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ABSTRACT

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INTERNET MARKETING STATUS OF KOREA TRAVEL AGENCIES
(Title)

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Introduction of the Electronic Commerce has been revolutionizing the distribution channel of the travel industry. Now customers can access to the travel suppliers directly skipping traditional travel agencies. This trend created presence of the cyber travel agencies. There are hundred and thousand of cyber travel agencies on the World Wide Web with different purposes and marketing techniques. The purpose of this study is to determine current marketing status of Korea travel agency Web sites.

Using the seven different search engines, handful number of the travel agency Web sites were determined and the each of those Web sites was evaluated based on the Marketing Matrix. The conclusion drawn from this study suggested that

CHAPTER I

INTRODUCTION

Travel agencies are facing a big dilemma in the new millennium. Tourism products and services suppliers are increasingly trying to sell directly to their end clients to cut out the profit margin of the travel agencies. Similarly, airlines have reduced the sales commissions for travel agencies to maximize their own profits. In addition, the increasing availability of tourism information on the Internet, coupled with affordable direct booking and payment systems, has been claimed by some to be detrimental to travel agencies (Bennett, 1993; Yesawich, 1996). The most extreme opinions even suggested that the end of travel agencies is in the near future.

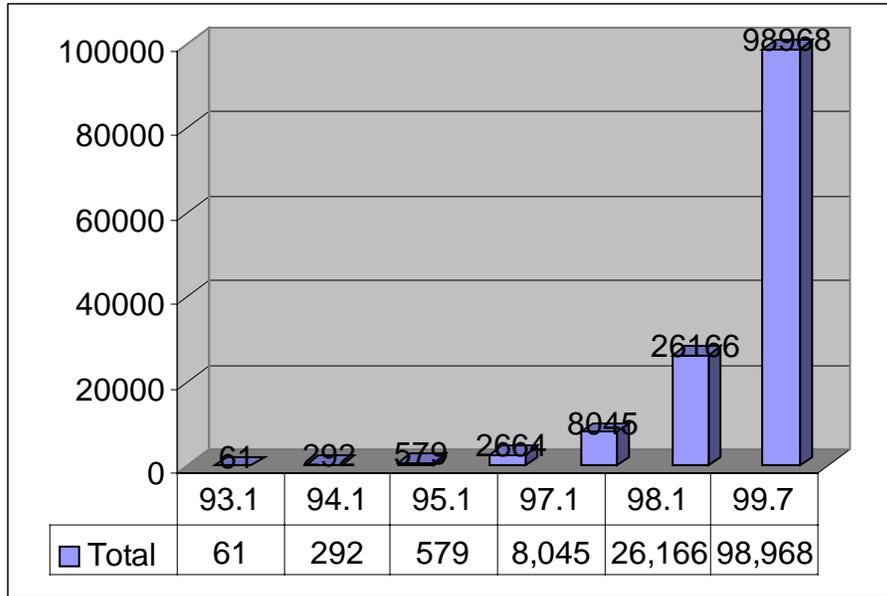
To cope with this worst case, Korean travel agencies started to fight back by adopting the Web as their marketing weapon. Travel agencies have an unusual relationship with the Internet. It is a threat since it could remove much of their business, but it also provides additional business opportunities. Today, many Korean travel agencies are taking advantage of the Internet by developing corporate Web sites as their marketing tool. A handful of Korean travel agencies offer services on the WWW, giving them a much broader geographic consumer base than if they operated traditionally.

Following the discharge of foreign travel restrictions, South Korea has recently emerged as a significant tourist country in terms of both outbound and inbound travel. According to World Tourism Organization (WTO, 1998), South Korea was ranked 20th among those top 40 international tourism receipts countries. Also Korean outbound travel grew rapidly, increasing by 607 per cent between 1988 and 1997. According to Korea National Tourism Organization (KNTTO, 1998), since 1988, the number of overseas trips by nationals has increased from 725,000 to 4,542,159 in 1997.

To become a tourism country, travel agencies in Korea played a central role in the marketing of travel and tourism products. They are, by number, the most dominant forms of intermediary in the travel distribution channel in Korea. In South Korea, there are total of 5,360 travel agencies registered in Korea as of December 1998 (Ministry of Culture & Tourism, 1998). This number includes 336 agencies for both

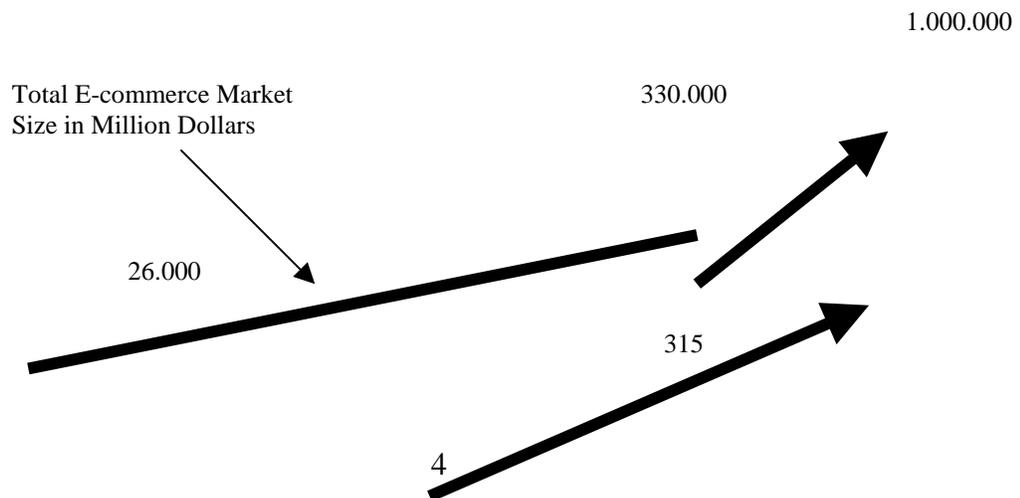
outbound and inbound, 2,324 outbound agencies, and 2,700 inbound travel agencies. As of July 15, 1999, the number of Web sites shown under the search heading "Travel Agency" in "Simmani", which is one of the most frequently used and comprehensive search engines in South Korea, was 257. The number of corporations presenting Web sites on the net is increasing dramatically everyday. The development of Web sites among these Korean travel agencies ranges from simple promotion sites to real time transaction sites, but they seem to have one common objective: enhancing the effectiveness of marketing efforts.

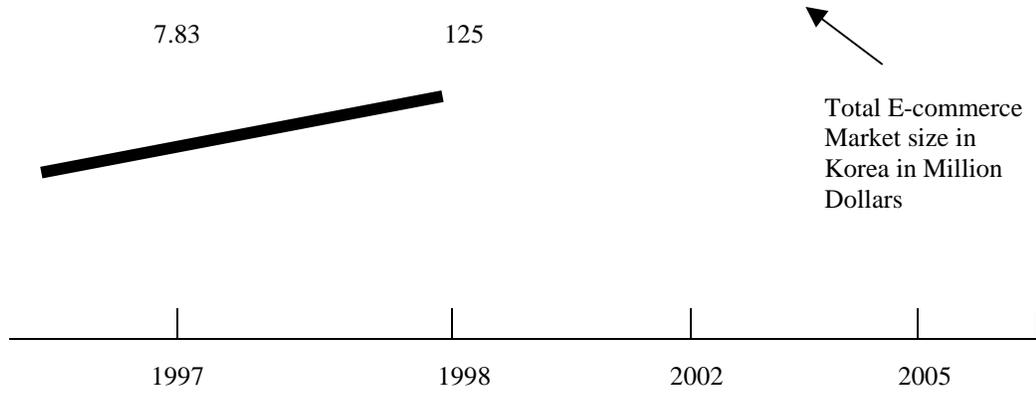
Rapidly increasing Internet use in Korea not only promises the bright future of Internet marketing efforts of Korean travel agencies but also warns other Korean travel agencies who stick to the traditional marketing channel. The traditional travel agencies should realize the Internet hype in South Korea in order to survive. According to the research done by Korea Network Information Center (KRNIC, 1999), the total number of Internet users in South Korea is 5.2 million as of August 1999. KRNIC research also published a total number of .KR domain numbers and host numbers, which is listed in Figure 1. This research shows the rapid growth of both Internet users and service providers in South Korea, which make sense due to the marketing efforts of Korean travel agencies. Also research done by Hyundai Oil Bank (1999) revealed the need of the Internet marketing efforts. According to the study, the most frequent usage of the Internet was to find information regarding travel and leisure (32 percent) and stocks and real estate (18 percent), education purposes (16 percent), and entertainment (12 percent). This particular study delivers a strong message to Korean travel agencies why they need to jump onto the Internet.



(Source: Korea Network Information Center, 1999)
 Figure 1 Yearly count of .KR domain ('93.12-'99.7)

Rapidly growing market segment of the electronic commerce in Korea is also another factor alerting Korean travel agencies to initiate action to enter the Internet marketing. Even though electronic commerce in Korea is still in its infant stage in market size, the growth rate is startling. The following graph shows the current and future of Korean e-commerce market size compared to the world market size.





(Source: Joong-Ang Daily News, p.10)
Figure 2 E-commerce market size in South Korea

Statement of the Problem

As discussed in the previous section, the use of corporate Web sites is a rapidly growing component of the marketing efforts. In Korea, various sectors in the travel industry have emerged with their company Web sites as facilitator of their business. Among those, travel agency use of Web sites is becoming an ordinary activity of their marketing efforts. Although substantial research literature has developed on the topic of “Internet marketing”, few works have systematically examined the Web site as marketing tools, specifically for Korean travel agencies. In response, this study reviews the literature regarding the marketing use of the corporate Web sites, outlines a more comprehensive framework for understanding the features used in Web sites, and contributes to a better understanding of the current status of marketing development in cyberspace.

Purpose of the Study

The purpose of this study is to investigate the current Internet marketing status of Korean travel agency corporate Web sites. This study concentrated on the “sales”, “advertising”, “customer service”, and “public relation” parts of the marketing because these four areas are the most frequently adopted purposes of presenting corporate Web sites.

Objective of the Study

This study will accomplish the following objectives:

1. Review the current literature in topics of:
 - Tourism and Information Technology
 - The Internet
 - Electronic Commerce
 - The Internet Marketing
2. Analyze the Web sites of Korean travel agencies.
3. Determine the features of marketing purpose on each Korean travel agency Web site.
4. Make recommendations for Korean travel agencies in creating their corporate Web sites.

Significance of the Study

The findings of this study will be useful for both companies that already launched their company Web sites on the net, and as well as for the companies that are planning to present. By using descriptive statistics, this study will be able to generate a profile of the nature and usage frequency of different forms of marketing features in company Web sites. For the existing cyber travel agencies, this study will present new challenges and opportunities on their marketing effort and also for newcomers, this study will provide a guideline for the company Web site design.

Limitations of the Study

This study has some limitations that may affect any conclusion drawn by the results of the study. They are as follows:

1. Since the Internet is rapidly changing everyday, at the point of the time this study had been completed, more than 150 Korean travel agencies added their corporate Web sites with new features on the net.
2. Out of 256 Korean travel agency Web sites, only 170 of them were accessible during the evaluation period.
3. Regarding advertising, this study did not investigate whether they advertise on other Web sites or not.
4. All the Web sites evaluated in this study were in the Korean language, translated by the researcher whose first language is Korean.
5. Most available statistics only project U.S. market.

Definition of Terms

Travel Agency

The travel agency can be defined as “a business or person selling the travel industry’s individual parts or combination of the parts to the consumer” (McIntosh, Goeldner & Ritchie, 1995, p. 133). In marketing terms, a travel agent is “an agent

middleman, acting on behalf of the client, making arrangements with suppliers of a travel-airlines, hotel, tour operators-and receiving a commission from the suppliers” (p. 133).

Travel agencies serve travelers, other intermediates, and suppliers of travel services. Travelers make use of travel agencies to avoid the risks involved in travel, to gain information, and to take advantage of the convenience that an agency has traditionally arranged (Walle, 1996).

Michie and Sullivan (1990) stated that one of the key roles of travel agencies is to make complex travel decisions simple. They do this by:

- Understanding client travel needs and expectations
- Disseminating relevant travel information
- Matching client needs and attributes of travel
- Scheduling a pleasant and convenient itinerary
- Collecting payment

Wholesalers

A tour wholesaler is a “business entity which consolidates the services of airlines or other transportation carriers and ground service suppliers into a tour which is sold through a sales channel to the public” (McIntosh, Goeldner, & Ritchie, 1995, p.187).

Tour Operator

Tour operator is “the person or company who sells the tour package directly to the consumer after contracting with transportation, hotel accommodations, and other travel needs for the arrangements” (Nickerson, 1996. p. 208). A tour operator may also be a

tour wholesaler by selling some of the tours through a travel counselor and selling others directly to the consumer. A tour operator may also sell tourism products or services directly to the public by owning a retail travel agency. American Express is a good example of this. Sometimes, the term tour wholesaler is used interchangeably with tour operator.

Specialty Channelers

Specialty intermediaries include such organizations as incentive travel firms, business meeting and convention planners, corporate travel offices, association executives, hotel representatives, travel consultants, and supplier sales offices. While specialty intermediaries are a small force in distribution compared to travel agencies, they have considerable power to influence when, where, and how people travel (McIntosh, Goeldner & Ritchie, 1995).

CHAPTER II

REVIEW OF LITERATURE

This chapter is devoted to presenting a broad overview of the growing use of corporate Web sites as a marketing tool among the Korean travel agencies. Here, the focus will be on analyzing the relationships between tourism and information technology, distribution system of tourism products, basic concept of the Internet, electronic commerce, and the Internet marketing. Under each heading, more detailed subcategories will be discussed. Through the literature review the relationship between distribution of tourism products and information technology, more specifically the impact of electronic commerce on traditional distribution system, will be explained. To help the logical understanding of the whole impact of presence of electronic commerce, a detailed description will be provided on the Internet, electronic commerce, and Internet marketing.

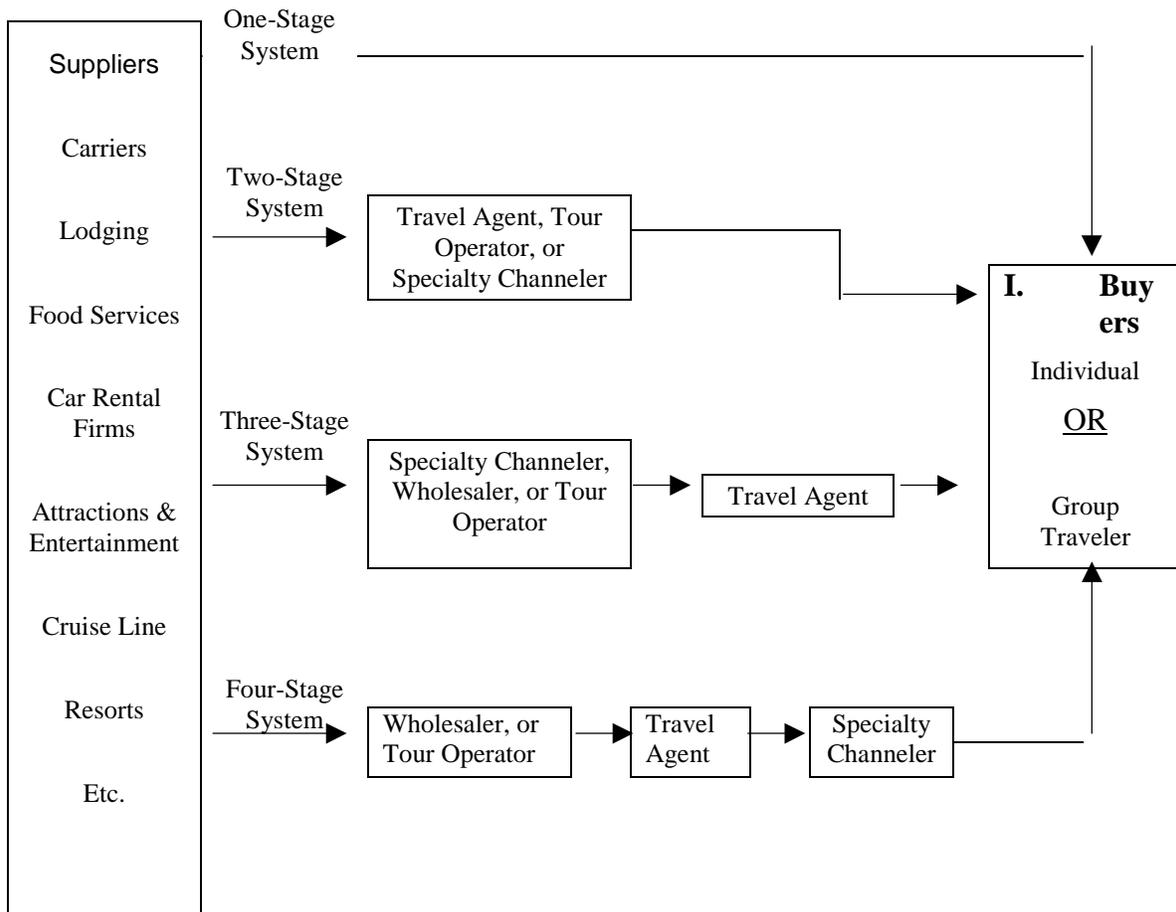
Tourism and Information Technology

The tourism industry generates massive volumes of information to be processed and communicated. For each person going on a trip, many different types of information must be exchanged: route, schedules, payment information, destination and product information, and passenger information. Today, in order to handle this massive amount of

information, the tourism industry is profoundly relying on all sorts of information technologies. Especially the introduction of the Internet is changing the map of the traditional path of tourism product distribution system. In order to help the reader's understanding, the following section provides details of the traditional tourism product distribution system with diagrams and how the Internet will change the system.

Distribution Channel of Tourism Products

McIntosh, Goeldner and Ritchie (1995) define the tourism channel of distributions as “an operating structure, system or linkages of various combinations of travel organizations through which a producer of travel products describes and confirms travel arrangements to the buyer” (p. 200). The main function of a distribution system is first, to extend the number of points of sale or access, away from the location at which services are performed and to facilitate the purchase of products in advance of their production (Middleton, 1994). Gee, Makens, & Choy (1997) categorized distribution channel to four different stages. Figure 2 shows these four stages.



(Source: *The travel industry, 1997, p.187*)

Figure 3 Traditional travel industry distribution systems

- One-stage Distribution System

In a one-stage system, suppliers sell tourism products or services directly to the traveler. An example is a hotel selling rooms directly to customers through its own sales and reservations department. Additional sales opportunities, flexibility, greater profitability to supplier, and personal control over the sale are the advantages of this system.

- Two-stage Distribution System

A two-stage system adds a single intermediary: a travel agent between the suppliers and consumers. The advantages of two-stage distribution are professional assistance, multiple options, cumulative group power; use of travel clubs, travel consolidators, price or service advantages; credit and billing assistance to suppliers; and off-season promotions.

- **Three-stage Distribution System**

In a three-stage system, there are two intermediaries involved, usually a retail travel agent and a wholesaler or tour operator. The system provides the traveler and the supplier with benefits similar to the two-stage system and the traveler is generally able to obtain lower-priced travel package or packages that are tailored to the traveler's wishes.

- **Four-stage Distribution System**

A four-stage system is very similar to the three-stage distribution process, but there is an additional intermediary, generally a specialty channeler. This intermediary is involved in customizing a tour package. The benefits of having this additional stage in making travel arrangements for the group are basically those of obtaining professional assistance in developing a program to satisfy the group's exact requirements and assistance in securing services from reliable suppliers.

New Distribution System with the Internet

With introduction of the Internet, more and more travelers are bypassing the traditional travel intermediaries like one stage distribution system. As shown in the Figure 4, traditional tourism suppliers attract prospective consumers to their corporate

Web site in order to maximize their financial profit and to take more control over the consumers.

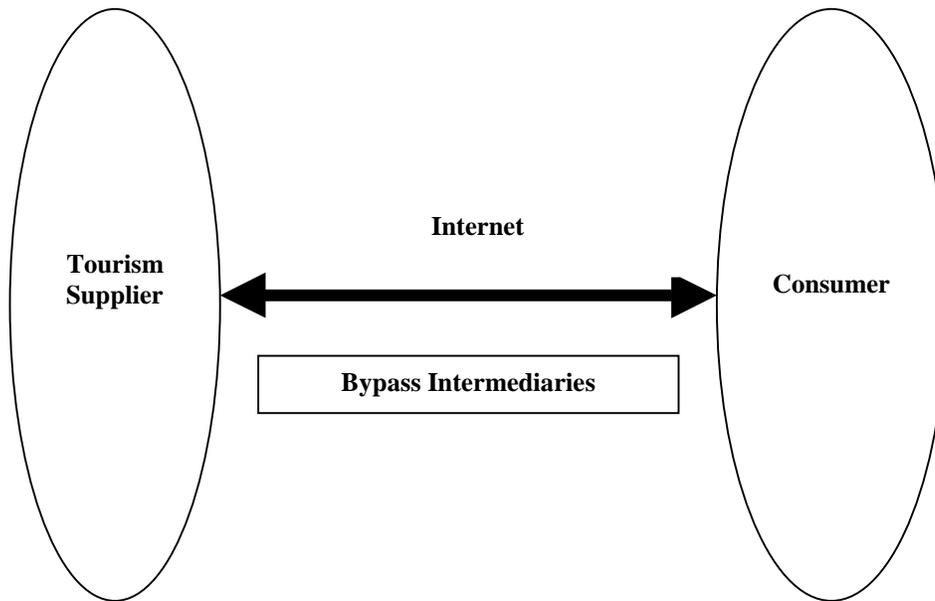


Figure 4 New distribution system with the Internet eliminating intermediaries

Travel Agency Use of Information Technology

The first and most common application of information technology to travel agents is the Global Distribution Systems (GDS) terminal. These terminals were first adopted in travel agents' offices by major airlines to facilitate airline bookings in the mid-1970s. The major systems including Sabre, Apollo/Galileo, Worldspan, SystemOne/Amadeus, and Abacus are used by travel agents worldwide today. Prior to that, travel agents had to rely on the phone and telex for reservations or the printed Official Airline Guide (OAG) for schedule and fare information. Now they can receive bookings from clients through the Internet and can either send tickets electronically, which is called the Electronic Ticket Delivery Network (ETDN) or book the passenger on ticketless flights (Pualine, 1997).

The use of information technology made the whole process of usual business among travel agencies easier starting from information inquiry, brochure ordering, consulting, booking and payment. On the Web site of America Online (www.aol.com), people can enjoy a handful of different and unique services. Services include trip express from Preview Travel (www.previewtravel.com) which allows customers to book airfare, car rentals and hotel rooms through one interactive feature, interactive street-level maps and driving directions from Vicinity (www.vicinity.com), and flight status checking from TheTrip.com (www.trip.com) which automatically send e-mails when their flight has arrived. Another travel portal Expedia (www.expedia.com) provides extensive travel information and services on the site, such as worldwide destination profiles, maps, weekly articles, and online travel reservations for air travel, hotel, and car rentals like most other online travel agencies.

The Internet potentially provides both suppliers and consumers with a convenient and cheap means of eliminating reliance on travel agents. The use of technology is now a threat to the traditional travel agencies. More and more suppliers try to deliver their products directly to the customer without going through conventional intermediaries like travel agencies. The travel agency industry must meet this challenge.

The Internet

As mentioned earlier, the Internet is the main force that requires changes from the traditional Korean travel agencies. The definition and some characteristics of the Internet will be discussed.

The Internet is “a network connecting many computer networks and based on a common addressing system and communications protocol called TCP/IP (Transmission Control Protocol/Internet Protocol)” (Britannica, 1999).

As of 1998, the Internet has more than 100 million users worldwide, and that number is growing rapidly. More than 100 countries are linked into exchanges of data, news and opinions (ZDWebopedia, 1999).

The History of the Internet

The Internet is the world's largest collection of computers owned by universities, business, non-profit organizations, government bodies and casual users. Introduced in the late sixties, the Internet was originally a defense department project to build a data communications between geographically scattered network. The Internet was to have the information that flowed through these computers accessible to any other computers in the network notwithstanding one of the destination computers failed. The National Science Foundation (NSF) along with a number of universities involved in their programs began to rely upon Internet to send files and email between themselves. Today's Internet was created when many universities outside of the original Department of Defense and NSF group began to use the Internet as well. These computers are connected to each other in many different ways. The most common way of connection is dial up connections by local Internet Service Providers (ISP) (Burke, 1997).

Characteristics of the Internet

According to Mougayar (1998) the Internet has five multiple identities that all can be utilized by business entities to increase their profit.

- Network

Organizations can use the Internet as a virtual private network to link employees and offices. The link could be used as a place to publish and share corporate information.

- Medium

The Internet works as a communications channel from corporate communications and service information to product marketing.

- Market

Because the Internet is likened to a huge number of users companies can open marketplace.

- Transaction platform

With highly sophisticated technology, companies can complete financial transactions on line linked directly to suppliers, customers, and financial institutions.

- Applications development platform

Organizations are developing new network-based applications based on existing client/server applications.

Electronic Commerce

Among the various usage of the Internet, electronic commerce is the main force changing traditional methods of commodity and service distribution. The number of people buying on the Web is expected to increase from 18 million in December 1997 to 128 million in 2002 according to International Data Corporation (IDC, 1999). The travel industry itself accounts for \$827 million worth of transaction through the electronic commerce and 32.2 million people contributed to the transaction through electronic commerce in the U.S. only (Travel Industry Association of America, 1999).

Definition of Electronic Commerce

Mougayar (1998) stated “One of the most common definitions of the electronic commerce is the process of buying and selling products and services over the electronic networks” (p. 11). Mougayar (1998) also addressed three elements of the electronic commerce.

- **Digital Value Creation**

The electronic commerce creates digital value. The digital value creation is a production process that involves taking information as raw material and producing higher added-value information-based products or services from the original raw information. So, electronic commerce refers to an on-line production process.

- **Introduction of New Intermediaries**

There are all sorts of intermediaries that supply the demands of the new electronic marketplace, which include certification authorities, electronic payment gateways, electronic directories and more is coming everyday.

- **Digital Market**

This electronic commerce creates a digital marketplace that consists of constellation of electronic buyers and sellers.

Characteristics of the Electronic Commerce

Ware, Gebauer, Hartman & Roldan (1998) addressed six unique characteristics of the electronic commerce.

- Interactivity

The traditional technologies pushed information to people whether people wanted it or not, but the new technologies allow people to take control of the information they are sent.

- Immediacy

Information in the new technologies can be disseminated and pulled together in real-time, which would accelerate all types of business activities.

- Connectivity

With the growth and explosion of digital communication technology, not only within an organization but also around the globe, people and organizations alike are able to acquire information that previously was either completely inaccessible or very time-consuming and costly to access.

- Interoperability

Today's Web-based communication technologies allow individuals and organizations with different types of technology platforms and different performance capabilities to communicate in a common language and to create information that can be accessed and used by others.

- Richness

Use of digitized information like “audio clip” and “video clip” will create a much richer and more complete communication environment.

- Ease of Use

As the technologies get highly sophisticated, the manipulation of these technologies also gets easier. Computer and communication technologies have been getting easier to use, thereby creating an even greater opportunity for empowerment.

Applications of E-commerce

By looking at the relationships of electronic commerce applications to each scope of the organization, Internet commerce applications can be categorized to three types (Ware, Gebauer, Hartman & Roldan, 1998).

- Intracompany

This application refers to the networks within an organization. Intranet can be defined as “the networks, clients, servers, and applications that support an organization’s internal operations and communications” (p. 98). This application involves information dissemination, software distribution, collaboration and simultaneous communication.

- Business-To-Business

This application describes the business model by eliminating the need of traditional intermediaries and facilitating electronic communications. In this model, organizations are engaged in business activities directly to suppliers.

- Business-To-Consumer

Businesses are recognizing rapid growth of the Internet that creates whole new different business model. In this model, businesses connect them to potential customers in cyberspace to sell products and services directly without going through traditional middlemen.

On-line Consumers

Knowing how consumers look at the Web and act on the Net is important in creating effective Internet marketing strategies for the Korean travel agencies. Even though individuals who access the Internet tended to be more affluent, young, and educated, this trend is rapidly changing. The traditional innovator and early adopter classes continue to be computer literate but other groups are emerging as equally capable and comfortable with computers (Wilke, 1995). This trend expands the number and types of people who are willing to facilitate the Web for their own individual profit.

Lewis (1997) identified five kinds of Web visitor, each with different needs and wants. The classifications identified by Lewis are as follows.

- Directed information seekers

This type of visitor gets on the net to find specific information. Recommended services for this group include the availability of timely and relevant information on specific topics or events.

- Undirected information seekers

This group gets on the net without any specific reason or purpose. They simply like to browse looking for anything of interest or something unexpected.

- Bargain hunters

These users are looking for give-aways such as samples, prizes or free merchandise. Bargain hunters search for free materials in order to give good reason for their online investment.

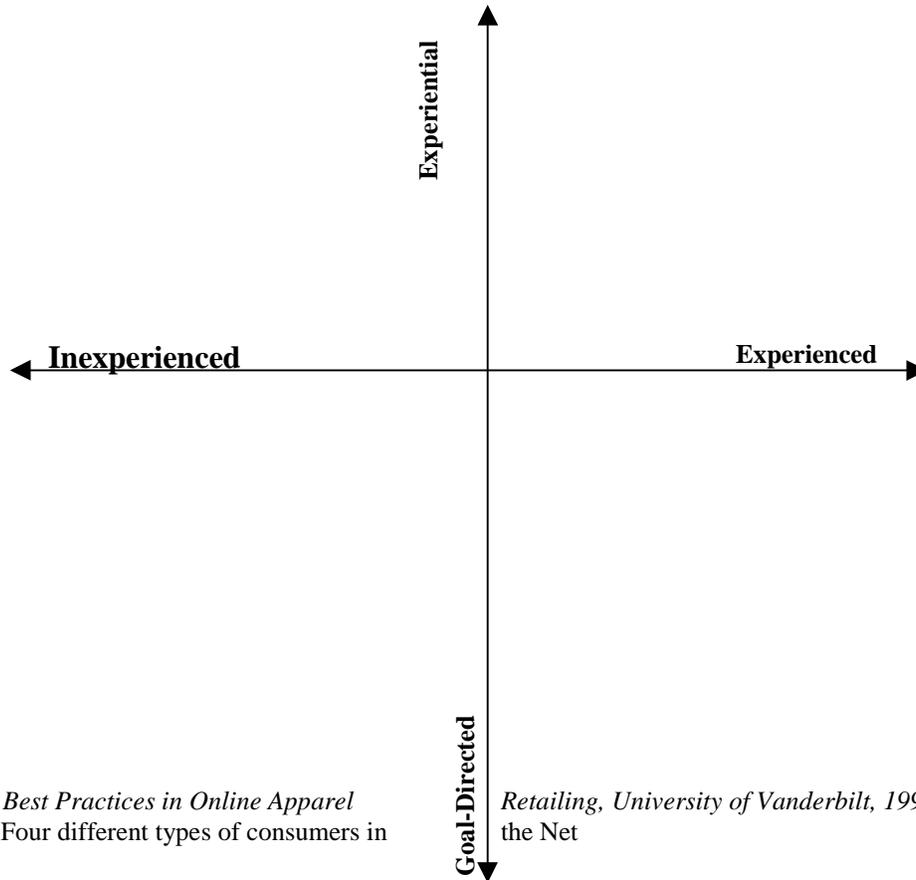
- Entertainment seekers

This group is looking for entertainment. They like the capability and interactivity of the Web site. Features that interest them include the availability of animation, sound clips, video clips, online puzzles, and games.

- Directed buyers

The main objective of this group is to buy products or services on the net. As the secure on-line transaction and payment processes are building trust among the cyber-shoppers, the number of directed buyers is increasing as well.

Sally, VanSteenkiste, Canobbio, Thomas & Vermillion, (1999) took a different approach for grouping on-line consumers by breaking them into four different types. These are depicted in the following figure.



(Source: *Best Practices in Online Apparel Retailing*, University of Vanderbilt, 1999)
Figure 5 Four different types of consumers in

the Net

- Goal-directed Shopper

The goal-directed shoppers know what they want and are satisfied with an expedient purchase process. A goal-directed shopper is elated with retailers who provide exactly what they want with the minimum search and purchase time. They are more search oriented and more likely to complete a purchase, due to the nature of their searches and the information they have gathered about the purchase.

- Experiential Shopper

The experiential shoppers visit Web sites frequently to see what new products are available or to explore the content of the site. These people are more likely to be attracted by well-designed sites that allow them to navigate easily through the landscape.

- Inexperienced Shopper

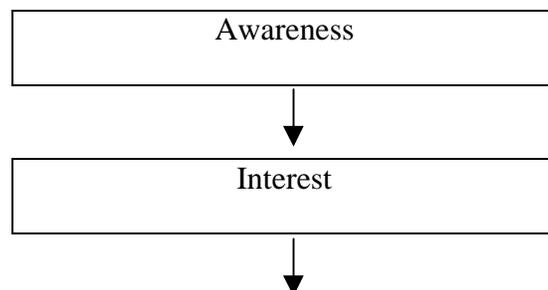
The inexperienced shoppers are consumers who are not familiar with an e-commerce site. For the sake of this particular segment, companies need to provide as much information as possible on the Web sites to reduce the dissonance in utilizing the Web site.

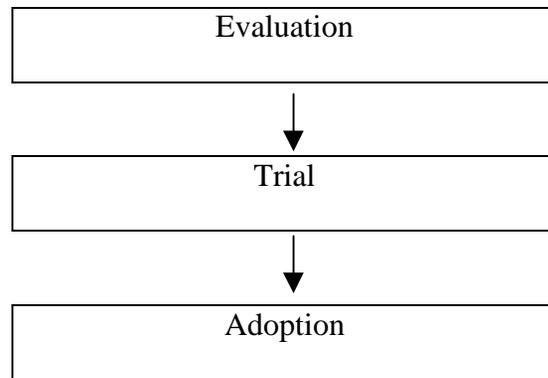
- Experienced Shopper

The experienced shoppers are very confident in the online environment and appreciate the magnitude of information that the Web provides. Also they will get bored if the site remains static. In order to retain these customers, consistently updating has to be made.

Adoption Process for a Company Web Site

Walker and Walker (1996) introduced the Diffusion of Innovation theory that illustrates the process by which a business Web site becomes accepted over time by a group of potential users. This theory seeks to explain adoption of a product or service over time among a group of potential buyers by identifying and detailing the various stages a buyer passes through in making a purchasing decision. Figure 6 shows a diagram of these five steps.





(Source: Marketing strategy: Planning and implementation (2nd ed), 1996)
Figure 6 Adoption process toward company Web Sites

- Awareness

At this point, users are aware of the presence of a company's Web site on the Internet, but don't actively engage to find information about it.

- Interest

During this stage, the users become interested in the Web site but don't actually visit it. The individual's interest may be increasing because of repeated exposure to the Web site address and features on the Web site.

- Evaluation

In this stage, the users compare their own use requirements to the Web site, and foresee the results. They reflect on how the conceived features of the Web site can assist their purchasing decision.

- Trial

At this point, users access the Web site on a limited basis. Trial use leads to adoption only if they consider their experience to be profitable. Users verify whether the features of the Web site contribute any value to their purchasing decision.

- Adoption

In the final stage, users believe that the Web site is valuable, and continues to use the Web site to satisfy their needs.

Six E-commerce Business Model

Bock and Senne (1996) pointed out six different e-commerce business models.

The following explains each model.

- **Direct Sales**

This model is about selling a product online: taking the orders and actually fulfilling orders online.

- **Subscription**

Subscription as an online business model involves generating revenue from people in a special group, often called members or subscribers. These people get services not available to others. There are three different levels of subscription or membership in this business model. The first level offers information available to anyone who comes to the association's site on the World Wide Web. No special membership or fees are required. The second level, available only to members of the association, offers additional information available from association files. Finally, a subscription service is available for a fee to members of the association. It allows access to several special files and requires a password for access.

- **Advertising**

Advertising as a business model works for those sites and/or services that are so popular that they draw large numbers of people or a specific group of people. That makes them attractive to advertisers in the same way that advertisers are attracted to print and other electronic media. For example, most of the popular Web sites, such as the Yahoo and InfoSeek search tools, now have advertisements on them.

- **Services**

This model provides direct services and consultation to people looking for specific information.

- **Cost cutting**

Probably the largest effects on the bottom line have come from organizations that have used the Web to reduce expenses. Expense reduction is especially attractive because the cost of setting up a Web site is relatively low compared to other pervasive ways to do some of the same kinds of information sharing.

Generally, the Web can cut the expenses if it can help the company automate information sharing, ordering, or any other labor-intensive service.

- **Enhancing other operations**

One of the most effective models for using the World Wide Web is to use information sharing as relationship-building opportunities. Companies will use the tools available to them online to make processes more effective and profitable.

II. Internet Marketing

According to Eager and McCall (1999), traditional marketing can be defined as “the entire process of creating and executing a plan to develop and sell products or service” (p. 42). Marketing activity gets involved in all aspects of successfully getting a product or service into the marketplace, which includes product definition and development, packaging, pricing, promotion, and distribution.

However, the presence of the Internet has changed whole perception of the marketing. Hoffman, Novak, & Chatterjee (1995) pointed out that the Internet frees customers from their traditionally passive role as receivers of marketing communications, gives them much greater control over the information search and acquisition process, and allows them to become active participants of the marketing process.

For this new marketing concept, many researchers have tried to establish the definition. Bock and Senne (1996) called this new marketing approach “Online Marketing” and defined it as “a system for selling products and services to target audiences who use the Internet and commercial online services by employing online tools and services in a strategic manner consistent with the company’s overall marketing program” (p. 48). Blatterg and Deighton (1991) called this “Interactive Marketing” and

defined as “the immediate interactive communication process between consumers and contents providers by which customer needs and desires are uncovered, met, modified, and satisfied by the service providers” (p. 189). According to Blatterg and Deighton (1998), interaction takes place between the firm and the customer, obtaining information from both parties, and attempting to fine-tune interests of both parties. The interaction occurs over some duration, allowing the firm to build databases that provide subsequent purchase opportunities tailored to the consumer.

This study goes over four different areas of traditional marketing, which are sales, advertising, customer service and public relation. These four areas are most frequently covered on Internet marketing literatures.

Online Sales

According to estimates compiled by Activemedia (1999) electronic commerce will generate USD 1.3 trillion by 2003 worldwide. Until relatively recently, the cost of automating the sales force and connecting it to everyone in the company who has contact with the customers in order to build a total business relationship has been quite expensive. That has changed now. The cost of computer systems has decreased even as their sophistication has increased. The result is that, first, it is practical for the vast majority of companies to automate their sales forces now; and, second, it is or soon will be virtually imperative to automate one’s sale force. It will be the way business is done (Brandy, Forrest, & Mizerski, 1997).

However, there are three issues to be addressed before making this assumption. Those issues are fulfillment, security, and ease of ordering (Ware, Gebauer, Hartman, & Roldan, 1998). Fulfillment refers to the process of processing an order and obtaining the merchandise ordered by the buyer. In many cases,

integration of the actual order that was taken from the Web into the existing order-processing system is very crucial.

Security is another issue that electronic commerce companies need to address. More and more, computers have become part of larger networks and, with the Internet growing, more and more machines are connected to public networks, directly increasing the exposure of corporate data systems to security threats. In order to make customers feel safer to buy online, stable transaction systems should be provided.

Easy sales application is the most fundamental issue that e-commerce providers need to stress. Companies have to make it as easy as possible to order products or service.

Online Advertising

The Internet Advertising Bureau (1999) has announced that Internet advertising continues its growth with USD1.9 billion in revenues, surpassing the estimated USD1.58 billion in revenue garnered by outdoor advertising. In 1998, online advertising revenue grew by 112 percent over the USD906.5 million for 1997.

Bock and Senne (1996) indicated the difference between traditional advertising and Internet advertising as follows.

- First, in old advertising, space for the advertising is a commodity to buy. It is usually expensive and finite because the space is limited. On the other hand, Internet advertising enjoys unlimited and cheap space.
- Second, in old advertising, advertisers had a short period of time to convey a message trying to create an image of a company or product through visual means because of these limitations. However, in the Internet, time is what consumers spend. It is a valuable commodity to them for two reasons. First, they are spending hard dollars to be online. Second, they are spending real time away from other business or personal activities that constantly pull at them.
- Third, in traditional advertising, images are primarily created with static or motion pictures, music, lighting, and action. However, Internet allows images to be created with information with audio and video capability.

- Forth, in traditional advertising, viewers take TV broadcasts image and messages passively. If viewers have questions, answers are not immediately available. But in the Internet, consumers seek out the advertiser's message. Consumers expect communication to be interactive and they can establish a line of communication with the company and find out answers to questions quickly.
- Fifth, in traditional advertising, requests are based on appeals to emotions, fears and incentives. However, in the Internet, requests are based on information. Consumers are looking for answers to specific questions. If companies have the right product and right information, they have a better chance of making the sale than if they appeal to emotion.

Janal (1998) pointed out that the best thing about interactive advertising is the ability to interact with the source of the message people are receiving to either stop the playing of the message, to divert it to another area within the message for additional information, or to have the source of the message respond to their desires. He also listed advantages that online advertising offers over other media as follow.

- It is interactive. Consumers can pick and choose the information, sales message, and buying modes that fit their individual needs.
- It offers the best of push and pull advertising in that merchants can pull consumers in based on their advertising and push material out to them once they have created a relationship.
- Because users select the sites they visit, advertisers are almost guaranteed highly qualified prospects.

Huang, Leong, & Stanners (1998) stated some characteristics of the Web as an advertising tool as follows. The Web site is:

- cost-effective.
- a rational medium.
- effective in precipitating action.
- effective for both short and long-term promotional objectives.
- not effective for stimulation of emotions.
- a less-effective medium for incorporating attention-getting devices.
- less effective for changing and maintaining attitudes.

Objectives of online advertising

Janal (1998) stated that online advertising could be used to achieve three basic objectives:

1. Build brand.

Many companies use the Internet to introduce the customers about their products, support their deal channels, and educate the public about their companies or products.

2. Drive traffic to the Web site.

Online advertisements offer a proven way to pull the attention of interested buyers to corporate Web site, where companies can tell them more about their products and services.

3. Conduct sales.

As traffics to the Web site increases, it can contribute to the sales of the company.

Online Customer Service

Customer service can be considered as a way to initiate and keep an on-going interaction with consumers in an effort to learn what they want and need. Customer service can establish an interpersonal relationship between the company and the customer. Quality customer service is critical to happy customers, repeat customers, and word-of-mouth referrals. Having the right answers to customers' questions and solutions to customer's problems is very important to quality service. Providing those answers and solutions to customers in a timely manner is the critical factor for pleasing customers (Stern, 1995).

According to an Internet travel marketing report by "NUA" (1999), there is very poor consumer loyalty to individual travel Web sites. The study found that online travel consumers would surf all competing Web sites before coming to a decision about a travel product. Also, the study describes that a basic lack of customer service Retailers could end up costing online USD6 billion in lost revenue this season. A dollar spent on advertising during the holiday season in 1998 yielded USD5 in return while a dollar spent on customer service yielded USD60 in return. In the study of the Net's top ten retail sites, 39 percent of attempts to buy something failed and 56 percent of search attempts failed. The study also suggested that sites should concentrate on improving functionality and customer service on their sites rather than pouring money into advertising.

Advantages of Online Customer Service

Jannal (1998) addressed that by creating a customer support center online, companies can benefit as follows.

- Increased loyalty from customers.

Consumers who get technical support quickly will remain happy and might see no reason to switch products.

- Reduced returns from customers who experience problems.

Consumers who can't get support quickly can become frustrated with company's product and return it for a refund.

- Reduced bad word of mouth.

Studies have shown that happy customers tell their friends while unhappy customers tell eleven! One way to reduce bad word of mouth is to have good customer support that helps dissatisfied customers before they unleash a torrent of ill will.

- Faster response to customer questions.

Some companies with small support staffs are overburdened and can't respond to customers' questions in a timely manner. By using online support centers, they can answer people's questions faster.

- Lower support costs.

Customers can find information that addresses frequently asked questions. Service reps won't have to return expensive phone calls. Toll-free phone numbers won't be used as much. Questions can be answered in batches, thus making more efficient use of service reps. Questions can be delegated to people who have the right degree of skill to answer.

- Customers helping answer other customers' questions.

This will lighten your staff's workload and build camaraderie among consumers.

- Market research.

Complaints or suggestions about certain features and products listed on the corporate Web site might lead to development of new products or features, thus aiding research and development.

- Profit center.

If a company's support center generates a significant amount of traffic, the company might actually make money from the arrangement contracted with the commercial online service by providing place to place advertising as an example.

Online Public Relations

McIntosh, Goldner, & Ritch (1995) stated that no business is more concerned with human relations than is tourism. Travel agencies can benefit from adequate public relation efforts. There are basically three benefits to public relations: enhanced corporate image, stronger relationship with customers, and broader dispersion of messages (Vanden Bergh & Katz, 1999).

Public relations, in contrast to advertising and sales promotion, generally involve less commercialized manner of communication. Its principal purpose is to spread information and opinion to groups and individuals who have an actual or potential impact on a company's ability to achieve its objectives. Public relations create publicity by arranging press conferences, contests, meetings, and other events that will draw attention to a company's products or services. Another traditional public relations responsibility is crisis management--that is, handling situations in which public awareness of a particular issue may dramatically and negatively impact the company's ability to achieve its goals. Other public relations activities include lobbying, advising management about public issues, and planning community events.

New roles for the PR professionals are first to become the content creators for their Web site. Developing marketing-driven Web site is the most critical challenge that PR professionals have to face. The second role is doing public relations and promotion for Web sites that already exist. Because Web sites need an ongoing marketing and promotion campaign, public relations and promotion are very critical elements in determining the success of a Web site (Brandy, Forrest, & Mizerski 1997).

Summary

The review of literature in this chapter discussed the areas related to the topic of the research study. These areas included tourism product distribution system, technology and tourism, Internet,

electronic commerce and Internet marketing. Addressing these areas and their relationships to one another, it provides the context of this study. The methodology will be discussed in Chapter III.

CHAPTER III

METHODOLOGY

Introduction

The purpose of the study was to investigate current marketing strategies of Korean travel agency Web sites. This study concentrated on the “customer service”, “public relations”, “sales”, and “ advertising” parts of the marketing, because these four areas are the most frequently adopted purposes of the company Web sites. Using one of the most comprehensive search engines, “Simmani”, among the Korean Web search engines, 256 Korea travel agencies’ Web sites were located and 170 Web sites were visited out of those 256 sites to gather the marketing features from each site. This chapter discusses the design of the research study, description and selection of Web sites, development of the Internet Marketing Matrix, and the data collection and analysis procedures.

Research Design

This research was designed to assess the current marketing status of the Korean travel agencies’ corporate Web sites. Using the seven different search engines, 256 of travel agency Web sites were found and the each of Web sites was evaluated based on the Internet Marketing Matrix. Internet Marketing Matrix was developed to analyze the features that Korea travel agency Web site utilizes for marketing purposes. *This matrix is divided to four categories: sales, advertising, customer service and public relations.* Under the each heading, all the features corporate Web sites utilizing have been listed. These categories were shaped by the researcher through literature review and analysis of Web site content. The exploratory analysis focuses on four specific study categories. These categories have been raised as exploratory guidelines in that this investigation was initiated to uncover patterns of functions that Korean travel agency uses on their Web sites. The Table 1 shows the Internet Marketing Matrix.

Table 1.

Internet Marketing Matrix

Sales	Advertising	Customer Service	Public Relations
<ul style="list-style-type: none"> • Customized Product • Multiple Language • Online Reservation • Online Status Checking • Product Search 	<ul style="list-style-type: none"> • Accreditation • Award • Banner Ad • Branch Info • Chatting • Contest • Coupon • Customer's Testimonials • Discounts • Employee Profile • Events • Free Gifts • Mileage • New Product Announcement • Usergroup • Membership 	<ul style="list-style-type: none"> • Company Maps • Downloadable Multimedia • FAQ • General Data Search • Links • Online Consulting • Site Maps 	<ul style="list-style-type: none"> • BBS • Comment Center • E-mail • Employment • Guest Book • News • Press Release
5	16	7	7
Total	35		

Population and Sample

The population in this study was all the Korean travel agency corporate Web sites as of July 15, 1999. By utilizing 7 different Korean Web search engines, the number of Korean travel agency corporate Web sites that each search engine listed were compared. Among those 7 search engines, “Simmani”, was the most comprehensive search engine with 256 Korean travel agency Web sites.

The sample of this study was all the Korean travel agency Web sites that were accessed during the thirty-day evaluation period. During the evaluation, which started on July 15, 1999 and finished on August 25, 1999, the researcher failed to access some of Web sites. Even after a couple of reconnection efforts, there still were a large number of sites that were not accessible. The possible reason would be either wrong corporate Web site addresses or busy network traffic. Also, among these 256 Web sites, the portal sites and Web sites of agencies that are not located in South Korea were excluded. After excluding Web sites either not accessible or not relevant to the object of this study, the total sample size was identified as 170.

Instrumentation

To denote the current Internet marketing strategy that was employed by Korea travel agencies on their corporate Web sites, the Internet Marketing Matrix has been constructed. After the thorough literature review and content analysis, four main categories: sales, advertising, customer service, and public relation had been identified, which are the most common subjects dealt with in Internet marketing. Lastly, under the each category, all the features that are relevant to the subject were identified and listed. Many of these features were adopted from the Ho’s (1996) Purpose-Value Matrix. In Ho’s original study, forty-three features were identified. This study identified thirty-five by excluding features that Korean travel agencies did not use. Also some features have been added which were not defined on Ho’s study, but appeared on this study.

Ho’s Purpose-Value Matrix was originally used in “A Study of 1000 Commercial Sites” in 1996. Ho’s framework is a 4 by 3 matrix containing:

- Purpose: promotion of products and services, provision of data and information, and processing of business transactions.
- Value: timely, customized, logistical, and sensational.

This research used the Internet Marketing Matrix to analyze the features that each Korea travel agency used for their marketing effort. The Internet Marketing Matrix was created based on the review of relevant literature of the Internet marketing and reference of Ho's Purpose-Value Matrix. The researcher used this framework as the base model for the Internet Marketing Matrix. However, instead of 4 by 3 frame, the researcher simplified the frame to four different headings: sales, advertising, customer service, and public relations. After the extensive literature review, the researcher found that the majority number of commercial Web sites' primary purpose was delivering and facilitating these four services.

To identify the population, every search engines available in Korean language was identified. There were 7 different commonly used search engines available in the Korean language.

Then to find the most comprehensive search engines, all the search engines were searched under the keyword "Travel Agency" and the result of the search capability was compared. Among those seven search engines, "Simmani" was chosen for the most comprehensive search engine with the list of 256 Korea travel agencies.

On July 15, 1999, the evaluation of those 256 Web sites started. Throughout the 30 consecutive days of the evaluation, 170 Web sites were identified as the sample and content analysis techniques have been applied to investigate the 170 accessible Korean travel agency Web sites.

Summary

The purpose of this study was to evaluate the Korean travel agency Web sites, identify their current Internet marketing strategies and make recommendations for increased effectivenesses. In order to fulfill the purpose of this study, the Internet Marketing Matrix was developed as research instrument. Using the most comprehensive search engine "Simmani", the population and sample were identified. Throughout the 30 days of consecutive evaluation, different frequencies of each individual feature and subject were identified.

CHAPTER IV

FINDINGS

This chapter will report the findings of the research study. Internet Marketing Matrix was developed to measure the current marketing status of Korea travel agency Web sites. Each Web site was evaluated by the researcher from July 15, 1999 throughout August 15, 1999. To summarize the latest developments of marketing tools in the Web sites of the Korean travel agencies, the study found various forms of marketing tools that were employed by Korea travel agencies. The following table shows the summary of the result.

Table 2.

Findings of the study

Sales	Net	%	Advertising	Net	%	Customer Service	Net	%	Public Relations	Net	%
Online Reservation	140	821	Mileage	97	57	Links	87	57	E-mail	149	88
Product Search	33	910	Membership	50	29	FAQ	51	30	BBS	87	51
Customized Product	17	8	Usergroup	47	28	Online Consulting Site	39	23	News	62	36
Multiple Language	13		Events	47	28	Maps	32	18	Guest Book Comment	61	35
Online Order Status		0	Customer's Testimonials	29	17	General Data Search	32	18	Center	25	15
Checking	1		Discounts	24	141	Company Maps	31	18	Press Release	19	11
			Accreditation	19	1	Downloadable	3	0.1	Employment	6	0.3
			Contest	18	11	Multimedia					
			Banner Ad	13	9						
			Free Gifts	12	8						
			Coupon	12	8						
			Employee Profile	8	5						
			Award	7	4						
			Chatting	7	4						
			Mileage	7	4						
			Branch Info	6	3						

Sales

Among the five features in sales category only online reservation feature was comparatively well utilized by Korean travel agencies. Other three features were extremely underused. The average usage of features in sales category was 24 percent.

- **Customized Products**

This study found that none of Korea travel agency Web sites was using the feature--“Customized Product” as its name suggests. Among those 17 Korean travel agency Web sites with this feature, none of them allowed customers to customize their trip according to their preference. It seemed that they used the term “Customized product” only to attract visitors who are looking for more tailored product. Overall, this feature was underused and misused among Korean travel agencies.

- **Multiple Language**

Since Web sites can be accessible from anywhere in the world, it is advisable to provide different languages for the market a company is trying to penetrate. This function allows company to communicate with a larger segment of potential customers. Because of the dominant position in cyber space, English was the most frequently adopted foreign language. Also because of the geographical proximity to the South Korea, the Japanese and the Chinese languages were used often. Out of 94 Web sites with foreign language support, 88 sites had English, 30 Japanese and 12 Chinese readable features on the corporate Web sites. The French and the Spanish languages also appeared in this study infrequently.

- **Online Reservation**

Even though most of companies have the online reservation tools in their Web sites, not many of them were capable of real-time transaction. Only three out of 140 sites were real-time transaction capable sites. The rest of the sites asked customers to type in specific information on products that customers want to buy. All the information needed for the transactions were taken through the e-mail, which would be presumably handled by a clerk in the office.

- **Order Status Checking**

This is one of the most advanced techniques that many companies adopt on their Web sites. This feature allows customers to track their orders online in real time and customers achieve positive post-purchase reinforcement of their product-choice decisions (Sanjoy & Wenyu, 1998). However, there was only one company providing this service on the Web site. The possible reason for minimal use of this feature could be either high cost for implementing this technology or lack of interest.

- **Product Search**

By typing keywords in the search box, customer could see relevant headings of product listed or taken to the relevant page. This feature was found to be very useful in company Web sites selling many kinds of products. For example, Korone Travel had more than 100 different kinds of package products available, which might make customers difficult to locate one specific product. By providing “product database search” feature, visitors can easily locate the specific product. However this feature was not utilized frequently with mere 19 percent of usage.

Advertising

Among those four categories of Internet Marketing Matrix, advertising had the most features, which shows the popularity of company Web site as a tool delivering advertising. Although there were many features listed in this category, overall usage was not consistent and showed discrepancy among the different features. The average usage of this category was 15 percent.

- **Accreditation**

Accreditation by well-known organizations or official organization gives the customer a feel of trust on companies' products. One company was using “ Official Olympic Sponsor” logo on their Web site and the other one was promoting the fact that the agency was designated as an outstanding travel agency

from the “Ministry of Culture and Tourism”. The possible reason for only two companies have this feature on the Web site is because most of Korean travel agencies are relatively too small to sponsor event such like Olympic event.

- Awards

There were only seven companies claiming themselves as “Award winning Web site”. The part of reason that this function did not appear frequently among the Korean travel agencies is because of either the unpopularity of the award or lack of recognition of importance of this tool as a Web site promotion.

- Banner Advertising

A banner ad is a graphic image used on Web sites to advertise a product. Banner ads are typically rectangles about 460 pixels wide by 60 pixels deep. In early days, only static graphic and text were used to create banner but since then, animated banner, Audio banner and sound creating banner have been introduced and widely used. In this study, only 13 Web sites had banner ad. Purchasing and exchanging banner advertising is one of the most frequently exercised marketing activities in the Internet and banner advertising provide instant access to a company by a clicking. Although there is a potential ability to bring the traffic to the site, the majority of the Korean travel agencies did not employ this feature on their Web sites. Out of 13 banners, 9 Web sites had airline companies’ banner and the other 4 banners were global resort companies. As this study shows this feature was extremely underused. Also, companies utilizing banner advertising were large-sized companies or global companies.

- Branch Information

As mentioned by Engel, Blackwell, & Miniards (1993), a fundamental issue consumer must address during decision-making is knowing where they can buy a product. So, providing information about the company on the Web site is very practical and effective. Agencies can simply list their branch offices with their phone number on the Web sites. This way they can make an effort to keep more prospective customers. There were 6 Web sites listed their branch office information. This study shows the minimal use of this feature.

- **Chatting**

There were seven sites supporting real-time chat. According to Hofman, Novak, and Chatterjee (1996), one factor that appears to be a good way to bring more visitors to the Web site is the level of interactivity in a Web site. The real time chatting is among the common features that most of portal sites employ as a tool to attract visitors and create virtual community. This might be critical in getting surfers involved in the marketing communication process. Regardless the importance of the feature, only fraction of the Korean travel agencies was adopting this feature.

- **Contests**

There were two sites featuring contests. One was a photo contest that collected pictures of customers on trips and gave free gifts and the other one was a travel diary contest. These pictures and travel diaries were used as promotion tools in their Web sites. Visitors register for gifts by filling out an electronic entry form in which they are instead asked to provide personal information. Companies use this information in their marketing effort. Again the study shows the minimal use of this feature.

- **Coupons**

There are electronic versions of “Coupons” which looks exactly the same as a conventional coupon. If customers print out this coupon and present it when they purchase the applicable products, they get 3~5 % off the normal price. Compared to traditional coupon distribution, the company can monitor and even control the number of e-coupons in circulation. There were 12 companies providing coupons on their Web sites. This feature could be used more frequently to attract the bargain hunters.

- Customers' testimonials

Twenty-nine sites asked customers to fill out the online form of their experience of the trip. Then, the company will publish the story in the company Web site. This is a great way of promoting products of the company and bringing in more traffic. In a sense, this gives customers the opportunity to become content providers to the site. In encouraging consumers to publish their travel experience, these sites are also encouraging them to relate their personal experience to the site content. This not only enhances content of the site but also gives good reference source to potential customers. However, in overall, this feature was underutilized among the Korean travel agencies only with 17 percent of utilization.

- Discounts

There are five different types of discount that customers can benefit from. First, when customers purchase products through online, discounts can be applied. There were 15 Web sites providing online discount. Second, membership discount is when customers become member of the organization and when they purchase any products as a member they can receive the discount. Third, some sites offer discounts to specific groups of customer. For example, customers with valid student ID and customers aged over 70 or handicap persons can get discounts at the specific sites. Fourth, discounts can be found on special products that are usually in promotion periods. For example honeymoon product or off-season package products are often found in this category. Finally, any purchase with a coupon can get the discount. In overall, 14 percent of Korean travel agencies used this feature.

- **Employee Profiles**

This feature is where the all the employees of the company or some key employees related to the corporate Web site appears. Even though this feature does not support the companies' sales directly, it may project a favorable image of a company to its potential customers. There were 5 sites where the picture and brief background information of the employees listed. In overall, Korean travel agencies showed minimal use of this feature.

- **Event**

This study found that the meaning of “Event” was being used in two different ways. Some sites develop products relating to various events or festivals. They were promoting events and festival as package products. There were 17 Web sites selling events and festival tourism products. On the other hand, there were some sites that carry out their own events as part of promotion efforts. For example, when the “event” icon was clicked, there was a quiz that gives out gifts when correct answer was given. Also, some sites collected pictures of the customers taken during the trip in exchange for gifts as a part of their promotion event. There were 30 sites promoting their Web sites through the event. This feature could be used more frequently.

- **Free Gifts**

This feature was being used primarily as a promotion tool to draw traffic to the company Web sites. There were two types of free gifts. One is for the people who visit company Web sites and the other one is for purchaser of the products. The most often found item for free gifts were free package trip and discount coupon. By providing discount coupon, companies can attract customers to purchase complete package program or other products. On the other hand, there were also some companies offering automobiles, computers, cellular phones and cash to increase the traffic to the site. This study found twelve Web sites giving away free gifts. This feature could be adopted more frequently.

- **Mileage**

The concept of Mileage is adopted from the traditional marketing campaign mainly done by airline companies. Whenever customers purchase product or participate in an event, they will get a certain amount of mileage on their personal account. Once the mileage reaches a certain point, customers usually either get a free gift or a service. There were seven companies with this feature on their Web sites as a promotion tool. This feature could be used more frequently.

- **New Product Announcements**

Those companies who adopt this feature had blinking icon right next to the new products to draw the attention of customers. By continuing to announce the new product, companies can reinforce prospective customers to be alert to the company products. This feature was used relatively frequently. Out of 170 Web sites, 97 Web sites were using this feature.

- **Usergroup**

Usergroup is where people with similar interest can organize a virtual club to interact with others. Web-based environment makes it incredibly easy to create affinity clubs for self-selected consumers in a corporate Web site. There is a tremendous allure for the online user to be included in special or secret areas of the Web that only he or she can access (Janal, 1998). Forty-seven sites had a special section for its user groups on different topics, e.g., auto club, backpacking trip club, China club, Japan club, North America club, and fishing club. Members of these clubs can share information about their hobby or travel experience. This feature could be used to attract more repeated visitors to the Web sites.

- **Membership**

Janal (1998) said that membership gives consumers a sense of exclusivity in their own private online environment. Fifty Korean travel agencies provide membership. Out of 50 companies with this feature, 7 sites required annual membership fee of \$ 22~72 depending on the types of privilege that members acquire. However the other companies did not require a fee, instead, they required very detailed personal information from the applicants for future reference. Also, because each consumer was given a unique password, unobtrusively tracking the consumer within the environment was possible.

Customer Service

Along with the advertising, customer service also had many features under it. However this category also failed to show the consistency of usage. The total usage of this category among Korean travel agency Web site was 23 percent. Customer service is becoming an integral feedback source to research and development of new products or service through providing an on-going interaction with the consumer. The new electronic interactive communication technologies in the corporate Web site are unique as tools to facilitate such a task. This study found that even though some sites were asking opinions and feedback from the site visitors, much more rigorous efforts would be needed. Web surfers will not simply give their opinions and feedback for nothing. Integrated marketing and customer benefits should come together.

- **Company Maps**

Han-Jin Travel Web site provides a map to make customers easy to find its office. Since fewer Korean travel agencies are providing real-time transaction, it is very effective to provide information that will guide visitors to the purchase. A map would certainly help prospective customers to figure out if a company is within a decent driving distance, or just plain too far away. There were 31 companies providing maps to the companies on their corporate Web sites.

- **Downloadable multimedia**

There was only one agency that offered downloadable multimedia on their Web site. Not like IT companies, travel agencies have little application of this particular feature. Berthon, Pitt, & Watson (1996) suggested that allowing visitors to download company logos or TV commercials as screen savers could provide a constant reminder of the company to the visitors. This feature was also extremely underused by Korean travel agencies. Surprising only 3 companies, out of 170, were providing downloadable multimedia to visitors.

- **FAQ**

“FAQ” stands for Frequently Asked Questions. This is developed to address the most commonly asked questions, along with their answers on a given topic. This feature usually includes information regarding visa, passport, procedures of custom declaration, travel insurance, emergency situations, money exchange, and so on. Approximately one-third of Korean travel agency Web sites was adopting this feature.

- **General Data Search**

Hofman, Novak, & Chatterjee (1996) stated that it is crucial that a Web site is equipped with such a data search function to help surfers easily locate the exact information they are looking for. This function enables a company to provide an individual visitor with personalized information while it can still contain a full scale of information to meet the potentially diversified information needs of site visitors. There were only 13 sites with the general data search capability, which is considered to be a minimal use.

- **Links**

Links add depth and spice to a Web site. By adding relevant points of connections to other Web sites or sources of information within a company’s own site, links may provide more complete information to visitors. Korean travel agencies had the links where visitors can get information regarding weather (50), exchange rate (41), national tourism offices (22), journals (4), airlines (43), time zone (3), theme park (3), wedding shop (2), and restaurants (3).

- **Online Consulting**

Before the presence of a corporate Web site, if customers had questions regarding product or service, they had to call and talk to sales representative. However, online consulting allows travel agencies to respond to those customer inquiries in a convenient way without the need for 24 hours sales personnel. There were 39 Korean travel agencies

employing this feature. Considering its critical role in the travel agency Web site, this feature was extremely underused by Korean travel agencies.

- Site Map

Site Map is where users can obtain the information regarding a method for internally moving around the site. This is also known as a navigation structure. Some sites have a text-based clickable table of contents. Other sites employ various kinds of graphical buttons. This is very useful when the Web site is composed of many pages so that people don't get lost while they move around. Among the Korean travel agencies, only 32 Web sites had this feature.

Public Relations

Most of the features in this category function similarly each other. Because of this similarity, sometimes those features were used interchangeably each other. Among the features in this category, e-mail and BBS were adopted from many company Web sites with 88 percent and 51 percent respectively.

- BBS

The original BBS stands for bulletin board system and is a computer system used as an information source and forum for a particular interest group. They were widely used in the U.S. to distribute shareware and drivers. However, in Korea, the original meaning of BBS has been modified and used as a place where the companies announce news and information and visitors write their concerns. About a half of the sample were adopting this feature, which is considered to be relatively high in this study.

- **Comment Center**

In this area, visitors can make comments on anything related to the company-- either product related or company related. This function is similar to the guest book and the BBS. However, this feature more likely works as a direct source of customer feedback on product itself. This allows users to make comments and suggestions directly to other users in a public format. A prompt and appropriate response can also turn a griping customer into a satisfied customer. There were only three sites with this feature. Again, this feature showed minimal use among Korean travel agency.

- E-mail

The most basic, yet crucial aspect of online advertising is the e-mail component. This feature can be used as either the way of monitoring visitors and as the way of responding to customers. It is critical that company should be able to respond all the e-mails as fast as possible. If the company does not respond in timely manner, the customer may start to question the legitimacy of the corporate Web site. They will hesitate to act at the Web site. Most of Korean travel agency Web sites had e-mail feature on their Web sites. Total 149, out of 170, adopted this feature.

- Employment

One of the big trends in the Internet is that many companies are getting into setting up Web pages to aid in their own recruitment. This feature will give the company an opportunity to recruit employees with relatively little efforts and also the visitors to the Web site will benefit from the exposure to the latest information on job availability. This feature in the corporate Web sites encourages job seekers to return frequently. They also

lure job hunters with articles to help with the job search and articles by and about many of the employers placing ads. However, minimum number of Korean travel agencies also used this feature with only 11 sites using the “employment” section. In most of those Web sites, once visitors click on the appropriate icon, a list of openings and electronic resume submission section appears.

- **Guest Book**

A guest book is where the visitors of a Web site leave their impression and thought about the Web site itself, service that company provides, or the product that company sells. This is a very useful way of getting feedback from the customers without much of effort. Customers can be a useful source for monitoring a Web site. Out of 170, Sixty-one Korean travel agencies were adopting this feature on their corporate Web sites.

- **News**

This feature was divided into two categories: product news and industry news. Out of 62 Web sites with this feature, 23 Web sites were listing only product-related news and 14 Web sites were listing only industry news. The other 26 Web sites were presenting both product-related news and industry news simultaneously.

- **Press Release**

There were 25 Web sites with “Press Release” clickable icon. This feature provided articles related to the company taken from the popular journals or newspaper. Press release can be primarily used to promote the company and give name recognition among the visitors. Although this feature can be a very useful tool for both public relation and advertising minimal number of Korean travel agency Web sites facilitated the feature.

Summary

This chapter discussed all the features under the four categories of Internet Marketing Matrix. The content analysis of Korean travel agency Web site identified frequency of each feature in each category as well as percentage. As rated in the narrative, many features were underused in the Korean travel agency Web sites. The following chapter will make recommendations for each category and general suggestion.

CHAPTER V

RECOMMENDATIONS

This study identifies the various types of features that Korea travel agencies adopted on their company Web sites. It also highlights some of the features that are becoming “near standard” while some of them are just emerging. Hence, this study contributes to a better understanding of the current status of marketing development in cyberspace. In accordance with the conclusion, the study suggests that travel industry should always be aware of new emerging technology. The following makes more detailed recommendations under the each category of the Internet Marketing Matrix.

Sales

- Korean travel agency should pay more attention to those new technologies and continue to be alert to emerging technology. As noted earlier in the chapter IV, most of Korean travel agency Web sites were not keeping up with newest technology and rather got behind it. Especially utilizing features like real-time transaction and online order-status checking are one of the primary reasons that online customers prefer to shop online. There is a variety of affordable software in the market, which can be used to support real-time transaction and online order-status checking. If Korean travel agencies wait too long, those applications will be affordable to everybody including tourism suppliers and they will lose a competitive advantage. As mentioned earlier in the introduction, many tourism suppliers started offering highly sophisticated consumers-oriented e-commerce application on their Web sites. It is critical to adopt the newest technology to stay competitive.

- In most of Korean travel agency Web sites, the feature “customized products” was adopted only to draw attention from the customers. Only small number of agency Web sites were capable of allowing customers to design their trip as they desire. Korean travel agencies should stop luring customers and begin truthful services.
- Make on-line purchasing as easy as possible. Despite the increase in general computer literacy, a significant portion of the people on the net requires very user-friendly interfaces. For the most part, online transactions are still quite difficult and as a result it takes longer complete the purchasing online. Korean travel agencies should consider ways to make the purchase simpler and more spontaneous.
- It is critical that agencies should provide alternative purchasing option like a toll free number so that visitors don’t leave to other company or other medium. Because there are many people who don’t trust cyber transaction and people who don’t feel comfortable with the technical side of the e-commerce, providing the optional purchasing medium like toll free number, they might pick up the phone and call a toll free number. By making other purchasing options available, it will increase the odds that visitors will order during a visit to the site.
- Inbound market in Korea is continuously growing. Japan is the all-time biggest market and China is rapidly growing market for Korean travel industry. However the effort to attract foreigners is extremely low as this study shows with only 17 percent use of multiple language feature. Korean travel agency Web sites should make this option available for foreign prospective customers.

Advertising

- **Banner advertising offers a reminder to people on the net that the site exists. Gaining referrals through banner advertising is an excellent method of**

increasing traffic and selling referrals to other sites can also generate additional revenue for the Web site. Even though this study was not able to determine whether Korean travel agencies purchase or exchange banner advertising on the other Web sites, it was apparent that most of the Korean travel agencies were negligent on use of banner advertising. Given that the Web's advertising power is beginning to be understood, any agency looking to build their brand and increase their sales should utilize online advertising.

- In order to build effective brand, it is recommended that agency Web sites should have same logo, colors, typeface, slogans, and characters as its other marketing materials like brochure, newspaper advertising, TV commercial, and flyers. The Internet will offer new opportunities for small agencies to create brands that could bring credibility and this will enable them to compete with big current market dominants. In cyber space, the quality of marketing materials is the most important fact to bring customers.
- Korean travel agencies should use traditional advertising as a vehicle to drive the user to the Web site. This can be done with little effort by placing the URL somewhere in a traditional ad and a campaign can be crafted around the Web site and the use of the Web. The Web site needs to flatter the message being transmitted via traditional media. If it does not, the Web site will confuse the visitors and the message could be lost. This is particularly important when building a brand image as mentioned earlier in this chapter. The image needs to meet the expectations that have been communicated through the years in traditional media.

Customer Service

- Make links function properly and relevant. The study found that there were a small number of sites with links that were irrelevant or not working. Not being linked to the appropriate sites could be disturbing to users. Also some sites had too many links,

which could cause the user to get overwhelmed. It is important that the users have the ability to control the navigation and find useful information they want through the links conveniently.

- Korean travel agencies should “site map” features more rigorously. This is especially important as most of Web sites contain more information and get more complicated. To make it easy for visitors to move around on a site, sites should include a site map that provides a high level overview of the site and its associated content. This site map should provide hyperlinks to each area from its location. This allows the navigators to view the area they wish to go.

Public Relations

- Korean travel agencies should reward those who give comments and feedback, even complaints, about the service or product. They are the resource that will monitor the Internet marketing efforts of Korean travel agencies. Users will not revisit and leave their thought to a Web site if they are not rewarded. Rewards do not need to be a tangible good, but at a minimum must meet the expectations of the visitor. Also, rewarding comment-givers could mean a development of new relationships with customers.
- Company Web sites can be used as a source to recruit prospective employees. Especially with economy crisis in Korea, unemployment rate is at a record high. Showing recruiting effort through company Web sites will benefit the company not only by drawing attention from job seekers but also bring potential customers.

General

- Korean travel agency Web sites should pay more attention to the information they are providing. According to research conducted by the Travel Industry Association of

America (TIA, 1999), most Americans prefer travel agents as a source of travel information and service. The audience will judge the effectiveness of a site partly on whether it has the right amount of information to satisfy their needs. Web sites visitors benefit themselves from finding enough information for their needs. If the subject matter is too broad, the goal of the site may be lost in the information. Also, the site needs to contain enough depth of information to appeal to a niche audience. Insufficient information on product or service availability will lead customers to leave the site and go to other sites or stop shopping. Although the majority of Korean travel agency Web sites provide extensive levels of information regarding their services and products, there was more room for improvement. Make it possible for customers to get as much information from the company Web sites, as they might possibly need. Doing so makes it easy for them to make the full buying decision without leaving the site.

- In order to retain and attract more customers, Korean travel agency Web sites must be updated as frequently as possible. All content should be timely. The timeliness of the information is vital to inviting the audience. Guy Kawasaki (1996) noted that “A good Web site is a process, not an event” (p. 126). This study found that there were a handful of sites that haven’t done update for a long period of time. As soon as customers recognize the negligence of updating Web sites, they may not come back for good. By updating the Web sites frequently, the company makes sure customers get the latest information they are looking for.
- As mentioned at the beginning of the study, out of 256 agency Web sites, only 170 Web sites were accessible. Even with the consideration of geographical distance

between South Korea and U.S. where the evaluation was performed and the way researcher's computer set up, still there are too many Korean travel agency Web sites inaccessible. If customers cannot access Web sites after the all efforts for creating Web sites, it is waste of energy and money. Most of this problem can be fixed with minor change. Korean travel agencies should make sure their Web sites work properly at all times.

- As this study mentioned earlier, travel industry as a whole need to come up with a common language for features used in company Web sites. It was often found that a same feature was translated as a totally different feature in a different Web site. This will confuse and frustrate customers who don't get what they expected to get.

Recommendations for Future Research

There are several directions future research might take. It may address the issue of just one particular subject of four categories investigated in this study. For example, advertising alone has many features utilized in company Web sites including continuously evolving new technologies. Knowing one of the limitations of this study is this researcher did not find out whether Korean travel agencies purchase or exchange banner advertising from other Web sites. A further study might just focus on this particular issue.

Another research topic investigation can expand the scope to other types of retail industry. Computer-related online retail businesses are enjoying rapidly increasing sales revenue. This particular industry might take different approaches compare to travel industry.

Additionally, the newest trend in Korea now is frequent introduction of portal Web sites. Many of these portal sites include travel service ranging from reservation for airline, rental car, hotel, and much more. Their use of technology is usually on the edge. This type of study will be able to introduce the newest trend of Internet marketing tactics.

Conclusion

The need to develop and utilize corporate Web site as a part of its marketing mix is important for Korean travel agencies that need to expand their sales base by building brand identity and satisfying customers' needs in the online world. The use of corporate Web site as an interactive marketing medium among the Korean travel agencies is still in its infancy stage. At present, it is mostly the larger agencies that have begun to explore its potential to develop long-term relationships with customers. The smaller Korean travel agencies are still not doing so, probably because they are lacking in financial and marketing resources, or don't recognize the importance of it yet. The Web still has a long way to go in terms of its development as a integrated marketing tool, which is very much dependent upon customers' demands, willingness of industry to let their Web sites assume a bigger marketing role, and the available technology. The Internet is now in place with a vast and mixed population of users and an increasingly available supply of travel and tourism resources. Therefore, Korean travel agencies need to consider the opportunities the Internet provides and integrate it into their strategies and tactics.

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