaboration between the public and the private sector, inviting foreign tour operators and media to visit Thailand.
77. Amazing Thailand” (1998–1999) was launched after the Asian economic crisis and focused on value-added tourism products and services: Amazing Shopping Paradise, Amazing Taste of Thailand, Amazing Cultural Heritage, Amazing Arts and Lifestyle , Amazing World Heritage, Amazing Natural Heritage, Amazing Gateways, Amazing Sport & Entertainment and Amazing Agricutural Heritage.

78. www.tourismthailand.org is available in the following languages: Thai, English, Korean, German, Japanese, French, Italian, Portuguese, Spanish, Singaporian, Greek, Romanian and Chinese.
79. The ASEAN member countries are Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand and VietNam.
80. See <http://www.aseansec.org/17091.htm>.
81. See http://www.aseansec.org/tour_stat/Major%20Market%20Share%20by%20Region-2003.htm.
82. The ASEAN Tourism Association is a non-profit association comprising both public and private tourism organizations from ASEAN such as NTOs, hotel associations, travel agents' associations and national airlines. Its mission is to undertake marketing and relevant programmes to promote the growth of tourism, to form public and private partnerships to ensure a long-term perspective for tourism growth, and to develop new services and operational benchmarks for the tourism industry through certification programmes.
83. <http://www.barnesandnoble.com> is one of the largest online book distributors in the United States.
84. The ASEAN Air and Hotel Pass covers seven countries: Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and VietNam. See www.aseanta.org.
85. Caribbean Tourism Statistical Report 2002–2003; see at <http://www.onecaribbean.org>; http://www.transafricaforum.org/reports/tourism_issuebrief0700.pdf.
86. Caribbean Tourism Organization (2005).
87. See <http://www.doitcaribbean.nl/> and <http://www.caribbean.co.uk/homepage/index.html.en-GB>.
88. Escape2Travel, ltd (ET2) is a wholly owned subsidiary of the Morris Kevan International group, which has been marketing and selling the Caribbean for the past 35 years.
89. The banner advertising options are available at www.itcgo.com/cto.
90. See annex IV.