

Contribution to the Research of the Internet in the Service of Tourism – Situation in Croatia and in the World

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Presence of tourist destinations on the Internet today is a prerequisite for business sustainability. Recession period undoubtedly has an impact on better exploitation of the Internet potential as a comprehensive communication tool which will provide for more demanding customer a choice of desired services at any time, from anywhere. Internet is not only communication and marketing tool, but offers direct access to the client, and also has a global reach. The business which, even before the arrival of tourists in the destination, enables the choice of destinations, is the advantage compared to the other, "traditional" ways of tourist business. Still under-utilization of Internet capabilities in Croatia indicates the need for business change. Joint action of all participants in the tourist sector, backed by the knowledge and skills of experts for Internet and communication technology could gradually contribute to the achievement of the desired tourism progress.

Keywords: Internet, communication and marketing tools, information, comprehensive-ness of service delivery, investment, one-stop-shop, world, Croatia, the European Union

1. Introduction

Today the role of the Internet is almost unforeseeable. «Network of networks» has plenty of websites that have created contemporary culture. The Internet is a very powerful tool of everyday communication and information, business and entertainment, which is accessible to users 24 hours a day. Lagging behind in information technology world can have a negative impact on business, and beside some specific knowledge, it requires permanent learning.¹

Internet users, when searching the web, use the Internet search engines. According to surveys, among Internet search engines, Google takes the first place on the list with a market share of 53.6% and 200 million recorded searches every day. Yahoo is the second with a market share of 19.9% and the third is Microsoft (MSN) with 12.9% share.²

Croatia IT reality shows that much more has to be achieved.³ For successful development of information society, the government should further encourage all advanced electronic services. Beside high standard levels, it is essential to achieve levels of education, particularly general IT literacy and knowledge of foreign languages, especially English. For users, the Internet in Croatia has become an integral part of their lives, and almost half of

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them used it every day. Internet is mostly used for communication (over 70%), information search (65%) and for daily news (almost 50%).⁴ Numerous forms of Internet use do not depend only on the individual, but to a large extent on government and other business subjects that, in some cases, are not yet organized in the appropriate manner and are not available for a modern way of comprehensive communications, information, service providing, or cooperation.

Today, 25 years after the appearance of the first personal computer, in the year when we celebrate the 15th birthday of the World Wide Web, the average global Internet population accounts for about 23.8% of the total population.⁵ According to the estimates of JupiterResearch, until the year 2011, there should be 1.5 billion Internet users in the world (in 2006 there were 1.1 billion of users). However, these estimates have already come true in year 2009, because more than 1.5 billion world's population uses the Internet.⁶ Ac-

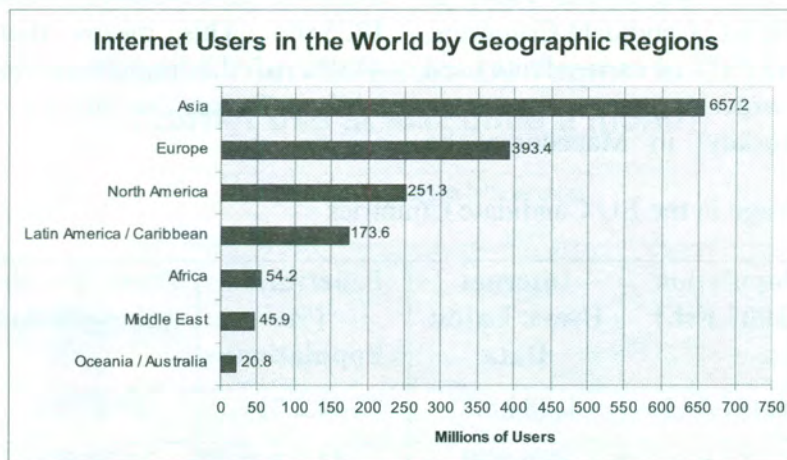
ording to 2009 data (Table 1: Internet Users in the World, Chart 1: Internet Users in the World by Geographic Regions, Chart 2: World Internet Penetration Rates by Geographic Regions, and Chart 3: World Internet Users by World Regions), the number of Internet users is the highest in North America with more than 74.4%, which is 15.7% compared to the total population of the region. In the example of Oceania/Australia, the number of Internet users represents only 1.3% of their total population, while the share of Internet users in relation to the number of their residents is 60.4%. In Europe the situation is satisfactory, with 48.9% of Internet users, which represent a share of 24.6% compared to the total population of Europe. The largest increase in the number of Internet users in the period between year 2000 and 2008, is in the Middle East, with a growth of 1296.2%, then in Africa with 1100.0% and, finally, in Latin America and the Caribbean with 860.9%.

Table 1: Internet Users in the World

World Regions	Population (2008 Est.)	Internet Users Dec. 31, 2000	Internet Users Latest Data	Penetration (% Population)	Users Growth 2000-2008	Users % of Table
Africa	975,330,899	4,514,400	54,171,500	5.6 %	1,100.0 %	3.4 %
Asia	3,780,819,792	114,304,000	657,170,816	17.4 %	474.9 %	41.2 %
Europe	803,903,540	105,096,093	393,373,398	48.9 %	274.3 %	24.6 %
Middle East	196,767,614	3,284,800	45,861,346	23.3 %	1,296.2 %	2.9 %
North America	337,572,949	108,096,800	251,290,489	74.4 %	132.5 %	15.7 %
Latin America/Caribbean	581,249,892	18,068,919	173,619,140	29.9 %	860.9 %	10.9 %
Oceania/Australia	34,384,384	7,620,480	20,783,419	60.4 %	172.7 %	1.3 %
World Total	6,710,029,070	360,985,492	1,596,270,108	23.8 %	342.2 %	100.0 %

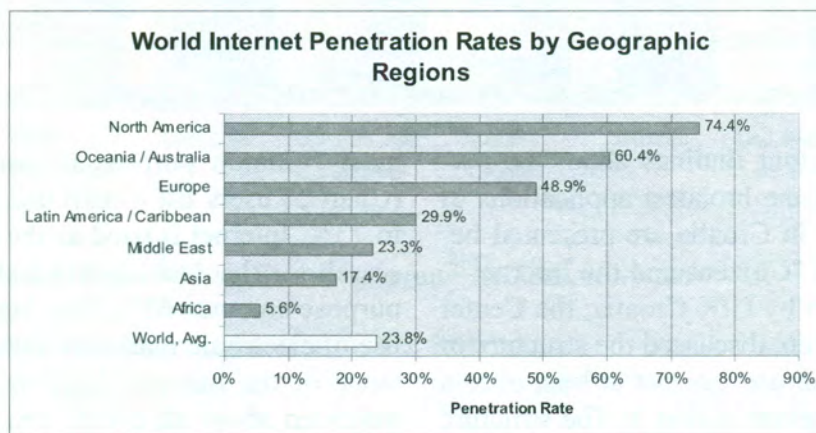
Source: Internet World Stats, www.internetworldstats.com/stats.htm, May 2009.

Chart 1: Internet Users in the World by Geographic Regions



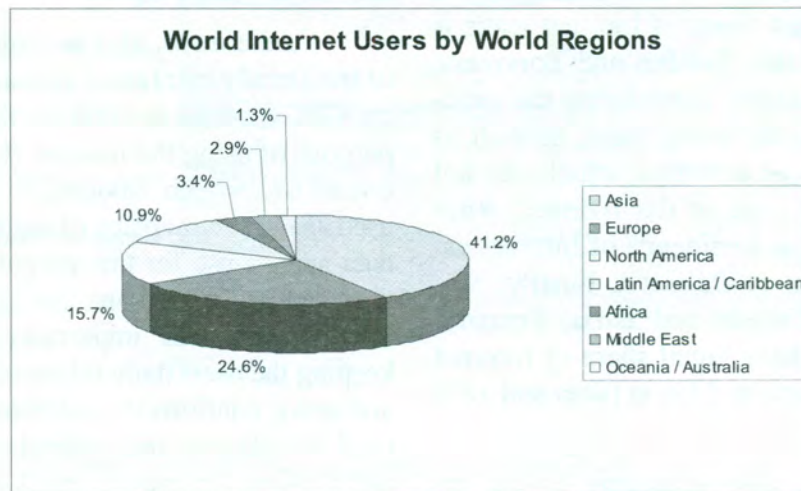
Source: Internet World Stats, www.internetworldstats.com/stats.htm, May 2009.

Chart 2: World Internet Penetration Rates by Geographic Regions



Source: Internet World Stats, www.internetworldstats.com/stats.htm, May 2009.

Chart 3: World Internet Users by World Regions



Source: Internet World Stats, www.internetworldstats.com/stats.htm, May 2009.

Regarding candidate countries for accession to the EU,⁷ as shown in the Table 2: Internet Usage in the EU Candidate Countries, in Croatia, in 2008 44.2% of its residents used the Internet. The largest increase is seen in Macedonia and Turkey. In Macedonia the

number of Internet users increased by 2923.3% (2000-2008), while in Turkey by 1225.0%. This means that in Macedonia 44.0% of the population uses the Internet, while in Turkey this rate is 35.0%.

Table 2: Internet Usage in the EU Candidate Countries

European Union Candidates	Population (2007 Est.)	Internet Users, Latest Data	Penetration (% Population)	User Growth (2000-2008)	Users % Tables
Croatia	4,491,543	1,984,800	44.2 %	892.4 %	6.8 %
Macedonia	2,061,315	906,979	44.0 %	2,923.3 %	3.1 %
Turkey	75,793,836	26,500,000	35.0 %	1,225.0 %	90.2 %
Total EU Candidate Countries	82,346,694	29,391,779	35.7 %	1,218.0 %	100.0 %

Source: Internet World Stats, www.internetworldstats.com/stats.htm, May 2009.

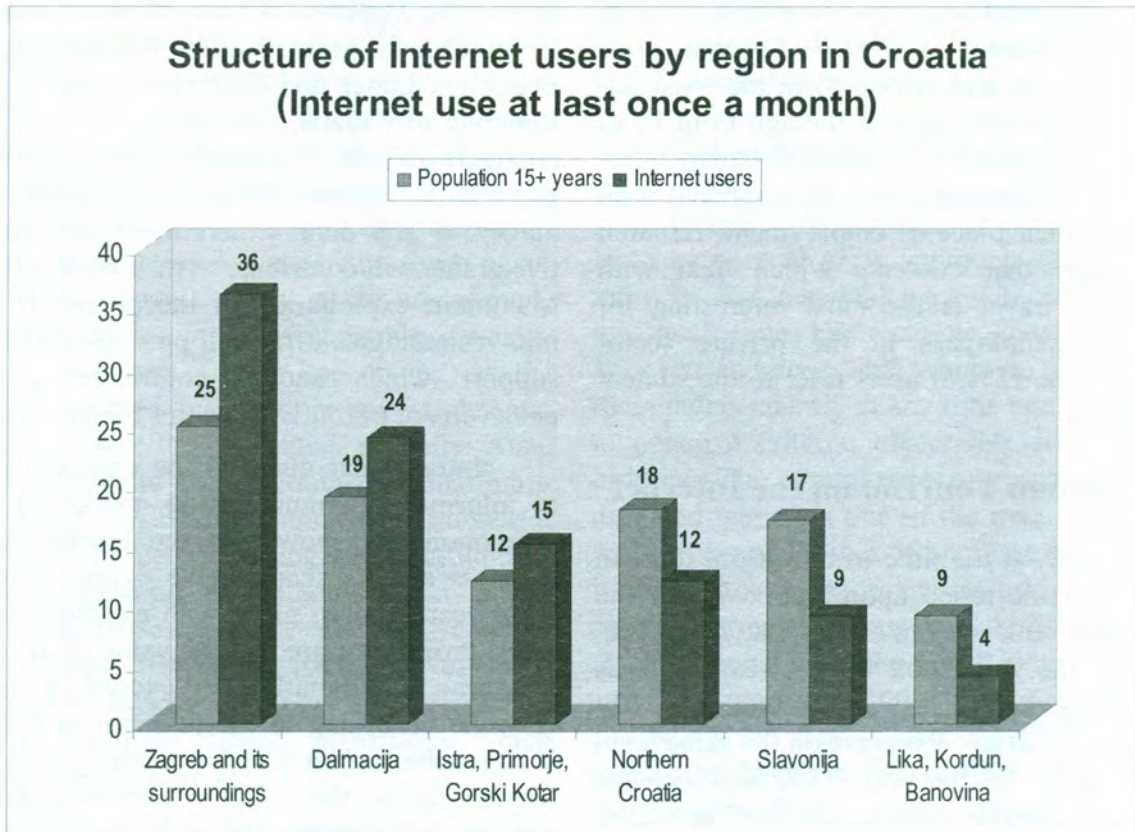
Some important findings about the performance level of the broadest applications of computer literacy in Croatia are presented below. The research "Citizens and the Internet"⁸, conducted in 2006 by GfK Croatia, the Center for Market Research, discussed the structure of Internet users (who use Internet at least once a month) and the regions (Chart 4: The structure of Internet users by regions in Croatia). The largest share of 36% refers to the City of Zagreb and its surroundings. Such a data is not surprising because Zagreb is the most developed region, so the share of the residents is the largest. The smallest share of Internet users is in the region of Lika, Kordun and Banovina, which is understandable considering the small number of inhabitants living there, as well as with the structure of activities which, do not directly require the use of the Internet. After the Zagreb region, a dominance of Internet users, 24%, is shown in Dalmatia. Finally, Slavonia, Northern Croatia and Istria, Primorje and Gorski Kotar have equal share of Internet users, which amounts to 15% in Istria and 18% in North Croatia.

Furthermore, also according to the results of the already mentioned research, conducted by the GfK Croatia, in 2006, as the

most common purpose of using the Internet (Chart 5) users list e-mail use, which amounts to 73%. Internet is used as the central place of search for the desired data and its use for this purpose amounts 65%, thus lagging behind the use of electronic mail only for 8%. The importance of the Internet, keeping the users daily informed about all events and news, confirms the value of 49%. Internet is used for playing and entertainment by 15% of users. When it comes to search of information on trips, GfK survey says that only 16% of users use the Internet for this purpose.

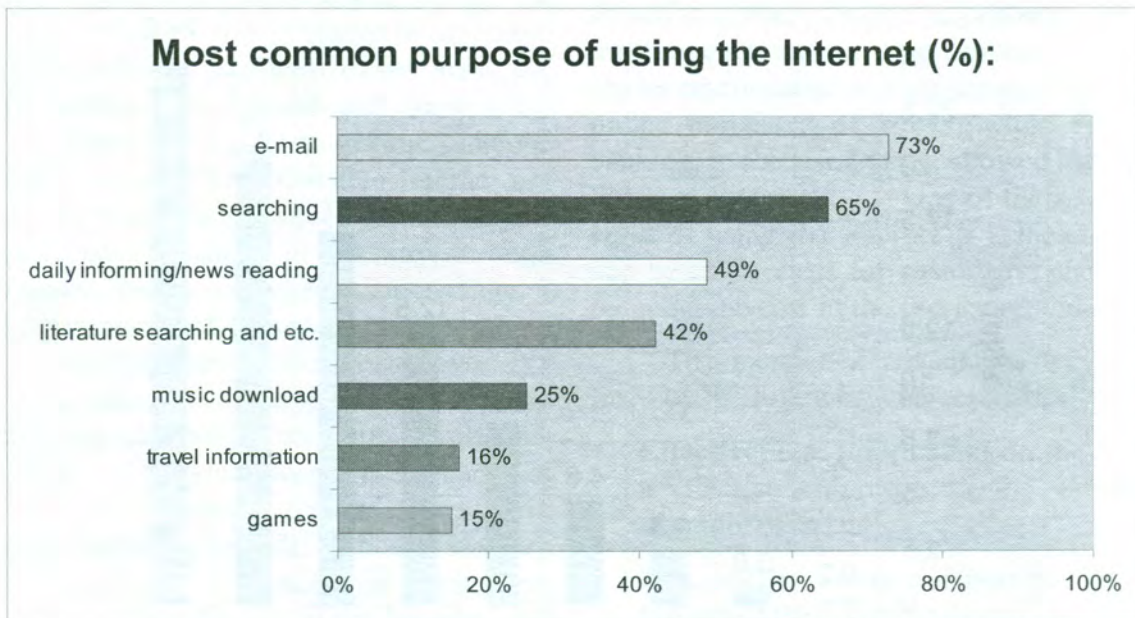
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Chart 4: The structure of Internet users by region in Croatia



Source: GfK Croatia, <http://www.gfk.hr/press1/internet.htm>, May 2009.

Chart 5: The most common purpose of using the Internet



Source: GfK Croatia, <http://www.gfk.hr/press1/internet.htm>, May 2009.

According to another research by gemiusAudience⁹, which included more than 80 Croatian web pages and was conducted in May 2007, there were 971,778 Croatian users of the Internet, and among them the most numerous ones were those at the age from 15 to 34. They represent 63% of all Croatian Internet users. If Internet users are compared with regard to their place of employment, research has shown that contents which deal with themes of travel is the most interesting for group of employees in the private sector (16%), while 15% of users refer to the student population.

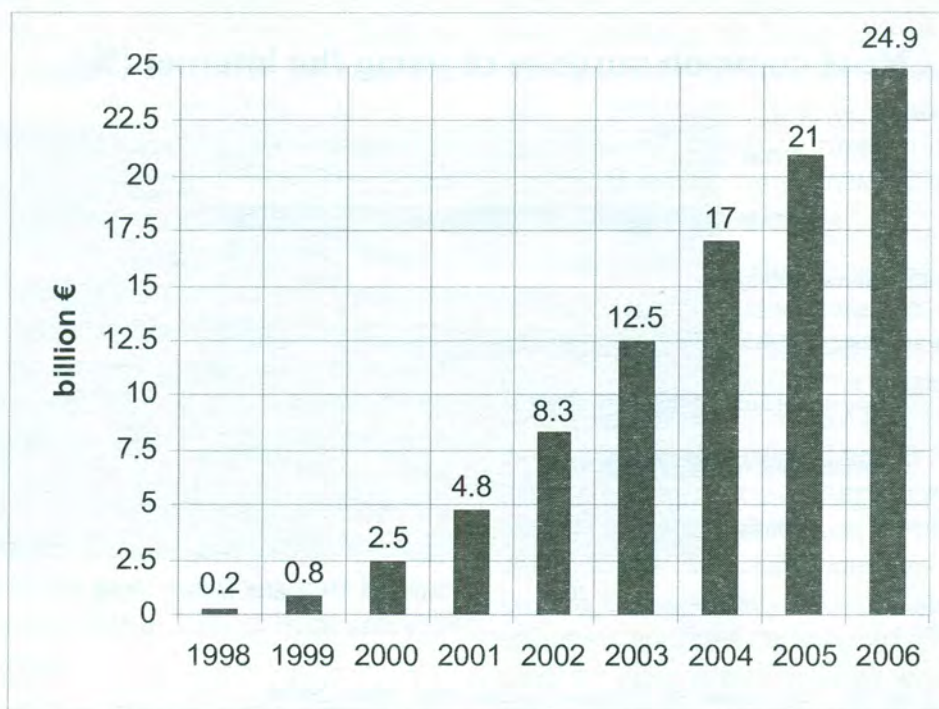
2. Croatian Tourism on the Internet

Today, at the time of recession, tourism has a key role relied upon practically by the entire economic system of Croatia. Tourist results for the year 2008 were as expected, as reported by the Ministry of Tourism of the Republic of Croatia.¹⁰ Plans are on the same level as they were for the year 2008, in which the GDP in the first 9 months amounted to 47.390 million €, of which €7.4 billion were revenues from tourism.¹¹ The total share of tourism for

the year 2008, in the total GDP for the 9 months of that year amounted 15.7%.¹² Measures of the Ministry of Tourism of the Republic of Croatia, as well as of the Ministry of Economy, Labor and Entrepreneurship of the Republic of Croatia, the signing of numerous contracts on joint investment with the counties in order to achieve the predicted plans, and numerous and diverse unreimbursable incentive grants will contribute to their realization.¹³ Maximum exploitation of the potentials that new technologies offer will provide additional support which should contribute to the achievement of tourist plans for the year 2009.

Internet has changed the classical ways of informing, communicating, marketing and promotion, and power of the tourist online business and its share in the overall market, from year to year, grow with extremely high rates. Projections are that the value of the total European online market will exceed 35 billion €, while according to the research of Phocus Wright, the largest U.S. research firm in the tourism sector, these figures exceed optimism and prediction of 50 billion €.¹⁴

Chart 6: The value of European online travel market



Source: <http://futuria.hr/2005/07/01/turizam-i-marketing-na-internetu-1dio/>, May 2009.

In Croatia, the importance of the Internet within the tourism sector is growing strongly, and a culmination has been experienced in the last 3 years. According to the data, in 2006, from a total of 420 travel agencies in Croatia, almost 43% of them did not have a website, while 17% had websites that did not fulfill any requirements for active online tourist business in terms of content, design and functionality.¹⁵ Today the situation is better, and those agencies which recognize the need for use of modern technologies in the sustainable development gain profit.¹⁶ The appearance of the Internet enabled less known tourist destinations to present their potentials globally. Also, it is necessary to accentuate the fact that number of websites of hotel companies increased, in which Internet marketing takes the important role in the promotion and products distribution. Because of these changes, and by strengthening the direct marketing of hotel companies, various tour operators and travel agencies lose their previous importance, which should be kept in mind.¹⁷

In the period of annual holidays, tenderers of tourist services intensively use the Internet for the purpose of advertising, offering a range of different information, saving time and money. The great advantage of this type of communication with consumers is that all the necessary information is available at any time, unlike the classic, «office» travel agencies, whose business is defined and limited by working hours. According to gemiusAudience research¹⁸, even 59% of Croatian Internet users are interested in monitoring the contents related to travels exactly in this way, through the Internet. Such a user spends, on average, 5 hours 50 minutes and 50 seconds per month on the Internet and views, on average, over 285 web sites. Mostly women show the tendency to track the contents concerning travels. Almost 32% of female Internet users and just 28% of male Internet users are interested in contents concerning travels. Although men are less interested in that content, they are intensively involved in the use of the Internet, and view even more web pages than women, 320 on average, while the same group of women, on average views 255 web pages during a month. Also men, on average, spend more

time on the Internet, 6 hours 35 minutes and 42 seconds, while women who tend to search the information about the tourist offer, spend on the Internet on average 5 hours 11 minutes and 47 seconds per month.

3. Advantages of the Internet

Internet offers an opportunity to reach a large number of users approaching them in a more or less personal way without spending too much time. For example, tourist services are clear and accessible when we are viewing them independently at any time and, according to personal criteria, objectively filtering and ordering. The combination of virtual shop and digitized money is one of the main infrastructure drivers of growth of purchase through the Internet. According to the estimates provided by the Forrester company,¹⁹ the global electronic commerce in the last 8 years recorded an annual increase of 60%, but in Croatia it is still below the average and is awaiting its expansion in that direction. In 2009, according to the Forrester forecasts, it is expected to be 2 million Internet users in Croatia, and they are a new target audience travel agencies will fight for. While domestic users are not so well equipped technologically, they successfully follow the western trends. In Croatia, when it comes to e-trade, Internet is primarily used for travel agency services, then follow online purchases of consumer electronics and computers, online purchases of books, while electronic banking, in the last 2 years, showed the biggest boom of Internet use.²⁰ One of the key advantages of using the Internet is achieving faster and better services for customers, and greatly reducing the cost of the service providers.

The mentioned advantages may be defined by the following characteristics²¹:

- **Effectiveness.** Information on the Internet is effective with respect to the number and structure of the users.
- **Fast results.** Users can find all the information of their interest at one point, and if the website is technologically equipped offering the right content, it ensures that the user can find all desired information on that page.

- **Interactivity.** The service provider and the user can have a two-way communication on the Internet.
- **Flexibility and dynamism.** Users create a proposal of their own, which will provide a permanent flow of information about user habits, and if they get what they expect, they will visit the same website again.
- **Wide range.** Diversity of offer and content ensures wide access.
- **Availability.** Offer is available 24 hours a day.
- **Target audience/users.** Diverse offer influences different structures of potential users.
- **Feedback (response).** Services such as, for example, Survey/Questionnaire or Prize competition/contest, popularize offer of service providers, and can be used for various studies.

Besides mentioned advantages, there are many others, such as: reduction of operating personnel in marketing, monitoring information about customers, information updating, opportunities for market research, research of the elements of marketing mix, speed of information distribution for tourists, and many others. One of the shortcomings of the Internet sales in relation to the traditional sales methods is a lack of certainty that tourists will get what they booked.²²

Doing business on the Internet requires communication technologies²³, and comparing it to traditional trade, there are no costs of office operations, the number of employees who provide services to customers are reduced, and the number of services provided are increased. Traditional trade, which includes all business entities (enterprises/trade companies, tradesmen, co-operatives, institutions, associations etc.) requires additional costs (such as office costs, employees) which are reduced to a minimum using e-business.²⁴

Internet users are very demanding customers and they expect quality service. It is a new form of communication which changes marketing methods and overall operations.

Internet commerce is characterized by different rules, and this form of commerce is expected to dominate the future business.

4. Advantages and Disadvantages of Tourist Websites

Advantages of tourist web sites are manifested through the following levels of functionality:

- description of regional tourist characteristics,
- systematic links to additional information,
- list of accommodation options, attractions, cultural events and other activities, with contact information and/or links; the possibility of searching a database of accommodation, events, sights, and other; and online booking of accommodation, travel tickets, trips, and other offers,
- multimedia,
- web questionnaire or online form,
- a new, interactive page features,
- online support to users,
- advanced page features, and
- security of online payments.

Disadvantages are evident in the fact that despite the personal approach, personal contact does not exist. Most software solutions have not reached the level of recognition of customers' reactions. This is why a service provider in a traditional store is privileged in the sense that (s)he is currently able to respond to the type of product which can be offered to a particular customer. In the domain of personal contact between service providers and users further efforts should be made in the way that Internet service could provide all the classic values of trade with the novelties and advantages that brings.

Technological incompetence can have far reaching consequences.²⁵ Causes of the rejection of potential users are numerous, for example: slow loading, junk e-mail, too many photos to upload, impossibility of printing the

white coloured text, links that do not work or lead to a certain website, a small font size which makes the text non readable, lack of basic information about the advertiser, and more. The big disadvantage is, recently, the growth of the Internet or cyber crime the consumers are becoming concerned about and mistrustful towards online purchase. Identity theft, abuse of information, uncertainty of financial transactions and late delivery are the main reasons why users may choose not to buy online. Information such as name, address and credit card numbers are valuable, so if damage happens it is, mostly, great and irreparable.

5. Worldwide Experiences of the Internet Use in Tourism

In order to be able to see how tourism in Croatia is positioned in virtual space, it is interesting to compare it with EU countries. Also, comparison will be made with some American research experiences since Europe and the Americas are the greatest world tourism markets.

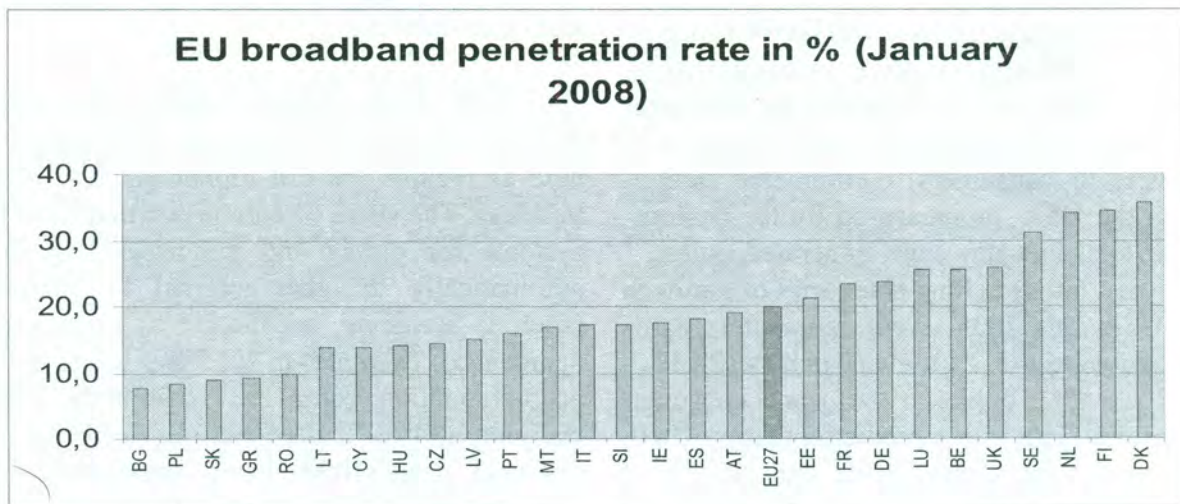
5.a. ICT as a New Driver of Economy

ICTs continue to be a major driver of economic and social modernization. Today, businesses in the EU devote 20% of invest-

ment to ICTs and the sector accounts for 26% of overall research expenditure. Moreover, 60% of basic public services are now fully available online and more than a half of the EU citizens use the Internet regularly.²⁶ Regular Internet usage has risen across the entire EU-27, albeit at different rates. In 2007, more than 50% of the population were regular Internet users in 16 countries. Growth was very fast in Ireland (20%), France (18%), in the Czech Republic and Latvia (16%) and in Hungary and Lithuania (15%). Despite progress, some member states still have low percentages of regular Internet users and low growth rates (Bulgaria, Italy, Portugal and Romania). 40% of the EU population have never used the Internet. The most disadvantaged groups are those aged 65-74 and economically inactive, and those with low educational achievements.²⁷

The «i2010 Annual Information Society Report 2008» of the Commission of the European Communities reports that productivity in the ICT sector is growing faster than in the rest of the economy. However, market developments differ across the EU member states. Although growth in broadband penetration continued in 2007, large gaps remain between countries. Denmark, Finland, the Netherlands and Sweden top the EU league with penetration rates above 30% (see Chart 7: EU broadband penetration rates).²⁸

Chart 7: EU broadband penetration rates



Source: i2010 Annual Information Society Report 2008.

The overall use of online media by the public is growing fast across the entire Europe and one of the areas which shows considerable development is online advertising. It has been growing steadily: spending on advertising was expected to pass €11.5 billion in 2007, which would be an increase of 38% since 2006. This growth demonstrates an accelerating shift from traditional to online advertising.²⁹ It is very important that the cultural tourism sector realizes that post-modern tourists mainly use the Internet as their source of information.

5. b. ICT and Cultural Tourism

According to the ATLAS Cultural Tourism Project 2007, a study on cultural tourism, only 17% of tourists travel on all-inclusive packages, most of them making their own arrangements or no arrangements at all. The proportion of Internet bookings has risen from around 15% in 2004 to over 40% in 2007. This shows that Internet booking is becoming more and more popular and that people trust online services. Almost 40% of travellers use the Internet as a source of information on the destination of their cultural holiday. Relatively few tourists, around 12%, use the Internet as a source of information when they are on holiday, this being most likely a sign of the low availability of free Internet in hotels or other institutions on the cultural tourism routes. Online advertising and electronic business could, therefore, play a major role in cultural tourism marketing and development.³⁰

Interestingly, the tourism sector is one of the best positioned sectors in online business. So far, results of the research by Forrester show that travel is one of the most mature B2C (business to consumers) e-commerce categories in the USA, as measured by the percentage of total industry sales generated online.³¹ The 5 best online selling categories of goods in the USA in 2005 were computer hardware/software (48.2%), event tickets (28.1%), travel (25.8%), books (19.9%) and consumer electronics (13%). It is predicted that by 2010, travel will take second place with 45.6% of total category sales, following the computer hardware/software category very closely (48.2%). The predictions are based on data

from the same research which show a constant increase of travel online sales starting from 2003.

A similar situation is noted within the European Union. The Eurostat data (2006) show that in 2005, 61% of all enterprises having a website belonged to the accommodation sector. While in the wider economy, only 28% of all enterprises offered advanced facilities on websites, 63% of enterprises offering direct access to catalogues and prices again belonged to the accommodation sector. On the consumer side, 47% of all Internet users used services related to travel and accommodation in 2005. Concerning sales in 2006, online travel sales in Europe accounted for about 16.1% of the total market, an increase of 31% in comparison to 2005.³²

This shows that travel has moved or will move into the virtual sphere. The tourism sector has accepted the new opportunities that ICT brings very quickly and uses them for online sales of its products and services. The reasons for this should primarily be sought in the type of goods this sector offers, as well as in the perception of the sectors by the decision makers. Tourism has always been perceived as a business sector and has mainly been in private hands. Its goods and services are especially appropriate for sales. Therefore, the virtual sphere is just another channel for distribution of tourism goods and services and an excellent marketing tool which offers innovative sales possibilities.

Still, some Eurostat data (2006) show that the accommodation sector is lagging behind as regards the full implementation of e-business. The share of enterprises that have IT systems for orders and purchases that link automatically to other internal IT systems (such as invoicing, accounting or stock management for example) in 2005 was lower in the accommodation sector (26%) than in the wider economy (34%). It deprived this sector of the potential productivity gains associated with such integrated technologies. Therefore, there is still a lot of room for development in this sector.

6. Conclusion

New technologies develop quickly and strongly affect the quality and diversity of tourist offer. The readiness of the Croatian tourist destinations and businesses to adapt will show if the online tourism potential can play a role in the time of recession. Discrepancy which is seen in Croatia regarding the interest in monitoring the tourist offer and their actual monitoring on the Internet, opens space for improvement. Research by GfK Croatia "Citizens and the Internet" (2006), states that only 16% of users used the Internet to search information about travels, and information of gemiusAudience (2007) reveals that there were even 59% interested in the same topic. The reason for this discrepancy, however, was not known in previous studies. Since the Internet is a very economical marketing tool of a global reach, it provides the possibility to reduce this discrepancy. Tourism is possible throughout the year and, as the Internet, must be available throughout the year not depending on the season. Internet travel offer should adjust to this fact and should constantly be measured while the results should be used for improvements and enhancements. Online users of tourist offers will increasingly insist on the rich and diverse offer, which will include all services in one place, created in the so-called, one-stop shops. This means that customers should have the option to create complete travel arrangement according to their own interests in one place. In the near future, the online customers will become not only more demanding, but more sophisticated in their demands. Many guests are already looking for specific destinations, accommodation, activities, and more. Therefore, the online offers are designed as quickly as the trends of the online customers are changing. The possibility of contact with a live person, or agent/representative for questions or specific customer needs still continue to be very important, because the human factor is indispensable and for a long time will be unavoidable. New type of tourists, however, is increasingly relying on the 'do-it-yourself' programmes, which should offer such websites that can meet all their needs in one place. Creation of such web

pages mostly depends on providers of tourist services, but a coordinated policy in this area could provide the criteria that help in the development of comprehensive websites. Penetration of Internet business, in fact, proved to be faster than the development of national tourism policy or the information technology policy. In order to develop tourist business in virtual space systematically and quickly, the relevant institutions could serve as an example and introduce stimulative measures for development. This would, on one hand, result in the interdisciplinary cooperation of all service providers dedicated to tourists, thus increasing the sales offer of the whole destination. On the other hand, it would allow to the potential tourist easier access to information about the preferred destination offering him instant possibility of selecting and purchasing goods and services. In this way the Internet, in the terms of marketing, but also in business, will take advantage of all of its potentials.

Internet marketing trends in tourism are focused on finding effective ways to improve business. Awareness about the need for presentation through the Internet in the Croatian market is mature, while the speed and availability of the Internet requires finding the most effective business model. Internet consultants stress that companies should think like publishers: sell the product and/or service offering interesting content. This strategy is called "content marketing", which is predicted a brilliant future. With increasing popularity of the Internet, this approach becomes applicable to most companies, also those that operate on a large market. Interesting content is easy to create and usually costs nothing. As a trend, experts state that it is specifically targeted to attract consumers, it is cost-effective, and is called the "inbound marketing," incoming marketing. It significantly reduces the cost of attracting new customers, which is especially important in a time of economic crisis. Also, this type of marketing is trying to maintain contact with potential service users, who met at least once with the desired service. The appearance of strong growth and social networks like Facebook, Twitter and LinkedIn will affect the creation of new content and services. However, the use of web tools on these social

networks is without feedback, and experts foresee a possibility of large errors both in order to access desired markets, and in the content itself. Although trends in Internet marketing detect errors, they are just the signs for individuals and companies to continue to thrive.

With appropriate incentives of well managed project ideas, mistakes can turn into advantages, and trends can be used for effective operation and further development.³³

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this case disappointments are not big. In addition, users learn to properly study and understand the offer, keeping in mind the possibility that the submitted information are presented from the perspective of the bidder. It is true that booking through the Internet pose a risk, but clients have the freedom to comment, evaluate and other evaluation possibilities/options, and on that way they actively participate by themselves in creating the bid values.

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