

## CHAPTER 1

### INTRODUCTION

#### 1.1 e-Tourism industry

Rapid development of information technology pushed the world into a new economic era. In this new era, tourism, as the world largest industry is experiencing a rapid and unexpected change worldwide. The industry is becoming more globalized. Tourism is the largest business sector of the world economy, accounting for 10% of global GDP, one in twelve jobs globally, and 35% of the world's export services (CESD, 2007). In 1950, the top fifteen destinations in the world accounted for 87 per cent of foreign visitor arrivals, in 1970 for no more than 75 per cent and in 2000 for only 62 per cent. According to the World Tourism Organization (WTO) statistics, there were 25million international arrivals in 1950, 165million in 1970, 703million in 2002 and a 1.5 billion forecast for 2020 (WTO, 2001).

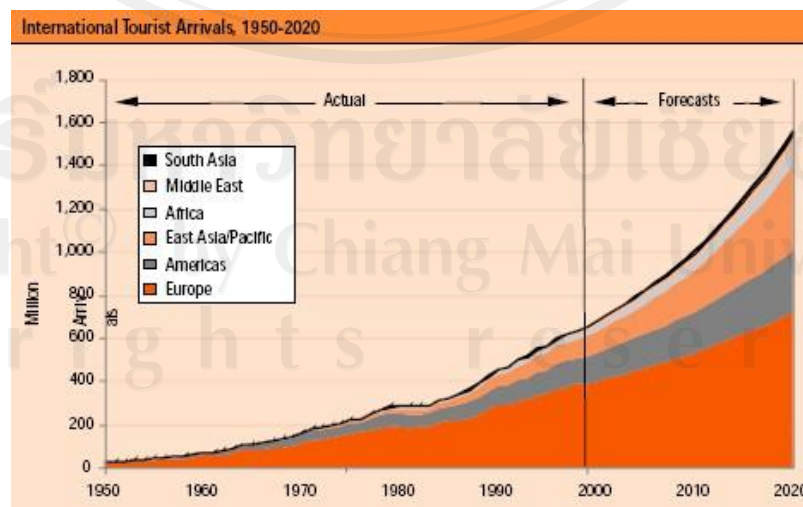


Figure 1.1 International Tourist Arrivals, 1950-2020 (WTO, 2001)

Especially for the developing countries, tourism is the key target to attract tourists from developed countries by the means of promoting national history, arts, cultural and natural resources. Tourism has becoming more and more important for developing countries, accounting for 70% of exports from the Least Developed Countries (LDCs) (CESD, 2007). Despite the economic crisis in the early 2000s and the massive disaster caused by earthquakes and tsunami in 2004, tourism in Asia still kept growing rapidly. Thailand has a long history of tourism development. By 2005, Thailand ranked 18th among the world's top destination in terms of number of tourists and ranked 18th globally in terms of tourist expenditure (earning about USD 10 billion per year) (UNWTO, 2007). For a country, tourism is an export industry that generates foreign exchange, creates jobs and encourages economic diversification.

When there is too much pressure on a region, tourists travel to another, neighboring or comparable region or turn to domestic tourism. The major effects of globalization on a tourism destination are increased demand and competition, increased pressure to cooperate, product innovation, specialization, branding and higher service quality as well as a growing shortage of capital for financing the necessary investments to meet future goals (Smeral, 1998).

Actually, in this period, Information Technology has already revolutionized the global tourism economy and enterprises. The tourism industry is rapidly going to the e-Tourism era by widely using Internet, mobile devices etc. The online market share for leisure and unmanaged business travel will increase from 28% in 2008 to 34% in 2010. A survey by Statistics Canada showed 37% of people online window-shopped for travel services, and 55% of Canadians, or more than 6 out of 10 purchased directly from a travel agency. By the end of 2010, 1.2 billion people will

have smart phones with mobile Internet access capable of rich content and user experiences (Maurer, 2010). Information and communication technologies (ICTs) can help organizations manage their resources, increase productivity, develop partnerships with all their stakeholders and more importantly, support the development and maintenance of organizational competitiveness and competitive advantage. Today Information Technology plays an important role in marketing, and sales in tourism industry. Social media marketing and social commerce will become an integral part in the online marketing mix and the marketing spending will continue to shift from traditional to online media. ICTs already facilitate all travel transactions, as they provide significant tools and offer the information structure for the business processes to take place. It is forecasted that more than 90% of financial transaction is conducted on Internet around the world in 2010. New technology, more experienced tourists, global economic restructuring and environment limits to growth are the challenges which the tourism industry is facing.

Tourism is considered as a service industry. Because services are based on large numbers of individualized interactions with customers, so tourism is information intensive industry. Therefore there is considerable scope for the application of IT in tourism industry to harvest, order and analyze such information. These can be analyzed to identify emergent trends that, in turn, can inform innovation. Since the tourism industry is heavily reliant on information exchanges, whether in terms of information provided to tourists, or the information accumulated by tourism companies about tourists. Tourism has often been at the forefront of developing IT systems for information handling, and of e-commerce. In Europe and America, ICT has been widely used in tourism industry for more than 40 years; however, the Asian

tourism industries are still experiencing e-revolution at present. And serious challenges such as an acute of the desired infrastructure and human resources are faced in these countries.

While the tourism industry has experienced a big progress, it has produced growing interest in education and training for tourism-related professions.

### **1.2 Tourism Curriculum Development**

As the tourism industry flourished in 1990s, people began to realize the importance of tourism education and demand for a skilled labor pool. The industry found insufficient skilled manpower, and hence education and training subsequently became one of the major concerns in the tourism industry. In accordance with such increased attention to the tourism industry, it is important to understand that how tourism education has evolved in response to the development of tourism industry. The forces of globalization are inevitable for tourism and the phenomenon is both experienced at a practical level and studied at a theoretical level. And there is an increasing trend for the internationalization of tourism studies.

Education is vital to the tourism industry in terms of providing a foundation of knowledge and experience for those who wish to enter the tourism industry. So education has been identified as a critical element to achieving sustainable tourism development in the region. In this condition, the tourism curriculum is significant to contribute to the development of tourism in a sustainable way. Development of a tourism curriculum confronts a big challenge that is how to make the curriculum response to the continued changing socio-economic and cultural context.

Accordingly, the well-educated, trained and motivated hospitality and tourism professionals become vital to the industry's success (Baum & Conlin, 1995). Tourism curriculum lectured by academics who have not upgraded their skills cannot provide the knowledge required by tourism industry to the students. It is suggested that tourism lecturers should update their teaching knowledge to provide IT skills to the students to meet the growing demands from tourism industry (Cheung & Law, 2003).

And effective tourism education should involve partnerships among academic institutions and tourism enterprises to balance between academic principles and technical knowledge and vocational skills. Several studies have been conducted in terms of job requirements in tourism-related fields, and a number of qualifications have been identified: communicative skills, empathy, motivation, decision-making abilities, planning abilities and improvisation abilities (Zehrer, Pechlaner, & Raich, 2007). The need to constantly update educational curriculum is critical, as new technologies continue to spread across the whole tourism industry globally (Statia & Marion, 2009)

### **1.3 e-Tourism and Knowledge Management**

A very wide range of ICTs is used in order to exchange information and to facilitate the operations of the tourism industry. The emergence of new information and communication technologies (ICTs) has led to a new breed of tourism consumers, better-educated and more sophisticated. The future of the tourism industry will emerge as a result of evolution on the consumer's side, which is already taking place. Consumers are becoming more knowledgeable, informed and demanding. They are

not only buy physical products or service; they also consume a lot of information and knowledge.

While the important role of knowledge as a competitive tool has been recognized, knowledge management emerged as an academic field. And recent progress and modernization of information technology also push the development of knowledge management. These improvements have provided new tools to better perform the activity of using and sharing knowledge. The rise of networking computers has made it possible to codify, store and share certain kinds of knowledge easier and cheaper than ever before.

The study and practice of knowledge management has rapidly increased since the 90s, driven by social, economic, and technological trend. However, tourism has identified to be slow in adopting this approach due to not only a lack of gearing between researchers and tourism, but also to a “hostile” knowledge adoption environment (Chris, 2005).

Knowledge Management (KM) is one of management approaches that identify, manage, and share all of the organization’s information assets such as databases, documents and procedures (explicit knowledge), as well as the unexpressed expertise and experience (tacit knowledge). KM helps an organization to create a new working environment where knowledge and experience can easily be shared and also enables information and knowledge to emerge and flow to the right people at the right time so they can efficiently use it supporting their tasks (Smith, 1999). A Knowledge Management System (KMS) facilitates KM functions by ensuring knowledge flow from the known person to the need-to-know person throughout the organization. In this way, knowledge evolves and grows during the process.

Given the opportunity as well as risk that this implies, many studies have suggested that knowledge is considered a critical resource that organizations need to harness and manage in order to generate and sustain business value (Alavi& Leidner, 2001). KM can bring benefits to curriculum development in various ways, functioning as a repository of curriculum revisions, including curriculum research, best practice, lessened learned etc. So the generation and use of new knowledge to feed innovation is critical for the competitiveness of both tourism industry and academics ( (Kidwell, Vander, & Johnson S, 2001).

#### **1.4 Research Problems**

The generation and use of new knowledge to feed innovation and product development is critical for the competitiveness of both tourism destinations and enterprises (Hjalager, 2002). However, the tourism industry has failed to embrace this approach, because of the poor linkages between it and academic research. Since Knowledge Management has grown rapidly by social, economic, and technological trends, however, tourism has been slow in adopting this approach because of a lack of communication between researchers and tourism (Chris, 2005). So there is a need to adopt KM to close the gap between current curriculum provision and knowledge demanded by the e-Tourism industry. Knowledge Management System (KMS), as a KM tool, is used to facilitate a knowledge flow and enable knowledge provision and sharing among tourism

Communication, knowledge workers' collaboration, knowledge sharing and dissemination between firms are seen by many scholars and policy makers as important elements in the functioning of a competitively successful and

technologically dynamic industrial cluster (Malmberg & Power, 2005). However, from the initial investigation, the collaboration, knowledge sharing and dissemination are rather low. One of the important causes of problems is the communication failures. When the educational institutes have lost contacts with tourism industry and cannot review or catch up information up-to-date.

### **1.5 Research Objective**

The projects' objectives are to enhance our understanding of tourism development; to exchange and share experience in tourism management at the community, national, and regional levels; to promote capacity building for tourism lecturers and researchers.

- 1) To facilitate knowledge flow between e-Tourism Industry and Tourism Education by Knowledge Management System (KMS);
- 2) To develop a Knowledge Management System for e-Tourism curriculum development by use of Knowledge Creation Model.