

SHARING ECONOMY, ICT AND DIGITAL MARKETING IMPACT ON THE RECENT TOURISM DEVELOPMENTS

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***Abstract.** The sharing economy has grown rapidly in recent years, including a considerable part of the economic activity. This growth was reflected in transport and accommodation, but trends show an expansion to other sectors as well. To meet the consumers' needs, tourism operators focus also on the use of new technologies. The paper underlines some changes in tourism generated by the increased adoption of the information and communications technology (ICT) in this sector.*

***Keywords:** sharing economy, ICT, digital marketing, tourism*

1. Introduction

Global tourism has been steadily rising over the last six decades, benefiting from the process of globalization and technological advances that have led to reduced travel costs, while facilitating travel planning and booking. During this sustained growth period, tourism has shown a significant resistance to the various challenges [1].

The total tourism and travel contribution to GDP was \$ 8,272 billion (10.4% of GDP) in 2017 and it is projected to increase by 4% in 2018 and by 3.8% annually by 2028, to \$ 12,450 billion (11.7% of GDP)[2]. The total contribution of tourism and travel to employment was 313,221,000 jobs (9.9%) and is expected to grow by 3% in 2018 to 322,666,000 jobs and by 2.5% annually by 2028, reaching 413,556,000 jobs (11.6% of the total).

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Tourism's contribution to total exports was \$ 1,494 billion (6.5% of total) in 2017 and is estimated to increase by 3.9% in 2018 and by 4.1% annually by 2028 to \$ 2,311 billion (6.9% of the total). In 2017 the investments in the tourism and travel industry amounted to \$ 882.4 billion or 4.5% of total investment. They were expected to increase by 4.8% in 2018 and by 4.3% annually in the next ten years, reaching \$ 1,408 billion in 2028 (5.1% of the total).

A sustainable development of the tourism sector in the coming period will depend on the consideration of some key issues in planning the tourism offer, namely: financing tourism development; policies, strategies and long-term plans; regional and local tourism structures; effective promotion and marketing programs; development and diversification of tourism products; information and communication technology; digital marketing; safety and security issues; employment; climate change [1][3].

Tourism promotion and marketing programs need to adapt, being influenced by the competitiveness on the global tourism market, government decisions, and the development of social platforms. Tourist destinations are developing creative marketing strategies in an attempt to build a local brand or to rebrand, in order to raise awareness of local communities and to get their support for tourism development [1].

Promotional activity continues to involve traditional tactical approaches such as partnerships with tourism agencies and operators, media and travel journalists involvement, and participation in radio and TV travel shows. However, online marketing and sophisticated social media use are at the forefront of most tourism marketing campaigns.

2. Tourism product development and sharing economy

The mature tourist destinations are repositioned in order to remain attractive, to better meet the needs of the international market and to attract visitors. The decision makers in this field aim to improve the quality and sustainability of tourism products. In such a context, transnational tourism products are developed, for example cultural routes in the Danube region [3].

Different countries are trying to support domestic tourism, recognizing its importance in strengthening business performance and ensuring profitability. A strong domestic market can reduce the risk of over-reliance on some international markets that may be more volatile. It can also help reduce seasonality.

Sharing economy has grown rapidly in the EU over the past five years, including a considerable part of the economic activity. Growth has

been significant in transport and accommodation sectors (Airbnb, HomeAway, Uber, Lyft and Couchsurfing), but continues to expand in other sectors. Sharing economy properties will continue to compete with corporate business travel, though with limited success, due to government restrictions, but also due to the need of tourists seeking travel services such as room service, security, etc.

On the demand side, travel preferences have shown the following trends: accommodation preferences are changing - visitors prefer Airbnb accommodation; visitors choose to carry out their own services (self-service): they prefer to organize their own trip, without requiring the support services of travel companies, after making a reservation, and this is precisely the case for increasing the degree of satisfaction [4][5].

It is important for incumbent companies to find ways of learning from a fast-growing segment of the travel industry, the sharing economy. One important aspect influencing this segment is related to the occurrence of efficient online payments and the development of e-commerce. Businesses like Airbnb, Carpooling and Lyft are considered important competitors for the classic providers of accommodation and transportation [6].

In the literature, there are various papers connecting sharing economy with tourism. In the analysis of the effect of the sharing economy on the employment in tourism, its important role in solving the unemployment problems is emphasized [7]. In discussing the sharing economy and tourism relationships, the author underlines the consequences of changing needs in the service market and in the labor market [8]. When the users' attitude toward online platforms and ways in which the platforms are changing travel's experience are analyzed, the authors emphasize the importance of understanding the collaborative consumption impact on the level of people's satisfaction [9]. Other authors underline that the flows of tourists are stimulated by the tourism model of sharing economy, that can be described by the 4 Ts: trust, togetherness, technology and transformation [10]. When an analysis related to the advantages and positive impact of the sharing economy is developed, the authors highlight that the sharing economy is changing the traditional way of doing business [11]. When examining the effects of the sharing economy on city tourism and urban property market, the author shows that there is a growing demand in housing-like accommodation concepts operated via booking platforms [12]. In the discussion about the impact of peer-to-peer (P2P) accommodation sharing, the authors suggest that the consequences of this

activity depend on the kind of sharing, with regional differences. According to the authors, P2P accommodation has positive effects on the tourism industry related to increase the destinations attractiveness, but also negative effects associated with the distortion of competition by undercutting regulations [13]. In a study about the market potential for Airbnb and Uber, focused on the correlation between the sharing economy and the travel and tourism industry, the author underlines that the sharing economy is poised to become a new norm in the global economy [14].

The P2P services provided by sharing platforms represent an alternative to professional accommodation and transportation services. Thus, the technological progress underlines the need for workers in tourism industry to acquire new skills. The sharing economy has an impact on the labor market, and on tourism activities, and both may register some important changes in time to come. It is important for the future workers to develop the adequate skills that will allow them to face the challenges.

3. Trends in information and communications technology usage in tourism sector

Operators in the tourism sector frequently use the latest technological developments and new communication tools. Mobile technology is now integrated, increasing connectivity and facilitating the provision of real-time information. Digital technology, social media and online distribution platforms change the relationship between consumers and producers, supporting co-creation and facilitating personalized consumer experiences [3].

Various technologies, including biometrics, robotics, augmented reality, and portable technology, influence the visitor movement. For example, airports are developing a new ecosystem linked to the *Internet of things* that enhances the efficiency of operations and communication tools between tourism facilities, visitors and suppliers. Some of the disruptive technologies that will influence corporate travel are the following [1][15]: artificial intelligence, blockchain, chatbots, smart hotels, and augmented reality.

Experts believe that *artificial intelligence* (AI) will bring automation to certain parts of business tourism faster than in the case of the recreational tourism, providing tourist profile data, travel frequency, program parameters, and recurrent travel model. Tourism companies use

big data and predictive analytics to increase the knowledge on consumer behavior and personalization of travel experiences.

Blockchain is an encrypted database of information and users that may remain anonymous. Airlines, hotel groups, travel agencies and other stakeholders are seeking to use this technology to facilitate and manage transactions, especially those involving different exchange rates, from several countries. *Blockchain* applications in tourism could include better forms of identity management, and safer and more effective communication throughout travel with the full range of travel service providers, from airlines to loyalty reward programs. Payment solutions are the most commonly used blockchain technology application in the tourism industry, but lack of standards and protocols, as well as the understanding of its capabilities, can slow down its adoption on a large scale.

Chatbots are conversational interfaces capable of processing information (voice or text) 1,000 times faster than people, thus enhancing the results. Chatbots are backed by the AI and are expected to remodel the way consumers interact with business. Soon websites and mobile apps will be obsolete, and tourism providers will have to think about how to develop chatbots in tourism business.

Smart hotels will invest in *beacon* technology, messaging, and indoor leisure. Mobile applications will be used more and more frequently by technology-savvy guests (check-in and check-out, opening of the hotel door, remote TV opening, room temperature control, etc.).

Augmented reality (AR): visitors and service providers adapt to new technologies such as holograms or mobile applications that add virtual elements to real situations. Easier access to navigation information, translations and even virtual interactions with historical figures are possible ways to improve visitors' experiences using AR technology. *Virtual experiences* in tourism can offer alternative experiences in places that are ecologically or culturally sensitive, reducing access to physical visitors but increasing it for virtual visitors.

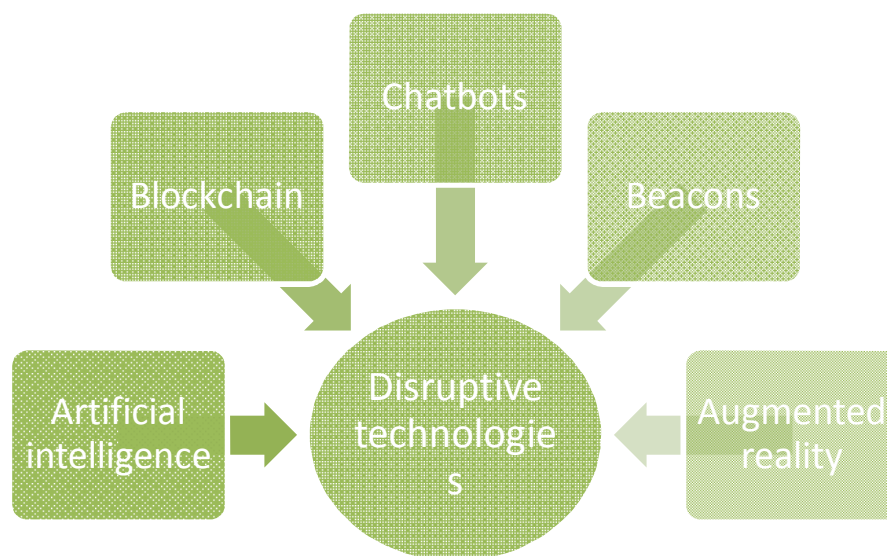


Figure 1. Disruptive technologies used in the tourism industry.

Source: authors

There are two main areas where digitization has a profound impact on tourism development, management and marketing [1]: the communication process with tourists; managing transactions, as well as collecting and processing information and data on tourism demand and supply. There are different dimensions of this aspect that countries have to address, including [1]:

- forms of presenting the marketing messages and information on Internet;
- an effective use of social communication means in the process of influencing choice and exchange of experience;
- the increasing importance of customer rating for tourist facilities;
- rising the emphasis of online travel agencies in managing travel purchases, with a significant impact on business performance;
- the use of mobile technology in providing instant information to visitors during their stay;
- booking on mobile phones will continue to grow – visitors booking by using smart phones.

The increasing importance of the digital technology and the social media in tourism creates challenges and opportunities for national and regional tourism organizations and for tourism businesses. Tourists are increasingly connected to the Internet using mobile apps, accessing news, transport related information, and online booking platforms (e.g. travel agents, airlines, trains, Uber). At the same time, tourists use social networks to

review, evaluate and book accommodation services (e.g. Airbnb, Trip Advisor, Booking), catering services (e.g. TheFork, MyTable, OpenTable), and other tourist services. These trends in consumer behaviour and the expectations related to the digital economy require a shift to digital marketing and promotion. For example, several countries have focused on digital and social media campaigns (using online or mobile channels) to strengthen the promotion of international tourism, to more effectively target the market and to streamline the processes of obtaining visas (Australia, Egypt, France, Italy, New Zealand, Portugal, Slovenia, Turkey, and the United Kingdom) [3].

As part of the digital tourism strategies, the countries will have to find ways to overcome certain issues related to access to Wi-Fi while travelling, and removing barriers caused by high roaming costs. The "smart destination" concept is gaining ground, defined as an innovative tourism destination that uses state-of-the-art technology for its sustainable development.

Digital platforms are often used to substantiate travel decisions, and their impact is likely to increase in the coming decades. Indeed, online platforms are used to online advertise and to book accommodation. Social media is often used to influence the decisions of emerging generations such as Millennial or Generation Z. While social media presents opportunities for some destinations, it can also pose a threat to vulnerable destinations (communities, cultural or environmental attractions) unprepared to the rapid increase in tourist flows, due to growing popularity on various social platforms.

Emerging generations. Millennial and Generation Z will have an important impact on the future tourism demand, and their travel behavior could lead to significant changes in the tourism market. Both generations have grown together with technological expansion and have used the Internet, and this will play a key role in the way these generations access, navigate and interact with different tourist products and services. It is also more likely that these generations will travel independently, in comparison with past generations, and will be open to temporary access or rental some tourism products or services [1].

Technology has an important impact on the behavior of tourists. Smart electronic devices are increasingly used in the travel planning process, as well as in the after-travel moments. The technology offers opportunities for tourism businesses, which may constantly keep in touch with tourists. It is also important that tourism businesses adjust their marketing strategies to take full advantage of these developments.

4. Conclusions

The technological changes have an impact on the consumption and on the whole economy. The sharing economy has an important potential for business diversification and may provide various opportunities. This paper underlines some changes in tourism generated by the increased adoption of the ICT in this sector.

The sharing economy will develop in the future, being supported by technological breakthroughs. The P2P activities raised concerns from the traditional businesses, mainly because the new competitors are not complying with the same regulatory framework. It is important to adjust this framework, concerning unfair competition issues, taxation aspects, consumers' protection, and so on.

The sharing economy is transforming the tourism industry. Consumers' vision is modified, and households' vision related to sharing own goods is changed. Young generations are interested in consuming this type of goods/services, bringing the change in all the aspects of the economy. Also, it is important for the traditional tourism businesses to adjust the services offered, to be able to face various challenges.

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