

## ON-LINE ADVERTISING AND DISTRIBUTION OF TOURISTIC SERVICES

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**Abstract**

*The Internet approach has a unique placement technology of the economic propaganda message and has an innovative campaign for development and maximization of the marketing message effectiveness, as well as information distribution and a feedback for its valorization.*

*This medium arrays over 70 million unique visitors per month. More than 7 billion web site marketing messages are being delivered monthly on over 1900 web sites. According to demographic and geographic characteristics, there are specific channels that help companies to locate their desired audience. The Internet approach is exposed to innovations that are developing continuously in order to bigger creative role to be accomplished. Those innovative elements of the Internet approach can be media signs, floating messages, sound- audio effects, streaming, video etc.*

**Key words:** advertising, distribution, internet, touric services.

**JEL classification:** M37, L86, L83.

**1. THE INTERNET AS A MEDIA**

The Internet as a marketing and promotional media has appeared in 1994. *First*, it can serve not only as a communicational channel but also as transaction and distribution channel. Customers can gain information and can perform the buying and paying process over the Internet. No other medium can reach these marketing functions at once without looking for other meanings. *Second*, the Internet is interactive. Users can initiate the buying process by visiting a website and clicking on a hyperlink text for better information. This is a two- direction communication, the Internet as a provider with customized content, which meets the customers' needs. *Third*, the Internet has a multimedia content capacity. It can transmit not only text and graphics but audio and video contents as well. Multimedia characteristic of the Internet give a high shut to the promotion. The Internet has become an integral part of multimedia mixed with lot of promoters and new promotional forms have filled the WWW landscape including animated messages with signs, sponsors' logos, and 3-D visualizations.

**1.1 Measuring the audience**

Measuring the audience size is the currency of the promotional media. Internet audience is usually measured by research and follow-up activities. There are two basic, often used methods for audience following: web centric and user centric. Web centric method is using coded files on a web server in order to measure the number of people who has visited the website. This method has a tendency to assess the actual number of visitors, which is called "catching" in the network practice, by which the internet service is providing copies of the shops on popular websites for fast access.

The user centric method requires an appropriate software installation on the computers in households and offices. The software automatically locates the websites that are continuously visited. The information is combined with demographic data on users in order to different website profiles to be created. Telephone calls analyze are also used in order the number of internet users to be calculated. For example, a research conducted in 2001 by UCLA centre for communication has find out that 73% of the Americans have an online access that is bigger than 2000 when it was 66, 9%.

**1.2 Why marketers are promoting**

In accordance with the report published in February by the Internet Advertising Bureau and Mayers Medijanomiks, internet marketers first are using the internet in order to build its mark and to attract the internet turnover (trade). In that case, only 46% have answered that their mail, first goal is sales promotion.<sup>1</sup>

**1.3 For what purpose online promotion is used**

The above-mentioned Mayers Medijanomiks report has shown that the level of the biggest pleasure with online promotion is marked with:

- Direct answer;
- Real time campaign optimization;
- General, usual content creation;
- Creative testing;
- Customer relationships via e-mail.<sup>2</sup>



**1.4 What makes promotion over the Internet different?**

Promotion over the Internet differs from traditional one in several ways. The easiest method to understand the difference is to see the key concepts in traditional media and to compare them with the Internet.

**Table 1. Key promotional concepts via traditional media and the Internet**

	Traditional media	Internet
<b>Space</b>	Expensive goods	Cheap, unlimited
<b>Time</b>	Expensive goods for marketers	Expensive goods for users
<b>Picture creation</b>	The picture is: the information is secondary	The information is: the picture is secondary
<b>Communication</b>	In one direction	interactive
<b>Call for action</b>	Incentive (stimulating)	Informational (Incentive-stimulating)

Main practical differences are:

- **Promotional costs are reduced** in the new media since a wider space is on disposal;
- **Customer initiate a dialog**, it expects specific needs to be fulfilled;
- **Users time is valuable**, websites should provide effective and efficient information access;
- **Information is the main currency**, providing information is far more important than it seems.<sup>3</sup>

**2. ONLINE PROMOTION AND DISTRIBUTION OF A TOURIST SERVICE**

Today, in business competitive environment every hotel manager wants more distribution on its services, more clients, and more profit. Cendant – Travel Distribution Service (TDS) has a solution that can be optimized by a distributional strategy, both, online and offline – through agencies.

**Table 2. Cendant Distribution Channel – total, summary**

Channel	Online visitors per month	On line distribution partners	Tourist agencies
Galileo			44.000
Orbitz.com	15.2 millions		
CheapTickets.com	8.0 millions		
Lodging.com	2.6 millions	8.000	
HotelClub.com	4.0 millions	12.000	12.000
RatesToGo.com	1.6 millions	12.000	12.000
ebookers.com	3.6 millions	7.500	
Travel2Travel4			6.000
THOR			3.400

Online visitors
Offline visitors

Source - Cendant, March 2005

That is why the worlds leading hotel brand names like Starwood, World hotels, Accor, Four Seasons, Marriot and Mandarin Oriental are using TDS internet service, and worldwide independent hotels are joining Cendant whose online portfolio is growing and it widens its goals and area of performance against competition.

<sup>1</sup> Source Myers Medijanomics [www.myers.com](http://www.myers.com)

<sup>2</sup> Source Medium on the Verge of Commodity breakdown/ Mayers Medianomics Report on the Online Media advertising Marketplace: Revenues, relationships, Performance and forecast, February 2002, Myers Medijanomics [www.myers.com](http://www.myers.com)

<sup>3</sup> Source: Chaffey, D., Mayer, R., Johnston, K., and Ellis-Chadwick, E (2000) Internet Marketing: Strategy, Implementation and Practice, Financial Times/ Prentice Hall, Harlow Essex. Chapter 9 available online at <http://www.marketing-online.co.uk>

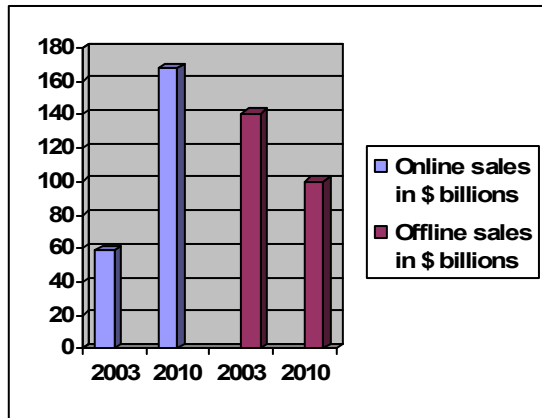


Figure 1. Tourist arrangements sales in America  
Source PhoCusWright and Cendant estimations

Hotel managers are using Cendant as a distribution channel because of its financial power, controlled price, capital creation potential, and amazing ROI. Managers are forming their price, service and their possibilities on the same way they do on their internet pages.

The distribution enables them to completely follow the online strategy. Every month, PDS helps the managers to fill in their hotel rooms, reaching the number of 35 millions visitors on their web sites through their online distribution channel. The loyalty that doesn't ends, combined with the innovation ensures constant growth. Doesn't matter what are the distribution needs, PDS has a product that will be helpful to every business to improve itself. One size doesn't fit all the hotels. Every hotel's manager has its own needs, but every manager wants and asks for results.

With more than 15 millions visits Orbits can be, by size, ranked as third online tourist web site (based on the total number of tourist reservations). The distribution growth of 40% or more on yearly level is a direct result of giving the clients and the managers what they want most: maximum choice, maximum control, and maximum usage comfort. Ranked by size, as forth and fastest growing web site is CheapTickets.com in USA, it has more than 8 millions visitors per month. The direct contact with

the hotel supplier, i.e. with the desired hotel and the reservation system means that the hotels' managers can aggressively do a guests evidence in the last moments. Working with on-line distribution there is not more work with allocation. The issues here are to put the right offer in front of the right person. The portfolio of online distribution channels is designed to help the managers to do that.

The availability of what Lodging.com is doing as one of the leading distributors of hotel suppliers. This dynamic distribution channel makes the hotels available by presenting them on the Internet, distributing their product through own web site to more then 2.6 millions visitors and plus 8.000 associated Internet partners. Around 14.000 businesses have chosen Lodging.com because of its large presence on the international, as well on the USA market.

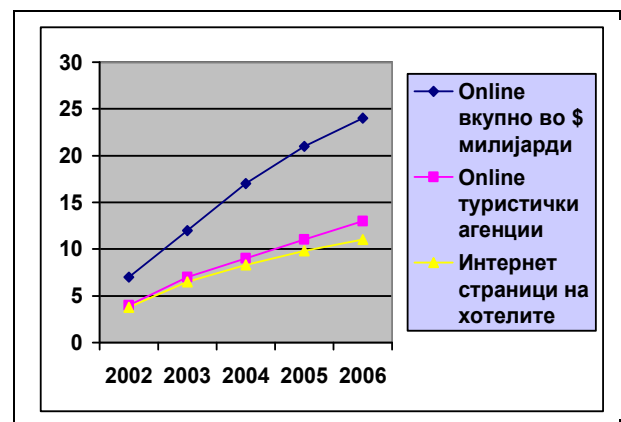


Figure 2. Hotel arrangements in America in the period of 2002 - 2006

Source: PhoCusWright Inc.

### 3. ONLINE EXPANSION IN EUROPE AND ASIA

ProCusWright plans to have a growth of 46% or more on the European online tourist market. Till the end of 2006 the European online tourist market

Table 3. Cendant Channels – World Markets

Channel	America North	America South	Middle East	Australia	China	India	Japan	Zealand New	South Korea
Galileo *	X	•	•	X	•	X	•	X	•
Orbitz.com	X								
CheapTickets.com	X								
Lodging.com	X								
HotelClub.com	X	•	X	X	•	X	•	X	•
RatesToGo.com	X	•	X	X	•	X	•	X	•
THOR	X			X					

Source: Cendant Inc, March 2005

Online Sales
Offline Sales

X - Presented on the English language market  
 ● - Presented on the local language market  
 \* - Galileo available worldwide in 115 countries

Market will be two times bigger than it was in the last year. The Chinese billion populations are starting to make bum on the home market as well on the foreign tourist market. HotelClub.com and RatesTOGO.com provides two different models that make the world of their market. HotelClub.com makes the hotels available to potential tourists 365 days in the year, while RatesTOGo.com distributes in the last minute the arrangements. These two distribution channels connect them with more than 5.6 potential clients during one month through all over the world. The managers know the importance of developing their service distribution and they know that is too expensive to concord the world market alone. Because of that, Cendant helps 14.000 hotels by satisfying their needs and odds on the world market or through complete menu of services or through partnership.

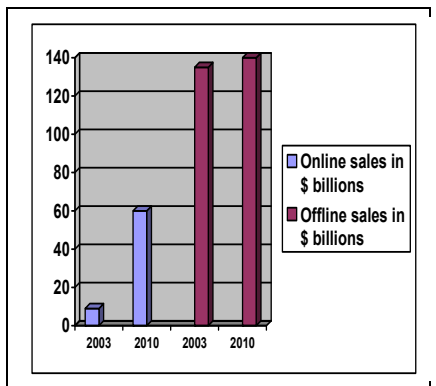


Figure 3. Sales of turistic packages in Asia

Source: PhoCusWright according the estimations of Cendant

With presence in 14 states, e-bookers are one of the granules in the pan European online tourist service, according to PhoCusWright. In addition, it is

one of the most effective web pages: for example, the e-bookers group holds 25% of the market between the clients from Great Britain to Australia. The special way of paying, large dividends for 1500 hotels in form of highly valuable business for which in average every single reservation is in value of 900 dollars compared with the typical reservation of 290 dollars for short distances and in-state traveling reservation through the Internet.

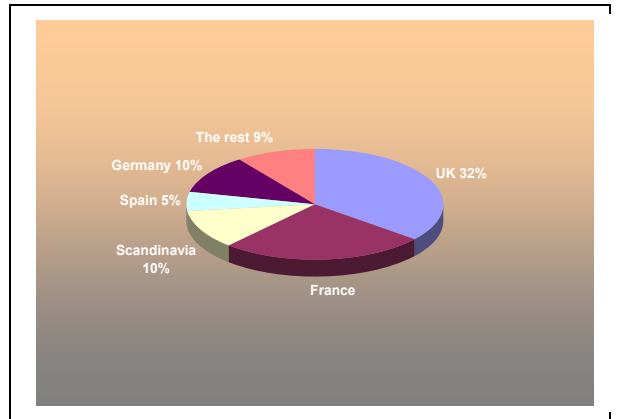


Figure 4. European online tourist market

Source: PhoCus Wright Inc.

Global distribution through tourist agencies

While online distribution is moving forward with full speed, the tourist operators make reservations for more hotels and arrangements to cover the losses from airplane tickets. The tourist agencies not only that they have largest number of confirmed reservations, but they, generally looked, bring the largest number of clients. As the hotels' managers enlarge their online presence, they also need to ensure that for them is additional, and not replacement for the tourist agencies, their main tourist channel.

Table 4 Cendant channels – European markets

Channel	Austria	Belgium	Denmark	Finland	France	Germany	Ireland	Italy	Netherlands	Ireland	Portugal	Russia	Spain	Sweden	Switzerland	Great Britain
Galileo	X	●	X	X	●	●	X	●	X	●	●	●	●	X	●	X
CheapTickets.com																X
HotelClub.com	X	●	X	X	●	●	X	●	X	X	X	X	●	X	X	X
RatesToGo.com	X	●	X	X	●	●	X	●	X	●	●	X	●	X	X	X
ebookers.com	●	●	●	●	●	●	X	●	●	●						X
Travel2Travel4																X

Source: Cendant Inc, March 2005

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\* - Galileo available worldwide in 115 countries

Through Galileo (Galileo is company of Cendant), Cendant has maximized the globalization of the hotels by enabling reservations and marketing opportunities to 195.000 tourist agents in 44.000 tourist agencies located all over the world, that brings 254 millions of reservations in one year. By adapting itself to the growth of online traveling, "Galileo" has the leading role in the distribution process of traveling with key innovative things like the systems:

- Galileo agents' network – it enables the tourist agents to sell the dynamically prepared travel arrangements;

- Galileo internet! Hotels (Only USA) and Galileo Hotel Club securing pre-paid model program for the Galileo agents;

- The best possible pricing program – over 100 groups of hotels at this moment provide the best possible guaranteed offer to Galileo agents that their web sites offer to the clients.

THOR is involved in one of the leading companies specialized for providing services to tourist agents. This popular program secures hotels with advertising possibilities for increasing the sales and strong known brand, while the agencies that provide easy access have the possibility for making the reservations in all three systems. THOR is also providing adequate marketing program for large specter of hotel partners. Their program "Best possible prices" provides to the hotels a flexible daily prices, and the program "Bloc Space" to the agencies with assigned values provides it to get hotel room for VIP clients prior to others or in situation when in the hotel there is no place.

#### 4. CONCLUSION

In contemporary conditions, with the development of the computer technology grows the importance of the Internet as a medium for exchange of information, goods, and services. The big destinations are bypassed by using the virtual space, in which the information becomes one of the main tools for success. The promotion and the distribution of those information, in the conditions of the digital economy, basically, it is distribution of goods and services. Of course that and from the aspect of the tourism, the development of the Internet communications gets its importance. In a more simple way, the potential buyers of the tourist service get that information that they need to choose and that is of their interest. In that direction and the marketing opportunities are changing for more efficient and successful marketing tourist services on the global market.

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