

## **How Sophisticated is the level of E-Commerce Adoption in Tourism Enterprises<sup>1</sup>?**

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### **Abstract**

The research aims to develop a conceptual model of e-commerce adoption in tourism enterprises. The paper begins with a literature review identifying the opportunities and competitive advantage for tourism enterprises associated with E-commerce adoption. It then compares current levels of e-commerce adoption for Australia and other nations, noting the under usage in small tourism enterprises. Finally it develops a classification of e-commerce adoption models and proposes a new conceptual model for tourism enterprises in terms of

their level of sophistication. The model can be used to facilitate sustainable tourism development for SMTEs in a tourism destination.

## Keywords

E adoption, models, tourism enterprises, technology

## 1. Introduction

Information and communication technology (ICT) has changed the industry structure and altered the competitiveness of the marketplace (Buhalis 2003) – thus creating opportunity, but also a threat for small and medium tourism enterprises (SMTEs) that lag in its strategy development and implementation. However, the relationship between e-commerce adoption and benefits gained by SMTEs is not clear. Previous e-commerce related research based on large enterprises cannot be applied to SMTEs, as they have unique technology and business needs (Yuan et al. 2003).

Turban (2002, p.3) defines e-commerce as: "In general there are two types of e-commerce: in B2C transactions, online transactions are made between businesses and individual consumers.... In B2B transactions, businesses make online transactions with other business." In this research, e-commerce consists of using electronic information based systems to engage in transactions or commerce online.

E-commerce is not a panacea promising new profit opportunities for SMTEs. The Internet is "an enabling technology, a powerful set of tools that can be used, wisely or unwisely, in almost any industry and as part of almost any strategy" (Porter 2001, p. 1). Companies which

adopted e-commerce “evidently expect to gain an advantage over their competitors” (Berrill et al. 2004) and they will succeed in e-commerce if they use the Internet as a complement to traditional ways of competing, not setting their Internet initiatives apart from their established operations (Porter 2001). This also applies to the various tourism industry sectors businesses (Mistilis and Daniele 2004).

The research presents an analysis of e-commerce adoption in tourism enterprises and aims to develop a conceptual model of e-commerce adoption in tourism enterprises. It is suggested that the model can be useful for sustainable tourism development in a destination insofar as it measures the use of ICT for competitive advantage and facilitates development of enhancing policies. The research begins with a literature review investigating the opportunities and competitive advantage for tourism enterprises associated with E-commerce adoption and classifies them. It then compares current levels of e-commerce adoption for Australia and other nations, noting the under usage in small tourism enterprises. Finally it develops a classification of e-commerce adoption models and proposes a new conceptual model for tourism enterprises in terms of their level of sophistication. It is suggested that the model can facilitate sustainable tourism development for SMTEs in a tourism destination. The specific research aims are:

- i. To identify the opportunities and competitive advantage for tourism enterprises associated with e-commerce adoption;
- ii. To compare current levels of e-commerce adoption for Australia and other nations;
- iii. To classify e-commerce adoption models and
- iv. To propose a new conceptual model for tourism enterprises in terms of their e adoption level of sophistication.

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