Examining the Tourism Distribution Channel: Evolution and Transformation

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Abstract

Purpose - This paper examines the evolution and transformation of tourism distribution channels, focusing on the role the Internet has played in such a process. It attempts to graphically illustrate, in a temporal manner, the evolving complexity of the tourism distribution systems.

Practical implications - The complex network proposed in this paper indicates that the advance of information and communication technology has not reduced the number of intermediaries in the distribution channel, but rather resulted in an increasingly complex array of intermediaries. The structure of the tourism industry has taken the form of a complex global network. In the struggle to prosper in this environment, participants at various levels will continue to compete, cooperate, merge, form partnerships, and change relationships on a regular basis.

Originality/value - The extant literature has covered many aspects of intermediation, disintermediation, and reintermediation, albeit with differing terminologies. Most of these studies have adopted a static and cross sectional approach in examining the structure and use of tourism distribution channels. This study examines the historical evolution and progression of tourism distribution channels which is not only important in understanding where we are now as an industry, but also where we came from and where we are heading to.

Keywords Distribution channel, Information technology, Intermediation, Tourism marketing

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Introduction

A tourism distribution channel is a system of *intermediaries, or middlemen*, that facilitates the sale and delivery of tourism services from suppliers to consumers (Buhalis & Laws, 2001). Tourism distribution channels have attracted a tremendous amount of attention in the last decade owing to the important role they play in the tourism industry (Pearce & Schott, 2005). Specifically, distribution channels can serve as part of the marketing mix that makes the products available to consumers, as the link between the suppliers of tourism products and their end consumers, as well as the bridge between supply and demand (Gartner & Bachri, 1994). The structure of the tourism industry distribution system not only affects the choices available to the consumer, but also the business models and marketing strategies adopted by the various channel participants (Pearce et al., 2004). The impact of information technology since the advent of the World Wide Web has significantly changed and even transformed the structure of tourism distribution (Buhalis & Laws, 2001; Wang & Qualls, 2007). This evolution and transformation of tourism distribution channels, particularly facilitated by information and communication technology, resulted in greater choice for the consumer, increased competition for distribution participants, and a more complex industry structure (Buhalis & O'Connor, 2005; Granados et al., 2008; Longhi, 2008; O'Connor & Frew, 2002).

Information and communication technology advances have introduced complexity to the tourism distribution system with various permutations: adding additional layers of intermediation, disintermediating certain players by bypassing the traditional intermediaries owing to the possible direct communication between suppliers and consumers provided by technology, and the emergence of reintermediation processes whereby existing players, by adapting to the changing market environment and embracing new technology, provide value-added intermediation services (Buhalis & Law, 2008). While this technology-induced structural change offers more choices to consumers, it also fosters an environment of fiercer competition for channel participants (Pearce et al., 2004).

This paper provides insights into the change of the structure of tourism distribution that has not been extensively explored. Indeed, the complexity of the tourism distribution structure has been diagrammatically depicted multiple times (Alamdari, 2002; Anckar & Walden, 2000;

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Bowden, 2007; Buhalis & Licata, 2002; Buhalis & O'Connor, 2005; Chircu & Kauffman, 2000a; Granados et al., 2008; Longhi, 2008; Ma et al., 2003; O'Connor & Frew, 2002; Werthner & Klein, 1999); each depiction has contributed to a fuller understanding of the body of knowledge by focusing on different aspects of that structure. This study builds upon those valuable knowledge contributions by focusing on the evolution of the structure over time, systematically and diagrammatically revealing the progressively larger number of intermediation layers, in spite of concurrent disintermediation and reintermediation activity. In the process, this study does not focus on every action of every participant in detail, but rather focuses on categories of intermediaries, looking at pioneering examples of each. Likewise, the comparative rates of technology adoption in different regions of the world are not investigated.

From a practical perspective, the effective use of distribution channels depends on a sufficient understanding of the evolution and transformation of such channels in the tourism industry. However, a review of previous literature on tourism distribution channels reveals that research in this area has been fragmented in nature, limited in scope and narrow in perspective. While there are studies dedicated to consumers' use of distribution channels in information search and consumption of tourism products and services (Pearce & Schott, 2005; Pearce et al., 2004), the majority of research in this area has largely focused on issues from a supply-side perspective by giving emphasis to suppliers and intermediaries as well as the relationships between these intermediaries in their efforts to reach consumers (Buhalis, 2004; Buhalis & Licata, 2002; Choi & Kimes, 2002; O'Connor & Frew, 2002). In addition, most of these studies have adopted a static and cross sectional approach in examining the structure and use of tourism distribution channels without considering their historical evolution and progression which is not only important in understanding where we are now as an industry, but also where we came from and where we are heading to. Hence, the purpose of this study is to: (1) examine the evolution of tourism distribution channels from a historical perspective; (2) understand the major structural changes of tourism distribution channels since the advent of the Web; and, (3) examine the role of information and communication technology in the evolution and transformation of tourism distribution channels.

The Intermediation Terminology

In order to provide a clear framework for the discussion of the structure of tourism

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distribution channels, it is useful to define some of the most important terminologies associated with the intermediation process. In the literature, there are a variety of terms derived from the root word "intermediate," which means to act as a middleman. Different researchers use various derivations of the term in different ways. For example, the term "disintermediation" is commonly used to refer to the partial or complete replacement of an intermediary or the functions it performs. The term "reintermediation" is used to refer to the process in which intermediaries that have been disintermediated first are reasserting their intermediary role (Bowden, 2007; Chircu & Kauffman, 2000b; Giaglis et al., 1999; Golden et al., 2003; Granados et al., 2008; Tse, 2003; Walden & Anckar, 2006). However, variation exists in different studies by different researchers. For example, some researchers use reintermediation to describe only the entrance of new intermediaries into the travel distribution system (McCubbrey, 1999; McCubbrey & Taylor, 2005), whereas others use reintermediation to include both the re-entrance of disintermediated intermediaries and the entrance of new ones (Gharavi et al., 2007; Palmer & McCole, 1999).

In referring to intermediaries that perform their middleman activity in the electronic realm, researchers use a wide variety of terms. Sarkar et al. (1995, 1998) use the term "cybermediaries" to refer to those electronic intermediaries that are new to the industry; other authors have followed their lead by using the term cybermediaries in a similar manner (Giaglis et al., 1999; Granados et al., 2008; McCubbrey, 1999; McCubbrey & Taylor, 2005; Walden & Anckar, 2006; Weaver & Lawton, 2008). Some authors include other words in place of cybermediaries, such as "e-intermediaries" (Anckar, 2003; Anckar & Walden, 2000) and "e-mediaries" (Dale, 2003; Daniele & Frew, 2004; Ma et al., 2003). The term e-mediaries is usually used to encompass not only new electronic players, but also traditional ones, such as computer reservation systems (CRS's), global distribution systems (GDS's), and videotex systems. Buhalis and Licata (2002) further extend the definition to include suppliers, such as airlines and hotels, who utilize the Internet to facilitate commerce directly with consumers. Some researchers (Chircu & Kauffman, 1999; Chircu & Kauffman, 2000b) even subdivide electronic intermediaries into two subcategories. These subcategories are "electronic commerce-able" and "electronic commerce-only" intermediaries, with shortened versions of "EC-able" and "EC-only," respectively. Electronic commerce-able (EC-able) intermediaries conduct business not only in traditional ways, but also by means of electronic commerce. In contrast, electronic

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commerce-only (EC-only) intermediaries begin their participation in the industry by means of the Internet and continue to participate primarily by electronic means.

The Evolution and Transformation of the Intermediation Process

The tourism distribution system has witnessed not only the incremental evolution but also radical transformation since the advent of the Web. In this process of progression and change, the commercial application of the Internet in 1993 serves as a milestone, owing to the introduction of the web browser into the marketplace, which makes the communication between suppliers and consumers possible.

Before 1993, the traditional tourism distribution system consisted of consumers, traditional retail travel agents, traditional corporate travel agents, traditional tour operators, global distribution systems (GDS's), incoming travel agents, switches, destination marketing organizations (DMO's), and suppliers (Figure 1). GDS's, which started as airline computer reservation systems (CRS's), are technically electronic intermediaries (Buhalis, 1998; Buhalis & Licata, 2002). In the airline sector, traditional travel agents enjoyed the benefits of intermediation as a result of their relationships with the GDS's (Malone et al., as cited in McCubbrey, 1999).

----- Insert Figure 1 Here -----

The launch of the first GDS, Sabre, by American Airlines in the 1960's (Sabre Holdings, 2009) resulted in major competition in this area from other players: Amadeus, Galileo, Abacus, and Worldspan. Later, hotel CRS's were connected to the GDS's, which was facilitated by switches (Choi & Kimes, 2002; Palmer & McCole, 1999; Sheldon, 1997). The switch providers had provided another layer of intermediation insofar as hotel bookings were concerned.

Adding yet another layer of traditional intermediation are incoming travel agents. Incoming travel agents can also be referred to as "incoming agents," "inbound agents," "incoming tour operators," "ground operators," "handling agents," or "receiving agents" (Buhalis & Laws, 2001). Incoming travel agencies primarily serve as intermediaries between tour operators and suppliers. That is, tour operators put travel packages together, and those packages are usually handled by incoming travel agencies. According to Buhalis and Laws (2001), there has not been much research in the area of incoming travel agencies. Also, there

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appears to be no documentation of this category of intermediaries suffering from disintermediation.

Before the commercial usage of the Internet, airlines, hotels, and tour operators pursued disintermediation of other channel participants with direct sales to consumers, including using retail outlets (Anckar & Walden, 2000; Anckar & Walden, 2002; McCubbrey, 1999). They also used toll-free call centers to facilitate disintermediation (McCubbrey, 1999; Palmer & McCole, 1999). While this pre-Web era was not as complex as the current environment of distribution, the use of multiple distribution channels had taken root.

Granados et al. (2008) explain that the major GDS's had enjoyed significant power in an oligopolistic distribution environment, until technological advances reduced barriers to entry for substitutes. The major technological advance in that regard was the Internet, which had begun operating in 1969, mainly for military and research purposes (Werthner & Klein, 1999). The commercial usage of the Internet became significant in the 1990's, as companies began leveraging the benefits of the communication protocol of the World Wide Web, which was made freely available to the public in 1993 (CERN, 2003) (Figure 2).

----- Insert Figure 2 Here -----

Besides the Internet, there have been other computer networks, the online services, such as America Online (AOL), CompuServe, Microsoft Network (MSN), and Prodigy. There have also been videotex networks available to consumers, linking terminals that consist of video displays and keyboards. Examples of the latter include Bildschirmtext (Btx), Prestel, and Télétel. Online services and videotex services have both been involved in the distribution of travel services (Kärcher, 1996; Kärcher & Williams, 1996); however, only one of them, Télétel, has had a very large base of subscribers. In 1993, Télétel had more than 6 million subscribers using its Minitel terminals, with approximately 20,000 services available, while CompuServe and Prodigy, for example, each had about 1 million subscribers and 2,000 services (Cats-Baril & Jelassi, 1994). Bildschirmtext had about 250,000 subscribers and 3,500 services then, and Prestel had approximately 150,000 subscribers and 1,300 services (Cats-Baril & Jelassi, 1994). In 1993, all of the online services and videotex services were about to be dwarfed by the user base and accessible services facilitated by the Web. It is the latter networking implementation that has

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brought about the major structural changes to tourism distribution that have evolved to this day.

After the public debut of the Web, suppliers began establishing websites to connect directly with customers, thereby beginning the disintermediation of traditional retail travel agents. For example, airlines were then able to practice disintermediation via multiple channels, including call centers, retail outlets, and the Web (McCubbrey, 1999). In addition, even though traditional travel agents have been useful to hotels, the latter also tried disintermediating travel agents by selling directly to customers via the Web (Tse, 2003).

At about the same time that suppliers started disintermediating travel agents, another layer of intermediation began to grow. The first automated search engines, also called robots or spiders, appeared in 1993, and the first to index the entire content of web pages, instead of just titles and Uniform Resource Locators (URL's) (i.e., web page addresses), appeared in April of 1994 (Farrelly, 1999a; Farrelly, 1999b; Pinkerton, 1994; Pinkerton, 2000), which led to the intermediating role and search services of Google in 1998. By facilitating the inception of this category of intermediaries, Web technology set in motion a structural change that has shifted power to a new center: the search engines.

Pegasus Systems, Inc. and several hotel chains made the TravelWeb.com portal available to the general public in March 1996 (TravelWeb, 1996), a few months after the October 1995 founding of TravelWeb (Pegasus Systems, Inc., 1997). Pegasus' switch service, the Hotel Industry Switch Company (THISCO), had been facilitating the linkage of hotel CRS's to GDS's since 1989, but the debut of TravelWeb provided consumers with Web access to the central reservation systems of hotels (Pegasus Systems, Inc., 1997; Werthner & Klein, 1999). This disintermediated GDS's by avoiding the paying of GDS fees (Werthner & Klein, 1999). In 2004, Priceline obtained full ownership of TravelWeb, buying the stakes held by several hotels and Pegasus Solutions (Priceline.com, 2004). Now, Pegasus, via its Utell brand, provides hotels with access to consumers directly via the Web, to traditional travel agents via GDS's, and to another category of intermediaries, online travel agents (Pegasus Solutions, Ltd., 2009).

Online travel agents joined the fray in 1995, when the Internet Travel Network (ITN) became the first such online agent to attempt to disintermediate traditional travel agents (Chircu & Kauffman, 1999; Chircu & Kauffman, 2000a; Chircu & Kauffman, 2000b) (see Figure 3). In 1996, Sabre, a GDS owner, debuted Travelocity (Sabre Holdings, 2009). Also in 1996, Microsoft launched the online travel agent Expedia (Chircu & Kauffman, 1999). Priceline was launched in

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1998; it began by selling airline tickets using a "demand collection system" in which demand is collected from consumers and communicated to suppliers (Priceline.com, 1998; Priceline.com, 2009). Currently, Priceline offers that system, as well as offering the traditional retail method of disclosing prices (Priceline.com, 2009). ITN was eventually rebranded as GetThere, which was later acquired by Sabre in 2000 (Chircu & Kauffman, 2000a).

----- Insert Figure 3 Here -----

The online travel agent lastminute.com was founded in 1998 with the purpose of selling airline seats and hotel rooms that were otherwise likely to go unsold (Anderson & Earl, 2000; Buhalis & Licata, 2002). It had an initial public offering in March 2000 (Anderson & Earl, 2000), right around the time that many stock market investors realized that Internet firms weren't as valuable as they had seemed, and that some had no prospects of generating profits. Despite the resultant burst of the Internet bubble, and the associated plummeting correction of share prices, lastminute.com and other online travel agents with sound business models survived. In fact, lastminute.com went on to buy a number of other companies during the 2000–2004 timeframe (Salzburg Research Forschungsgesellschaft, 2006). This included the August 2000 acquisition of Dégriftour, a successful, pioneering French electronic travel agency which had utilized the Télétel network of Minitel videotex terminals since its founding in 1991, and later used the Web as well (Alzon, 2000). Lastminute.com was in turn purchased by Travelocity in 2005 (Salzburg Research Forschungsgesellschaft, 2006).

Sabre had introduced Travelocity while the former was owned by American Airlines. Later, other airlines targeted the GDS's for disintermediation, introducing the Opodo and Orbitz online travel agencies. Despite this threat, the GDS's proved their resilience and importance in the distribution chain. Following the example of Sabre in having a stake in an online travel agency, other GDS owners formed relationships with online travel agents, just as they had with traditional agents in the past (Longhi, 2008; PhoCusWright, as cited in Hospitality Net, 2002). For example, Opodo associated with Amadeus, and Expedia did likewise with Worldspan (Longhi, 2008). With these relationships, the GDS's had reintermediated themselves (see Figure 4).

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Another group of traditional intermediaries, tour operators, also participate in the disintermediation and reintermediation efforts, including those facilitated by the Web. Tour operators perform an aggregating function, consolidating travel services into packages (Werthner & Klein, 1999). Tour operators are threatened by disintermediation from airlines that vertically integrate into tour operations, as Qantas has done (Dolnicar & Laesser, 2007). Tour operators themselves have engaged in vertical integration, becoming suppliers of air travel with charter airlines on one end of the chain, and owners of retail travel agencies on the other end (Clerides et al., 2008; Dolnicar & Laesser, 2007; Harris & Duckworth, 2005). Regarding the Web, Tour operators became Web-able by selling to consumers directly via their own websites (Anckar & Walden, 2002; Barnett & Standing, 2001; Buhalis & Law, 2008; Harris & Duckworth, 2005) (see Figure 4). This is an attempt at disintermediating traditional travel agents and GDS's, as well as reintermediation in relation to the online travel agencies and supplier web portals. Buhalis and Law (2008) note that traditional travel agents, in turn, try to disintermediate tour operators by selling tour packages. Dégriftour became involved in such an aggregating activity, dealing with airlines and hotels directly (Alzon, 2000).

Small traditional retail travel agents have not fared as well as larger travel agents, tour operators, and the GDS's in dealing with disintermediation. The number of small travel agents has been declining (McCubbrey & Taylor, 2005). Interestingly, McCubbrey and Taylor (2005) found that the number of travel agencies with annual airfare sales in excess of $10 million had actually increased. This number was at 457 in 1993, dipped down to 394 in 1997, and rose to 485 by 2002 (McCubbrey & Taylor, 2005). While the number of these larger-volume agencies increased, the smaller ones had been suffering disintermediation.

Statistics from the Travel Industry Association of America (as cited in Grossman, 2006; see also Travel Industry Association of America, 2004) indicate that, from 1998 to 2004, the number of accredited travel agencies in the United States fell from 32,000 to 21,000. According to Travel Weekly (2006), the number of Airlines Reporting Corporation (ARC) travel agents declined from 33,593 in 1995 to 20,003 in 2005. Quinby (2008) indicates that traditional travel agents had 38% of the market in 2007, and that this figure was expected to drop to 33% by 2009. The 2007 figure itself was a drop from the 2006 figure of 41% (PhoCusWright, 2008).

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Alamdari (2002) reveals ways that small traditional travel agents can reintermediate themselves; he notes that some smaller agents are merging with larger players or becoming franchisees. This is consistent with the findings of McCubbrey and Taylor (2005) concerning the increase in number of agencies with sales in excess of $10 million per year. Similarly, Weaver and Lawton (2008) note that home-based travel agents find relationships with host agencies beneficial (see Figure 4). Bowden (2007) observes that small retail travel agents are reintermediating themselves by becoming home-based travel agents associated with the larger host agencies. For example, host agencies can provide the smaller travel agencies with access to GDS's (NACTA, Inc., 2009). Through affiliation with the International Air Transport Association (IATA), and by means of the communication technology that it facilitates, small travel agents have been able to enjoy closer relationships with airlines and resultant reintermediation (Gharavi et al., 2007).

Corporate travel agents, or travel management companies (TMC's), have also been the targets of Web-facilitated disintermediation. In 2002, Expedia, Orbitz, and Travelocity began attempts to disintermediate TMC's (Michels, as cited in McCubbrey & Taylor, 2005) (see Figure 3). Major TMC's have resisted such disintermediation efforts. For example, Carlson Wagonlit Travel had $25.5 billion in sales in 2007, a 30% increase over the $19.6 billion figure of the year before, and the culmination of a steady increase from $8.9 billion in 2003 (Carlson Wagonlit Travel, 2008). Similarly, American Express' Global Corporate Travel division enjoyed $20.5 billion in sales, an 11% increase over the $18.5 billion figure of the year before (American Express Company, 2008).

In 2000, an additional layer of intermediation arrived in the form of a new category of cybermediaries, "meta-search engines," when SideStep launched its meta-search web-browser toolbar plug-in product; SideStep later launched its meta-search website in 2005 (SideStep, 2000; SideStep, 2005) (see Figure 5). Meta-search engines search the online travel agency sites, as well as supplier sites, thereby adding the additional level of intermediary function (Granados et al., 2008). One of them, Kayak, was conceived by founders of the online travel agencies Expedia, Orbitz, and Travelocity (Kayak.com, 2009). Kayak now owns SideStep (Kayak.com, 2007). Other meta-search engines include Bing Travel, Dohop, FareCompare, Mobissimo, Momondo, and Skyscanner.

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While small traditional travel agents have recently enjoyed closer relationships with the airlines, the GDS's have faced another challenge that involved those suppliers, starting in 2005. After their first unsuccessful attempt to disintermediate the GDS's, airlines again tried such a gambit by partnering with "GDS New Entrants," also known as "Global New Entrants," or "GNE's" (Longhi, 2008) (see Figure 5). These GNE's include Farelogix, G2 Switchworks, and ITA Software. ITA Software had developed the search technology for Orbitz (Granados et al., 2008). The GNE's offered the promise of replacing the services provided by GDS's at a much lower price (Citrinot, 2005; Travel Technology Update, 2005).

The GDS's survived this threat too, negotiating contracts with the airlines, although it is possible that the airlines were able to use the GNE's as a bargaining tool (Field, 2007; McDonald, 2007) (see Figure 6). Perhaps spurred by the impetus of such new-entrant threats, GDS's have continued technological overhauls that had begun prior to the arrival of the GNE's. Travelport GDS even acquired the intellectual property and software of one GNE, G2 Switchworks (EyeforTravel, 2008b). Regarding ITA Software, while it continues to offer its airline seat distribution system as a low-cost alternative to GDS services, its list of airline customers does not include references to them using that seat distribution system (ITA Software, 2008). Instead, ITA Software has obtained a client base for other travel-related software solutions. These include a system for the pricing and shopping of airfares, work on a new reservation system, and customer rewards implementations (ITA Software, 2009b; ITA Software, 2009c; ITA Software, 2009d). ITA Software has added a layer of intermediation by providing its solutions to various travel entities, including the online travel agent Orbitz; the meta-search engines Bing Travel, FareCompare, Kayak, and SideStep; and even another GNE, Farelogix (ITA Software, 2009a). Farelogix itself, while still providing suppliers with solutions to connect directly to customers via the Web, also now provides solutions that connect travel agents to multiple GDS's (Farelogix Inc., 2009). The GNE's have not disintermediated GDS's, but instead have contributed to the increasing layers of intermediation in the travel industry.

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In travel distribution, power is shifting to search engines. When a consumer does not know a precise website URL, does not have a particular website in mind, or does not know how to use a URL to go directly to a website, that consumer is likely to use a search engine. The Google web browser, named Chrome, which was launched in September of 2008, has a feature that reflects an understanding about such web-surfing behavior. The text box that is normally used for typing a URL can be used both for that purpose and also for typing search keywords (Google, 2009).

Google's introduction of the Chrome web browser could serve to disintermediate other search engines by guiding search traffic to the Google website (see Figure 6). It could also disintermediate the developers of other web browser products, depriving them of revenues generated by searches initiated from their browsers (Dignan, 2007). In that sense, the developers of web browser software have also become intermediaries, to whom other intermediaries, search engines, must pay revenue. Finally, the lack of separate text boxes for typing URL's and search keywords in Google's web browser could lead to consumers using keywords instead of precise Web addresses in that box. Such usage of the browser directs web traffic through Google's search engine services, rather than straight to a website via a URL, thereby increasing the amount of search engine intermediation. Of course, if a consumer directly visits a supplier website by typing its URL, then the various intermediaries, including search engines, are bypassed.

While the Worldwide Web makes the simple, direct link of a consumer to a supplier website possible, the Web has also facilitated a multitude of other channel configurations (Buhalis & O'Connor, 2005; Granados et al., 2008; O'Connor & Frew, 2002). It is interesting that this complex web of channel networks is a result of the complex web of networks that is the Internet. As the pendulum of influence swings back and forth, the participants struggle for relevance, sometimes competing, and sometimes cooperating (Buhalis, 2004; Buhalis & Licata, 2002; Dale, 2003; O'Connor & Frew, 2002). The resultant push and pull manifests itself with efforts at intermediation, disintermediation, and reintermediation. Even while disintermediation has occurred, the entrance of new cybermediaries and the reintermediation of traditional intermediaries have resulted in more layers of tourism intermediation since the debut of the Web.

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Discussion and Implications

This study demonstrates the evolution and transformation of the tourism distribution system from a simpler one, to a complex, web-like network. Consistent with Palmer and McCole's (1999) observation and the prediction by Sarkar et al. (1998), the advance of information and communication technology has not reduced the number of intermediaries in the distribution channel, but rather resulted in an increasingly complex array of intermediaries. This complex, multi-channel network has implications for consumers. It also has implications for the practitioners of tourism distribution. For the former, the implications involve the complexity of the purchasing process, and the potential distancing from human interaction. For the latter, the implications involve the need for human interaction, adding value, consumer trust, branding, and advertising revenue.

Tourism distribution did not have an utterly simple structure before the debut of the Web. There were already plenty of layers of intermediation (see Figure 1); however, the arrival of the Web brought technical capabilities that fostered the introduction of more and more layers of intermediation. The structure did not change from a simple one to a complex one, nor from a complex one to a simple one with solely direct supplier-to-consumer contact. Instead, it transformed from a complex one to a very complex one. As a result, the consumer is faced with a multitude of choices (Buhalis & Law, 2008), even almost bewilderingly so. This makes price-comparison shopping challenging and time-consuming (Walden & Anckar, 2006). In fact, Walden and Anckar (2006) noted that the challenges of self-booking travel had increased in comparison to such challenges at the time of their previous study (Anckar & Walden, 2000; Anckar & Walden, 2002), which had been conducted in 1999.

For the consumer, technology has brought increased challenges. These challenges are related to the distancing of the consumer from human interaction. Regarding human interaction and the absence thereof, Grau (as cited in Wilkening, 2008; see also eMarketer, 2008) notes that frustration with online travel agencies has recently led to a decrease in online bookings. This is consistent with the observations of Meyronin (2004), who notes that consumers can become dissatisfied with Internet-based intermediation. He explains that many "non-technophiles" prefer human interaction, and that dealing with cybermediaries can cause feelings of helplessness.

The issue of human interaction affects practitioners too, who could be well-served to add value for consumers by heeding the observations of Meyronin (2004). For example, the need for

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human interaction provides an opening for the infomediary role of consulting services. This is one area in which traditional travel agents might be able to enjoy reintermediation. Dolnicar and Laesser (2007) indicate that traditional travel agents need to change into infomediaries in order to survive. Alamdari (2002) explains that some agents are adjusting by focusing on the infomediary role of consulting.

Another way that value can be added is by conducting Internet searches for customers in order to save them time. Cheyne et al. (2006, p. 55) noted that travel agents can add value "by consolidating and synthesizing" the information on the Internet, making it meaningful to their clients. Meta-search engines attempt to do the same in an automated fashion. In that regard, Granados et al. (2008) look to a new generation of meta-search engines to add value by providing consumers with targeted information and personalized offers based on analysis of consumers' clickstreams (i.e., records of what Web surfers click) and search keyword usage. Despite such technological prospects, Meyronin (2004) has indicated that technology is often an insufficient substitute for human contact in providing personalized attention.

Findings from the research conduced by Cheyne et al. (2006) indicate that travelers value the following from travel agents: personalized service, building lasting relationships, providing options that suit the needs of the traveler rather than the needs of a commission, having local knowledge, and the aforementioned saving of travelers' time by searching the Internet for them. Harris and Duckworth (2005) frame some similar findings within the context of the constancy of marketing principles; the authors state that differentiation and segmentation remain valid. In that vein, they indicate that travel agents can add value by forging relationships with niche tour operators, focusing on markets where staff has expertise, and utilizing dynamic packaging technology to assemble travel components in a personalized manner. Similar to the observation made by Cheyne et al. (2006), Mason (2002) noted that management fees for value-added services, instead of commissions, will give corporations confidence that the agent is working in their best interest, and not merely trying to obtain the highest possible commission.

Of course, tourism distribution participants not only need to add value for consumers, but also to add value to other participants with whom they have relationships (Giaglis et al., 1999). For example, suppliers would not continue to work with GDS's if the latter no longer provided any value to the suppliers. The simultaneous coexistence of multiple categories of intermediaries is a manifestation of the differentiating value that each brings to the tourism distribution system.

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Also, Buhalis and O'Connor (2005) noted that distribution participants should consider the benefits of cooperating with other participants who might otherwise be considered competitors, and that suppliers can effectively become intermediaries by selling complementary products and services of partners. Buhalis and Law (2008) call the collaboration with competitors "co-opetition." For example, lastminute.com has partnered with a potential competitor, Expedia (Anderson & Earl, 2000).

When there is competition amongst the intermediaries, branding plays an important role for competitive advantage (Palmer & McCole, 1999). With price transparency and low switching costs facilitated by the Web, consumers have more choices, necessitating a reinforcement of brands to counter the effects of commoditization (Buhalis & Law, 2008). With regard to such commoditization, Egger and Buhalis (2008) indicated that meta-search engines can destroy the brands of suppliers by encouraging consumers to focus solely on price. Regarding defending against brand erosion, Gidman (2008) revealed that Expedia, Orbitz, Priceline, and Travelocity are trying to distinguish themselves with their website content and unique features. She explained that those companies are using such branding so that consumers will not perceive them as merely database repositories with almost identical data (Gidman, 2008).

The branding battle finds its way into the application of technology, particularly with regard to perusing the Web. Palmer and McCole (1999) observed that consumers cannot make unlimited searches, and they observed that consumers are likely to trust particular brands. They noted that a trusted brand will encourage repeated website visits, thereby enabling an intermediary to benefit from the limited search behavior exhibited by consumers. Regarding trust and return visits, results of research conducted by Bauernfeind and Zins (2006) indicated that trust influences consumers' satisfaction with a website, which in turn affects whether the consumer will return for another visit or recommend the site to others.

Lynch et al. (2001) found that consumer trust regarding a website affects brand loyalty. To engender trust, the authors recommended adding the following to websites: customer-service guarantees, certification of the website's credibility by third parties, and testimonials by former customers. Interestingly, research by Chen (2006) indicates that those three elements, which he includes in a list of "tangible cues" of a "trusting infrastructure" (Chen, 2006, pp. 203–204), do not significantly affect a consumer's trust of a website.

Although his research indicated that trusting infrastructure did not significantly influence

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trust, Chen (2006) did find that building brand recognition for tourism industry websites is essential. The results of his research indicated that the reputation of a brand was the most important factor influencing trust, among the factors that he investigated. He noted that companies new to the Internet sector can build brand awareness and a good reputation by means such as having a good domain name (i.e., a website name) and establishing strategic relationships with existing well-known e-commerce firms. He also categorized website characteristics that can affect a consumer's sense of the trustworthiness of the site, calling them "functionality, usability, efficiency, reliability, and likeability" (Chen, 2006, p. 211). Particulars encompassed by those categories include appearance elements of the website, such as color, graphics, and layout; the stability, consistency, and speed of the website's purchasing system; the ease of website navigation; the richness of information; whether information is up-to-date; and availability of the website (Chen, 2006). This has parallels to the brick-and-mortar retail environment that predated the online era. A shabby storefront appearance could negatively impact consumers' impressions about a firm. Chen (2006, p. 208) even uses the metaphor of a "storefront" in referring to an online presence as the source of a consumer's "first impression" about a company.

In addition to observations about website characteristics, Chen's (2006) research included insights related to customer service quality and consumer trust. The results of his research indicated the importance of forging long-term relationships with customers, timely responses to customer inquiries, personalized attention, the ability to track purchases via the website, monitoring the satisfaction of visitors through communications after a purchase, and explicitly communicating, in a clear manner, how consumers' private information will be handled. These findings are consistent with those of Meyronin (2004) regarding the need for human attention.

Buhalis and Law (2008) indicated that consumers are increasingly trusting peers rather than the content of marketing, and as a result, the influence of virtual communities in tourism is gradually growing. Wang et al. (2002) noted that the brand-building associated with virtual communities can lead to brand awareness and brand loyalty. Buhalis and Law (2008) also referenced the effects of virtual communities on brand awareness, and the authors suggested monitoring virtual communities as a social media to better understand customers, as well as to make corrections that mitigate the damage of negative word-of-mouth.

To drive traffic to their websites, the various travel industry players must either enjoy

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brand awareness about their domain names, or ensure that their websites are ranked high in search engine output results. The top links listed in search engine results are often intermediaries (McGrath, 2007). O'Connor (2009b) noted that the position in search results is essential for success in electronic commerce, and that many companies have chosen paid search-result placements with search engines for their online marketing strategy. Search engines offer such sponsored links prominently displayed in search engine output results. Companies must bid for keywords, and in the U.S. and now the U.K, they must even bid for those keywords for which they own trademarks (Goad, 2008a; O'Connor, 2009b). Failure to bid high enough can result in web traffic being directed to another party that had bid higher. This could result in lost sales and brand dilution. O'Connor (2009b) indicated that such infringement significantly threatens companies' brands. Also, the need to bid higher leads to greater expenses for the various travel players, and increased profits and influence for the search engines (Goad, 2008b). O'Connor (2009a) performed research on this issue in relation to hotels, and he discovered rampant trademark infringement using paid keyword search-result placement.

In addition to revenue from sponsored links in search results, it appears that Google is considering an advertising revenue model related to tourism. While Google does not currently have plans to sell airline tickets or hotel rooms online, it has stated plans to offer the means for web surfers to conduct travel research by reading user reviews and viewing photos and videos (Holahan, 2008). Steering clear of a transaction model suggests that Google expects to gain from the advertising revenue model.

Not only has Web technology provided an advertising revenue opportunity for search engines, but it has also opened the door for other tourism distribution participants to earn such revenue (McCubbrey, 1999). Wolf (2008) noted that intermediaries are starting to become involved with advertising. Four of the big online travel agencies, Expedia, Orbitz, Priceline, and Travelocity, are looking to expand revenue sources beyond transactions to include advertising revenue streams (Luzadder, as cited in Travel Ad Network, 2008). The meta-search engine Kayak is planning on doing likewise, having established an ad network (EyeforTravel, 2008a). Kayak's SideStep subsidiary obtains advertising revenue by means of the SideStep website, email newsletters, and the SideStep web-browser toolbar plug-in (Egger & Buhalis, 2008). Expedia signed a deal with InterContinental Hotels Group (IHG) in order to obtain revenue, not only from booking transactions, but also from web surfers' clicks on IHG properties at

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Expedia.com or Expedia-owned Hotels.com (Expedia, Inc., 2007). This represents Expedia's new two-part revenue model, for which IHG is serving as the launch partner (Expedia, Inc., 2007).

Expedia's advertising revenue, as a percentage of total revenue, was 6.9% in 2007, up from 4.2% the year before (Expedia, Inc., 2008). The first quarter of 2008 revealed a continuing upward trend, with advertising at 9.3% of the total, up from 6.7% in the first quarter of 2007 (Expedia, Inc., 2008). Harvesting ad revenue is an attractive proposition, for cybermediaries face the peril of having their transaction revenue disintermediated by web surfers who peruse their websites, but then buy services directly from suppliers (Travel Ad Network, 2008).

Conclusions

The World Wide Web has changed things dramatically, but the underlying theory and functions of tourism distribution remain the same. Indeed, there are new categories of intermediaries forming a complex web-like distribution structure with many layers, and this has had an impact on the complexity of the purchasing process. Power has shifted to a new category of intermediaries, search engines, and a revenue model based on advertising has grown in importance. In spite of those changes, the issues of human interaction, adding value, consumer trust, and branding remain important, just as in ages past. Participants in tourism distribution would be well-served to heed both the changes and constants that have manifested in the Web era.

Customers should realize that while Web technology gives them the capability to comparison shop, this comes at the cost of time and effort in wading through the complex structure of alternative distribution choices. They should consider that interaction with a human being might add value to their experience by saving time. If they choose to comparison shop, they should keep in mind that meta-search engines and online travel agents might not always provide the lowest possible price. Their investigation would not be complete if they did not investigate pricing offered from other sources, such as supplier websites, supplier telephone numbers, travel agent telephone lines, and when convenient, even travel agent offices, airline and car rental ticket counters, and hotel reservation desks. Also, price shoppers should bear in mind that different meta-search engines might use different search algorithms, and that different online travel agents might have differing supplier relationships; therefore, they should consider foraging

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via multiple meta-search engines and online travel agents.

Gazzoli et al. (2008) found pricing disparities for hotel rooms at particular properties when checking for prices at those locations using the websites of four major online travel agents and the websites of the hotels themselves. For properties in the United States, the prices of rooms found on hotel-chain websites were lower than the prices found at the websites of Expedia, Orbitz, Priceline, and Travelocity (Gazzoli et al., 2008). For rooms at internationally located properties, the hotel-chain websites had prices higher than those at two online travel agents' websites, but lower than the prices at the websites of the other two (Gazzoli et al., 2008). Knowledge of such pricing differences could be valuable to consumers. Also, future research can involve similar comparisons, but with additional pricing sources added to the mix, such as meta-search engines, and even other alternative sources mentioned before in the paper.

Suppliers and intermediaries should not abandon all human interaction in an attempt to save costs with technology. Instead, they should utilize technology to enhance human-to-human communication. For example, a small cybermediary named yourGreece uses Internet technology to automate customer requests, which are then followed up via email or telephone (Salzburg Research Forschungsgesellschaft, 2006). This cybermediary not only differentiates itself by focusing on a specific Greek hotel market niche, it also does so by utilizing personalized electronic communication. Small travel agents can do likewise, carving niches for themselves by segmenting the market, and utilizing Internet technology to enhance personalized services. Of course, such agents must become Web-able in the first place. Martin (2004) found that doing so is not altogether too difficult, as some small firms that she studied had leveraged their personal Web experiences to gain Web insights applicable to their businesses.

Larger suppliers and intermediaries can also benefit from human interaction. They need to provide a means for human contact in case challenges related to automated services result in frustration for customers. Even cybermediaries should utilize this human element as a means of adding value. Suppliers and intermediaries should not expect that new technology in and of itself adds value. The disappearance of many Internet startups when the dotcom investment bubble burst illustrates that fact. Reinforcing that reality is the example of the GNE's, in which the prospect of new technology as a substitute for GDS's did not come to fruition.

Participants in tourism distribution need to address the issue of consumer trust. They must have reliable websites that are easy to navigate and that facilitate the expeditious fetching

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of database content. They must also utilize robust secure communication protocols for the transmission of private customer data.

Tourism distribution firms need to protect their brands from third parties. Search engines have become central to these issues. Firms must purchase search engine placements so that web surfers will not be directed to the sites of third parties who make bids to use keywords that include the firms' brands. Search engines are intermediaries that are difficult to bypass. Future research could explore the level of this difficulty by investigating how likely consumers are to type a URL to go directly to a particular website or use a keyword search to eventually arrive at the same location. Firms should consider developing software such as search box "add-ons" or "plug-ins" that would give consumers the choice of directly searching their websites from a browser search box, instead of connecting to a search engine with that same search box. Similarly, they should consider "desktop widgets" to perform the same function, but launched from a small application on a computer desktop, rather than from a browser. In addition, when advertising their brands, firms need to make their URL's memorable, to increase the likelihood that consumers will go directly to that URL. They also need to promote the bookmarking of their websites to increase the likelihood of repeated direct connections in the future.

Participants in tourism distribution also need to protect their brands from commoditization. The price comparison of meta-search engines and online travel agents contributes to consumers focusing on price rather than on brands, threatening the latter. Customer reward programs that require logging into a supplier's website with a username and password could help suppliers evade such price comparisons. Future research could explore the willingness of customers to utilize such reward programs in place of price-comparison shopping.

The issues of human interaction, adding value, consumer trust, and branding remain relevant in spite of the changes wrought by the Web. The conceptual models of evolutions illustrate how the changes have taken the form of increasing layers of intermediation. As new technology appears, there could be other changes in tourism distribution. If the trends of the past are any indicator, industry participants should be prepared for additional forms of intermediation.

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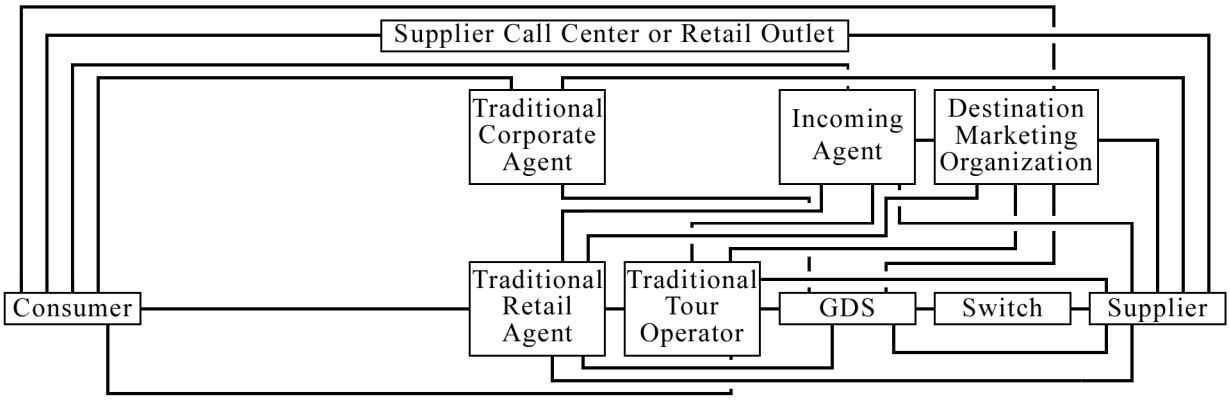


Figure 1. Structure of Tourism Distribution Channels: Pre-World-Wide-Web Era (before 1993).

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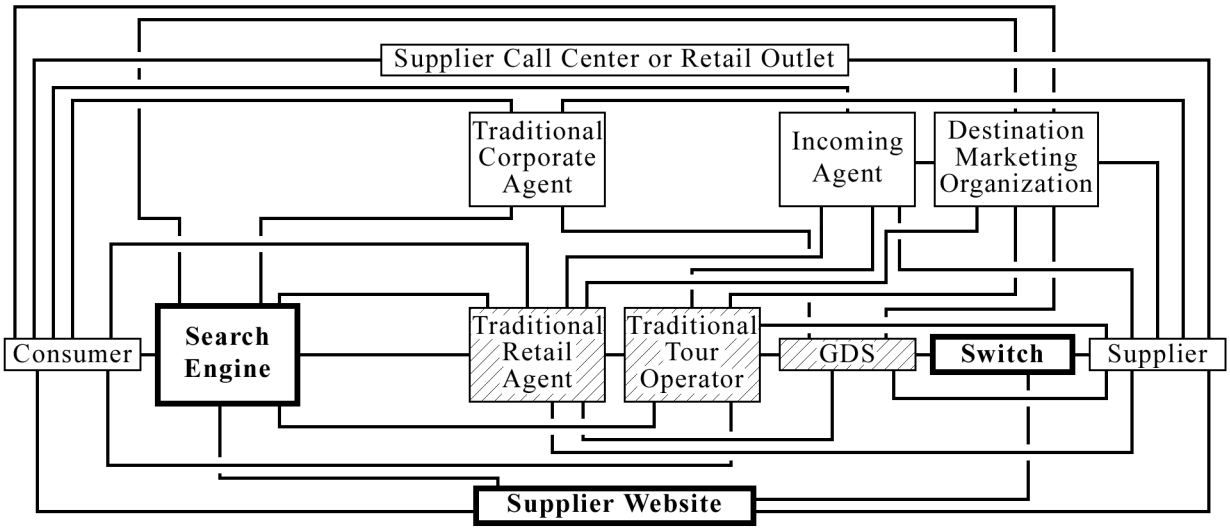


Figure 2. Structure of Tourism Distribution Channels: Early World-Wide-Web Era (1993–1998).

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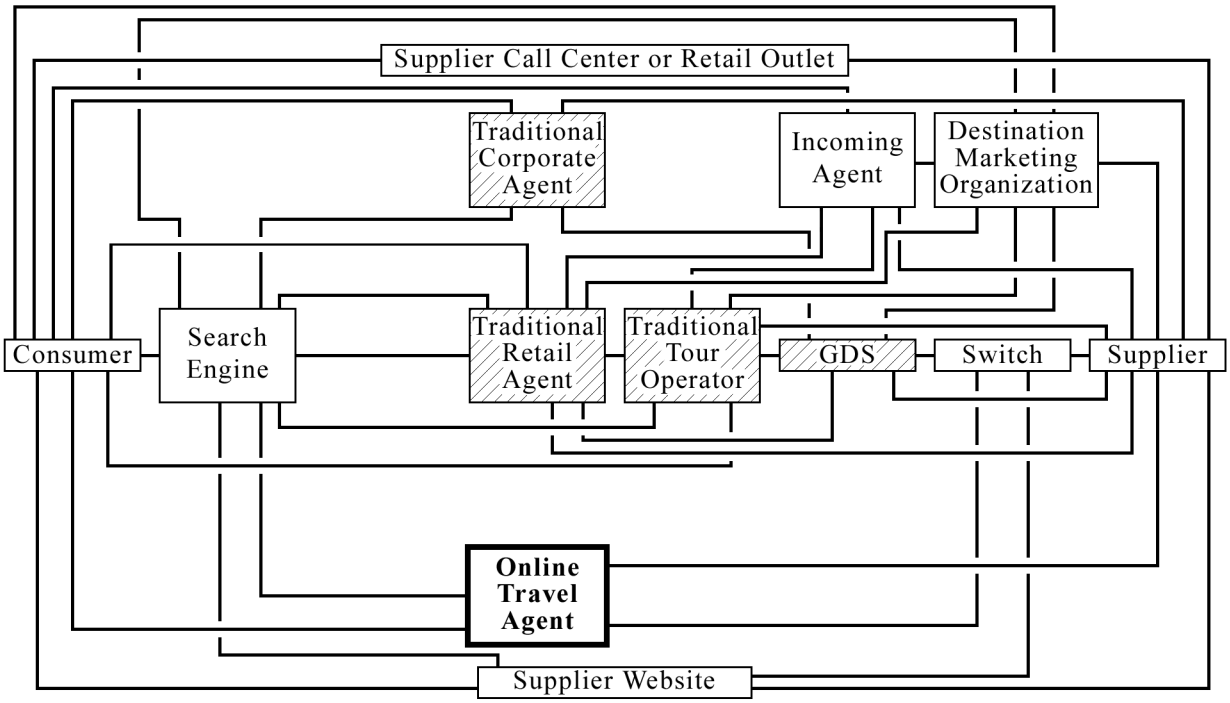


Figure 3. Structure of Tourism Distribution Channels: Online Travel Agents (1995–2002).

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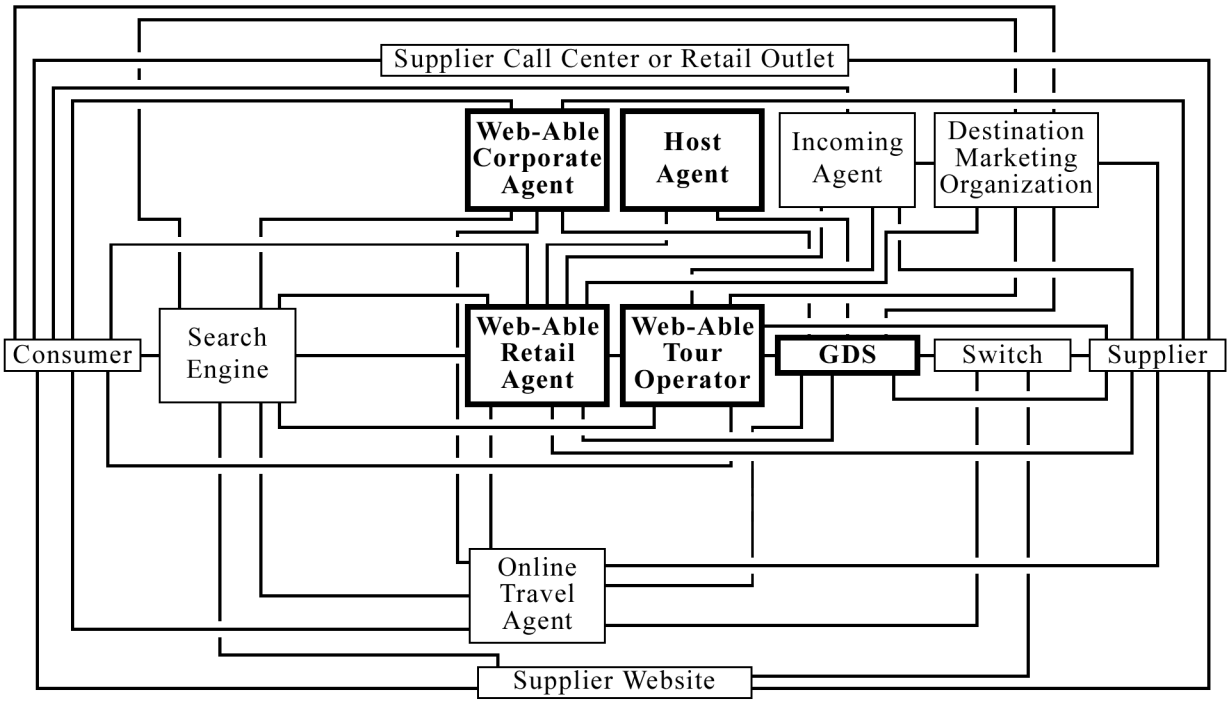


Figure 4. Structure of Tourism Distribution Channels: Reintermediation Efforts (Ongoing).

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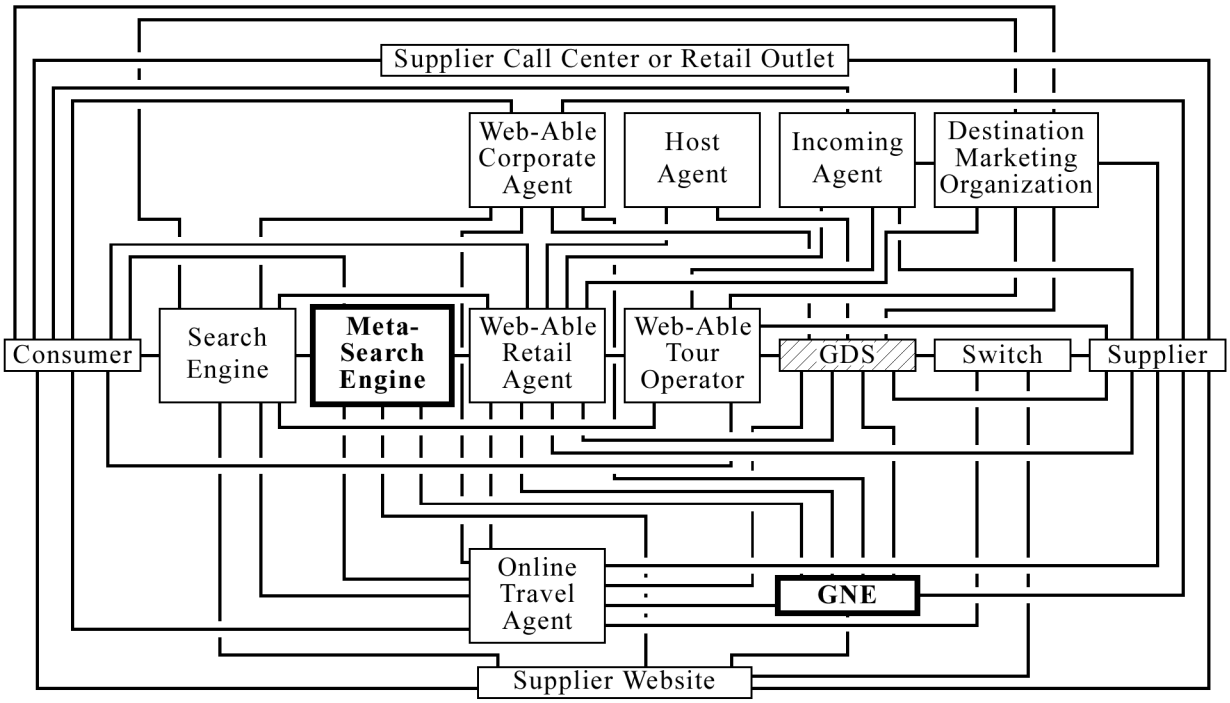


Figure 5. Structure of Tourism Distribution Channels: Meta-Search Engines & GNE's (2000–2005).

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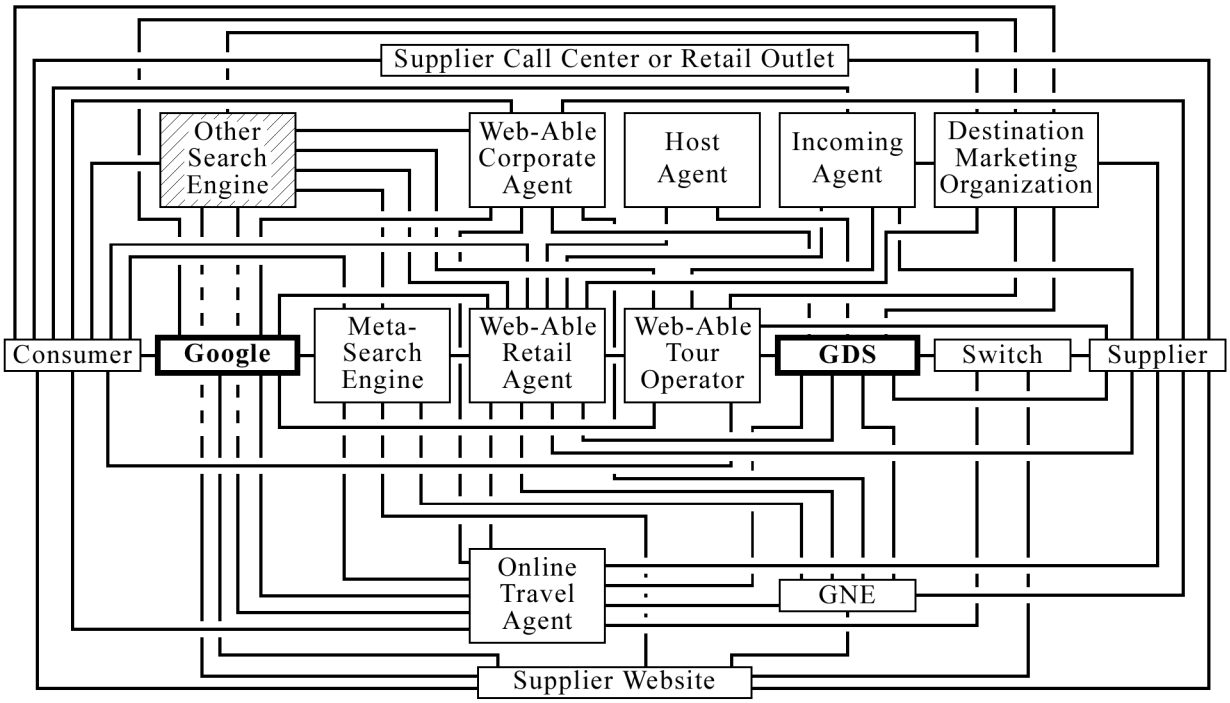


Figure 6. Structure of Tourism Distribution Channels: GDS's & Google Web Browser (2005–2009).

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