Which Internet Marketing Mix's Has More Effect on the Passenger's Decision for Choosing Their Travel Agency in Iran?

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Abstract

Tourism and the Internet are the two extremely correlated partners in today world. Information technology (IT) has had revolutionized the operations, structure and strategy of marketing in travel industry. However, this is not the exact case in developing country, such as Iran. The applications of e-marketing in tourism industry are restricted by some problematic factors.

In this paper after reviewing internet marketing mix's, in order to investigate the electronic marketing situation in Iran, these mix's have been evaluated for Iran incoming passenger's, point of view. Then internet marketing mixes ranked using the Fridman two-way ANOVA, according responses of passengers to our questionnaires. Experimental results have illustrated that leading factor is product mix and the least important factor from passengers' point of view is branding mix.

Key words: *Tourism industry, Electronic Tourism, information Technology, Marketing, Internet Marketing mix's.*

1. Introduction

New forms of tourism are emerging in the place of traditional tourism, including more innovative, specialized, customized and experience-oriented forms. ICT had become particularly important for fostering internal coordination, e-marketing activities and online sales of services provided for specific destinations. DMOs had also started to operate destination portals on the internet to provide direct contacts between tourists and service providers - services that traditionally had been performed by intermediaries such as travel agencies (E-Business W@tch, 2006).

A main area of change and innovation in tourism concerns the use of internet marketing strategies for offering different kind of innovative products, places, prices and promotion. The tourism industry has always been very proactive regarding the adoption of new technologies and marketing strategies. The development and growth of the internet has changed the competitive structure in the hospitality and travel industry. Even small firms can now market on an international basis. Selling on the internet also reduces the cost associated with service delivery, thereby increasing the profit potential for service firms (Reid & Bojanic, 2009).

Tourism as an international industry and as the biggest provider of jobs on the planet boasts a greater array of heterogeneous stakeholders than many other industries. The energetic growth and development of the industry is perhaps only mirrored by the growth of ICTs. The accelerating and synergistic interaction between technology and tourism in recent times has brought fundamental changes on the industry and on our perceptions of its nature. The significance of crossing the new information threshold of universal, ubiquitous communications access have brought the entire tourism industry to the new levels of

interactivity, propelling management by wire. Increasingly, ICTs play a critical role for the competitiveness of tourism organizations and destinations as well as for the entire industry as a whole (UNWTO, 2001).

Developments in search engines, carrying capacity and speed of networks have influenced the number of travelers around the world that use technologies for planning and experiencing their travels. ICTs have also changed radically the efficiency and effectiveness of tourism organizations, the way that businesses are conducted in the marketplace, as well as how consumers interact with organizations. There have been many new entrants among the players on the tourism stage, shifts in market share and balance of power, changes in political perceptions of tourism, and a growing recognition of the importance of tourism to an ever-increasing number of national and regional economies (E-Commerce and Development Report, 2004).

Recent advances in telecommunications, data mining and customer relationship management provide many new opportunities for tourism business and are significantly impacting on traditional tourism business models, operations and strategies (Farzamnia, 2007).

The diffusion of ICT in the tourism industry enables consumers to interact directly with tourism providers. For the industry, this might lead to a reduction of transaction costs, better understanding of customer's needs and possibility of offering a specific kind of products and services to the wide amount of passengers. Technological changes have significantly influenced the developments in multichannel marketing. The Internet has been a driving force for intensified focus on multi-channel marketing (Conrady & Buck, 2008). This reinforce marketers to formulate a well designed strategy i.e., expand 4P's of marketing according to internet marketing mixes. The traditional 4Ps of marketing are product, price, promotion and place/distribution. All four of these choices are part of the internet marketing mix, plus two new elements: community and branding.

Product: The product is the service or physical good that a firm offers for exchange. A wide range of product forms is being offered on the Internet, including physical goods, information-intensive products and services. Frequently, the offerings are a combination of all three forms. In the course of building customer relationships, the firm can use a variety of product levers to build enduring customer relationships.

Pricing: Price is an increasingly important marketing lever. The traditional levers include such potential choices as tiered loyalty programs, volume discounts, subscription models, and targeted price promotions. The Internet has created an entirely new category of pricing tools for new-economy firms to use, including dynamic pricing.

Based on a report by AETEL (Association of Tourist Sector Businesses that use Telecommunications), Internet hotel reservations in Spain are 21.42% cheaper than those made by telephone (www.cincodias.com, 2005).

Communication: Marketing communication is an activity that informs one or more groups of target customers about the firm and its products.

Community: Community is a set of interwoven relationships built upon shared interests that satisfies those needs of its members that are not attainable individually. One of the unique aspects of the Internet is the speed with which communities can be formed. Equally important is the impact that these communities can have on the firm.

Distribution: The Internet is simultaneously a completely new form of commerce – a revolution in how customers and firms interact- and a distribution channel for the firm's products. With respect to the new role as a distribution channel, the Internet has the power to shift customers to a new channel – or to use the Internet channel in combination with other channels.

Branding: Branding plays two roles in marketing strategy. First, branding is an outcome of the firm's marketing activities. Marketing program affect how consumers perceive the brand, and hence its value. Second, branding is a part of every marketing strategy; each marketing activity is enhanced if the brand is strong, or suppressed if the brand is weak. (Jaworski B. & Paddison G. & Mohammed R., Fisher R., 2003)

In accordance with a recent campaign by the World Tourism Organization: "tourism is wealth", and offers important benefits for life, culture, the economy and for all aspects of society. It is important for countries' balance of payments, it creates employment, it favors the preservation of country areas and it encourages the creation of new infrastructures and improves the conservation of cultural and environmental assets. However, it is not always valued as a positive force by all local communities, due to the changes it may introduce, nor is its potential for economic development recognized by all levels of the Administration. Tourism has not always been sustainable and has not always preserved natural and cultural assets (Sigala, 2001).

2. Information Technology & Travel industry

Internet has transformed the way business is transacted in modern society. By creating a Web site, companies can increase their conventional communication with the clients 24 h a day with a relatively low cost. Marketing and communication through the Internet are essential in the hospitality industry (Kozak & Andreu, 2006; McMillian & Hwang, 2002).

Electronic commerce and on-line commerce are commonly-used terms to refer to commercial transactions performed over Internet. E-commerce offers companies located in developing countries the possibility of doing business at an international level. If we take into account that the tourism industry is an essential element for many of these countries as a source of employment and foreign currency, "electronic tourism" can be seen as an important instrument for their socio-economic development, maintaining and improving their competitive advantages over other tourist destinations in developed countries (Pine, 1993).

In Indonesia, the tourism section one of the most active sectors on Internet. In Bali, on-line travel agencies support small hotels that do not have computers or access to Internet by managing their reservations. These hotels state that their average occupation has increased by 20 to 90% thanks to the above-mentioned operations (Alarcón, 2005).

But story has been changed in developing countries. Although the suppliers (Hoteliers, travel agents, tour operators and …) are aware of the impacts of information technology applications in their industries, they seem reluctant in utilizing these tools in their operations. The most critical technical challenges for developing e-tourism are: Interoperability, Content Integration and Accessible Design and Personalization (Farzamnia 2007, Michopoulou & Buhalis, 2005).

Few travel agencies in Iran are rethinking their business models to take advantage of the unique interactive and connective capabilities of the Internet. Most of them are stuck in the first stage of Internet exploitation, i.e., publishing hotels' rooms/services and price information and there is very often offering sales promotions and discounts to attract bookings. They just provided the option of sending an E-mail reservation request.

Indeed, by using the web and the internet as marketing tools, they can gain some distinct advantages in cost reduction, revenue growth, marketing research and database development, and customer retention. Electronic commerce is characterized by four primary attributes: exchange of digital information, technology-enabled transactions, technology-mediated transactions, and inter-organizational activities (Buhalis & Egger, 2008).

The flexibility of the Internet and the ability to address different target markets support tourism organizations to develop a marketing proposition for each target market and to create themes or routes through the destination to address the needs of each market. Thus, customers are dynamic targets at which marketers can aim promotional messages. Web marketing is therefore gradually becoming mainstream (Harssel, 1994).

3. PersiaTravelMart Co.

PersiaTravelMart Co. is one of the leading online travel providers in Iran. This company delivers consumers everything they need for researching, planning, and purchasing a whole trip in Iran via two separate websites: www.PersiaTravelMart.com and www.JustPersia.net.

The company provides direct access to the broadest selections of travel products and services through its partners. Serving many different consumer segments — from family vacation to business travels in Iran.

The main idea for providing two separate website was to examine the different marketing strategies in the same time. It means that each websites try different internet marketing mix's in the same time. Secondly two separate websites can get the higher market share from incoming travelers to Iran.

In addition, PersiaTravelMart Co. supports some hotels that do not have any kinds of electronic reservation system by managing their reservations.

Anyway, PersiaTravelMart Co. tried to use of Internet tools for small number of aspects in each marketing dimensions. In some cases both websites choose the same marketing strategies, specially whenever efficiency and effectiveness of each marketing strategy approved by the main company, e.g. direct communication via online chat with travel experts is one of that common points.

4. RESEARCH OBJECTIVES, QUESTIONS AND METHODOLOGY

The main purpose of this study is to evaluate the degree of importance for each Internet marketing mix's to exploit the unique capabilities of the Internet and compete in the virtual market spaces. In other words, this paper seeks to investigate to what degree each internet marketing mix's improving the competition position for each competitor. The

framework of the Internet marketing mix will be the model that has already been argued.

In this vein, the research purpose is achieved by developing and investigating the following research questions:

1. According the Internet marketing mix model, what is the priority of each internet marketing mix's from passengers' point of views?
2. Do differences between these internet marketing mixes are meaningful?

5. Questionnaire Design

A thorough literature review was carried out, aiming to explore different marketing mixes and strategies in the real and digital world. The objective is to identify the importance of these mixes from incoming passengers' overview sequentially.

In order to achieving this, 390 incoming passengers were selected via the stage sampling method from PersiaTravelMart Co. passengers. The samples were supposed to rank factors from 1 to 5 through distributed questioners. The structured questionnaire was two pages long, self-administered instrument, which would not take respondents more than 15 minutes to fill-in. All questions were closed-ended. These factors has been evaluated and then ranked using the Fridman two-way ANOVA in the 95% of confidence interval.

The first section of the questionnaire identified general information about passengers, i.e., reason of trip, number of passengers, length of trip and …. The second section of the questionnaire was designed to gather information regarding the internet marketing strategies of the electronic travel providers that they had deal with in Iran. For each marketing mix's

based on internet marketing mix model, different factors asked for evaluation. Figure 1 illustrates the structure of the internet marketing mix based on the number of dimensions that is valuable for incoming passengers to Iran.

The data gathered from those samples examined by the SPSS in the 95% of confidence interval.

6. Profile of the Respondents & Analysis of the findings

Table 1 illustrates descriptive data from respondents in terms of category of travelers, type of their activities during the trip. These data gathered from first part of questionnaire. Although Iran has lots of cultural places and in the past years it had many travelers for vacation purposes, but this type of travel has been changed significantly. Consequently, the majority of respondents, (52%), came for business purposes while pilgrim traveler was a minority (4 % of respondents). In terms of continents, differences are significant. European travelers (44%), Asians (27%) and other continents cover around one third of travelers (29%).

All respondents (1

00%) claimed that they had problems for finding reliable international service provider for travel to Iran (e.g. Travelocity, Orbitz, Expedia and …).

Table 1. Respondents Profile

Traveler Category	From					Passengers		Activities
	Europe	Asia	America	Oceana	Africa	Quantity	Percent	
Business	108	47	24	10	14	203	52 %	Exhibition, Meeting and conference
Vacation	49	10	20	11	9	99	25 %	Cultural, Natural places
Medical care	12	42	12	2	5	73	19 %	Weight lost, Dental cares & Lasik eye surgery
Pilgrim Travelers	2	7	2	1	4	16	4 %	Visiting the holy places
Total	**171**	**106**	**58**	**23**	**32**	**390**		
Total (%)	**44 %**	**27 %**	**15 %**	**6 %**	**8 %**	100 %		

Online Product Mix

- Customized bill offering for each itinerary
- Personalized offering according to customers' preferences
- Providing online expert to offer travel advices, even without any sales
- Complementary services such as airport pickup, travel assistant and …
- Comparison shopping service

Online Distribution Mix

- A customer-based channel system
- Channel Feedback system
- Offering all kinds of travel services in Iran
- Participation in domestic & international exhibitions

Online Branding Mix

- Uniqueness in Iran environment (Technology and quality of services)
- Reducing customer's perceived risk
- Offering all kinds of travel services in Iran

Online Pricing Mix

- Cyclical promotional pricing
- Emphasis on switching costs
- Providing the online Hot Deals
- Negotiate prices
- Volume discount pricing
- Pricing based on payment methods

Online Community Mix

- Establish a Yahoo Group to share ideas and travel interests
- Annual Persia Travel Mart gathering
- Discussion forums
- Event-Based communities

Online Communication Mix

- Viral marketing
- Permission Marketing
- Database Marketing
- Point of purchase displays e.g. hotels photos
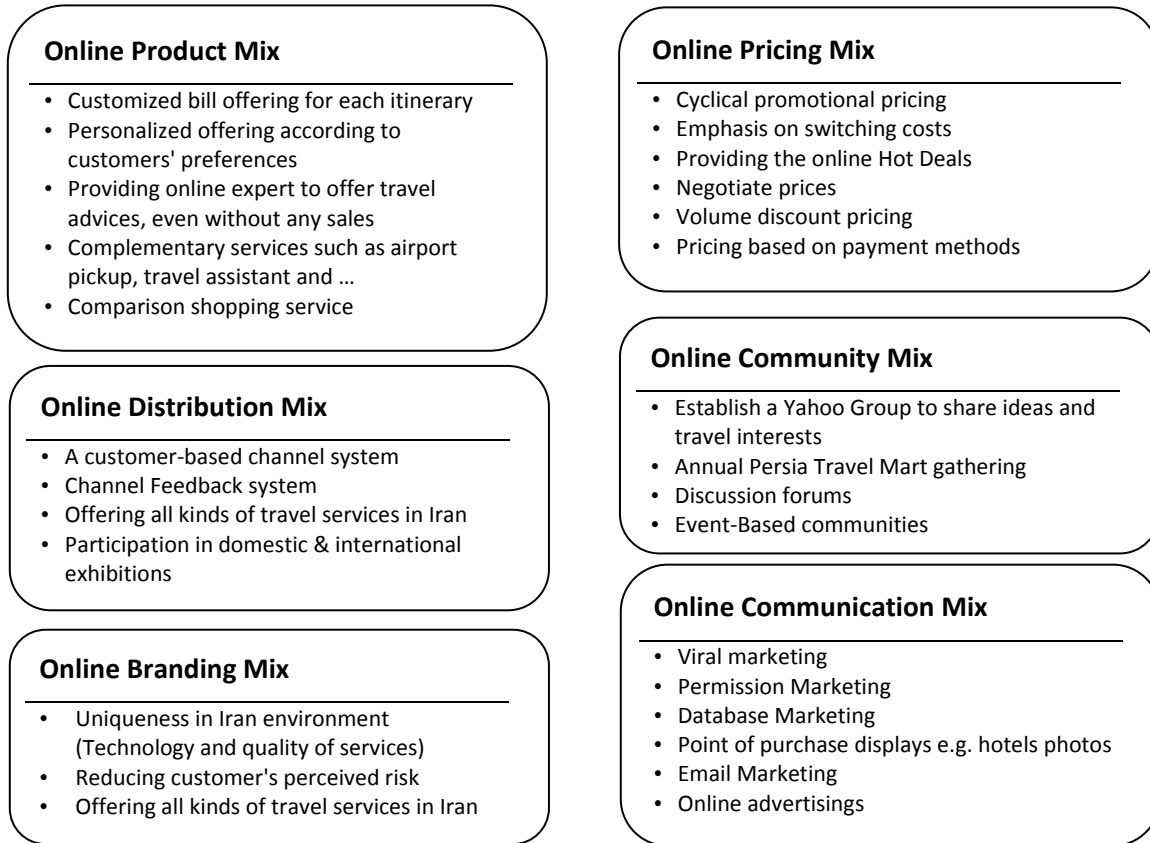- Email Marketing
- Online advertisings

Figure 1. PersiaTravelMart internet marketing mix's include items

7. Findings

Experimental results have illustrated that leading mixes are first, online availability and second, online acceptability and the third online awareness. These outcomes are described in the following tables. Table 2 is presenting the number of samples, average and standard division of each item.

Table 2. Descriptive information of evaluation the ranks obtained through data analysis, are gathered in the Table 3:

Table 2. Descriptive evaluation of online Mix's

Item	N	Mean	Std. Dev.
Product Mix	390	4.02	0.208
Pricing Mix	390	3.64	0.727
Branding Mix	390	1.87	1.289
Community Mix	390	2.96	0.841
Distribution Mix	390	3.21	1.021
Communication Mix	390	3.98	0.413

Table 3: Ranking of effectiveness of internet marketing mix

Factors	Mean Rank
Product Mix	4.02
Pricing Mix	3.64
Branding Mix	1.87
Community Mix	2.96
Distribution Mix	3.21
Communication Mix	3.98

Table 4 shows the Fridman test in the 95% confidences interval:

Table 4: Friedman Test

N	390
Chi-Square	37.10
df.	5
Asymp. Sig.	0.017

As demonstrated in the Table 4, the value of asymptotic significance (Asymp. Sig) has fallen in the confident interval (.000 < .05), so the ranks presented in Table 3 are confidential. This test uses numeric variables that can be ordered and if Asmp. Sig value less than 0.05 is considered significant.

8. Conclusion

A first observation is that PersiaTravelMart Co. has a long way to go to exploit the potential of the Internet. Overall, other travel agencies in Iran make very limited use of Internet tools both in terms of internet marketing mix as well as in terms of the broadcasting media (Brochure ware).

As the greatest majority of the passengers mentioned that they had problem for finding the reliable travel provider to book their services, it shows that Iran has some limitation to offer its travel attractions and facilities via international travel providers. Most of these limitations refer to the political issues.

It was found that travelers do not expect all international standards that they can find them on the most popular travel services providers, e.g. Orbitz, Travelocity and Expedia for travel to Iran. They are just looking to find the best available options between the limited numbers of travel providers. But most of the travel agencies just focus their Website use on having a presence in the Information and distribution virtual spaces, meaning that they primarily aim to achieve a global exposure of their product. Indeed, very few numbers of travel agencies are using the Internet tools in order to innovate in their internet marketing mix dimensions. It shows that it would be great opportunities for international online travel providers to start to offering Iran travel services and accommodations, as first mover in the global market. In addition, these kinds of restrictions being imposed on Iran by international organizations are in fact preventing the foreign nationals from gaining access to the corresponding services in this country.

According to Iran's online business environment which strongly be used as just informative catalogs and lack of competition among online travel service providers, product mix get the highest point among other internet marketing mixes.

Regarding some political and global issues trust in Iranian brands is somehow vague for foreigners. Since users can't find name of Iran in the international websites' lists of destinations.

Not to forget that the governments should set strategies for eliminating the tensions from these regions, knowing the fact that one cannot have the cake and eat it too.

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