

Economic Impact of E-commerce on Small Tourism Enterprises

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ABOUT THE AUTHORS

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ABBREVIATIONS

| | |
|------------|---|
| B2B | Business to business |
| B2C | Business to consumer |
| CSOs | Civil Society Organizations |
| E-commerce | Electronic commerce |
| FiBA | Fiji Islands Backpackers Association |
| FIT | Fiji Institute of Technology |
| FTIB | Fiji Islands Trade and Investment Board |
| FVB | Fiji Visitors Bureau |
| GNI | Gross National Income |
| ICT | Information and Communications Technologies |
| ISP | Internet Service Provider |
| IT | Information Technology |
| ITC | Information Technology and Computing Services (under Fiji Government) |
| ITU | International Telecommunications Union |
| JICA | Japan International Cooperation Agency |
| MOT | Ministry of Tourism |
| NCSMED | National Centre for Small and Micro Enterprises Development |
| NZODA | New Zealand Overseas Development Aid |
| OECD | Organisation for Economic Cooperation and Development |
| SMEs | Small and micro enterprises |
| SPTO | South Pacific Tourism Organisation |
| STA | Samoa Tourism Authority |
| TPAF | Training and Productivity Authority of Fiji |
| TVB | Tonga Visitors Bureau |
| UNCTAD | United Nations Conference on Trade and Development |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| USP | The University of the South Pacific |
| WTO | World Tourism Organization |

1.0 EXECUTIVE SUMMARY

The objective of this study was to evaluate the economic impact of using the Internet to promote small-scale budget tourist accommodation businesses in Fiji, Samoa and Tonga.

Prior to the study it was assumed that the occupancy rate among the tourism SMEs was quite low. This was later confirmed by the research findings as there is a very wide variation in room occupancy rates. A high percentage of enterprises in the sample in all three countries reported an average occupancy rate of 50% or below. This indicates that there is substantial unutilised capacity in the budget accommodation sector and scope for substantial growth without the need for the construction of further facilities.

This study used two different methods to collect data. First, a field survey was conducted to interview budget accommodation resort owners or managers. Secondly, an experimental website was designed to monitor the impact in relation to the occupancy rate for three SMEs. Additionally, research results were shared in a series of five seminars. Feedback obtained during has the seminars also become part of this report a series of training sessions was also held, subsequent to the seminars in Fiji, Tonga and Samoa, to strengthen the ICT capacity of the tourism SME operator's technical skills in utilising emails and maintaining websites.

Field Survey

The study used an on-site survey method to collect data from budget accommodation owners or managers. In all, 98 enterprises were visited by the researchers and a comprehensive set of data was collected and recorded in this project report. Such data included the facilities, accommodation costs, use of the phone, fax and Internet for marketing the enterprise and taking bookings, costs of establishing and maintaining enterprises' websites and Internet services, ICT training needs and other relevant information.

One of the limitations of the study was the enforced reliance on operators' estimations. In cases where respondents found it difficult to answer questions that required percentages, estimates based on their knowledge were obtained.

The study found that an enterprise's occupancy rate is affected by a number of complex factors, of which having an effective website is only one. Operators without their own website and recording high occupancy rates indicated that good working relations with travel agents and transport companies, targeting local residents, maintaining consistent high quality of service and establishing a reputation as a popular backpacker tourist destination through good guest relations are all important factors that affect their occupancy rate positively.

Findings are that 69% of the businesses had a computer and that access to email is higher in Samoa and Tonga than it is in Fiji. Many of these enterprises are located in rural areas with poor-quality Internet access or no access to a telephone line. Most computers have been purchased only within the last few years.

This study has found that website marketing has been an effective marketing tool for most backpacker and budget operators who have pursued a well thought out online advertising strategy and who have responded promptly to emails from guests. Thirty-three of the 98 enterprises in the survey have established their own websites and use them for marketing. Of these businesses, twenty enterprises reported that due to their website, room occupancy had increased ranging from 10% to 30%. However, some thirteen operators have reported that they have experienced a poor response from their new website and were disappointed with the impact on their room occupancy rates. In most of these cases, it was ascertained, the operators had made little effort to promote, link and advertise their websites effectively.

A significant proportion of the operators still neither participate on the Internet nor use email. A total of 64% of enterprises in this survey do not have their own website. Operators have identified the main constraints as a general lack of resources including: expense, lack of technical knowledge and skills, poor quality of infrastructure and connectivity, and lack of staff expertise. Thirty-four per cent of the total sample said that Internet charges were too expensive, although another 27% considered they were reasonable. Those with websites and email mentioned having had problems with maintenance of websites and security of their own computers (against such Internet-delivered risks as viruses).

The survey found that most of the local Fiji, Tonga and Samoa indigenous owners have a limited knowledge of and exposure to ICT. In comparison, the expatriate owners had on average a much higher level of ICT skills and experience. Most expatriate owners have had previous work experience in service industry office jobs that have exposed them to working in an ICT work environment. Eighty per cent of the 65 operators without their own webpage were local Fijians, Samoans and Tongans, and 93% of the local operators had no access to Internet. In comparison, 52% of the 33 operators with their own websites were expatriates.

Experimental Website

A website www.holiday-fiji-backpacking.com was created to measure the actual process of website design, setting up a website and the impact, if any, on the occupancy rate. The process started in September 2003 with the professional photography, then the webpage design, acquisition of a domain name and finally, the hosting in February 2004. In total the design and setting up cost F\$2192; this does not, however, include the time spent by our Technical Assistant to revise and maintain this website or the monitoring visits to the operators.

In July 2004, the website contents were revised to include popular keywords and linkages to national, regional and commercial websites in the tourism industry. Marked differences were noted before and after these marketing strategies were implemented. The number of visitors to the website increased dramatically and subsequently, the website ranking increased in Google and other search engines. The impact on the occupancy rates is still not clear within this short period of time, but it is anticipated that it will increase as well.

This study makes the following recommendations:

1. Decision makers in the public sector should collect baseline data regarding Internet marketing in tourism SMEs to formulate appropriate awareness raising strategies.
2. An accessible database of reliable and affordable professional website designers and their average cost of services should be established. The database should contain information on hosting alternatives, and agencies that can arrange listing with the main search engines and provide promotional services.
3. A regular series of workshops on business development, to assist operators develop a business plan, a marketing strategy and an ICT plan should be implemented as soon as possible. A self-help training manual should also be prepared for use at the workshops and for distribution to operators. Equally useful, the training material could be made available on a tourism operator development website.
4. An industry association should be formed to provide appropriate information on Internet marketing and follow-up for sustainable self-help promotion among SMEs.
5. Until the telecommunications sector extends Internet services to the rural areas and outer islands, SMEs in remote areas without access to Internet services could contract out various functions such as website maintenance, online booking and credit card payments to firms or industry associations that are located in the well serviced urban areas.
6. National tourism authorities should aim to list all SME businesses that meet the national accommodation standards, and charge fees related to their capacity to pay for the service.
7. National tourism authorities should also consider using professionals in website design to promote the image and standard of accommodation, which could be easily linked with the quality of webpage.

2.0 BACKGROUND

This study was undertaken by a team of researchers of the University of the South Pacific (USP) that included Professor James McMaster, Director of the Pacific Institute of Management and Development, Ms Maki Kato, JICA Expert and Coordinator, and Ms Natasha Khan, Research Assistant. The research was conducted under the ICT Capacity Building at USP Project, which is implemented in collaboration with USP and the Japan International Cooperation Agency (JICA).

For this study only SMEs (small and micro sized enterprises) were selected, as the Internet is thought to be underutilised in this group even though their prime target is the overseas tourist. Raj (2001) reports that 80% of all operators in the hotel industry in Fiji have their own websites. In the upmarket resorts, website ownership is probably universal, while the percentage is much lower amongst the SMEs. From the national

bureau sites in all three countries under consideration (Fiji, Samoa, Tonga), it can be seen that many larger resorts catering for the luxury market already have their own websites. Therefore, we wanted to identify constraints within the SMEs in using ICT, particularly as the SMEs tend to target backpackers, who are usually from developed countries and often use the Internet to access information.

The overarching objective of this study was to evaluate the economic impact of using the Internet to promote small-scale budget tourist accommodation businesses in Fiji, Samoa and Tonga. The study addressed the following three key research questions:

How do small-scale budget tourist enterprises located in Fiji, Tonga and Samoa utilise the Internet as a tool for marketing to backpackers?

Does the use of email and website for advertisement and bookings make a significant impact on the room occupancy rate?

What are the main constraints that restrict small-scale enterprises from using the web for their marketing?

The research was carried out after initial consultation¹ with some stakeholders in regard to E-commerce in Fiji. These persons voiced a range of different views. Some were optimistic and anticipated that with E-commerce, the isolated and small businesses would reap benefits, while others were concerned that although E-commerce is becoming a buzzword, a developing country like Fiji would face a lot more problems in making E-commerce a success. To investigate this topic further, a literature review was conducted.

The literature review shows that at the end of the 1990s, many analysts and policy makers believed that B2B E-commerce would lead to a radical change in the way that enterprises trade with one another. It was claimed that the extent of this change would pose stark choices for developing country businesses. If they did not change their way of doing business and move into the digital age, they would be marginalised from global markets. As UNCTAD puts it, 'enterprises in developing countries that are or plan to be involved in international trade need to start incorporating ICT and the Internet into their business models in order to stay competitive' (UNCTAD, 2001).

According to a World Bank (2000) report small islands states face development challenges such as remoteness and isolation from world markets; little influence on the global markets; susceptibility to natural disasters and environmental change; limited diversification of their exports; poverty; limited capacity in the private and public sectors, with a relatively large number of employees in the public sector; income volatility; and limited access to external capital. The optimistic view was fuelled by the expectation of specific advantages that E-commerce might bring to businesses in developing countries. Use of the Internet was expected to reduce the geographical distance, a crucial factor for small and geographically isolated Pacific islands. The ability of Internet based E-commerce systems to facilitate business linkages across the world seemed to open up new possibilities even for small and isolated rural enterprises and communities such as

¹ This included persons from the University of the South Pacific, Central Queensland University, the Training and Productivity Authority of Fiji, Information Technology and Computing Services, the National Centre for Small and Micro Enterprises Development and the Fiji Chamber of Commerce, and the owner of Qereqere Cross Resort (a backpacker resort).

the backpacker accommodation industry. OECD (2001) research indicates that some of the difficulties for adopting an E-commerce environment in a business are the nature of the business (hotels compared to building construction business probably use more ICT), the extent of competition and the regulatory environment, the costs of ICT deployment (such as hardware, software, labour), the amount and quality of human capital (skilled workforce particularly relating to ICT); and the firm's willingness to try and adaptability to ICT.

A study focusing on ICT penetration and E-commerce activity in developing European regions (where Internet penetration is higher than in the Pacific) shows some major constraints that lead to a slow pace of E-commerce adoption (e-MINDER, 2002). These include lack of E-commerce and Internet awareness, the high cost of Internet access to broadband, regulatory and legal frameworks, inadequate e-payment infrastructure and security issues related to that.

Very few studies in the area of E-commerce have been undertaken in Fiji and the South Pacific. In a paper presented on behalf of Fiji Trade and Investment Board (FTIB), Raj (2001) highlights that compared to larger businesses in Fiji, SMEs face more difficulties in adopting E-commerce for their business. Some difficulties were: lack of awareness about utilising ICT; substantial hardware and software costs; expensive technical backup services; high training costs; and communications costs, particularly the high charges for regular use of the Internet.

In her thesis based on research in Samoa, Purcell (2003) notes that tourism SMEs identified the major barriers to Internet adoption as: poor telecommunications infrastructure; instability of the power supply; high costs of computer hardware and Internet access; lack of skills and knowledge among the business owners; and lack of credit card facilities in the country.

The recent introduction of the Internet in the South Pacific as a commercial tool has provided tourism service providers with an alternative channel for communication and marketing directly with clients. According to TNT Magazine (2003) in Australia, backpackers use the Internet mainly as a research tool for destinations and travelling. An increasing number of backpackers to the Pacific Islands are by-passing travel agents and planning as well as booking accommodation and airline tickets through websites. This is particularly so for the backpackers. This change is also reflected in the Ministry of Tourism (MOT) report (2003) which suggests that Internet use continues to increase its influence, as 17% of the visitors sampled in 2002 used the Internet to obtain information about Fiji before leaving home, compared to 13% in 2001.

In evaluating the benefit of using the Internet for business, Purcell (2003) records that the tourism operators in her study acknowledged that with the use of Internet they had received more overseas customers, as it allows their services to be advertised to the world. A similar thought is reflected in the comment in the MOT report (2003) that the Internet has acquired increased importance for the long-haul market areas including Continental Europe, the United States, Canada and the United Kingdom. To tap into these markets businesses have to start making much greater use of the Internet for marketing.

For this study only the operators were interviewed to obtain a snapshot of how the Internet is utilised in the budget accommodation sector. The researchers did not interview any guest for this purpose as the main focus was to concentrate on the opportunities and challenges faced by the operators in Fiji, Samoa and Tonga.

DEFINITIONS

Small and Micro-Sized Tourism Enterprises

There is no universally accepted definition of SMEs. Different countries have their own definitions and generally such definitions are based on such criteria as number of employees, annual turnover, value of assets or investment and profit generated. Fiji's definition of small and micro-enterprises is spelt out in the Small and Micro Enterprise Development Act 2002 as follows:

Micro-enterprise is defined as any enterprise which has a turnover or total assets not exceeding \$30,000 and employs not more than 5 persons; Small-enterprise: is defined as any enterprise which has a turnover or total assets between \$30,000 and \$100,000 and employs between 6 to 20 persons (NCSMED, 2003)

For the purposes of this research, we defined tourism SMEs as enterprises with fewer than 30 rooms and with a maximum nightly rate of F\$80 for single-room accommodation. However, in places like the Yasawas, Taveuni and Levuka in Fiji, this was not applied strictly, as rates are higher on the islands compared to similar accommodation on the mainland. For some operators (mostly on the islands) rates included meals and accommodation, while others charged persons for accommodation only.

BACKPACKER

While the dictionary defines a backpacker as 'a person who travels or camps while carrying their clothes and other things that they need in a backpack' (FreeSearch, 2005) the classification of backpacker is difficult and changing. Some might define a backpacker as 'a person who wants to experience places' and a tourist as 'a person who wants to be shown places'. Many backpackers identify themselves as being adventure travelers or nature-based travelers. In some studies, backpackers have been defined as 'travelers spending one or more nights in a youth or backpacker hostel' - the definition used by Australian State Tourism Organizations (STOs) and the Bureau of Tourism Research in Australian (BTR) Tourism Tasmania (2004). For the purpose of this study we will use this definition but also include persons who consider themselves as backpackers and stay at small hotels that cater for backpackers as well as tourists.

OVERVIEW OF THE BACKPACKER MARKET

Young independent travellers constitute an extremely important segment of the world tourism market. Young travellers tend to travel more frequently and for longer periods than many older tourists or those taking package holidays. Young independent travellers also represent a major growth segment, as incomes rise among young people (TNT Travellers Magazine, 2003). Similarly, in a study by the Queensland Department of

Tourism (1999), it was found that backpackers were mostly aged between 20 and 34 years, mostly came from Northern Europe and North America, were motivated to travel to learn more about other cultures and environments, and were more likely than other tourist groups to use the Internet to search for their travel related information.

SMEs in the tourism sector are viewed as catering for backpackers or budget travellers. The MOT (2003) report indicates that the backpacker market is important to Fiji, as 19% of all visitors to Fiji identify themselves as backpackers, that is, nearly one in every five visitors to Fiji is a backpacker. The report also states that 62% of backpackers stayed in budget accommodation and 25% stayed in hostel accommodation. The backpackers in Fiji are usually young (75% in the 20–29 age group); typically from Europe (57% from the UK, 16% from Europe, 17% from North America); and on the whole, well travelled.

According to a study undertaken by Richards (2002), young travellers tend to be information intensive, consulting a wide range of information sources before they embark on their travels. The Internet is the main form of information gathering, outstripping family and friends. *The Lonely Planet* is the most frequently used travel guidebook, and backpackers are far more likely to use it than are other travellers. Backpackers are also more likely to ask SMEs and fellow travellers for information on future accommodation possibilities. In terms of accommodation, it was found that very few backpackers booked in advance. If experiences of other backpacker destinations hold, websites and email are probably used to cement bookings when decision making and choices have been made on the basis of word of mouth reports (Doorne & Ateljevic, forthcoming). The Internet is also being used as part of this word of mouth information gathering, through emails, websites, discussion boards, online chats and so on.

As with the general backpacker trend world wide, the Internet assumed far more importance to backpackers (27%) than to non-backpackers (15%) for seeking information prior to the visit. Backpackers stay longer and travel widely, and consequently are likely to disperse income at travel destinations outside main tourist areas (Australian Tourist Commission, 2004).

According to the MOT report (2003), 27% of backpackers to Fiji stated that they obtained information about the country from the Internet. Comparatively, only 15% of non-backpackers did the same. Similarly, TNT Travellers Magazine (2003) reports that 44% of the backpackers interviewed mentioned use of the Internet as a research tool for destinations and travelling in Australia.

PROFILE OF COUNTRIES

The Pacific Ocean is large yet its landmasses are relatively small and many islands are tiny dots of land separated by enormous distances of open sea. Amongst the three countries selected for this research, Fiji is the largest, with almost seven times the population of Tonga and five times that of Samoa. The Fiji and Tonga island groups are more geographically dispersed than Samoa, which has only 9 islands in total (see Table 1). The International Telecommunications Union (ITU, 2003) categorises these countries as lower middle income developing countries, in consideration of their GDP per capita.

Despite their differences, the islands have an advantage in the appeal of their natural tropical island beauty. They have been promoted as a tropical paradise and as such, are considered an attractive holiday destination for many tourists from overseas.

Table 1: The three Countries at a glance

| | Fiji | Tonga | Samoa |
|---------------------|-------------------------------------|--------------------------------------|-----------------------------------|
| Population | 831,600 ▼ | 101,700 ▼ | 178,800 ▼ |
| Time | 12 hours ahead of GMT | 13 hours ahead of GMT | 11 hours behind GMT |
| Number of islands | 300 | 171 | 9 |
| Density (per km2) * | 45 | 142 | 63 |
| GDP/capita* | US\$2068 | US\$1322 | US\$1428 |
| Currency | Fijian dollar (F\$1 = US\$ 0.51) | Tongan pa'anga (T\$1 = US\$ 0.66) | Samoa Tala (ST\$1 = US\$ 0.33) |

Source: Miller, Jones & Pinheiro (2000), SPC, 2003.

* ITU (2003)

▼ SPC 2003 Estimates

ROLE OF TOURISM IN NATIONAL DEVELOPMENT STRATEGY

This section outlines the progress in tourism development in Fiji, Tonga and Samoa in the last few years and the government visions and policies towards planning for the future. As apparent from Table 2, tourism plays a bigger role in the economy in Fiji and Samoa than it does in Tonga. Tourism has been promoted more aggressively in Fiji, to become the major foreign exchange earner, replacing the flagging sugar industry. In Samoa, the development of strategies for tourism development has started only recently.

The many factors that affect the number of tourist arrivals to a country include the country's tourism infrastructure; internal infrastructure such as telecommunications, power, roads, banking facilities; transportation from the major international ports of entry; political stability; human resource development; and strategic marketing.

Each of these countries has developed or is starting to develop strategies and initiatives to encourage tourism. Fiji and Samoa have taken further initiatives specifically to encourage backpacker tourists, by training and supporting SMEs in this industry.

Table 2: Economic Importance of Tourism in the three countries

| | Fiji | Tonga | Samoa |
|--|-------------|--------------|--------------|
| Tourism GDP % | 12.80% | 5.00% | 9.50% |
| Tourism % Employment | 9.50% | 3.20% | 10.00% |
| Pacific Visitor Arrivals: 1999–2003 | | | |
| 1999 | 409,995 | 30,883 | 85,124 |
| 2000 | 294,070 | 37,694 | 87,688 |
| 2001 | 348,014 | 32,386 | 88,263 |
| 2002 | 397,859 | 36,585 | 88,960 |
| 2003 | 430,800 | 40,110 | 92,313 |

(South Pacific Tourism Organisation [SPTO], 2003)

In Fiji's strategic development plan for 2003–2005 (Fiji Parliamentary Paper, 2002) there is clear acknowledgement of the contribution of the backpacker tourism industry and the government is committed to further development of this sector, to tap its potential to the fullest extent.

The policy objectives are to:

- increase visitor arrivals;
- increase economic contribution and the retention of the tourist dollar;
- increase resource owners' participation in the tourism industry;
- promote human resource development in tourism; and
- promote sustainable eco-tourism development and public awareness at all levels of society.

There is increased emphasis on strengthening the capacity of local and small hotel owners to retain the tourist dollar in the country. Fiji Visitors Bureau started targeting backpackers in late 1990s and in recognition of the importance of the backpacker market to Fiji, the MOT report (2003) allocated a special section addressing backpacker market issues. Media reports indicate that many new businesses have been set up in recent years to cater for this market. As yet, however, these are not clearly documented, as many are not registered companies and do not affiliate themselves with the Fiji Hotel Association, the Fiji Backpacking Association or other such bodies. Affiliation with recognised organisations would allow access to such opportunities as are provided by the government and regional organisations such as SPTO to registered tourism enterprises.

In Tonga the Visitors Bureau (TVB, 2002) has not adopted specific approaches for the development of SMEs. The TVB has supported SMEs in terms of assistance and advice with marketing and promotion, tax incentives and the like, similar to the support provided to all operators in the tourism industry. According to Mr. Palu, the Director of TVB, the bureau is now relying heavily on the Internet as a marketing tool and hopes that the SMEs in the tourism industry will also realise its importance in marketing their products.

In Tonga, too, the National Strategic Development Plan (2000) placed particular emphasis on the overall tourism sector, and one of the strategies was to focus on skills development relating to this sector. In coordination with this, the Ministry of Education and technical colleges under the churches now provide a network of training institutes that target training for involvement in the tourism industry, particularly of staff and operators. TVB has also introduced new initiatives to ensure that the services and products offered to visitors are of better quality. Since 1999 the Australian Government has provided funds to improve and strengthen the TVB website, and has provided a series of training sessions to teach operators how to create and maintain websites on their own.

The impact of tourism on the Samoan economy is reflected in their national strategies. Figure 1 shows that for tourism to be sustainable in Samoa, a complementary impact management strategy has been implemented. All these activities are supported by a strong institutional framework. The Samoa Visitors Bureau (2002) has clear objectives to utilise web-based marketing for Europe and the Americas, and amongst many other objectives also plans to develop a marketing image, including a new tag logo and tag line to suit this image. Samoa has started a beautification project to involve community members in promoting Fa'a Samoa to tourists, and with assistance from New Zealand Overseas Development Aid (NZODA) has published a *Beach Fale Owners Manual* particularly targeting small and medium sized operators.

Figure 1: Strategies for a focused future – Samoa



Source: Samoa Visitors Bureau (2002)

TELECOMMUNICATIONS INFRASTRUCTURE IN FIJI, SAMOA AND TONGA

Implications of Internet Utilization by SMEs.

Readiness of the telecommunication infrastructure is one of the crucial factors to influence utilisation of the Internet for marketing. If infrastructure is reasonable, universal and stable, people, even amongst the smallest businesses, can use it for their own operation. Our target group of small and micro sized enterprises (SMEs) is already faced with constraints such as limited finance and relatively remote island location. Therefore, universal access is critical. When owners of SMEs target guests from developed countries who have broadband access to the Internet and efficient business approach, the guests expect a prompt response to their enquiries. Stable telecommunications services are necessary to sustain the interest of guests. Of course, infrastructure such as power is also important for utilising the Internet. This section describes the current telecommunications infrastructure in Fiji, Samoa and Tonga, giving some background on each target country, to allow more in-depth analysis of the research results.

Overview of 3 countries' telecommunications infrastructure

First, we will consider the dial-up Internet charges, since most SMEs accessed the Internet through this mode. Later we will consider the lease line, because Internet cafés or Internet contents supplier's access broadband, which could also have an indirect impact on our research target. Then the issues of universal access, quality of service and the impact of telecommunications readiness will be addressed as well.

Costs for Internet use

Dial-up

In each country, the quality and quantity of telecommunication services is related to their telecom regulation. As Table 3 shows, Fiji has a monopoly, while Tonga and Samoa

have competitive markets regarding Internet Service Providers (ISP). In 2004, 12 people/organisations in Fiji were given ISP licences, but apart from one, Connect Fiji, none of these are in operation.

It is not easy to compare costs for Internet usage, because of the variety of ISP packages currently on offer (see Table 3) and varying conditions, such as different quality of service. However, Table 4 shows some comparisons between these countries and the international averages. As apparent, the ISP charges vary amongst these three countries. Tonga is the cheapest at US\$ 18.8 for monthly unlimited access; Samoa is second cheapest at US\$ 29.95 for 30 hours per month; Fiji is the most expensive at US\$ 19.38 for only 15 hours per month. However, when telephone charges are included, the situation becomes different. If we assume SMEs use 20 hours per month, Fiji has the cheapest rate, as seen in Table 4. The situation changes further when the rate adjusts with their Gross National Income (GNI): Fiji then has a rate of 17.6%; Samoa and Tonga have 36.3% and 38.7% respectively. Fiji, therefore, has the best rate amongst the three countries of the study. In Section 2, we will discuss how SMEs evaluate the costs for Internet use.

Table 3: Country ISPs and Dial-Up charges

| Country | ISPs | Charges per time (local currencies) | US \$ Exchange Rate# |
|---------|----------------------------------|---|--------------------------------|
| Fiji | Connect Fiji | 40 hours pack costs F\$76 per month | 1 Fiji \$ = 0.56290 US\$ |
| Tonga | Kalianet TonFon | TOP\$40 for unlimited dial-up hours TOP\$300 (64k) a month for lease line | 1 Tonga Pa'anga = 0.50150 US\$ |
| Samoa | LeSamoa IPasifika Samoa.ws | hourly fees only ST\$30 / month for 30 hours ST\$29.95 / month for 30 hours | 1 Samoa Tala = 0.35348 US\$ |

-FX Converter- OANDA (2004)

Table 4: Comparative Country Data in Internet tariff (charges in US\$)

| | ISP charge | | | | Tele-phone | Total Internet price | |
|----------------------------|-------------|-----|--------------------|------------------|--------------|----------------------|-----------------------|
| | Monthly fee | Hrs | Excess time charge | Total ISP charge | Usage charge | 20 hours of use | As% of GNI per capita |
| Low Income | 24.23 | 0 | 8.99 | 33.21 | 24.07 | 57.28 | 246.4 |
| Lower Middle Income | 15.8 | 0 | 1.75 | 17.55 | 11.33 | 28.88 | 24.9 |
| Fiji | 19.38 | 15 | 11.26 | 30.64 | 1.1 | 31.74 | 17.6 |
| Samoa | 29.95 | 30 | - | 29.95 | 13.02 | 42.97 | 36.3 |
| Tonga | 18.18 | * | - | 18.18 | 27.27 | 45.45 | 38.7 |
| Upper Middle Income | 12.04 | 0 | 3.81 | 15.85 | 13.74 | 29.59 | 8.6 |
| High Income | 16.43 | 0 | 1.15 | 17.57 | 5.7 | 23.27 | 1.7 |
| United States | 14.95 | * | - | 14.95 | - | 14.95 | 0.5 |

For 20 hours per month, August 2003. The table was created from ITU in August (2003).

Lease line

The cost for lease line has an indirect impact on the SMEs. For instance, they could make use of Internet café or Web service companies that are utilising the lease line. Some Internet cafés are in fact utilised by residents as well as tourists in all three countries. In Suva, during February 2004 there are at least 15 Internet cafés, charging from F\$3 to F\$8 per hour, depending on the speed of access. In Nuku'alofa there are more than 5 Internet cafés (at the last count in February 2004) charging TP\$5 – TP\$8 per hour. In Apia at least 5 Internet cafés were noted in February 2004, charging ST\$10

– ST\$12 per hour. Comparing the cost of lease line of 128 K bps (Table 5) it is noted that Fiji is almost four times more expensive than the other countries.

Table 5: Lease Line Cost (128K) by Country

| Country | ISP provider | Amount in Fiji Dollars | Type of service | Duration |
|---------|--------------|--------------------------------|---------------------------|---------------|
| Fiji | Connect | 4960.61 | dedicated | 0 |
| | | 1107 + 0.55 for extra megabyte | volume based | 0 |
| Tonga | Kalianet* | 1074.97 | Education | 1-yr contract |
| | | 806.23 | Education | 2-yr contract |
| | | 537.48 | Education | 3-yr contract |
| | | 1791.61 | Others | 1-yr contract |
| | | 1343.71 | Others | 2-yr contract |
| | | 895.81 | Others | 3-yr contract |
| | Tonfon# | 895.81 | Buy Rate | 0 |
| | | 1007.78 | Rent Rate | 0 |
| Samoa | IPasifika~ | 1087.88 | Dedicated router port ISP | 0 |
| | LeSamoa† | 583.25 | 0 | 0 |
| | Samoa WS | No Monthly Lease | 0 | 0 |

Source:

* Tonga Communication Corporation (2004)

Tonfon (2004)

~ IPasifika (2004)

† Peter Dix (personal communication, August 2004) communicated via email.

Universal access [Telephone landline penetration, Internet subscriber, number of PCs]

Accessibility to telephone, particularly land lines for Internet dial-up, is one of the basic indicators to show utilisation of the Internet. For this we will look at the penetration rate of telephone, Internet subscriber status, and then number of PCs. Effective teledensity in 2002 was varied among the three countries;² Fiji has 11.90, Samoa 5.69, and Tonga 11.29 (ITU, 2003). For all three countries the teledensity is lower than the average for the lower middle income group. Mobile usage is growing but Web access by the mobile is not yet serviced in the region.

In 2002, Internet users per 100 inhabitants were respectively 6.10 in Fiji,³ 2.22 in Samoa and 2.92 in Tonga. Compared to the lower middle income group average of 4.86, the rate is relatively low, except in Fiji.

Access to PCs per 100 inhabitants in 2002 is respectively 4.88 in Fiji, 1 in Samoa and 2 in Tonga. As the number of ISP subscribers is multiplied by three persons in Fiji to estimate the real number of users (14.64), this means that PCs could be shared with multiple persons. However, comparison with neighbouring big countries such as Australia (56.51) or New Zealand (41.38) indicates that this figure is quite low, which could relate to the relatively high cost of equipment and the capacity of retailers, amongst other constraining factors.

² Teledensity is defined by ITU (2003) as the number of main telephone lines per 100 inhabitants.

³ Note: The ITU had two reports published in 2003, one in September and one in December. For Fiji some of the indicators showed a marked change just within the short 3-month period. However, please bear in mind that these indicators should be taken only as baseline data, and that in the field of ICT, indicators can change rapidly.

Quality of the service

Faults per main telephone line are one measure of quality of service⁴. In 2002, according to the ITU (2003) report Fiji had 117 faults per 100 main lines per year. The average faults for the Lower Middle Income group was 20.8 in the same year, almost 6 times lower than Fiji's rate. Older data sources indicate that Fiji had 128.0 in 1999 and Samoa had 29.0 in 1998, so there seems to be a slight improvement in the quality of this service. As ITU states, the definition of faults is varied among countries. So, we need to see the data more critically. Quality of the service includes ISPs' operations. When we interviewed some SME owners, they complained about the quality of ISP service. For instance, server-down-time was quite long, sometimes during the whole weekend, and frequency of mail loss was another complaint. The ISP can also be vulnerable to network viruses or worms.

Impact of telecommunication readiness

In conclusion, the telecommunication infrastructure in the three countries under study is not ready for SMEs to conduct e-commerce activities efficiently. When readiness for SMEs is analysed in terms of cost, quality, and penetration of telephones and PCs, generally in Fiji, Samoa and Tonga are below average in comparison to the figures for the lower middle income group. It cannot be assumed that costs are reasonable for the SMEs, as the costs are relevant to the outcome from the utilisation of telecommunication services. If people use the Internet and earn a substantial profit, they do not think that the charge is expensive. On the other hand, quality of service and availability of access is discussed more frequently. In the field, we heard frequent complaints on both heads, and the data are also indicative of low quality and modest accessibility. These factors hinder SME utilisation of the Internet as a marketing tool. There were, though, some cases of making use of the Internet with unique ideas, as explained in a later section, so lack of infrastructure is not always an impediment. However, if the guests are relatively young and from ICT advanced countries, they take it for granted that the Internet is common as a communication and research tool. If they search backpacking accommodation by the Web and use email as a communication tool, access to the Internet becomes a critical tool for the business. In this sense, the absence of appropriate infrastructure definitely limits the effectiveness of the Internet as an alternative marketing tool for SMEs in Fiji, Samoa and Tonga.

3.0 STUDY METHODOLOGY

This research utilised two approaches for data collection. First, it conducted semi-structured interviews with the operators of budget accommodation enterprises in Fiji, Samoa and Tonga. Subsequently, results were shared in a series of seminars. This also served as a platform for obtaining feedback from the operators and other key stakeholders in the tourism sector, to cement the findings. In the second approach, a website was developed for three operators in Fiji.

⁴ Quality of Service is defined by ITU (2003) as 'A measure of network performance that reflects the quality and reliability of a connection'.

The study used an on-site survey method to collect data from the budget accommodation resort owners or managers. The research team members confirmed interview times with the operators prior to the visit and each interview required about 45 minutes to an hour to complete the questionnaire, which was 8 pages long and consisted of 63 questions (see Annex 1). Some persons interviewed, particularly those that had used Internet or had some experience using it, were keen to elaborate in detail about their experiences with the Internet and their website development experience. A number of operators adjusted their schedules despite their workload, to accommodate our request for interviews.

A series of five seminars and technical training sessions was conducted in Fiji, Tonga and Samoa to share the initial results and obtain feedback from the tourism SMEs and other relevant stakeholders (see Annex 2). The training sessions were an action research initiative to strengthen the ICT capacity of the tourism SME operators. During the seminars participants aired some important views in relation to their personal experiences in this area. Pertinent views of the participants and also the respondents of the structured interviews have been incorporated in this report as some individual quotations.

One novel component of this research project was the design of a website for three Fiji backpacker SMEs that did not already have their own. This initiative was undertaken to monitor the impact of the new website in relation to the operation's occupancy rate. The website was created in February 2004 with the URL of www.holiday-fijibackpacking.com (see Annex 3). From July 2004, the website was linked to a number of prominent local, regional and international tourism websites and a few search engines. During this period the keywords within the website were revised to encourage more visits to the website. During all this time the researchers maintained contact with the operators via phone and through the monthly progress reports. In mid-September 2004, a technical assistant and researcher visited the operators to obtain more detailed reports. Excepting the opportunity costs of the researchers, the website cost a total of Fijian \$2192.

SAMPLING

In total, 98 operators were interviewed (from Fiji, 53; Tonga, 24; and Samoa, 21) between September and December 2003. This consisted of about 30% of the backpacker operators in each country.

It is apparent from the sampling Tables 6, 7 and 8 that the selection of SMEs was skewed by area. For instance, in areas like Suva and Levuka/Lomaiviti/Kadavu, a smaller percentage of operators were selected, while a higher percentage of operators were selected in areas like the Yasawas/Mamanuca and Taveuni. This was deliberate, in consideration of our research focus on SMEs that catered for backpackers. For example, although Suva has 21 small and medium sized hotels, these cater mostly for local salespersons and tertiary students from outside Suva, but rarely for backpackers; consequently, only a few Suva operators were selected for interviews. In some areas, like Savai'i (Samoa), Vava'u (Tonga) and others, it was difficult to get all relevant information prior to the field visit to assist us in best possible sample selection.

Two operators who were identified initially as catering for overseas tourists were interviewed, but found to be catering only for local guests. However, they were still included as part of research.

Fiji

As the sampling frame in Fiji, 178 operators were identified. The listing of these operators was obtained from Fiji Visitors Bureau, South Pacific Tourism Organisation, Fiji Backpacking Association, Feejee Experience, Jason's and Travel Maxia websites. Some backpacking operators were deliberately excluded from the sampling frame as they had only a few rooms or only camp facilities. A proportional stratified sampling method was used, as some areas had larger numbers of operators and were well-known as tourist spots. For example, most of the 21 operators in Suva cater for the local visitors, out-of-town or sales persons and civil servants. The Yasawas/Mamanucas area, on the other hand, is a known backpacker tourist destination, as seen in Annex 4; consequently more operators were selected from this area, as the focus of the research was to obtain the impact of e-commerce amongst the small and medium enterprises. Local visitors rarely use Internet to search for local accommodation in Fiji, in the first place because the Internet penetration is still quite low in Fiji and compared to Internet charges, the local phone charges are cheap, i.e. it is cheaper, faster and easier for local guests to book for accommodation via phone. On the other hand, overseas visitors are known to use Internet for information searches relating to their travel.

Table 6: Fiji Sampling Frame

| Fiji | Sampling frame | Sample |
|--------------------------|----------------|--------|
| Beqa/Deuba/Yanuca areas | 14 | 4 |
| Coral Coast | 15 | 5 |
| Lautoka/Rakiraki/Tailevu | 17 | 3 |
| Levuka/Lomaiviti/Kadavu | 18 | 3 |
| Nadi | 31 | 7 |
| Savusavu | 10 | 2 |
| Suva | 21 | 2 |
| Taveuni | 25 | 12 |
| Yasawas/Mamanuca | 27 | 15 |
| Total | 178 | 53 |

Tonga

A total of 78 operators were part of the sampling frame in Tonga. Mr Taholo Kami, the research consultant from Tonga, obtained the contacts of these operators from the Tonga Visitors Bureau, Tonga Ministry of Tourism and various websites. Similarly to Fiji, the sample was selected in consideration of the backpacker tourist concentrations in the area; consequently a slightly higher percentage of operators were selected from Nuku'alofa than from Vava'u, which is a known tourist destination for yachtsmen, game fishermen and whale watchers. Initially, 4 operators in 'Eua, were also interviewed, but the completed questionnaires were misplaced so 4 replacement operators were interviewed in Ha'apai, as both are smaller islands with similar characteristics.

Table 7: Tonga Sampling Frame

| Tonga | Sampling frame | Sample |
|--------------------------------|-----------------------|---------------|
| 'Eua | 4 | 0 |
| Ha'apai | 9 | 5 |
| Nuku'alofa | 30 | 10 |
| Vava'u and surrounding islands | 35 | 9 |
| Total | 78 | 24 |

Samoa

Seventy operators were used as the sampling frame in Samoa. All of the contacts were downloaded from the Samoa Tourism Authority website. A slightly higher percentage of operators was interviewed in Upolu than Savai'i, as Upolu has a larger number of backpacker-style operations.

Table 8: Samoa Sampling Frame

| Samoa | Sampling frame | Sample |
|--------------|-----------------------|---------------|
| Savai'i | 19 | 5 |
| Upolu | 51 | 16 |
| Total | 70 | 21 |

TIMELINE

The research data collection commenced in early November 2003 and the report was finalised in October 2004.

| Date | Activity |
|-----------------------|---|
| 8 September 2003 | Initial interview with Mr Isimeli Bose to obtain an overview of the backpacker tourism industry |
| 10 - 20 September | Development of the research questionnaire |
| 22 September | Pilot interviews with 4 operators in Pacific Harbour |
| 23 September | Revision of the questionnaire |
| 24 - 26 September | Interview of operators in Lautoka, Nadi and Coral Coast |
| 30 Sept. - 7 October | Interviews with Suva operators |
| 27 - 29 October | Interview of operators in Taveuni and Savusavu |
| 13 - 15 November | Upolu operators interviewed in Samoa |
| 16 - 18 November | Savai'i operators interviewed in Samoa |
| 20 - 27 November | Interviews with operators in Nuku'alofa, Ha'apai and Vava'u, in Tonga |
| 10 - 14 December | Interview of operators in Yasawas |
| 1 - 27 February 2004 | Seminars and technical training conducted in Suva, Nadi, Apia, Nuku'alofa and Vava'u |
| Dec. 2003 - Feb. 2004 | Logistics of website design and implementation |
| July - August 2004 | Revision of the research website |

RESEARCH LIMITATIONS

Some of the smallest businesses keep very limited business records and do not systematically record the nationality, age, gender and other details of their guests, or keep a guest book to record guests' experience. As in many small businesses in the Pacific Islands, tourism SMEs planning and marketing activities are basic. Some businesses do not have a written marketing strategy, marketing plan or defined marketing budget. Some persons interviewed found it difficult to answer questions in our survey that required detailed record keeping. In these cases, particularly where percentages were required, they gave only an estimate based on their knowledge.

The study also acknowledges that interviewing guests could have provided more accurate responses than did interviews with operators, particularly on the questions relevant to guests. However, the main focus of the study was to obtain information on opportunities and challenges of using the Internet for marketing by the small budget accommodation enterprises. The focus on guests was minimal.

4.0 FIELD RESEARCH FINDINGS

OVERVIEW OF SECTIONS

This report is divided into four major sections. Section one focuses on the basic characteristics of the enterprises, owners and guests; such as size, occupancy rate of the hotel, owner's level of education and country of origin.

Section two presents the findings on utilisation of the Internet. This includes information on computer equipment, Internet and email access, Internet charges, activities conducted on the Internet, booking methods and training needs.

Section three states the results on website marketing, such as Internet and occupancy rate, website promotion, website development and impact of shared websites. A few case studies arising out of the face to face interviews are also discussed in here.

Section four highlights the experimental website set-up process, marketing strategies, referral sites and limitations.

The report ends with discussion, recommendations and conclusion.

The research data were mainly obtained from operators of small and micro tourism enterprises from Fiji, Tonga and Samoa. These enterprises were characteristically small in size and catered mainly for the backpacker market, although as we pointed out in the discussion of definitions, some of the operators interviewed did not fit the terms of our definition exactly. Data were collected with the intention of building up an understanding of the E-commerce experiences of enterprises, and the factors that have influenced their decision to establish a website, as well as to analyse the impact of E-commerce activities on the revenue of the enterprises. Data on the operation covered such aspects

as owner and guest characteristics, occupancy rates, advertising, utilisation of the Internet, and training needs. For more qualitative data, seminar participants' views are also included in places where it is deemed relevant. As a body, this information is intended to help us understand the characteristics of the SMEs, how they operate, to what extent they utilise the Internet for marketing, and the constraints faced by SMEs in the tourism sector.

SECTION 1: BASELINE DATA

4.1.1 Size of operation

One-third of operations are relatively new, as 63 of the 98 were established between 2000 and 2003. Only 3 of them were established between 1970 and 1979, all of them are family run operations that are now being managed by descendants of the original owners. The emergence of increasing numbers of SMEs in recent years is possibly a result of the increasing scale of the backpacker industry. This is also reflected in the world trend as Mintel International Group Ltd (2003) reports that according to World Tourism Organization (WTO) estimates, the proportion of all international tourism trips undertaken by young travellers categorised as backpackers grew from 14.6% in 1980 to 20% in 2001, and the share is forecast to reach 25% by 2005.

Table 9 illustrates the size of the resorts in terms of the number of beds available. There is a wide variation in size, with only a small number having fewer than ten beds, while at the top end, there were a few resorts with more than fifty beds. Forty-eight per cent of the operators had 1 - 20 beds, but 50% of the operations are in the range of 11 - 30 beds in size.

Table 9: Number of Beds

| No. of Beds | No. of operators (%) |
|-------------|----------------------|
| 1-10 | 19 (19%) |
| 11-20 | 28 (29%) |
| 21-30 | 21 (21%) |
| 31-40 | 13 (13%) |
| 41-50 | 11 (11%) |
| 51+ | 4 (4%) |
| No response | 2 (2%) |
| Total | 98 |

4.1.2 Origin and educational attainment of owner

Our survey found that the owners of these operations came from a wide variety of backgrounds. As depicted in Table 10, 67 owners were local Fijians, Tongans and Samoans, while 29 foreign owners come from developed countries such Australia, New Zealand, the United States, Europe and Japan, and a few from China and the Philippines. It is interesting to note that budget resorts in tourist advantaged areas, such as the Yasawas (93%) are predominantly owned and operated by locals in all these

countries. Many of the indigenous owned businesses are family owned and operated. Several members of the family work in the business, providing services to guests. In Fiji, particularly in the Yasawas, a number of operations are run as village operations and owned either individually or collectively by the locals.

Fifty-four per cent of all the operators had completed some form of tertiary education, and interestingly, 49% of the local owners have tertiary level education, a high rate considering the tertiary enrolment rate in the Pacific is not so high (13.5% in Fiji, as indicated by the (World Bank, 2003). The corresponding rate for the foreign owners is 69% with tertiary-level education. It is usually found that people with higher education are more receptive to the idea of implementing technological changes.

Table 10: Highest level of education of hotel owners

| Level of education | Local owners | Foreign owners | No response | Total |
|--------------------|--------------|----------------|-------------|-----------|
| Tertiary | 33 (49%) | 20 (69%) | 0 | 53 (54%) |
| Secondary | 26 (39%) | 5 (17%) | 0 | 31 (32%) |
| Primary | 4 (6%) | | 0 | 4 (4%) |
| No response | 4 (6%) | 4 (14%) | 2 | 10 (10%) |
| Total | 67 (100%) | 29 (100%) | 2 | 98 (100%) |

Table 11 reports the career background of the resort owners, prior to managing the resort. A higher percentage of local than foreign owners had previously worked in tourism related industry⁵. However, it should be noted that even within the tourism industry, persons came from diverse backgrounds such as manager in larger hotels, flight attendant, dive master, etc.

Particularly noticeable is that only one-third of the operators have experience in the accommodation industry or any professional training in tourism hospitality management. Many owners have had careers in unrelated industries before starting their budget accommodation business.

Table 11: Career background of owners by country

| | Foreign owner | Local owner | NR | Total |
|------------------|---------------|-------------|----|-----------|
| Tourism Industry | 9 (35%) | 26 (38%) | 0 | 35 (36%) |
| Others | 17 (59%) | 38 (57%) | 0 | 55 (56%) |
| NR | 3 (10%) | 3 (4%) | 2 | 8 |
| Total | 29 (100%) | 67 (100%) | 2 | 98 (100%) |

4.1.3 Guest characteristics

Five questions were asked to obtain information on the guest profile. The usual picture in the backpacker industry is that the guests are young, mostly from developed countries and use the Internet to search for information before and during their travels. We wanted to see if this trend was replicated in these 3 countries, and explore the possible implications. Table 12 shows that 75% of the guests originated from developed countries with high utilisation of ICT. The Australian Tourism Commission Report (2003) states the

⁵ The Ministry of Tourism in New Zealand defines the tourism industry as a broad range of industries, including transportation, accommodation, retail, catering and financial services. For the purpose of our study we have combined all tourism related industry together, travel as another category and all other industries not directly related to tourism as others. (Ministry of Tourism New Zealand, 2004)

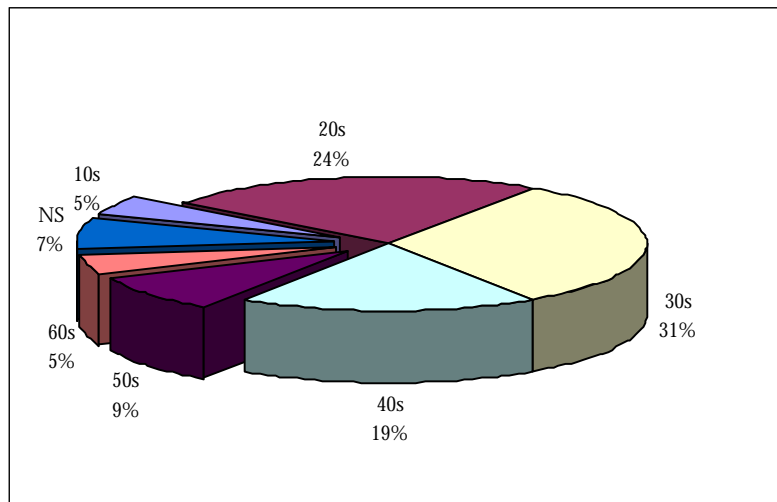
use of Internet to seek information before coming to Australia declines with age and it was highest in age ranges from 15 - 44 years. The age trend is similar in our research findings, but Internet use by the backpackers was outside the scope of this study as we interviewed operators and not guests. Figure 2 shows that 76% of the operators had guests in their 30s and 70% had guests aged in their 40s. Collectively, the majority of the operators had guests aged from their 20s to their 40s. There was no significant difference in gender: most operators reported they get both genders equally.

Table 12: Originating country of guests

| | |
|--|-----------------|
| Guests from developed countries | 72 (73%) |
| Europe | 21.5 (22%) |
| New Zealand | 16.5 (17%) |
| Australia | 16 (16%) |
| USA | 13 (13%) |
| Canada | 5 (5%) |
| Asian countries | 5 (5%) |
| Locals | 16 (16%) |
| Pacific Islanders | 2 (2%) |
| NR | 4 (4%) |
| Total | *98 (100%) |

* Weighted figures.

Figure 2: Approximate age of guests



4.1.4 Occupancy rate

Occupancy rate directly related to income generation. It is not, however, always equal to profit. Also, it is strongly influenced by seasonal differences; for instance, Pacific Islands tend to receive more tourists during Northern Hemisphere winter season especially Christmas period, although this is the height of summer, and the hurricane season, in the South Pacific. Additionally, there is geographical difference, especially in Fiji, as seen in Annex 5. The occupancy rate in SME hotels in the West is much higher than that in the East. In Fiji, the larger International Airport is located in the West, the weather is

drier compared to the more rainy East side, and there are more off-shore smaller islands, making the West a popular holiday destination for tourists.

Table 13 shows the average annual occupancy rate of SMEs and the wide variation in them. A high number of operations in all three countries report an average occupancy rate ranging from 41% to 70%, as illustrated in Figure 3. When we analysed within the country; in Fiji 28% of the operators stated an occupancy rate of 41% - 50%, while 25% of Tonga operators have 31% - 40% and 24% of the Samoa operators had 61% - 70%. This shows that there is unutilised capacity in the budget accommodation sector and scope for substantial growth without the need for the construction of further facilities.

Table 13: Occupancy rate by country

| Occupancy rates | Fiji | Tonga | Samoa | Total |
|-----------------|-----------|-----------|-----------|-----------|
| 9%– 20% | 4 (8%) | 5 (21%) | 1 (5%) | 10 (10%) |
| 21% – 30% | 5 (9%) | 2 (8%) | 4 (19%) | 11 (11%) |
| 31% – 40% | 4 (8%) | 6 (25%) | 0 | 10 (10%) |
| 41% – 50% | 15 (28%) | 5 (21%) | 3 (14%) | 23 (23%) |
| 51% – 60% | 4 (8%) | 2 (8%) | 4 (19%) | 10 (10%) |
| 61% – 70% | 7 (13%) | 2 (8%) | 5 (24%) | 14 (14%) |
| 71% – 80% | 3 (6%) | 1 (4%) | 2 (10%) | 6 (6%) |
| 81% – 90% | 5 (9%) | 1 (4%) | 1 (5%) | 7 (7%) |
| 91% – 100% | 4 (8%) | 0 | 0 | 4 (4%) |
| Don't know | 2 (4%) | 0 | 1 (5%) | 3 (3%) |
| Total | 53 (100%) | 24 (100%) | 21 (100%) | 98 (100%) |

Figure 3: Average Occupancy rates

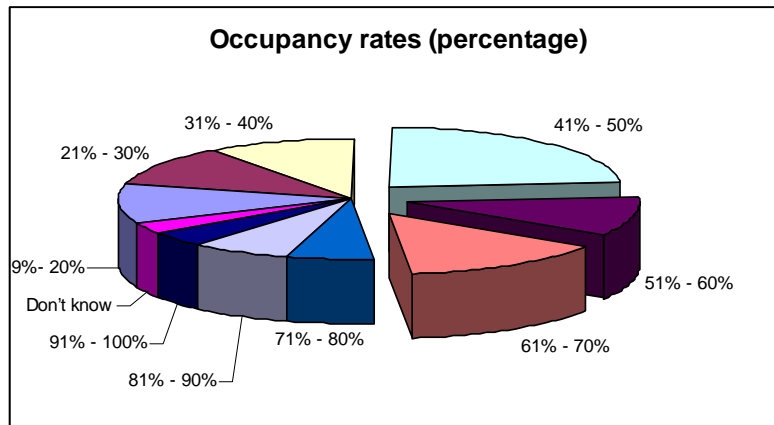


Table 14 shows that occupancy rate for local owners of the SMEs peaked at 41% - 50% and for the foreign owners at 61% - 70%. A more in-depth discussion on this will be addressed in the section dealing with the website marketing.

Table 14: Occupancy rate by origin of owner

| Occupancy rate | Local | Foreign | NR | Total |
|----------------|------------------|------------------|----------|------------------|
| 9%– 20% | 5 (7%) | 5 (17%) | 0 | 10 (10%) |
| 21% – 30% | 8 (12%) | 3 (10%) | 0 | 11 (11%) |
| 31% – 40% | 7 (10%) | 3 (10%) | 0 | 10 (10%) |
| 41% – 50% | 18 (27%) | 4 (14%) | 1 | 23 (23%) |
| 51% – 60% | 9 (13%) | 1 (3%) | 0 | 10 (10%) |
| 61% – 70% | 7 (10%) | 7 (24%) | 0 | 14 (14%) |
| 71% – 80% | 4 (6%) | 2 (7%) | 0 | 6 (6%) |
| 81% – 90% | 5 (7%) | 2 (7%) | 0 | 7 (7%) |
| 91% – 100% | 2 (3%) | 2 (7%) | 0 | 4 (4%) |
| NR | 2 (3%) | 0 | 1 | 3 (3%) |
| Total | 67 (100%) | 29 (100%) | 2 | 98 (100%) |

Table 15 demonstrates that the occupancy rate of hotels run by expatriate owners is slightly higher, disbaring the 5 foreign operators with low occupancy rates of 9 - 20%. Of these 5, three owners commented that they had just started their business. There is no geographical advantage for expatriate owners, as Annex 5 shows that local owners operate in more advantaged areas for tourism. In Fiji, the Yasawas, Mamanucas, Nadi and the Coral Coast areas have a strong hold on the tourist sector, and a similar favouritism of areas is also reflected in Tonga, where Vava'u has a strong hold for yachting tourists.

Table 15: Occupancy rate by origin of owner

| Occupancy rate | Local | Foreign | NR | Total |
|----------------|------------------|------------------|----------|-----------|
| 9%- 20% | 5 (7%) | 5 (17%) | 0 | 10 |
| 21% - 30% | 8 (12%) | 3 (10%) | 0 | 11 |
| 31% - 40% | 7 (10%) | 3 (10%) | 0 | 10 |
| 41% - 50% | 18 (27%) | 4 (14%) | 1 | 23 |
| 51% - 60% | 9 (13%) | 1 (3%) | 0 | 10 |
| 61% - 70% | 7 (10%) | 7 (24%) | 0 | 14 |
| 71% - 80% | 4 (6%) | 2 (7%) | 0 | 6 |
| 81% - 90% | 5 (7%) | 2 (7%) | 0 | 7 |
| 91% - 100% | 2 (3%) | 2 (7%) | 0 | 4 |
| NR | 2 (3%) | 0 | 1 | 3 |
| Total | 67 (100%) | 29 (100%) | 2 | 98 |

4.1.5 Advertising

Table 16 and Figure 4 show the amount of money that the SMEs spend annually for all forms of advertisement. Collectively, 20 operators spent more than Fijian \$1000 and 23 operators spent between F\$400 to F\$1000 annually for advertising through brochure; links with travel agents; links with prominent websites; and travel and/or other magazines. When analysed in relation to the occupancy rate, it is observed that of the 26 operators having an occupancy rate of 50% - 70%, only 3 operators stated no expenditure for advertising. Of the 18 operators having occupancy rates ranging between 71% and 100%, two also stated no costs for advertising. Operators identified costs as the actual cash they had spent for advertising and did not account for any opportunity costs such as the owners/relatives/friends time spent on designing their website, setting of the brochure layout and so on. Some operators who had developed

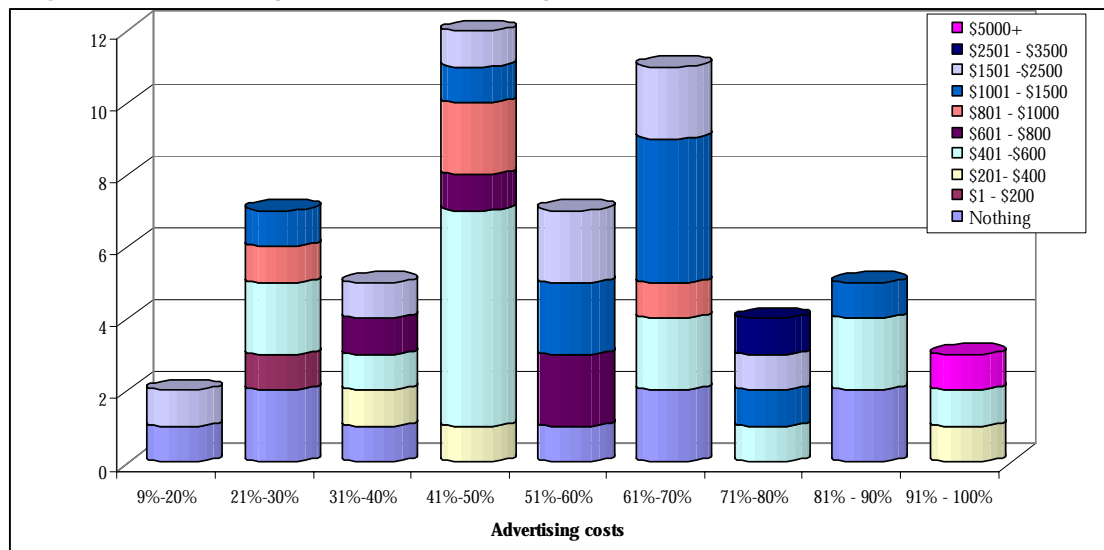
and maintained their own websites reported \$0 for the cost of advertising. A more detailed analysis on this will be presented in a later section. Some operators mentioned that *Lonely Planet* has got a lot of clout in the backpacker industry and if the guide's comments are positive, there is usually a rise in bookings, while negative comments affected the bookings adversely. Some operators also mentioned that many backpackers would actually get to know about them first from the *Lonely Planet*, then get more information from their website and through direct emails, and then confirm bookings. During the interviews and workshops it was found that most operators consider word of mouth advertising to be very important.

'Our occupancy rate was quite high last year, then we got a negative coverage in the Lonely Planet and suddenly our bookings dived to much lower.' – A Suva Operator

Table 16: Advertising costs by average occupancy rate

| Advertising cost (Fijian \$) | 9% – 20% | 21% – 30% | 31% – 40% | 41% – 50% | 51% – 60% | 61% – 70% | 71% – 80% | 81% – 90% | 91% – 100% | Total |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----------|
| Nothing | 1 | 2 | 1 | 0 | 1 | 2 | 0 | 2 | 0 | 9 |
| \$1–\$200 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| \$201–\$400 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 1 | 3 |
| \$401–\$600 | 0 | 2 | 1 | 6 | 0 | 2 | 1 | 2 | 1 | 15 |
| \$601–\$800 | 0 | 0 | 1 | 1 | 2 | 0 | 0 | 0 | 0 | 4 |
| \$801–\$1000 | 0 | 1 | 0 | 2 | 0 | 1 | 0 | 0 | 0 | 4 |
| \$1001–\$1500 | 0 | 1 | 0 | 1 | 2 | 4 | 1 | 1 | 0 | 10 |
| \$1501–\$2500 | 1 | 0 | 1 | 1 | 2 | 2 | 1 | 0 | 0 | 8 |
| \$2501–\$3500 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| \$5000+ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Don't know | 8 | 4 | 4 | 12 | 3 | 5 | 2 | 3 | 1 | 42 |
| Total | 10 | 11 | 9 | 24 | 10 | 16 | 6 | 8 | 4 | 98 |

Figure 4: Advertising costs (F\$) by average occupancy rate.



4.1.6 Summary

From this data, it can be seen that typically, backpacker operations are small in size, recently established and two-thirds locally owned. A relatively high percentage of the local operators have tertiary level education and a third of all the operators were working in the tourism industry before starting their own business.

Seventy-three per cent of the guests were from developed countries, particularly Europe, Australia and New Zealand, the traditional markets of the Pacific tourism industry. Guests were relatively young with 55% within the 20 - 30s age groups and another 19% up to 40 years. This confirms previous studies of the backpacker market age group and their high tendency to use the Internet for information searching before their travels.

Occupancy rates in the backpacker market fluctuate seasonally: the Pacific Islands tend to attract more tourists during Christmas and the Northern Hemisphere winter. On average, 34 operators from the three countries had occupancy rates ranging from 41% to 60%. This indicates that there is potential of further growth in this sector. Operations run by expatriates showed slightly higher occupancy rates when compared to those run by local owners.

SMEs rely heavily on word of mouth advertisement and consider it the next best thing to having a glowing recommendation in guide books such as the *Lonely Planet* series. Typically, backpacker SMEs spend only a small amount annually for advertisement, though it must be noted that operators identified costs only as the actual cash paid, usually ignoring any time or other resources they had personally invested for promotional activities.

SECTION 2: UTILIZATION OF THE INTERNET

Seventeen questions were asked regarding infrastructure and equipment. This was to assess the availability of computers; their maintenance; knowledge of computers; Internet connections; Internet charges; activities conducted on the Internet; and the provision of Internet access for guests. Data were also collected on infrastructure such as access to power and telephone lines in their area. To conduct E-commerce activities, access to equipment of good condition and reasonably cheap infrastructure is vital.

4.2.1 Computer equipment – number, year installed, maintenance

Table 17 shows that 65% of all the operators interviewed had at least one Personal Computer (PC). This could be considered high in this context, as most of the operations are small in size with limited budget for equipment such as PCs. Operators in some areas, such as Suva, the Coral Coast, Nuku'alofa and Upolu, have higher access to PCs than others. Suva, Nuku'alofa and Apia being the major city/towns in their countries, have higher PC access rates than non-urban areas such as Savusavu, Ha'apai and Savai'i. On the other hand, only 33% of the operators from Lautoka, the second largest city in Fiji had access to PC. However, this is not conclusive as the number of operators was too small to confirm trends.

In table 18, we see that 32 operators did not have any PC at all. Of these operators, 26% said that having a PC was too expensive, 18% felt they do not presently need it and 13% said that it was too expensive to maintain a PC. During the seminars in Fiji, participants suggested that the governments should reduce or abolish the tax levied on the purchase of computers to give incentive to people to buy more computers. Some operators without their own PC and Internet access used the Internet cafés to check their emails. Please see discussion on Internet café rates in the previous section under 'Lease line'.

Table 17: Area of operators by access to PCs

| Area | Operators with own PC | Total no. of operators | Access to PCs by area |
|--------------|-----------------------|------------------------|-----------------------|
| Suva | 2 | 2 | 100% |
| Nuku'alofa | 9 | 10 | 90% |
| Coral Coast | 4 | 5 | 80% |
| Upolu | 12 | 16 | 75% |
| Taveuni | 9 | 12 | 75% |
| Deuba | 3 | 4 | 75% |
| Nadi | 5 | 7 | 71% |
| Vava'u | 6 | 9 | 67% |
| Ha'apai | 3 | 5 | 60% |
| Savai'i | 3 | 5 | 60% |
| Savusavu | 1 | 2 | 50% |
| Yasawas | 5 | 15 | 33% |
| Levuka | 1 | 3 | 33% |
| Lautoka | 1 | 3 | 33% |
| Total | 64 | 98 | 65% |

Table 18: Reasons for not having a PC

| Reasons for not having a PC | No. | Percentage |
|-----------------------------------|-----------|-------------|
| Too expensive to buy | 10 | 26% |
| Not necessary now | 7 | 18% |
| Too expensive to maintain | 5 | 13% |
| Used it before but not now | 4 | 11% |
| Little knowledge of how to use it | 3 | 8% |
| Other | 3 | 8% |
| No response | 2 | 5% |
| Total | 34 | 100% |

4.2.2 Operations with Internet

As an OECD report points out (2001), ICT seems to facilitate productivity enhancing changes in a firm, in both new and traditional industries, but only when accompanied with greater skills and changes in the organisation of work. This finding is also reflected in Figure 5: amongst the operators surveyed, having a tertiary level education almost doubles the percentage of operators with their own computer and access to email. This suggests greater willingness among managers with higher levels of education to accept new technologies and to implement technological changes in their work environment.

It is interesting to note that only 17% of all Tonga operators had no Internet access (Table 19), while 32% of the Fiji operators and 43% of the Samoa operators also had no

Internet and/or email facilities. Larger numbers of operators in Fiji and Tonga had access only to email, while this was the smallest group in Samoa. According to the ITU (2003) data, comparatively Fiji has a higher proportion of Internet users at 6.10 users per 100 inhabitants; for Tonga the rate stands at 2.92 users and for Samoa, at 2.22 users. When compared within the country, Figure 6 shows that Tonga operators had higher access to the Internet and email than Fiji and Samoa operators. During the seminar in Suva, participants stated that:

‘Cultural setback – “malua fever” – in the Pacific, this attitude needs to be broken through, locals need to be more commercial-minded to compete internationally, get rid of the traditional fear of getting into something as new as IT/Internet.’

Figure 5: Owners’ level of education by ownership of PC and access to email

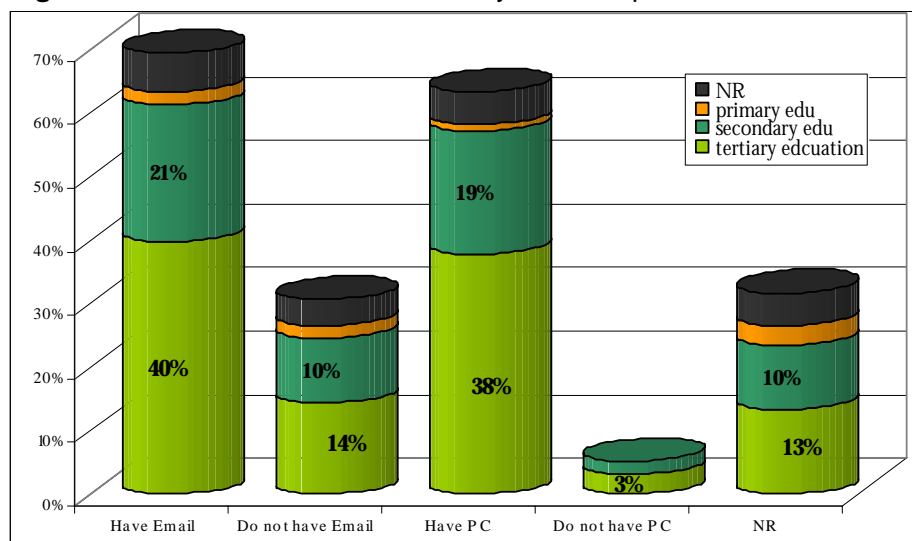
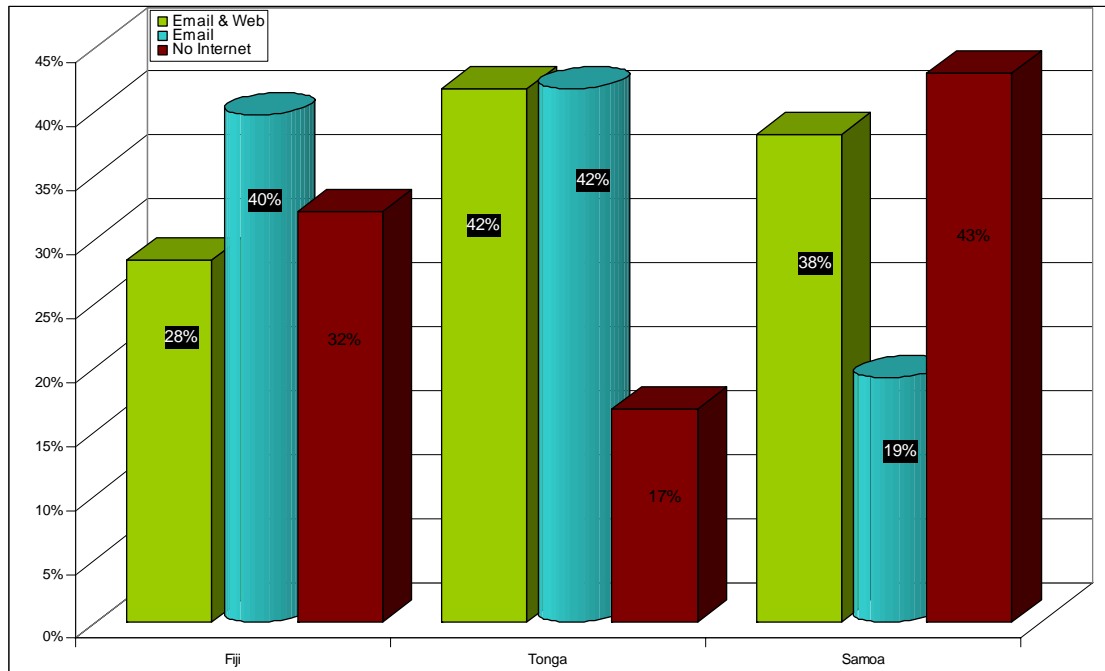


Table 19: Operators’ access to Internet by type of access and country

| | Email & Web | Only email | No Internet | Total |
|--------------|-------------|------------|-------------|-----------|
| Fiji | 15 (28%) | 21 (40%) | 17 (32%) | 53 (100%) |
| Tonga | 10 (42%) | 10 (42%) | 4 (17%) | 24 (100%) |
| Samoa | 8 (38%) | 4 (19%) | 9 (43%) | 21 (100%) |
| Total | 33 (34%) | 35 (36%) | 30 (31%) | 98 (100%) |

Figure 6: Operators with Email and own Website by country



Of the 33 operators with their own website, 21% indicated they spent nothing initially for their website, and a further 30% stated they spent between \$1 and \$500 for one. On average they spent \$662.14 for the initial design of their websites. The research experiment website (see Section 4) cost a total of \$2192 for the website design, photography and other related expenses. However, the experiment website contains 3 operations, averaging approximate costs for each operation to \$730, comparatively similar to the average amount that was spent by the operators that took part in this research.

Table 20: Average spent on initial website by operators with own website

| | |
|---|---------------|
| Total No, of operators with own website | 33 |
| Mean | \$662.14 |
| Standard error of mean | \$151.50 |
| Range | \$0 - \$3,000 |

Table 21: Amount spent on initial website by operators with own website

| Amount spent on advertising | Frequency | Per cent |
|-----------------------------|-----------|----------|
| \$0 | 7 | 21% |
| \$1-\$500 | 10 | 30% |
| \$501-\$1000 | 5 | 15% |
| \$1001-\$1500 | 3 | 9% |
| \$1501-\$2000 | 1 | 3% |
| \$2001-\$3000 | 2 | 6% |
| NS | 5 | 15% |
| Total | 33 | 100% |

Sixty-five operators did not own a website of their own. As seen in Table 22, 25% of the operators claimed that it was too expensive to have one, while 20% stated they did not have the required technical knowledge and support to create a website.

Table 22: Reasons for not having own website by operators without own website

| | | |
|---|----|------|
| Lack of technical knowledge and support | 13 | 20% |
| Too expensive | 16 | 25% |
| Lack of infrastructure | 6 | 9% |
| Little staff support | 3 | 5% |
| All the above | 10 | 15% |
| Business is good presently so don't need any website | 2 | 3% |
| A guest was planning to put us on web, but haven't heard anything since | 2 | 3% |
| Websites setup requires too much work | 2 | 3% |
| Had before but disconnected now | 2 | 3% |
| Don't know anything about it, no one has approached to promote it | 1 | 2% |
| Don't have PC, so difficult to have website | 1 | 2% |
| Don't have cash to have one now | 1 | 2% |
| Will have one soon | 1 | 2% |
| We just started business, so might have it later | 1 | 2% |
| NS | 4 | 6% |
| Total | 65 | 100% |

4.2.3 Owners' perceptions of Internet charges

Operators were asked to specify their Internet charges and telephone charges relevant to Internet use. Fifty-six per cent (33) of the total sample said that Internet charges were too expensive and 44% (26) operators stated it was reasonable (Table 23).

The average monthly Internet/phone charges were: Fiji - F\$287.81, Tonga - TOP\$94.88 and Samoa – SAT103.17. The Internet charges are higher in Fiji than in Tonga and Samoa. Table 23 shows that on average 56% of the operators with Internet perceived that Internet charges were too expensive; amongst the Fiji operators with Internet the figure rose to 63%. Comparatively, a higher percentage of Tonga operators were satisfied with the charges. These views are expressed by the operators, but a closer analysis of the Internet charges, taking into account the telephone prices, is quite different. At first glance it seems that Tonga has cheaper Internet rates due to its flat rate of US\$18.80 for unlimited access. However, in Fiji and Samoa Internet users are charged only a flat rate of F\$0.12 and ST\$0.11 respectively for phone charges for each dial-up, while operators in Tonga have to pay T\$0.06 per minute during 7am–7pm (T\$3.60 per hour) and T\$0.04 per minute during 7pm - 7am (T\$2.40 per hour) for Internet dial up. Therefore, when a person in Tonga uses Internet for longer periods they end up paying more for the telephone charges than the actual Internet costs. This discourages operators from accessing Internet more frequently, although they have unlimited access to this.

"I would like to stay on the Net all the time but it's too expensive, as my phone bills sky rocket." (Nuku'alofa, Tonga)

A participant in the Fiji seminar stated that '*FVB and fiBA should request Connect Fiji to provide members of the Backpackers Association Internet usage free of charge for a grace period of 2 months or so, to encourage more operators to have Internet*'.

Table 23: Operators' perception of Internet charges by country

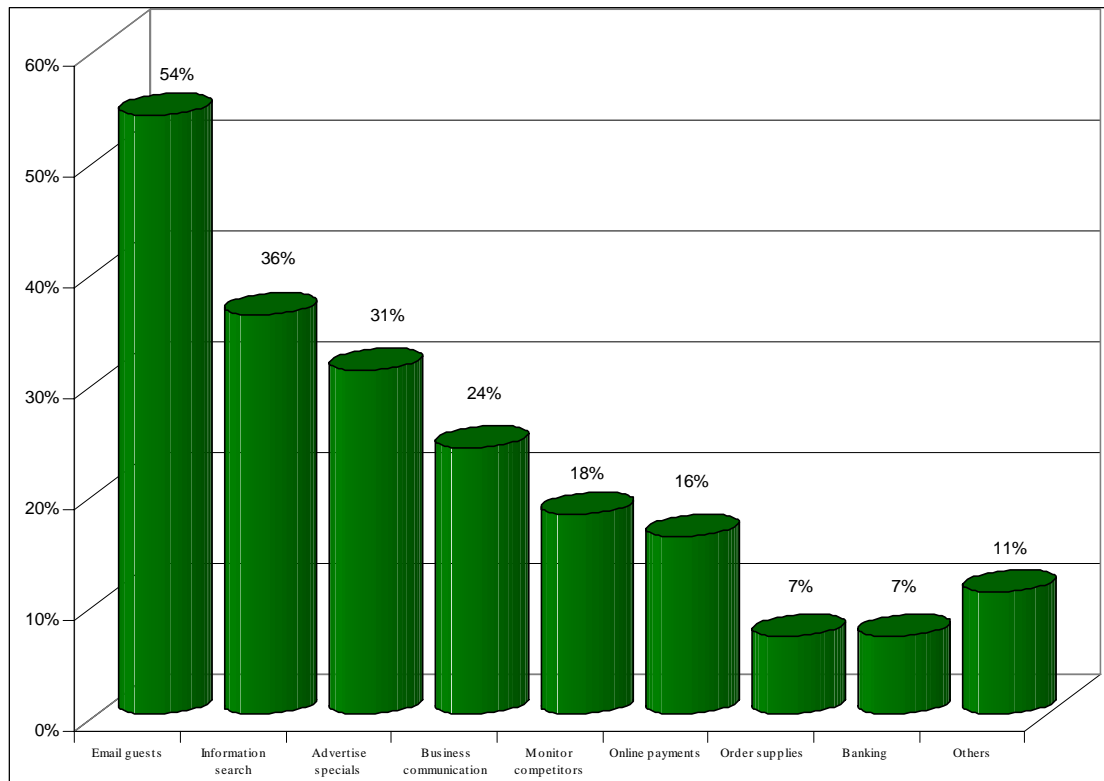
| Perception of charges | Fiji | Tonga | Samoa | Total |
|---------------------------|-----------------|----------------|----------------|-----------------|
| Charges are reasonable | 12 (38%) | 8 (53%) | 6 (50%) | 26 (44%) |
| Charges are too expensive | 20 (63%) | 7 (47%) | 6 (50%) | 33 (56%) |
| Total | 32 (100%) | 15 (100%) | 12 (100%) | 59 (100%) |
| No response | 21 | 9 | 9 | 39 |

4.2.4 Activities conducted using the Internet

Figure 7 shows that emailing the guests were the prime reason for operators to use the Internet, as 54% of the respondents, compared with 36% used it to search for information, 31% to advertise for specials, and 24% to communicate with other businesses. During the interviews, many of the foreign owners stated that they initially installed Internet to communicate with their family and friends overseas, but over time, less time is spent on this and more is devoted to answering guest enquiries. As one operator stated:

'Many local operators don't answer their emails straightaway and lose their customers. If you have an email account and have advertised it for business, then it should be checked every day. You can't treat email as normal mail and reply weeks after, as usually the guests are from overseas and they want quick response.' (Nuku'alofa)

Figure 7: Activities conducted using Internet



The total is more than 100% as operators identified more than one activity for using Internet.

4.2.5 Booking methods

Analysis of data on guests' use of email and internet for making online bookings shows that Samoa records 67% of such booking, Tonga 63% and Fiji 49%. Table 24 shows that Tonga has more heavy Internet users, as 9 (38%) operators stated that 60 to 100% of their guests booked via email, while only 4 of the operators in Fiji recorded the same case. Seventeen of the Fiji operators stated that only 10 - 40% of their guest's book through email. Compared to Fiji, Tonga operators could be considered to be using Internet more heavily. However, in total only four Fiji operators stated their guests booked directly online. This could indicate the lack of banking and credit card infrastructure in the Pacific. Operators from outer islands frequently voiced their frustration with the banking facilities. They complained that even taking credit card payments was problematic, as they had to send all the vouchers to be processed off shore and at times had to send these with strangers, as it is too expensive to make frequent trips to the mainland. During our visit to Samoa, we met a New Zealand tourist who was stranded in the north-eastern part of Savai'i island, an hour's drive from the main town, because he did not carry any cash. He assumed that an automated teller machine (ATM) would be available near his hotel, but had to hitch a lift with us to the main town to withdraw cash. The whole experience left him frustrated, as he was there for only a few days and had already wasted one day.

Table 24: Percentage of guests booking by email

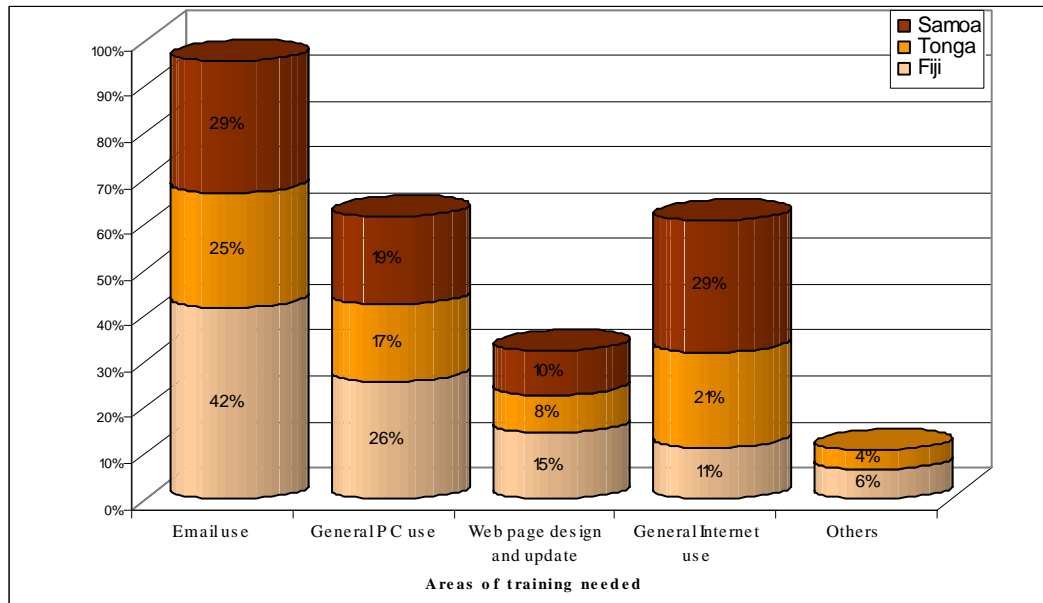
| % of guests booking via email | Fiji | Tonga | Samoa | Total |
|--|-------------|--------------|--------------|--------------|
| 5– 10% | 5 | 2 | 2 | 9 |
| 11– 20% | 3 | 2 | 0 | 5 |
| 21– 30% | 7 | 0 | 5 | 12 |
| 31– 40% | 2 | 2 | 1 | 5 |
| 41– 50% | 1 | 0 | 0 | 1 |
| 51– 60% | 1 | 1 | 3 | 5 |
| 71– 80% | 1 | 4 | 1 | 6 |
| 81– 90% | 1 | 1 | 2 | 4 |
| 91– 100% | 1 | 3 | 0 | 4 |
| Percentage of guests booking via online | | | | |
| 5– 10% | 1 | 0 | 0 | 1 |
| 21– 30% | 3 | 0 | 0 | 3 |
| Percentage to total operators | 26 (49%) | 15 (63%) | 14 (67%) | 55 (56%) |

4.2.6 Training Needs

During the interviews 64 operators identified their need for training to promote their business via Internet. This trend was consistent within countries as well (66% for Fiji, 67%, Tonga and 62%, Samoa). Figure 8 shows that 39% of the operators that want training identified the need to learn how to send and receive emails, 24% wanted to learn general computer use, 18% were interested to learn webpage design and maintenance and 13% wanted to learn general Internet use. Thirty-five operators were willing to meet the costs of such trainings, if these costs are reasonable.

Arising out of this need, a series of training sessions on email and webpage maintenance were conducted in Fiji, Tonga and Samoa (see Annex 2 for full report). Collectively, 93 persons attended the five seminars that were held in Suva, Lautoka, Nuku'alofa, Vava'u and Apia. For the technical training, 0 participant was divided into two groups: an email training session for people with little to no IT skills and a Webpage maintenance session for those who had some knowledge of websites. Most participants were very grateful for these sessions, as it was free of cost with very hands-on practical session. Some, though, felt that this training should have been longer and should also have contained elements of webpage design. They particularly wanted to know about how to obtain a domain name, hosting and how to go about selecting these. However, this was outside the scope of such a short workshop. The participants were generally pleased with the webpage session trainers and the provision of a detailed manual was also appreciated. Some participants reiterated during the seminars that USP Centres should provide such training continuously, through evening classes.

Figure 8: Training needs by country



4.2.7 Summary

More than two-thirds of all the operators had at least one computer, and access to PCs was generally higher in the main towns of each country. High costs of equipment purchase and maintenance were indicated as the major inhibiting factors for not having a PC. Sixty-eight of all the 98 operators interviewed had access to email and of these 33 operators also had their own websites. Generally, operators with Internet access considered the charges to be too expensive, and this concern was voiced often during the seminars. Fiji operators considered their Internet charges to be expensive while a larger percentage of Tongan operators were satisfied with their charges. Internet is largely utilised to email guests, particularly in response to their queries. Online booking is still under-utilised as a booking system in the backpacker industry, as only a handful of operators is using the system at present. Operators were interested to upgrade their computer related skills and identified email use, general computer use, webpage design and update and general Internet use as major need areas for training.

SECTION 3: WEBSITE MARKETING

The survey devoted twenty-one questions to website development and marketing, to understand people's reasons for having an own website, who designs and maintains it, how much it cost and how often is it updated. Data were also obtained on shared websites, reasons for joining such sites, the effect on the occupancy rate, and payment of commission for being part of these sites.

4.3.1 The Internet and occupancy rate

We categorised operators into three groups: 1) operators with email and their own webpage, 2) operators with email but no webpage, and 3) operators with no Internet (Table 25). Numbers in each group turned out to be fairly uniform: 33, 35 and 30 respectively. Regarding the difference of occupancy rate, there are slight peak differences among three groups (Figure 9). Operators with email and own webpage peaked at a little higher occupancy rate of 51 - 60%, compared to other groups with only email and no Internet at all. However, it is acknowledged that other factors may significantly affect the occupancy rates. For instance, operators having own webpage and email access could also be spending more time and resources to utilise other approaches to advertisement. Total advertising costs, however, suggest little difference amongst the three groups (Figure 10). This will be discussed in more detail later in this report.

Some operators did not have any Internet connection but recorded high occupancy rates. Reasons for high occupancy rates are categorised into two: first, the relationship with travel agents and secondly, the specific local target. Three operators based in the Yasawas, which is considered a popular destination for tourists, either had travel agents in the International Airport and/or had a good relationship with other tourism and transport companies. Two operators located in non-traditional tourist sites targeted locals specifically, one targeting guests for religious retreats and the other aiming for local salespersons and civil servants. Internet penetration is not high in these three countries (6.10 Internet users per 100 in Fiji, 2.22 in Samoa, and 2.93 in Tonga, according to (ITU, 2003). For the operators targeting local guests, there is little financial incentive to develop a website, as not many locals access the Internet for information.

Figure 9: Occupancy rate by Internet accessibility

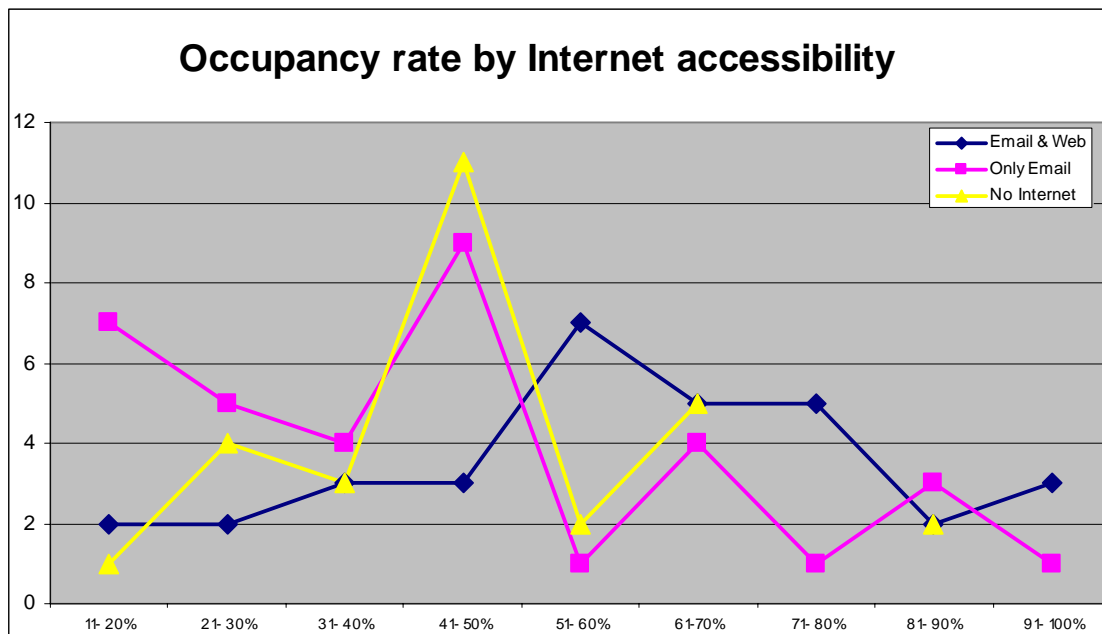
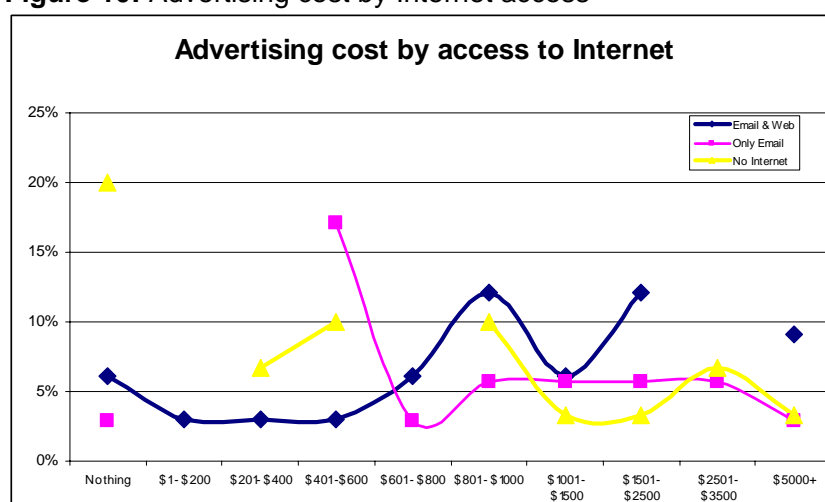


Table 25: Occupancy rate by accessibility to Internet

| Occupancy rate | Email & Own Web | Only Email | No Internet | Total |
|----------------|-----------------|------------|-------------|-------|
| 11– 20% | 2 | 7 | 1 | 10 |
| 21– 30% | 2 | 5 | 4 | 11 |
| 31– 40% | 3 | 4 | 3 | 10 |
| 41– 50% | 3 | 9 | 11 | 23 |
| 51– 60% | 7 | 1 | 2 | 10 |
| 60–70% | 5 | 4 | 5 | 14 |
| 71– 80% | 5 | 1 | 0 | 6 |
| 81– 90% | 2 | 3 | 2 | 7 |
| 91– 100% | 3 | 1 | 0 | 4 |
| Don't Know | 1 | 0 | 2 | 3 |
| Total | 33 | 35 | 30 | 98 |

Figure 10: Advertising cost by Internet access



4.3.2 Internet and operators

Some trends are apparent in the origin of operators and Internet usage (Table 26 and Figures 11 and 12). Local operators accounted for 93% of the total number of operators without Internet access for business. Foreign operators made much greater use of the Internet than did local operators. In terms of prior career experience, foreign owners were not significantly different from locals, as only a quarter of the foreign owners had close experience of tourism related work. This would seem to indicate that Internet utilisation might differ because of differences in ICT literacy rates arising from the owners' country of origin. It was apparent that most of the local Fiji, Tonga and Samoa indigenous owners have only limited knowledge of and exposure to ICT; a much higher level of ICT skills and experience existed among the expatriate owners of the budget accommodation businesses. Under the others category in Table 11, the majority of the expatriate owners had worked in managerial positions overseas, which had exposed them to an ICT work environment; being accustomed to communicating via the Internet for personal and business purposes distinguished them from local owners.

Table 26: Origin of owner by accessibility to Internet

| Origin of Owner | Email & Web | Only Email | No Internet | Total |
|---------------------------|-------------|------------|-------------|-------|
| Fiji | 7 | 15 | 17 | 39 |
| Tonga | 5 | 6 | 4 | 15 |
| Samoa | 3 | 3 | 7 | 13 |
| Australia and New Zealand | 9 | 3 | 1 | 13 |
| Europe | 3 | 5 | 0 | 1 |
| USA and others | 4 | 0 | 0 | 3 |
| Asia | 1 | 3 | 0 | 1 |
| Don't know | 1 | 0 | 1 | 2 |
| Total | 33 | 35 | 30 | 98 |

Figure 11: Email and own website by origin of owner

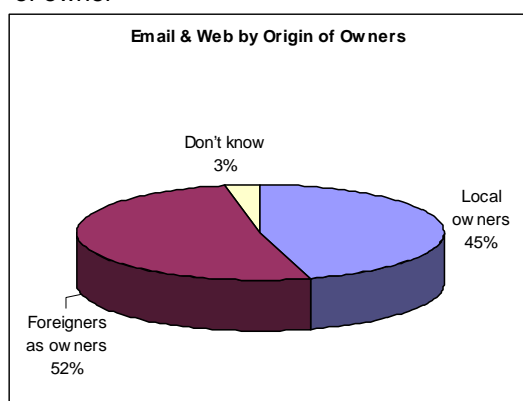
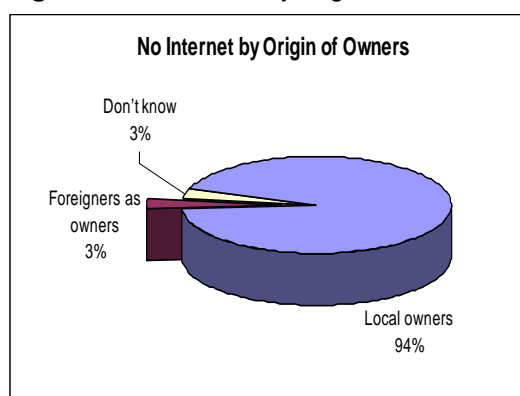


Figure 12: No Internet by origin of owner



4.3.3 Successful and unsuccessful website promotion

Of the 33 operators that had own website and email facilities, 24 (Table 27) had reported some increase in occupancy rate due to the website. In this part we will focus on the effect of website creation on occupancy rates was examined concentrating on two groups only, the most successful and the least successful. This is done to compare the similarities and differences between the two groups. By having their own website, four operators had increased their occupancy rate by as much as 25% to 30%, while 4 other operators in a similar situation did not reflect occupancy rate increase. The differences between the two groups were analysed in terms of origin of guests, guests targeted, age of target guest, origin of owner, and cost of initial website, establishment year of website, and promotion and marketing of the website.

Differences between the two groups were slight. Guests for both came mainly from Europe, Australia and New Zealand. Two out of four operators in the successful web promotion group targeted US and New Zealand specifically. Both groups targeted relatively older guests compared to the traditional backpacker market, who are aged between 20 and 29 years, without any significant difference. Similarly, there was no significant difference noted geographically. There is a slight difference in origin of owners and costs for initial setting up of the website (Table 28). The successful webpage promotion group had more expatriate owners and spent more money for website design. Additionally, the successful group established their website earlier than the other group. They might have promoted their websites or were people who were more proactive and advanced in technology. However, it is unclear how these operators had increased their

occupancy rate. Surprisingly, the occupancy rate for both groups is almost the same as the rate for the total sample, that is to say that after increasing 25–30% (even allowing for the unreliability of estimation of this rate) the total occupancy rate is still around 50%. As mentioned earlier, occupancy rates fluctuate within the year, and an average occupancy rate of 50% is considered favourable.

Table 27: Rate of occupancy increase by operators with Internet and email

| Rate of Occupancy increase | Frequency | Group |
|----------------------------|-----------|------------------------|
| has increased | 12 | - |
| by 10% | 3 | - |
| by 15% | 1 | - |
| by 25% | 1 | Successful Promotion |
| by 30% | 2 | |
| increased a great deal | 1 | Unsuccessful Promotion |
| remained the same | 4 | |
| No response | 9 | - |
| Total | 33 | - |

Table 28: Successful and unsuccessful website, by various factors

| | Country | Place | Origin of owner | Website developer | Cost of initial website design | Year of Web creation/ updated | Occupancy rate |
|------------------------|---------|-------------|-----------------------------|-------------------|--------------------------------|-------------------------------|----------------|
| Unsuccessful Promotion | Tonga | Nuku'alofa | Local | IT company | \$60 | 2001/Aug 2004 | 51–60% |
| | Tonga | Vava'u | Local | doesn't know | | 2000/2001 | 51–60% |
| | Fiji | Coral Coast | Local | IT company | \$600 | 2003/Oct 2003 | 41–50% |
| | Fiji | Taveuni | Local | IT company | \$200 | - | 11–20% |
| Successful Promotion | Tonga | Nuku'alofa | Germany | Self | T\$150 | 1997/Jun 2004 | 41–50% |
| | Tonga | Vava'u | Australia | IT Company | NZ \$ 3000 | 2001/Jan 2004 | 41–50% |
| | Samoa | Savai'i | Local *marketing by Swedish | Friend | free of charge | 1998/2004 | 41–50% |
| | Fiji | Taveuni | US | IT Company | F\$1,500.00 | 1997/Jan 004 | 61–70% |

4.3.4 Website development costs, quality and Occupancy rate

Seventeen operators said that their occupancy rate has been increased by the development of websites. First, we see the relationship between website development cost and its design. Websites on which more than F\$1,500 was spent had good design and were assessed by the technical assistant who maintained the experimental website (Table 29). Some sites, developed free of charge or at a small charge, covered basic information but gave an impression of being amateurish or non-professional work. Annex 6 shows a comparison of six operations in different categories. It is quite apparent that to have better sites one has to make a financial investment in it. Nevertheless, the relationship between cost of web development and occupancy rate is not clear. This might be because occupancy rate is influenced by geographical location, quality of

service and many other factors. As the case study in Taveuni shows (see below), some operators might change their charge, on the basis of increased guest numbers.

Table 29: Increase in occupancy rate, cost of website design, area, and web design score

| No. | Increase in occupancy rate | Initial Website design cost | Area | Web design score | Total Occupancy rate |
|-----|----------------------------|-----------------------------|-----------------|------------------|----------------------|
| 8* | has increased | F\$2000 | Nadi | A | 91–100% |
| 15 | has increased | ST\$1000 | Apia | A | 61–70% |
| 1 | has increased | TP\$500 | Nuku'alofa | A | 61–70% |
| 5 | by a great deal | F\$1500 | Taveuni | A | 61–70% |
| 9 | has increased | F\$2500 | Yasawas | A | 51–60% |
| 6 | by 30% | NZ\$3000 | Vava'u | A | 41–50% |
| 13 | has increased | F\$300 | Yasawas | B | 91–100% |
| 2 | has increased | No response | Nadi | B | 71–80% |
| 14 | by 10% | F\$90 | Pacific Harbour | B | 71–80% |
| 7 | by 25% | TP\$120 | Nuku'alofa | B | 41–50% |
| 10 | has increased | F\$500 | Levuka | B | 31–40% |
| 16 | by 10% | ST\$500 | Savai'i | C | 51–60% |
| 11 | has increased | Free of charge | Nuku'alofa | C | 31–40% |
| 17 | by 10% | No response | Vava'u | C | 31–40% |
| 12 | has increased | F\$800 | Nadi | - | 81–90% |
| 3 | has increased | Free of charge | Nadi | - | 71–80% |
| 4 | by 15% | Free of charge | Yasawas | - | 51–60% |

* Numbers correspond to numbers in Annex 5

- 3 operators did not provide the website address

Web design score was done by a researcher:

A - Good design and more than 3 pages.

B - Good design but not tasteful; unprofessional looking jobs

C - Not a good design, such as unclear photos or one-page sites

4.3.5 Differences between shared and own websites

The SME operators in the three countries under consideration are influenced by various players in the tourism industry, such as visitor's bureaus, travel agents and tour operators, each with their own websites (see Annex 3). For instance, visitor's bureaus' websites in all three countries have some information about SME operators. Opinion is divided about whether this could be enough exposure for operators to expand their market and to access new customers, and if operators were satisfied just to be on these sites without needing to develop and maintain their own websites. Almost half of the operators did not respond to the question on whether they were satisfied with being listed on shared websites (Table 30). This could be due to lack of awareness of shared websites or of the Internet possibilities as such. A third of all the operators were satisfied with a shared website, and some impact of shared websites was confirmed, that is some operators said they got bookings through these shared sites. Analysing detailed data (Table 31), 9 operators increased occupancy rate with shared websites without creating

one of their own, and stated that their occupancy rate has been increased by at least 10% by their being on a shared website. Three operators mentioned a more than 50% increase by being on a shared site only; this represents a huge increase, and may indicate that the operation was very new, very small or undergoing considerable change in operation and management. However, there are some operators who were placed only on public sites like their national tourism bureau sites, of which 5 answered that the exposure had an impact on their occupancy rate of more than 10%, and one indicated a huge increase. Respectively, 2, 2 and 3 operators in Fiji, Tonga and Samoa stated their occupancy rate increased due to the national tourism bureaus. However, their total occupancy rate is not high, even though being on a shared website has certainly made a difference. When we see the difference of public and commercial shared websites, the result is not straightforward because some operators are linked to both and it is difficult to distinguish the impact. Operators who were already on commercial websites assumed that they were linked to other similar sites for a small fee or commission.

On the other hand, a few operators said that they were not satisfied with shared sites. Reasons were categorised as: 1) low rates of guest attraction through shared websites, 2) cost for hosting, and 3) slow update of information. Some operators paid to be listed in commercial sites or the Fiji Visitors Bureau site. Twenty-one per cent utilised free websites and 10% paid between F\$200 and F\$500 per year for placement in shared websites (Table 32). A few operators hoped to have their own websites regardless of their satisfaction with shared websites. People anticipate significant increase in their occupancy rate when they put up their own website.

Table 30: Satisfaction with listing on other websites by country

| | Fiji | Tonga | Samoa | Total |
|--|-----------|-----------|----------|-----------|
| Satisfied (total) and reasons | 18 | 8 | 9 | 35 |
| Get bookings through them | 11 | 6 | 7 | 24 |
| Our guests know us through this site | 3 | 1 | 2 | 6 |
| Good publicity | 2 | 1 | 0 | 3 |
| Ok, but prefer own website | 2 | 0 | 0 | 2 |
| Dissatisfied (total) and reasons | 6 | 1 | 3 | 10 |
| Not much exposure through them | 3 | 1 | 1 | 5 |
| Too expensive, and don't get bookings through them | 3 | 0 | 2 | 5 |
| No response | 29 | 15 | 9 | 53 |
| Total | 53 | 24 | 21 | 98 |

Table 31: Operations on shared websites and impact on occupancy rates

| Location | No. of operators | Increase in Occupancy rates | Occupancy increase by shared website | Occupancy rate increased after having own website | Total occupancy rate |
|-----------------|------------------|-----------------------------|---|---|----------------------|
| Yasawas | 1 | More than 60% | yes, about 90% | has increased | 91–100% |
| Upolu | 5 | 40–59% | 60% increase in business | NR | 61–70% |
| Savai'i | | | 50% | by 30% | 41–50% |
| Yasawas | | | 50% | NR | 31–40% |
| Upolu | | | yes, 50% increase in bookings | NR | 21–30% |
| Nadi | | | yes, 45% | has increased | 81–90% |
| Yasawas | 3 | 20–39% | 35% | has increased | 61–70% |
| Nuku'alofa | | | yes, by 30% | by 25% | 41–50% |
| Yasawas | | | yes, about 20% | NR | 61–70% |
| Yasawas | 8 | 10–19% | 15% | NR | 41–50% |
| Upolu | | | 10–15% | NR | 61–70% |
| Nuku'alofa | | | yes, 10% | by 10% | 31–40% |
| Pacific Harbour | | | 10% increase | by 10% | 71–80% |
| Savai'i | | | by 10% | by 10% | 51–60% |
| Upolu | | | yes, 10% | NR | 51–60% |
| Upolu | | | yes, by 10% | NR | 61–70% |
| Levuka | | | A little, by 10%. | NR | 31–40% |
| Ha'apai | 1 | Less than 10% | yes, about 2% | N R | 9–20% |
| Upolu | 7 | No figures | yes, big increase after being on Australian TV program | NR | 51–60% |
| Nuku'alofa | | | Yes, very good, TVB is behind the success of it. | NR | 81–90% |
| Lautoka | | | yes, because people use Internet, easier for the tourists to find out | NR | 61–70% |
| Upolu | | | yes | NR | 61–70% |
| Suva | | | yes | NR | 9–20% |

| | | | | | |
|---------|--|--|-------------------------|---------------|--------|
| Ha'apai | | | yes, very few | NR | 31–40% |
| Upolu | | | yes, though hard to say | has increased | 81–90% |
| Nadi | | | Yes, but not much | has increased | 71–80% |

Table 32: Amount paid to become part of these websites

| Amount | Frequency | Percentage |
|---------------|-----------|------------|
| Free | 21 | 21% |
| \$100 – \$200 | 6 | 6% |
| \$201 – \$500 | 10 | 10% |
| \$501–\$1000 | 3 | 3% |
| Not sure | 3 | 3% |
| No response | 55 | 56% |
| Total | 98 | 100% |

4.3.6 SUMMARY

This study could not identify a particular factor which impacted to successful web marketing. However, it was noticed that compared to groups of operators without any Internet and only email, the occupancy rate peak was higher amongst the group with their own website and email. Occupancy rate is affected by a number of factors, and having own website is only one of these factors. Operators without own website and recording high occupancy rates indicated good working relations with travel agents and transport companies; specifically targeting local visitors.

Generally it was noted that foreign operators utilised the Internet more than the local operators. There were some tendencies noted for successful and unsuccessful websites. More successful websites were owned by expatriates, who spent more for website design and were assessed as good design, established their website earlier and updated it more frequently compared to the other group.

Of the 98 operators interviewed, 53 did not respond to questions on shared websites. This is interpreted as lack of awareness of shared websites. Of the 45 operators that responded, 35 operators were satisfied and 10 were dissatisfied with being listed on others such as the national visitor's bureau, regional SPTO and other websites. However, a few operators hoped to have their own website and anticipated that their occupancy rate would increase with this.

CASE STUDIES**The Success Case**

The XXX Resort is located on Taveuni Island, which lies beside Fiji's second largest island, Vanua Levu. It takes 1½ hours to reach there from Nadi by domestic flight. Taveuni is a haven for divers, bushwalkers and nature lovers (Miller et al. 2003: 215). The MOT Report (2003: 22) states that 33% of all the visitors to Vanua Levu obtained their main source of information from the Internet. This could be similar for Taveuni or it is also probable that a lot of Taveuni tourism is by word of mouth.

As a small operation, the XXX Resort can accommodate a maximum of 7 persons at full capacity. It was established in 1993 and put up its first website in 1997. Their occupancy rate has increased by almost 100% since 1997 and 90% of their bookings are now through email. They have only one PC and run on generator power. The majority of the guests are from the USA and a much lower percentage from Europe and Australasia. Initially their accommodation was priced at F\$80 per night but after the success of the website, it has increased to US\$90. Their website is advertised in 10 paid websites and was designed initially for F\$2000. It is beautifully designed and continually updated with stories relating to previous guests and of things happening around the resort. They have a high number of return guests.

The owner stated that before the website, she used wait at the local airport to persuade incoming travellers to stay at her resort. Now, with confirmed bookings via email, she is able to plan her business better; stock groceries; plan employees' vacations; and have better relations with the neighbouring resorts, 'as I don't feel I am competing with them for guests any more'. She expressed concern at the limited bank infrastructure on the island: she has to send all credit card payment vouchers to either Labasa or Nadi banks, as the bank on the island does not handle them. She also wants to maintain her website, but is limited by the website designers at the moment.

Internet – target marketing

The YYY Resort on the Coral Coast of Fiji Islands has a reasonably good, designed website, which is easy to download and pleasant to view. The website was started in early 2003 and has three pages of basic information and contact details. The owner reports, however, that the occupancy rate for his hotel is 45% and impact to date since the launch of the website has been negligible. After discussions, it became apparent that the hotel usually targeted older guests. International trends show that the people in the

younger age group are making extensive use of the Internet for information searching before travelling, but the older generations still continue to use the traditional methods of booking, such as travel agents, phone and others. Where members of the target audience are not major Internet users, Internet marketing is bound to be less effective.

Not connected but have email bookings

The ZZZ Hotel group in Fiji has 5 locally owned and operated hotels in Fiji. The properties are in Lautoka, between Nadi and Lautoka, the Coral Coast, and two in Suva. All these hotels are advertised collectively on their website. Each hotel has a separate page containing more in-depth details. Each hotel has an individualised email address. However, it is interesting to note that none of these five hotels is directly connected with Internet facilities. The group has a head office in Suva that handles all online and email reservations for these hotels. Credit card payments are also accepted at the head office. Upon confirmation, the individual hotel is given all the guest details by either phone or fax. The website also has contacts in Australia, the UK and the USA for phone reservations. One of these hotels is located in an off-track place; however, they recorded a 70% occupancy rate. This is a remarkable example of hotels not having Internet facilities but having bookings through email. Fiji has had a number of such cases already.

SECTION 4: WEBSITE EXPERIMENT

4.4.1 Set-up process

The initial objective in setting up a website as part of this study was to measure the impact of a website on the bookings of budget accommodation businesses in Fiji. The researchers wanted systematically to monitor and evaluate the whole process of setting a website for business and to measure its impact, if any, on the occupancy rates. This was planned, as we assumed that operators would not monitor or evaluate their own website systematically. This rather negative assumption was confirmed: operators interviewed took it for granted that having a website did have a positive impact on their occupancy rate, but had not documented the process. To confirm this actual change, the website was designed and set up to measure the factual process systematically.

4.4.2 Selection of operators

In September 2003, four operators in Pacific Harbour and the Coral Coast areas were selected to host their operations on the research website. For the selection process, we limited our search to operators in Pacific Harbour and the Coral Coast area because of

the greater access for monitoring them. Another key selection criterion was operator's access to email and ability to use email. Operators without any email connection and relevant skills to utilise it were not selected. This was to assure that operators would be able to respond to any email enquiries that would be received through the experiment website. Operators with their own website were not selected, as we wanted to monitor the setting up process and its relevant strengths and weaknesses systematically from the outset. Operators selected had assured us that they already had Internet connection and were already familiar with its use. A total of four operators were selected initially, but only three agreed to participate. The fourth was not keen, as part of the agreement required them to send monthly monitoring reports to our office. All the operators selected catered for backpackers in varying ways. Of the three, Deuba Inn could be regarded as the traditional backpacker operation while catering for other budget traveller needs. Hotel Casablanca and Club Coral Coast are also budget hotels that cater to both backpacker travellers and others. The last two do not have camping facilities, so could be considered slightly upmarket among the backpacker travellers. However, this relates more to quality of service and facilities, rather than price.

4.4.3 Website design process

The experiment website www.holiday-fijibackpacking.com (see Annex 3) was created in February 2003. It was set up as an experiment site to be showcased as a potential model website for tourism SMEs. Three tourism SMEs were placed together to save costs; individual websites would have been more expensive. While the idea was to have a website set up at a reasonable cost, a professional photographer and a web site designer were hired, because we wanted to portray a level of professionalism and have a relatively good website.

A professional photographer was to take pictures of the three properties, as poor resolution, red eye and similar technical deficiencies could leave a shabby image of the resort, something we wanted to avoid. The photographer was recommended by a USP colleague for her quality of work, and was hired after some of her work, available online at <http://onlinefotos.com/studio/Home.asp?Studio=100000312>, had been seen and lower charges were negotiated.

The USP web designer was selected to design the pages, because of his reasonable charges, his professional calibre and promptness of work. Collectively, \$750 was paid for web design only. Some IT companies were contacted for quotations to prepare such a website, but these were much more expensive than the USP web designer's, whose rate should not be considered as an average or standard one. The operators were requested to give pertinent information to be placed on the web. The structure of the WebPages was confirmed after discussion between the web designer, the researchers and the operators. It was agreed that the pages should not be too large for scrolling, should not be too heavy with pictures for easy downloads, and should have basic information pages for accommodation, dining, activities, location, rates and contacts.

Anecdotal evidence suggests that some websites succeed because they are well versed with their market group and present images and indicators that align their operation with identifiers of their target group (Annex 7). The foreign operators are often better able to interpret the cultural needs, which have a lot to do with generic concerns such as food quality, the type of activities and ambience, and portray them on their websites. These cultural considerations could be interpreted as 'quality' in the minds of consumers.

Therefore, if the imagery and messages are misdirected, a technically good site will still perform poorly, for such cultural considerations. As our focus was more on the technical aspect, in this regard, after the initial design of the website, expatriate friends and colleagues were requested to comment on the website content for revision.

In February 2004 the Internet was searched for the best domain name and hosting option. Digital Space of <http://www.digitalspace.net> was selected as the best option as their server is based in the United States (which is more reliable than servers in the Pacific), they have a 100% 'uptime', that is, and their server is always available online, at a reasonable cost for domain name and hosting.

4.4.4 Cost of website

Like any form of advertising, in developing a website for business marketing, money has to be spent to obtain benefits. For the experiment website, a total of F\$ 2192 was spent. The breakdown is as follows, in Fiji dollars:

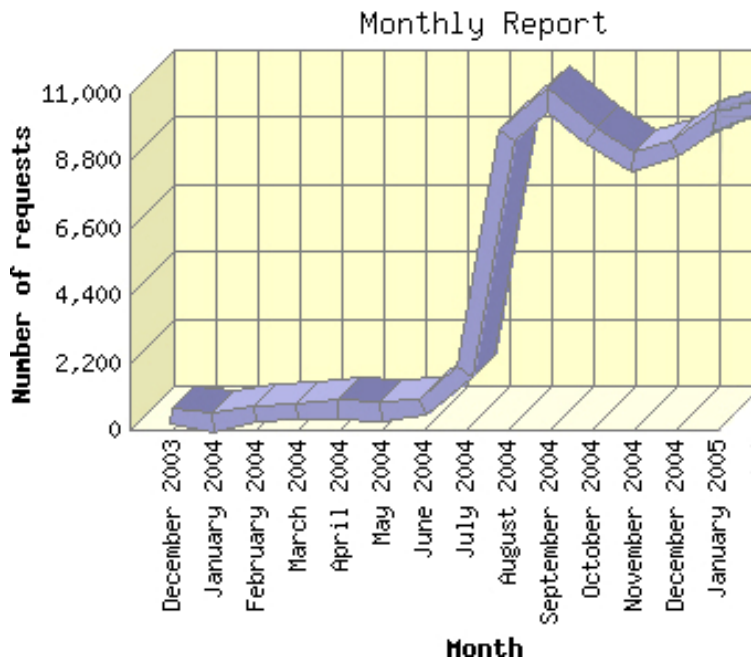
| | |
|----------------------------|----------|
| ◆ Professional photography | - \$1000 |
| ◆ Web designer | - \$ 750 |
| ◆ Domain name | - \$ 70 |
| ◆ Hosting | - \$ 72 |
| ◆ Linkage to other sites | - \$ 300 |
| Total | - \$2192 |

4.4.5 Website without any promotional marketing

From 1 March to 29 July 2004, no promotions were made to any website or search engine. This was to monitor the impact of having a website without any marketing strategy. During this period the SMEs involved reported no impact from the website on their bookings. When searching on the Google engine in June 2004 using the keywords 'backpacking in Fiji', our website was ranked 60+. However, on 1 September 2004, using the same keywords, the website was ranked 29. The ranking of a website in the Google search engine is based on the number of visits to the site; consequently more visits to a site will place it closer to the top of the search results (WRC Internet Marketing, 2004).

The website hosting package has 2 regular statistics analysis and reporting software packages, which enable the researcher to see how many requests or visits, were made for each page or individual file on the website and where visitors were coming from. If a visitor came from a link on another website, the referring website is also identified. This allows some assessment of the effectiveness of promotional links on key websites and search engines.

Figure 13: Number of requests to the website by month



4.4.6 Strategic marketing of the website

From February to July 2004, the impact of a website without proper promotion was as demonstrated in Figure 13. Links from sites such as Google and Air Pacific are encouraging but nowhere near as effective as a strong promotional strategy (see Table 33). Therefore, from 29 July 2004 the researchers implemented measures to market this website strategically, to increase visits to the site and ranking on the search engines.

Keyword placement

The keywords of the contents were revised to include words that are commonly used to search for information of relevance to backpacking in Fiji. Cultural connotations such as snorkelling and Americanised snorkelling with only one letter -l- (see Table 33 below) and both upper and lower case words were utilised. Words were deliberately misspelled in line with commonly made errors, such as figi, as foreigners tend to write figi rather than Fiji. Keyword occurrence and placement on the site and promoting link popularity are the fundamental strategies for search engine optimisation. High placement on search engine keyword searches will guarantee visitors, the essential first step toward online business success (Turban et al, 2004: 637). See Annex 5 for further explanation.

Table 33: Revised keywords

| | | |
|--|---|---|
| <i>accommodation</i> <i>backpackers</i> <i>backpacking</i> <i>beach</i> <i>budget travel</i> <i>bula and sports</i> <i>cheap accommodation</i> <i>coral coast</i> <i>diving</i> <i>ecotourism</i> <i>environment friendly</i> <i>figi</i> <i>fiji adventure</i> <i>fiji budget travel</i> <i>fiji diving</i> | <i>FIJI HOTELS</i> <i>fiji islands</i> <i>fiji resorts</i> <i>FIJI RESORTS</i> <i>fiji vacations</i> <i>fijian,</i> <i>fishing</i> <i>gamefishing</i> <i>gift shopping</i> <i>handicrafts</i> <i>holiday</i> <i>island fiji</i> <i>islands, resorts</i> <i>kayaks</i> <i>marlin</i> | <i>Pacific Harbor</i> <i>Pacific Harbour</i> <i>restaurant</i> <i>snorkelling</i> <i>snorkeling</i> <i>south pacific</i> <i>south pacific islands</i> <i>sunrises</i> <i>sunset</i> <i>tropical</i> <i>tropical resorts</i> <i>vacation</i> <i>vacations</i> <i>vegetarian fiji resorts,</i> |
|--|---|---|

Linkage to prominent tourism websites

Secondly, the website was linked to a number of national, regional and commercial websites. These websites were selected for marketing, as the operators from the study who already had websites identified these as some of the best websites for marketing. As our website was designed for educational research purposes many of these sites, which usually charge a substantial fee for linkage, and Banner agreed to promote our website free of charge. We are very grateful for their cooperation. To date our website has been linked to:

1. Travel Maxia
2. Fiji Visitors Bureau
3. South Pacific Tourism Organisation
4. Air Pacific – Fiji
5. Fiji Star Backpackers (F\$250)
6. Fiji Backpackers Association (\$F50)

In comparison of before and after linkages to their tourism websites, within a short period it was found that the number of visits to our research website increased substantially. In Table 33 we see that the research website <http://www.holiday-fijiibackpacking.com> shows a substantial jump in the number of hits to the site within just two weeks. In the first day of linkage to Star Backpackers Fiji, the researchers found 50+ hits. This shows the potential: linking and promoting a website with the prominent websites could have positive implications on an online business. We are in communication with the three operators to encourage them to reply to all enquiries in a timely fashion, either by email or other means, to observe if this increase in hits on the website would positively reflect on the occupancy rate of the operators advertised in this website.

4.4.7 Referring sites

A list of referring sites for recent visitors shows some diversity as well as illustrating the ratio of USP/JICA or visits by the website developers (Table 33). Air Pacific, Japan has listed the site as well, making it on several search engines including Google. This illustrates the natural selection of the search engine software spiders, but it is also interesting to note that there are no visits from Yahoo, MSN or any of the other major portals. This would mean we have not been listed or we are yet to get a visit via those

portals. The search engine listings will improve the longer the site is on the web and the more they are linked with other sites.

Table 34: Report of site referrals

| Site URL and Name | No. of hits during 2004 - 2005 | | | | | | | Total accumulated hits |
|---|--------------------------------|---------|---------|---------|---------|---------|---------|------------------------|
| | 31 / 07 | 31 / 08 | 30 / 09 | 31 / 10 | 30 / 11 | 31 / 12 | 31 / 01 | |
| Research website http://www.holiday-fijibackpacking.com | 1671 | 8658 | 9697 | 8661 | 7878 | 8272 | 9147 | 53984 |
| Fiji Star Backpackers http://www.starbackpackersfiji.com/ | 92 | 481 | 538 | 476 | 437 | 459 | 508 | 2991 |
| Air Pacific - Japan http://www.airpacific.co.jp/ | 9 | 42 | 51 | 46 | 44 | 38 | 60 | 290 |
| Air Pacific – Fiji http://www.airpacific.com/ | 10 | 96 | 107 | 89 | 76 | 90 | 101 | 569 |
| Fiji Visitors Bureau http://bulafiji.com | 35 | 186 | 210 | 168 | 150 | 175 | 167 | 1092 |
| Whois Source search engine http://www.whois.sc/ | 2 | 9 | 10 | 15 | 21 | 18 | 22 | 97 |
| Google Search engine http://www.google.com.au/ | 10 | 43 | 47 | 68 | 79 | 78 | 97 | 422 |
| Fyber Search engine http://www.fybersearch.com/ | 6 | 8 | 12 | 10 | 15 | 21 | 17 | 89 |
| Japanese Travel website http://www.ryokolink.com/ | 9 | 21 | 17 | 14 | 27 | 15 | 19 | 122 |
| Netcraft http://www.netcraft.com/ | 4 | 8 | 9 | 7 | 5 | 9 | 11 | 53 |
| Splat Search engine http://www.splatsearch.com/ | 2 | 5 | 6 | 11 | 8 | 13 | 6 | 51 |
| Total Hits | 1850 | 9557 | 10704 | 9565 | 8740 | 9188 | 10155 | 59759 |

4.4.8 Operators' response to webpage set-up

The project also contacted all three operators to monitor any increase in email activity related to bookings. Despite the increased number of hits to the website the operators continued to report that this was not reflected in increased emails relating to bookings and/or enquiries. Consequently, in mid-September, the project team visited two operators in Pacific Harbour. It was found that one of the operators had not checked any emails. 139 unopened emails were found in their email account, of which 35 were related to bookings and enquiries (see Table 34). The operator said that a few guests had called to make the bookings after contacting them via email first and not getting any response. It was found that another family member was to check the emails and was not doing so. They clarified that since the website set-up they were expecting many emails immediately, and when this did not happen, they forgot about checking emails regularly after the second week. This operation had also undergone renovation during this period, during which time the Internet connection was not working for a month. Additionally, they also had problems setting up the email account onto their PC. Subsequently, the project's technical assistant setup an Outlook Express account on this operator's PC and showed her how to check and download emails and how to write replies offline. Although the operators had agreed prior to the webpage set-up that they had access to a paid email account and would utilise this, it was realised during the visit that the daughter was

responsible for checking emails but was failing to do so. The mother, therefore, was trained on how to set up and access the account.

The second operator also insisted that not many emails were received regarding booking and/or enquiries. However, 87 emails were noted from February to mid-September on the issue. This indicates that some emails were already being received even before the website was linked to other prominent websites. This owner also has an own website in Japanese and it is possible that some of the emails could be received through this and also due to his personal marketing of the website. For instance, Table 33 shows a linkage from Air Pacific - Japan. This was submitted by this operator personally, before the researchers had started marketing strategies. As apparent from Table 34, the number of emails more than doubled in July, the month that the project had started to promote the experiment website.

Similarly, the third operator also reported that being on the website made little difference. However, when checked by the researcher, 111 messages were found relating to enquiries and bookings. This indicates that there was some impact from the effective website marketing.

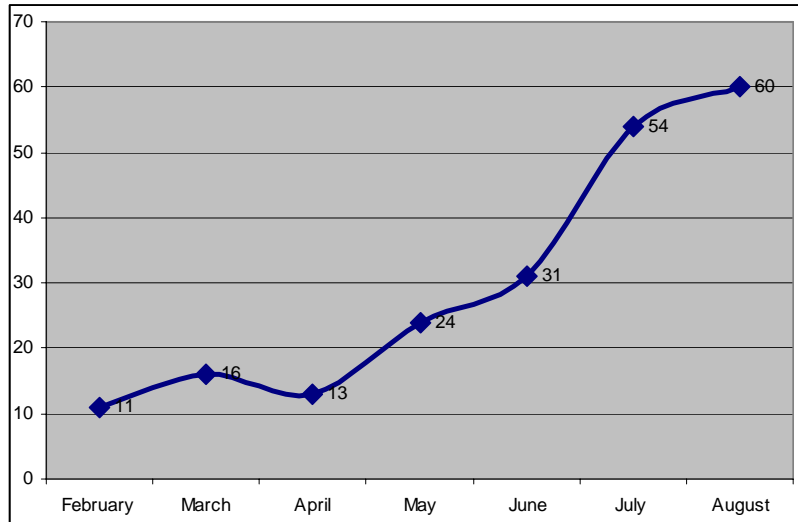
This experience with the operators underlines the importance of motivating operators to be aggressive or at least active in the use of the Internet for business. Having a good website that is well marketed could still be ineffective in increasing occupancy rates if the operators do not respond promptly to emails and other related enquiries. In discussions with the operators, it was realised that they expected that being on the website would bring dramatic increases in bookings in a short span of time. It needs to be noted that a website, like other forms of advertising, usually takes time to show a significant impact. However, despite this, the operators were interested to continue having this website at the end of the one year experiment period. Operators could continue having this website, upon paying the hosting charges and taking control of the administration of the website.

Table 35: Report of enquiries/booking related emails received by website operators

| Month (2004) | Operator 1 | Operator 2 | Operator 3 |
|-----------------|------------|------------|------------|
| February | 0 | 5 | 6 |
| March | 0 | 7 | 9 |
| April | 0 | 5 | 8 |
| May | 3 | 10 | 11 |
| June | 10 | 9 | 12 |
| July | 7 | 21 | 26 |
| August | 8 | 23 | 29 |
| September (mid) | 7 | 7 | 10 |
| Total | 35 | 87 | 111 |

The operators also suggested some changes to the website design to make it more attractive to tourists. For instance, one operator mentioned that in the Accommodation page for his hotel, we had 3 pictures of the interior of the rooms. He expressed the opinion that having views from the room balcony showing the Pacific Ocean would be more attractive than just depicting a standard room. Their suggestions have been taken into account and the WebPages will be revised shortly.

Figure 14: Total number of enquiries per month



4.4.9 SUMMARY

A research website www.holiday-fijibackpacking.com was created to measure the factual process of a website design, set-up and impact, if any, on the occupancy rate. The process started in September 2003 with the professional photography, webpage designs, acquisition of domain name and finally hosting in February 2004. In total it cost F\$2192 for the website photography, design, domain name, hosting, and marketing. This cost does not include the time spent by our Technical Assistant to revise and maintain this website or the monitoring visits to the operators.

In July 2004, the website contents were revised to include popular keywords and linkages to national, regional and commercial websites in the tourism industry. Marked differences were noted before and after these marketing strategies were implemented. The number of visitors to the website increased dramatically, and subsequently the website ranking increased in Google and other search engines. The impact on occupancy rate is still not clear within this short period of time, but it is anticipated that it will increase as well.

Prior to the setting up of the webpage, the operators were very keen to be part of this experiment. However, the final assessment visit indicated that one of the operators did not fulfil the obligation of checking their emails regularly. This indicated that having a good website could be ineffective if operators are not motivated to use the Internet aggressively. However, despite this, the operators were keen to continue maintaining the website on their own after the experiment period.

5.0 DISCUSSION

This section of our report reviews some important tourism development issues that were identified and discussed with stakeholders during the various stages of data gathering such as face to face interviews with SMEs owners, seminars including technical training sessions, conferences and the experiment website monitoring.

The following paragraphs discuss four of these areas:

1. Economies of scale
2. Basic marketing
3. Various promoters of Internet marketing in tourism, and their roles
4. Necessity for professional web design and production

5.1 Economies of scale for SMEs

In general, SMEs participating in our research had limited financial resources, technical skills and ICT knowledge. Although these operators would want to have their own websites, such constraints made it difficult to do so. Web marketing is an effective tool if it is designed properly, but it is reasonably expensive, particularly for small operations, and requires regular maintenance, updating and other technical work. Economies of scale could provide some solutions for these issues as follows:

Internet marketing

The benefits of the SMEs forming an industry association to provide a range of services to their members were discussed with the tourism operators. An example of such an association is the Fiji Backpackers Association. The Fiji backpacker accommodation providers have formed their own association and all members are listed on the association website.

Lack of Infrastructure

As we showed in the case study, adding to the economies of scale, the combination of old and new technology, such as telephone and email, could mitigate the problems of lack of Internet infrastructure. For example, in Fiji, the Fiji Budget.com website <http://www.fijibudget.com/> has links to 13 backpacker resorts in the Yasawas and numerous others from different areas. Initially this website started with 10 resorts from the Yasawa Islands and it gives guests the option of creating their own packages visiting a number of these resorts in Yasawas. It allows guests to book online and has a separate page for all the Yasawa resorts as well. The majority of the Yasawa resorts do not have access to telephone and email, due to island isolation. However, as apparent from the individual resort pages, many share a single email account and phone number, which is located in the city at the International Airport.

Technical issues

It would be more cost-effective for SMEs to share hardware and software, website, human resources such as a network engineer, and training opportunities. Such an approach could solve a number of problems for these remote backpacker SMEs, including lack of communications infrastructure, lack of finance for creating individual

websites, and lack of human resources with appropriate IT technical skills to create and maintain a website. Researchers experienced the difficulties of keeping the network secure and the computer environment well maintained, especially in cases of SMEs in isolated areas and/or mainly used by members of the older generation.

New business opportunities

Market research, surveys and target marketing are important strategies for almost all businesses. Association of SMEs or any profitable organisations could work for market research, if considerable economies of scale are confirmed. In Tonga, one SME operator initiated packaged tourism tours with other tourism business operators and started selling through the Internet. Various combinations of SMEs in tourism have potential to create new business opportunities.

5.2 Basic marketing

Our research targeted Internet marketing. However, while conducting the research we noticed among SMEs a lack of really basic marketing skills, knowledge and attitudes that should be a fundamental part of Internet or any other marketing. We found that some SME tourism operators do not develop an effective marketing strategy that is directed to their target group of clients. Little market research is conducted and few enterprises carry out regular surveys of their level of customer satisfaction. The SME operators need to be more aware of what their clients want and their expectations with regard to accommodation standards and service levels. One example is gender targeting. Very few of the websites assessed by the researchers explicitly acknowledged female guests, though the findings indicate that SME operators recognise that half of the guests are females. It would be useful for the operations to have websites identifying with their female guests' perspective; most web designers are male and possibly unconsciously, do not take this into account in their website design.

In terms of attempts to meet clients' expectations, our analysis showed that expatriate owners had slight advantages in Internet marketing. It seems like that local owners know local's better, but expatriate owners are more effective at interpreting the clients' demands and quality expectations of foreign tourists. The industry associations recommended in this report could play a valuable role in educating their members on guest preferences, needs and requirements, and they could assist their members to do guest satisfaction surveys and collect basic data on guests.

5.3 Various promoters of Internet marketing in tourism, and their roles

The tourism industry consists of various sectors, such as transportation, food industry, and accommodation. Internet marketing in tourism SMEs also has various key players with different roles. In order to promote Internet marketing, we analysed various promoters and their roles as follows:

Public sector

Key players in the public sector of the tourism industry are the Ministry of Tourism, including the relevant government department in the ministry and the national tourism bureau. They are expected to regulate Internet advertisement and promotion. Some

operators commented that some very poor quality accommodation not meeting the basic minimum standard should not be listed on national tourism websites. This is a regulation issue that requires some form of government and tourism bureau accreditation, licensing and inspection system. Deceptive advertising that creates a false impression of the beauty and features of the accommodation can harm the reputation of the national tourism industry. Some form of government regulation may be warranted to prevent misleading website design.

The other critical player is the telecommunications sector. Their regulations and especially their tariffs have a direct impact on the utilisation of Internet. For the international audience, who are used to high network quality, a crucial factor in promoting Internet marketing is stable connection. Even when tourism SMEs are prepared to spend money for the Internet, an unstable network can easily make their efforts vain. This relates to policy and regulation of the telecommunications sector.

Private sector

A number of private sector players are relevant to Internet marketing. We focused on three major ones types: travel agents, banks, and telecommunication companies, including Internet Service Providers (ISPs).

Travel agents

Even though we found some individual SME owners promoting them through Internet marketing, we noticed that SME owners still recognise the influence of travel agents. Some resort managers interviewed in this study remarked on the valuable role that travel agents perform and some resorts still get the majority of their clients through travel agent bookings. They noted that travel agents work hard on their behalf promoting their SME accommodation to potential clients and conducting advertising campaigns that individual enterprises are unable to afford.

Banks

The research reveals that online transactions or bookings and payments via the Internet are not yet effectively utilised by many small tourism operators in Fiji, Tonga and Samoa. This has resulted in lost booking fees from last minute cancellations or because payment options are unavailable to customers. With the majority of overseas guests coming from developed countries, credit cards are the main means of making a booking online and paying accommodation deposits. In 2004, the ANZ Bank established the ANZ BooknPay system in alliance with Global BedBank Limited, to provide a booking and payment system for tourist resorts including SMEs. The booking engine puts small resorts on the same competitive service platform as the major hotel chains' reservation systems, allowing clients to book and pay for accommodation over the Internet.

Telecommunication companies, including Internet Service Providers (ISPs)

Our research has found that many tourism operators do not have a sound understanding of the processes and costs associated with the design of an enterprise website, the cost of hosting a website and the expenses associated with promoting a new site with the leading search engines and linking and promoting the site. The ISPs could be more proactive in promoting their services to the tourism SMEs. Many SMEs would appreciate receiving information on these matters as well as special packages to encourage them to start or enhance their Internet marketing.

Others such as donors

In the South Pacific, many countries still receive aid from foreign countries through various schemes such as grant or technical cooperation. Donor agencies within the region do consultancy on conducting surveys and advising in tourism sectors. For instance, JICA has sent a few advisors for regional tourism development, and AusAID and NZODA are already involved in the tourism strategy development and conducted some Internet marketing training for tourism SMEs in Samoa and Tonga.

5.4 Need for professional website development

We are still discussing whether the website should be developed professionally or not to promote tourism SMEs effectively. Today there are millions of websites and billions of WebPages are available online, and the tourism sector is promoted aggressively through many of these as well. Amongst Fiji, Tonga and Samoa there are a number of regional, national, commercial, private and group websites that promote tourism to the region (see Annex 8). As tourists and researchers, we believe that the quality of a webpage is quite critical, and the professionally developed websites provide the major part of successful promotion.

For the individual websites, the research findings indicate that there is some positive impact on the occupancy rate from the websites that were designed by professionals and where the operators had spent more than \$1000 on the initial design. These websites were also linked to more places than the websites that were not as successful. However, it needs to be emphasised that occupancy rate is influenced by a variety of factors and having a good website is only one of these.

On the other hand, the research also shows that a website costing less than \$1000 to set up initially could also raise the occupancy rate successfully. Some pages developed by amateurs are of more than reasonable quality.

6.0 RECOMMENDATIONS

The recommendations from this study are based on the findings of the research and are structured in three steps as follows:

1. Problems identified by research
2. Possible solutions
3. Recommendations and implementing authority

6.1 More utilisation the of Internet for marketing

Problems identified by research

Many tourism SMEs do not understand the value and importance of marketing and promotion of their business through the internet. They are not motivated to undertake basic marketing activities and do not know how to go about developing Internet marketing through establishing a website, arranging hosting of the site,

linking it to other important websites, promoting and maintaining it.

Decision-makers also do not have enough data to understand the impact of Internet marketing and strategic promotion.

Possible solutions

Provide the appropriate information on the impact of Internet marketing, through various means such as awareness-raising campaigns, use of databases to give access to proper web developers, and basic technical training including promotion of WebPages.

Recommendations

Awareness-raising campaigns

Decision makers in the public sector should have baseline data regarding Internet marketing in tourism SMEs, to enable them to formulate and implement appropriate informative awareness-raising campaigns.

Implementing authority

Ministry of Tourism or Visitors Bureau. Tertiary education institutes or consultancy companies could collect baseline data and implement/conduct awareness-raising campaigns.

Database to facilitate access to proper web-developers

An accessible database of reliable and affordable professional website designers and their average costs of services must be established. The database should contain information on hosting alternatives, and agencies that can arrange listing with the main search engines and provide promotional services.

Implementing authority

An industry association, the national tourism authority, or even a profitable website design company.

Basic technical training including promotion of webpage and self-help manual development

A regular series of workshops on business development should be conducted to assist operators develop a business plan, a marketing strategy and an ICT plan. A self-help training manual should also be prepared for use at the workshops and for distribution to operators. The training material could be made available on a tourism operator development website.

Implementing authority

A combination of an industry association, aid donor(s) and the national tourism authority.

Formation of an industry association

In order to provide appropriate information on Internet marketing and follow up, formation of association will be helpful for especially sustainable self-help promotion among SMEs.

6.2 Overcoming the lack of infrastructure, financial and technical resources

Problems identified by research

The research shows the lack of access to infrastructure and appropriate financial resources. Also we identify lack of technical skills and knowledge and suitable attitude to utilise the Internet for marketing. Some SME tourism businesses located in rural areas reported that they do not have access to Internet services; SMEs on outer islands are particularly handicapped by poor quality and limited telecommunication services. Financial constraints clearly make it difficult for most SMEs to use the new technology as well as develop ICT skill and knowledge. Attitudes to utilising ICT are also an issue. Some SME operators do not respond promptly to emails from guests seeking accommodation bookings and other information.

Possible solutions

Economies of scale, as discussed in the previous section, will be one solution. Sharing the hardware and especially Internet marketing with email contact will work for cost saving and technical difficulties.

Conducting appropriate workshops, focusing on the enhancement of skills, knowledge and attitude, to encourage greater use of more new technology to enhance income generation.

Recommendations

Contracting out of business functions.

SMEs in remote areas without access to Internet services could contract out these functions to firms or industry associations that are located in the well serviced urban areas, until the telecommunications sector extends Internet services to the rural areas and outer islands. Sharing of technical resources such as hardware and software, Internet communication including websites could relieve the constraints of financial problems.

Implementing authority

Tourism SMEs

Appropriate workshops and seminars

These could be planned and implemented by various stakeholders. Participants in seminars conducted as part of this research requested courses appropriate for their needs, such as webpage updating or introduction of network security for SMEs. They said that the current ICT courses provided by a few tertiary institutions or commercial IT service companies focus only on basic software usage and areas different from their needs.

Implementing authority

Combination of ICT education service companies, donor agencies and ministries

6.3 Better utilisation of shared web

Problems identified by research

In some South Pacific countries the national tourism authority does not promote all the small tourism accommodation operators on its national tourism promotion website, but lists only fee paying operators. Some small operators have reported that they cannot afford the fees charged so they are not promoted by the national site. Researchers also question the quality of this type of shared website.

Possible solutions

The national tourism authority could consider listing all registered small operators free of charge or at a reduced rate during their establishment phase. Operations that do not meet standard quality criteria should not be listed even as paid members. SPTO has recently started to list all interested operators and gives better listing options to paid members and this has increased traffic to their website as well.

Recommendations

National tourism authorities should aim to list all SME businesses that meet the national accommodation standards, and charge fees related to the SMEs' capacity to pay for the service. Small operators could pay a reduced fee during their establishment phase of their business. National tourism authorities should also consider using professional web designers to promote the image and standard of accommodation, which could easily be linked with the quality of webpage.

Implementing authority

National tourism authorities, SMEs and the industry associations could submit a strong solidarity request for this to the Ministry of Tourism and the national bureaus.

7.0 CONCLUSION

This research has identified main conclusions. We conclude that if designed and promoted properly the Internet can be an effective marketing tool for tourism SMEs in island countries of the South Pacific. We also confirmed that implementation of Internet marketing in the operations of these SMEs is currently constrained by various factors.

This study has found that website marketing has proven to be an effective marketing tool for most backpacker and budget operators who have pursued a considered online advertising strategy. Thirty-three of the 98 enterprises in the survey have established their own individual websites and use them for marketing. Of those businesses with their own website, twenty enterprises reported that their website has resulted in increases ranging from 10% to 30% in the room occupancy rate. However, some thirteen operators have reported that they have experienced a poor response from their new website and were disappointed with the impact of their website on their room occupancy rates. They received only a small number of guest enquiries and email accommodation bookings.

The results indicate that of the 45 operators that were aware of being on shared websites, 25 indicated occupancy rate increases. The rate of increase after being on such websites varied between 2% and 90%. Therefore, we conclude that being on shared websites is effective for the SMEs

This study found a wide variation in the quality of websites. Many of the websites could be improved by undertaking an evaluation of the site from the clients' perspective. We also found through the experiment of establishing and monitoring our own website that once a site is created, linkage is crucial. The results from our experiment website showed that there was a marked difference in traffic to the website after the linking with prominent tourism websites. We could conclude that the linkage to commercial and public sites increases the number of guests to the website.

Some crucial factors in making a website prominent are relevant domain name; relevant and interesting content which is updated periodically; graphics that portray a true and attractive picture of the business; use of relevant keywords that are utilised by prominent websites in the industry; and linkage to regional, national and other commercial websites that are known market 'players'.

However, results indicate that just having a website is not enough if one wants to reap the economic benefits. Effective website promotion is the most vital step in conducting E-commerce and leading new visitors to a website. Successful websites indicate that they have a certain edge over others. Websites need to be marketed just as with other forms as electronic marketing is about attracting the right traffic, creating a user-friendly atmosphere, and developing content relevant to customers' needs. It is equally important for the business owners to be familiar with Internet and email use and to respond promptly to any guest enquiries.

The study findings indicate that there are various reasons for not having an own website or being part of a shared website. The reasons for not having own website were lack of awareness of the benefits of internet marketing, lack of an understanding about how to

go about commissioning a professional website designer to design a website and promote it, lack of contact with internet service providers, lack of technical ICT skills, lack of technical support and the high costs of internet marketing for these SMEs.

Operators in our survey have reported the main constraints as a general lack of resources including: expense, lack of technical knowledge and skills, poor quality of infrastructure and connectivity and lack of staff expertise. Thirty-four per cent (33) of the total sample said that Internet charges were too high and 27% (26) operators considered they were reasonable. Those with websites and email have mentioned problems with maintenance of websites and security of their own computers (against viruses and worms that could bring down the computer).

Sixty-five per cent of operators wanted to undertake short course training activities to promote their business via the Internet, which also indicates that two thirds of the operators were not ICT skilled to handle such basic task as responding to emails. This trend was consistent across the three countries as well (66% in Fiji, 67% Tonga and 62% Samoa). Specific areas of training were identified: 39%, email use; 24%, general computer use; 18%, webpage design and update; and 13%, general Internet use.

Through the research, we demonstrated the positive impact of Internet marketing and its potential for use in wider communities in the South Pacific. As we stated in the previous section, proactive and immediate action from the stakeholders could be appropriate if the benefits of Internet marketing are to be realised.

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ANNEX 1: QUESTIONNAIRE

SECTION 1: Company profile and history

Name of the Company: _____ Name and Title of person being interviewed _____

Phone: ____ Fax: ____ Mobile: __ Email: __ Own Web page address (if any): __ [if no OWN webpage, SKIP Qs 44-56]

1. Year of establishment? _____
2. What services does the business provide? (*tick all that apply*)
 - a. Accommodation
 - b. Trekking
 - c. Fishing
 - d. Kayaking
 - e. Diving
 - f. Surfing
 - g. Sailing
 - h. Others, please specify _____
3. What is the maximum no. of beds ___and/or camps ___available for guests at any one point in time?
4. Rates for accommodation (*in Fijian dollars per night*):
Single \$ _____ double \$ _____ dorm \$ _____
 campsite \$ _____
5. What is the occupancy rate of your business on average? _____%
6. Is your services advertised in any of the following ways:
 - a. Print brochure/flyer (give a copy if available)
 - b. Have agents overseas/linked with other agencies (give name and country)
 - c. Affiliated with tour operators (give names)
 - d. Mentioned in tourist organisation/agency (please give name and details)
 - e. Mentioned in any tourist guide books (name book)
 - f. Through television (name station and when)
 - g. Through radio (name radio station and when/times)
 - h. In a magazine (give name)
 - i. Word of mouth, please explain
 - j. Others (please specify)
7. How much per year does your business spend on advertising?
\$ _____

SECTION 2: Owner's Profile

8. Where are the owner(s)/shareholders originally from?

9. What is the career and educational background of the owner(s)/shareholders?

SECTION 3: Guest Profile

10. Please state the percentage of your guests by country

| Country | (%) | Country | (%) |
|-------------|-----|---------------|-----|
| Australia | | Asia | |
| New Zealand | | Other Pacific | |

- USA
Canada
Europe
- Islands
Locals residing overseas
Locals living in Fiji
11. Average age of your customers? (in %) 20s ____ 30s ____ 40s
____ 50s ____ 60s ____
12. Percentage of customers that are: Males _____ Females _____
13. Percentage of guests that book:
 a. By themselves _____%
[COMPLETE Q14]
 b. Booked through others, e.g. tour operators, etc. _____%
[SKIP Q14]
14. Of the guests that book by themselves, please state the percentage that booked using these methods:
- | Way of booking | Percentage (%) |
|-------------------------|-----------------------|
| Telephone | |
| Fax | |
| Letter | |
| Email | |
| Online booking | |
| No prior booking | |
| Others (please specify) | |

SECTION 4: Equipment and infrastructure

15. What type of electricity does your business have:
 a. FEA Generator Solar power Other, please specify
16. Do your staff /you have access to a PC?
 a. Yes **[GO TO NEXT QUESTION]**
 b. No *(please give reason)*
 i. Too expensive to buy
 ii. Too expensive to maintain
 iii. We do not need it
 iv. Staff have little knowledge of how to use it
 v. Staff used it before, but we stopped because (please give reason)
 vi. Others (please specify) **[SKIP TO Q32]**
17. How many PCs do you have in your company?

18. When did you have the first PC installed?

19. Does anyone maintain the PCs in your company? Yes **[SKIP TO Q21]**
 No. **[GO TO NEXT Q]**
20. What happens when a PC has a problem? _____ **[SKIP TO Q23]**
21. Is he/she a staff yourself friends professional IT company others, specify
22. Do they have any knowledge/qualification/training to maintain PCs?

- a. Yes please specify? _____ No how do they maintain PCs?

23. Does your company have Internet connection?
a. Yes Please specify the reasons for connecting to Internet.

- b. No please give reasons for not having Internet? _____ **[SKIP TO Q32]**
24. Name the Internet Service Provider? *(only for Samoa and Tonga)*

25. How much do you pay per month for: *(request for bill)* internet charges? \$ _____
telephone dial up? \$ _____
26. Do you think this is a reasonable amount? Yes, why _____ No, why _____
27. Check all types of activities that are conducted using the internet/email?
a. Advertise business and specials
b. Email guests for bookings/confirmation/answer their queries/etc.
c. Receive online payments from guests
d. Order supplies/etc. online
e. Information search
f. Communicate with other businesses/authorities
g. Monitor/withdraw/deposit from my bank account
h. Monitoring competitors' websites
i. Others
28. Is the internet service available for guests?
 Yes **[SKIP TO Q30]** No, please give reasons. _____ **[GO TO NEXT QUESTION]**
29. Do you plan to have Internet for the guests in the future? Yes No
30. How much do you charge per hour for its usage by the guest?
\$ _____
31. Did the guests request for Internet provision? yes, please comment _____
 no, please comment _____

SECTION 5: Web page development

32. Is your business advertised in another (shared) webpage?
a. Yes, Please give names and addresses of these sites _____
b. No, please give reasons _____ **[SKIP TO Q33]**
33. Plan to be part of a shared website in the future
a. Yes **[SKIP TO Q35]** No **[GO TO NEXT QUESTION]**
34. What is hindering you from being part of another website now?
_____ **[SKIP TO Q43]**
35. Why did your business join this website?

36. Are you satisfied with being part of these websites?
a. yes, please give reasons _____ no, please give reasons _____
37. Has the occupancy increased since being part of these websites?
a. Yes, could you estimate by how much? _____ no, please give reasons _____

38. How much did you pay to become part of these websites?

39. Do you have to pay any commission for bookings confirmed via these websites?
Yes, No
40. How much commission do you pay?

41. Do you consider this to be: high average low
42. Is the rate affected by paying commission? yes, how_____ no, please
give reasons_____
43. **[ONLY FOR THOSE WITHOUT OWN WEBPAGE]** Please give reasons why
your business does not have a webpage? (*tick all that apply*)
- a. Little staff support
 - b. Lack of technical knowledge and support
 - c. Lack of infrastructure
 - d. Too expensive
 - e. Others, please
specify_____

[SKIP TO Q57]

[FOR BUSINESSES WITH OWN WEBPAGE ONLY]

44. When did your company establish its own webpage?

45. Name the country or site where your website is hosted?

46. What were your main reasons for having a webpage? (*please tick all that apply*)
- a. To promote/market our services/products
 - b. To reach new customers
 - c. To increase revenue
 - d. To reduce advertising and other costs
 - e. To expand the market globally
 - f. To speed up business processes
 - g. To keep pace with competitors
 - h. To improve quality of services
 - i. To launch new services
 - j. Others, please specify
47. Who designed your webpage?
Staff IT company Relative/Friend IT student from university/college
Others
48. Did the webpage designer provide any training for your staff? Yes
No
49. How much did the initial design of the webpage cost?

50. Did you face difficulties in having the webpage design that you wanted?
- a. Yes State the problems and how you managed to improve the situation.

 - b. No.
51. Is the web page updated?
- a. Yes
 - i. How often is the webpage updated?

 - ii. How much does your business pay to update the webpage?

 - b. No, please specify

52. Are you satisfied with the current design of the webpage?

- a. Yes, why _____ No, why _____

SECTION 6: Internet and business

53. Since your business had a webpage, has this affected the occupancy rate in any way?

- a. Yes how and please give reasons for this change?

- b. No give reasons

why _____

- c. Not sure/ Don't know

54. Is your webpage linked/listed on other tourism websites?

- a. Yes, has this changed (if any) the occupancy rate of your business?

- i. Increased, give reasons

why _____

- ii. Decreased, give

reasons _____

- iii. Remained the same, give

reasons. _____

- b. Not linked anywhere, please comment

55. Does your business take online bookings?

- a. Yes **[GO TO NEXT QUESTION]** No **[SKIP TO Q57]**

56. Does your business receive online payments?

- a. Yes Reasons _____ No

Reasons. _____

57. If you had internet and email facilities, would you take online bookings?

- a. Yes, please give reasons No, please give reasons.

58. Do you or your staffs need any training to promote your business via Internet/Webpage?

- a. Yes No please

specify _____

59. Please identify specific topics of interest.

60. How long would you prefer any training to be?

61. Would your business be prepared to meet any costs for such training?

- a. Yes, approximately how much would business be prepared to pay for such training?

- b. No, why

62. Do you think your business has had/might have any other impacts that you have not mentioned above by having a webpage/email (such as tourist group change)?

- a. Yes clearly identify at least 5 of these. _____ No give reasons why

63. Other comments

—

Thank you.

ANNEX 2: E-COMMERCE SEMINARS AND TRAINING SESSIONS REPORT

Period: 1 – 27 February 2004
Overall progress: All activities were completed as planned.
Planned activities: Planning and logistics of four consecutive seminar/trainings in Suva, West, Apia, Nuku'alofa and Vava'u.

Detailed report on the seminar / training.

Fiji Seminar & Technical training. A list of participants, programme and evaluation will be attached with the report.

Samoa Seminar & Technical training. A list of participants and programme will be attached with this report. Unfortunately, the evaluation forms and the sheets with discussion group ideas were misplaced during the travel; so a summary of these cannot be attached with the report.

Tonga Seminar & Technical training. A list of participants, programme and evaluation will be attached with the report.

Fiji 9 – 13 February

Suva –9 Feb - Tanoa Plaza (Seminar)

USP - 10 Feb – USP Library Conference Room and USP Communications Conference Room (Technical Training)

Participants voiced their concern that smaller operators were generally not aware of the possibilities of conducting business online, and the Fiji Visitors Bureau should create more awareness on this issue. The price of Internet charges was raised as an issue that should be addressed by the government.

For the technical training, participant was divided into two groups: an email session for people with little to no IT skills; and a webpage maintenance session for those who had some knowledge of websites. Most participants were very grateful for these sessions, as they were free of charge and included hands-on practical sessions. However, some participants suggested that this training should have been longer and should also have contained elements of webpage design as well. Participants particularly wanted to know about how to obtain a domain name, hosting and how to go about selecting these. The participants were generally pleased with the webpage session trainer; however, at times they had some difficulty in understanding the more technical IT terms that were used. The provision of a manual was also appreciated.

Nadi - 12 - Tanoa International Hotel (Seminar)

USP - 13 - USP Centre – Lautoka, Computer Labs (Technical Training)

Participants in these sessions felt very strongly that the Fiji Visitors Bureau was not doing enough for the small operators, and they want this to be changed. They wanted a team to be set up within the Bureau to work with these small operators, providing training in vernacular languages, and continuous support for and monitoring of these small businesses. It was also suggested that a common IT centre should be opened that

works on behalf of the smaller operators to host and maintain their websites and to take email bookings on behalf of these operators for a small fee.

As in the Suva technical session, participants were divided into two groups and were appreciative of the whole sessions, as many of them had learnt new skills. However, many participants and the trainers for both sessions were very frustrated with the slow speed of Internet in the Western Centre. At times this made it difficult for the training to be productive. Therefore, the trainers decided to use only a few computers instead of one PC per person for the practices. This improved the situation and allowed participants to achieve the task that was allocated for the day.

Samoa – 16 – 17 February

Apia - 16 Feb - Aggie Greys Hotel, and 17 Feb at USP Centre – Apia, Samoa (technical training)

During discussions, participants raised concerns about the slow Internet connection, disconnections, not enough training and knowledge of online bookings amongst the smaller operators, lack of networking amongst the smaller operators and little representation of the smaller operators to the Tourism Bureau. It was recommended that the government should create a guideline and an action plan to monitor the development of small operations in the tourism industry. It was suggested that stakeholders should implement some way of online payment to assure confirmed bookings for small operators. The participants acknowledged that the Visitors Bureau was placing them online for free.

During the technical training, the participants emphasized that more of such training should be held. They wanted long-term, ongoing training, possibly offered as evening courses as most of these operations were family run so do not have much time to spare. The participants stated that they learnt quite a lot from the technical sessions, particularly from the marketing aspects of the webpage session.

Tonga – 23 – 26 February

Nuku'alofa 23 – 24 Feb - USP Centre

Participants from outer islands stated that although they were interested in using the Internet for business, they needed training to do so, as well as needing Internet connection on the island. Many participants were also concerned that although the price for Internet use was supposed to be cheap, because of the present high dial-up cost the total cost was usually exorbitant. This was not very conducive to doing business online. A few participants felt that as they were older it was difficult for them to grasp the new methods of business using IT, and it was suggested that more awareness and training could reduce the generation gap in this regard. Tonga Visitors Bureau had during the past year revamped its website with the assistance of AusAID. Many participants, however, said that they were not aware of this and would like to be given more information about this change.

Participants were encouraged by the knowledge that the Visitors Bureau placed all operators for free on their website and could carry out updates as per request. Regarding the technical training, participants were encouraged to have such sessions

but due to the very slow speed of Internet connection at the USP Centre the participants were not able to complete updating the webpage as identified in the program. It was suggested that in future a commercial Internet Café should be used for such training sessions.

26 Feb. – Faineha High School – Vava‘u

Participants were appreciative of this opportunity to learn new skills. One participant, who had traveled across from another island, was overwhelmed when by day’s end the trainer, with his cooperation, had created a new webpage for his business. The participants were enthusiastic and wanted follow-up training on this; however, many were interested in learning how to create a webpage from the start.

Basic Programme Date: 9 – 10 February

Objectives

General

Share the results of the research titled ***Economic Impact of E-commerce on Small Tourism Enterprises***

Collect qualitative data from participants, arising from their reflections, group brainstorming, and many discussions

Raise awareness of the tourism sector’s stakeholders on the usage of ICT as a marketing tool

Technical

Provide basic training for SMEs on how to use ICT for marketing

- o email
- o webpage maintenance
- o use of search engines

Expected Outcomes

Incorporation of the qualitative data into the final report

Contribution to the capacity building of tourism operators’ skills, in order to improve the quality and standard of conducting business using the email, the Internet and webpages

A raised profile for ICT usage in businesses, particularly amongst the small and medium sized enterprises

A raised profile for the ICT Research component specifically and the ICT Capacity Building @ USP Project generally

Venue USP Centre in each area and other selected venues

Participants

For the technical training on day two, participants will be divided into two groups:

Beginners – those who have very little knowledge on how to use email and/or the Internet

Intermediate – those who have a good understanding of the Internet and are interested to learn webpage maintenance

PROGRAMME

Day One

| | |
|---------------|--|
| 8.30–8.35 | Welcome and Introduction Prof. James McMaster– Director, Pacific Institute of Management (USP), and Primary Researcher |
| 8.35–8.50am | JICA Resident Representative – FIJI/SAMOATONGA |
| 8.50–9.30am | Opening Speech Fiji Visitors Bureau / Samoa Tourism Authority / Tonga Visitors Bureau |
| 9.30–10.00am | Participant Introduction |
| 10.00–10.30am | Refreshments |
| 10.30–11.00am | Overview of the ICT Capacity Building @ USP Project Ms Maki Kato – Coordinator, ICT Capacity Building @ USP Project, and Primary Researcher |
| 11.00–11.30am | Introduction to the Research Concept – Prof. James McMaster |
| 11.30–1.00pm | Research results Prof. McMaster, Ms Maki Kato, Mr. Taholo Kami, Ms Natasha Khan |
| 1.00–2.00pm | Break |
| 2.00–3.30pm | Discussion of the results |
| 3.30–4.30pm | Recommendations by the Stakeholders |

Day two

| | |
|----------------|--|
| 8.30–10.30am | Overview and Basics of Using Emails |
| 10.30–11.00am | Practical Use of Emails Workshop for persons with basic ICT |
| 11.00–1.00pm | Overview of Searching for Information on the Web Knowledge Workshop for Beginners |
| 1.00–2.00pm | Break |
| 2.00–4.00pm | Overview of Webpage Design |
| 8.30–10.30am | Basics of Webpage Maintenance |
| 10.30am–1.00pm | How to perform basic maintenance of a webpage – Workshop for persons with some knowledge of Internet use |
| 1.00–2.00pm | Break |
| 2.00–4.00pm | Maintenance of a webpage by the participants (hands-on practical) |
| 4.00–4.30pm | Evaluation of this training |
| 4.30pm | Closing Speech – Professor Fuji Takahashi / Prof. James McMaster |

Evaluation of Suva E-commerce seminar – 9 Feb. 2004

This is a summary of the presentations made by Suva participants, feedback on how the two-day seminar was delivered and recommendations for future seminars/workshops. Common issues amongst participants were identified and brief explanations on these issues are also highlighted below.

Issues

- Improve infrastructure
- Develop personnel through training by TPAF, or extended training programmes by JICA.

Create awareness of E-commerce through education at an early stage. This will help break down the 'traditional mind set' or fear of progress, especially in terms of computers, IT or anything new in general.

Assistance from government and policy-makers to help propel stakeholders starting out in E-commerce

Constraints

Financial – a very common setback here in the Pacific; always seeking overseas aid

Lack of technical/human expertise, resources etc. in the field of IT

Lack of research in this field – proper research is needed in order to be abreast of international changes and movements to enhance knowledge

Infrastructure – in terms of improving IT technology, basic infrastructure to help the industry get started

Cultural setback– 'malua fever' – in the Pacific, this attitude needs to be broken through, locals need to be more commercial-minded, to compete internationally, get rid of the traditional fear of getting into something as new as IT/Internet

Marketing skills – for stakeholders starting out in this area, some substantial marketing skills must be inculcated, in order for new business to move forward

Opportunities

Networking – at the moment lacking in this field; backpackers getting together, forming special groups to assist each other in all areas of the business and also to help convince policy-makers

Economic growth – a healthy economy leads to more opportunities in this field

Political climate – a favorable political climate will attract investors into the country; potential assistance will be readily available

Physical policies by present government

The way forward – we need to adopt a positive attitude; aggressive awareness campaigns for stakeholders, showing the great advantages they can gain from using E-commerce; open up the market by removing the monopolistic hold in telecommunications provision

Recommendations

Seek assistance from overseas agencies, e.g. JICA

Introduce and incorporate E-commerce into the school curriculum

Provide training for all stakeholders, esp. for those with the least exposure to IT

Get more Internet service providers, decrease present charges

Nadi Seminar Presentation

Group 1: How to reduce costs of developing websites

Use a standard format when creating a website

Employ one Web-Master

Fiji Visitors Bureau to set up one information database

This project should be subsidized by Government, that is, cost-sharing of webpage for SMEs

Problems

- Very expensive to create a website (up to \$3000)
- Lack of information on how to create website
- Unavailability of computers and lack of basic IT skills
- Lack of follow-up and support by government agencies, for instance, FVB and similar agencies

Possible solutions

Backpackers Association O.I.C of Maintenance to collect information/receive enquiries and to pass on to SMEs concerned. This service could be charged a small fee/commission % for all business generated.

Group 2: How to strengthen the IT skills of the backpacker operators

Issues

Lack of IT skills of backpacker operators

Constraints

Geographical location

- o business operators in remote areas and small islands have little to no access to computers

Lack of equipment

- o high cost of computers
- o lack of power supply and phone lines in these remote areas
- o lack of Internet connection
- o slow to very bad Internet connection

Recommendations

Government to provide subsidies to operators for equipment, training and website development

Link up with other Government policies

- o micro-enterprise development
- o poverty reduction
- o employment creation

Create awareness on the importance of using IT in small businesses

Action

Backpacker Association to submit a proposal to Government to

- o remove duty taxes on IT equipment purchased by operators
- o TPAF, FIT, USP and other training institutions to provide training to SME operators in remote islands; another possibility is to go online for free
- o ISP, Connect, MOT to develop a one-page website for each operator, free of charge

National Microfinance Unit to provide training in local language

Backpacker Association to promote all backpacker operations in Fiji – members and non-members to be promoted more aggressively

Establish a Backpacker's Information Centre to be manned by one person. This centre is to provide training on relevant IT topics continuously throughout the year

Motivate operators to use email and have websites to

- promote success stories to encourage others
- identify a prominent person and have the Backpacker Association to get him/her to promote E-commerce
- use TV advertising to promote the benefits of IT amongst SMEs
- Submit a proposal to Connect Fiji to provide members of Backpacker Association with free Internet usage for a grace period of 2 months or so

Group 3: How to motivate operators to go online

Issues: what is the problem?

Education
 Training
 Seminars/workshops
 Exposure

Constraints

Lack of education
 Lack of training and knowledge on Internet, creating websites etc.
 Lack of exposure to modern technology/outside world in general (remote islands/areas)
 Geographical location

Opportunities

Provide more workshops and so forth for stakeholders to increase their awareness as well as knowledge on E-commerce. These regular workshops can act as follow-up programmes for FVB
 FVB, concerned government agencies should 'take education' to the SMEs, especially operators in remote islands/areas.
 Operators could also seek advice from overseas/international guests regarding E-commerce. Information gathered through the exchange of experiences/stories can be a great deal of help to operators who are interested in E-commerce. Guests may also volunteer to help operator(s) create their own website.

Recommendations

Aggressive lobbying for organizations involved to provide discounts, special packages and fees to interested operators
 Free of charge service or a less expensive service to help operators create their own websites

Action

Regular meetings between stakeholders to launch all the above issues
 Set up a special committee/body to oversee SMEs

Tonga Seminar Presentation: Summary

How to Reduce Costs of Developing a Website

A matter of choice

- Cheap
- Expensive

Link home page to national website

Seek funds, locally or overseas aid/sponsorship
Seek assistance from family and relatives living overseas
Advertise your website on other businesses' advertisements/space

How to Strengthen IT Skills of Backpackers/Budget Operators

Request JICA/USP to create or develop a website similar to the one they created in Fiji
Strengthen communication and sharing of technical knowledge; also work closely with IT officer of TVB
Organize a training programme by relevant government departments or other organizations

How to motivate Operators to go online

Show them that it is:

- easy to create a webpage
- not expensive
- easy to maintain

Show positive results from being online

How to Market Your Site Online

By linking with the national website and other national and international sites
Advertise through word of mouth
Have website address on business card
List your website address on popular search engines

ANNEX 3: RESEARCH WEBSITE

<http://www.holiday-fijibackpacking.com/index.html>

Each Hotel in this website has a Main page (to return to the main website page), Home (for the individual hotel), Accommodation, Dining, Activities, Location, Rates and Contact us page.

Main page



Casablanca Hotel – Activities page



Casablanca Hotel – Accommodation



Deuba Inn – Accommodation page



Deuba Inn – Dining page



Club Coral Coast Hotel - Accommodation




ANNEX 4: VISITORS BY AREA OF STAY


Overseas Visitors Location of visit and Expenditure within Location


| Zone/Area of Stay | \$F (M) Expenditure | Backpacker | Backpacker | Non-Backpacker |
|--|---------------------|------------|------------|----------------|
| North and Eastern Vitilevu | 1.5 | | 35% | 65% |
| Lautoka/Cruising | 1.23 | | 10% | 90% |
| Nadi Area | 8.3 | | 17% | 83% |
| Mamanucas/Yasawa Islands | 21.93 | | 31% | 69% |
| Coral Coast | 6.73 | | 11% | 89% |
| Deuba | 2.76 | | 32% | 68% |
| Suva | 1.5 | | 6% | 94% |
| Vanua Levu | 0.82 | | 7% | 93% |
| Outer Islands | 1.7 | | 0 | 68% |
| Unknown/Did not stay in paid accommodation | 0.11 | | 0 | 0 |
| Total | 46.58 | | 19% | 81% |


Source: Fiji International Visitor Survey Report 2002 – April 2003


Key:


 9% - 20%


 21% - 30%


 31% - 40%


 41% - 50%


 51% - 60%

 61% - 70%


 71% - 80%


 81% - 90%

 91% - 100%

 Total Number of operator in that area

 Operator with E-mail and Website

 Occupancy rate not given

 Owned by expatriate

Occupancy rate by country, area, email, website, and origin of owner. Corresponds with the Maps above.

| No. | Country | Area | Email + Website | Only Email | No Internet | OWNER |
|-----|---------|-------------|-----------------|------------|-------------|---------------|
| 1 | Fiji | Levuka | 40 | 0 | 0 | Foreigner (F) |
| 2 | Fiji | Levuka | 0 | 0 | 30 | Local (L) |
| 3 | Fiji | Levuka | 0 | 40 | 0 | L |
| 4 | Fiji | Deuba | 0 | 50 | 0 | L |
| 5 | Fiji | Deuba | 0 | 50 | 0 | F |
| 6 | Fiji | Deuba | 0 | 100 | 0 | L |
| 7 | Fiji | Deuba | 80 | 0 | 0 | F |
| 8 | Fiji | Coral Coast | 0 | 50 | 0 | F |
| 9 | Fiji | Coral Coast | 0 | 50 | 0 | L |
| 10 | Fiji | Coral Coast | 50 | 0 | 0 | L |
| 11 | Fiji | Coral Coast | 100 | 0 | 0 | F |
| 12 | Fiji | Coral Coast | 0 | 0 | 0 | L |
| 13 | Fiji | Nadi | 0 | 50 | 0 | L |
| 14 | Fiji | Nadi | 60 | 0 | 0 | L |
| 15 | Fiji | Nadi | 0 | 70 | 0 | F |
| 16 | Fiji | Nadi | 90 | 0 | 0 | L |
| 17 | Fiji | Nadi | 80 | 0 | 0 | L |
| 18 | Fiji | Nadi | 100 | 0 | 0 | F |
| 19 | Fiji | Nadi | 80 | 0 | 0 | F |
| 20 | Fiji | Savusavu | 0 | 0 | 50 | L |
| 21 | Fiji | Savusavu | 0 | 20 | 0 | F |
| 22 | Fiji | Taveuni | 0 | 0 | 50 | L |
| 23 | Fiji | Taveuni | 70 | 0 | 0 | F |
| 24 | Fiji | Taveuni | 0 | 30 | 0 | L |
| 25 | Fiji | Taveuni | 0 | 0 | 50 | L |
| 26 | Fiji | Taveuni | 0 | 30 | 0 | L |
| 27 | Fiji | Taveuni | NR | 0 | 0 | NR |
| 28 | Fiji | Taveuni | 0 | 50 | 0 | L |
| 29 | Fiji | Taveuni | 0 | 30 | 0 | L |
| 30 | Fiji | Taveuni | 0 | 20 | 0 | F |
| 31 | Fiji | Taveuni | 30 | 0 | 0 | F |
| 32 | Fiji | Taveuni | 0 | 0 | 20 | L |
| 33 | Fiji | Taveuni | 0 | 40 | 0 | L |
| 34 | Fiji | Suva | 0 | 20 | 0 | L |
| 35 | Fiji | Suva | 0 | 0 | 60 | L |
| 36 | Fiji | Lautoka | 0 | 70 | 0 | L |
| 37 | Fiji | Lautoka | 0 | 0 | 90 | L |
| 38 | Fiji | Lautoka | 0 | 0 | 50 | L |
| 39 | Fiji | Yasawa | 0 | 90 | 0 | L |
| 40 | Fiji | Yasawa | 0 | 90 | 0 | L |
| 41 | Fiji | Yasawa | 0 | 0 | 50 | L |
| 42 | Fiji | Yasawa | 0 | 0 | 50 | L |
| 43 | Fiji | Yasawa | 100 | 0 | 0 | L |
| 44 | Fiji | Yasawa | 0 | 0 | 40 | L |
| 45 | Fiji | Yasawa | 0 | 70 | 0 | F |
| 46 | Fiji | Yasawa | 0 | 0 | 70 | L |
| 47 | Fiji | Yasawa | 0 | 0 | 70 | L |
| 48 | Fiji | Yasawa | 0 | 0 | 90 | L |
| 49 | Fiji | Yasawa | 0 | 70 | 0 | L |
| 50 | Fiji | Yasawa | 0 | 0 | 50 | L |

| | | | | | | |
|----|-------|------------|----|----|----|----|
| 51 | Fiji | Yasawa | 0 | 0 | 50 | L |
| 52 | Fiji | Yasawa | 60 | 0 | 0 | L |
| 53 | Fiji | Yasawa | 60 | 0 | 0 | L |
| 54 | Tonga | Nuku'alofa | 20 | 0 | 0 | L |
| 55 | Tonga | Nuku'alofa | 60 | 0 | 0 | L |
| 56 | Tonga | Nuku'alofa | 70 | 0 | 0 | F |
| 57 | Tonga | Nuku'alofa | 40 | 0 | 0 | L |
| 58 | Tonga | Nuku'alofa | 0 | 90 | 0 | F |
| 59 | Tonga | Nuku'alofa | 0 | 50 | 0 | L |
| 60 | Tonga | Nuku'alofa | 50 | 0 | 0 | F |
| 61 | Tonga | Nuku'alofa | 0 | 30 | 0 | F |
| 62 | Tonga | Nuku'alofa | 80 | 0 | 0 | L |
| 63 | Tonga | Nuku'alofa | 40 | 0 | 0 | F |
| 64 | Tonga | Ha'apai | 0 | 0 | 70 | L |
| 65 | Tonga | Ha'apai | 0 | 50 | 0 | L |
| 66 | Tonga | Ha'apai | 0 | 0 | 40 | L |
| 67 | Tonga | Ha'apai | 0 | 0 | 40 | L |
| 68 | Tonga | Ha'apai | 0 | 20 | 0 | L |
| 69 | Tonga | Vava'u | 50 | 0 | 0 | F |
| 70 | Tonga | Vava'u | 0 | 20 | 0 | L |
| 71 | Tonga | Vava'u | 0 | 0 | 30 | L |
| 72 | Tonga | Vava'u | 0 | 50 | 0 | L |
| 73 | Tonga | Vava'u | 60 | 0 | 0 | L |
| 74 | Tonga | Vava'u | 0 | 20 | 0 | F |
| 75 | Tonga | Vava'u | 0 | 40 | 0 | L |
| 76 | Tonga | Vava'u | 20 | 0 | 0 | F |
| 77 | Tonga | Vava'u | 0 | 40 | 0 | F |
| 78 | Samoa | Upolu | 0 | 0 | 70 | L |
| 79 | Samoa | Upolu | 90 | 0 | 0 | F |
| 80 | Samoa | Upolu | 0 | 20 | 0 | F |
| 81 | Samoa | Upolu | 0 | 0 | 60 | L |
| 82 | Samoa | Upolu | 80 | 0 | 0 | L |
| 83 | Samoa | Upolu | 0 | 0 | 30 | F |
| 84 | Samoa | Upolu | 60 | 0 | 0 | F |
| 85 | Samoa | Upolu | 0 | 30 | 0 | L |
| 86 | Samoa | Upolu | 70 | 0 | 0 | F |
| 87 | Samoa | Upolu | 0 | 0 | 50 | L |
| 88 | Samoa | Upolu | 70 | 0 | 0 | F |
| 89 | Samoa | Upolu | 0 | 0 | 0 | L |
| 90 | Samoa | Upolu | 70 | 0 | 0 | F |
| 91 | Samoa | Upolu | 0 | 80 | 0 | L |
| 92 | Samoa | Upolu | 0 | 60 | 0 | L |
| 93 | Samoa | Upolu | 0 | 0 | 30 | L |
| 94 | Samoa | Savai'i | 0 | 0 | 70 | L |
| 95 | Samoa | Savai'i | 30 | 0 | 0 | L |
| 96 | Samoa | Savai'i | 60 | 0 | 0 | L |
| 97 | Samoa | Savai'i | 0 | 0 | 50 | L |
| 98 | Samoa | Savai'i | 0 | 0 | 50 | NR |

ANNEX 6: WEBSITE ASSESSMENT

Only six hotels identified in Table 29 were selected for assessment.

| Case 1 | | | | | |
|---------------------------|-------------|--------------|--|---------|------------------------|
| No. of Pages | No. of Pics | No. of Links | Linked from other websites | Grade | |
| Home | 2 | 8 | A1 Vacation Rentals | 42/50 A | Navigation = 10 |
| Cottages | 9 | 6 | Fiji Visitors Bureau | | Consistency = 10 |
| Restaurant | 1 | 6 | Best Romantic Inns | | Performance = 7 |
| Activities and Dining | 2 | 9 | Island Guide | | Quality Assurance = 10 |
| Activities and Dining (2) | 3 | 7 | Where2Go2.com | | Interactivity = 5 |
| About Us | 3 | 8 | Aquaventure accommodations | | |
| Photos | 6 | 8 | Private Villa Rental | | |
| Taveuni Faces and Places | 8 | 6 | Villa Bookings | | |
| Latest News | 1 | 6 | Best Romantic Inns | | |

| Case 2 | | | | | |
|-----------------------------|-------------|--------------|---------------------------------|---------|-----------------------|
| No. Pages | No. of Pics | No. of Links | Linked from other pages | Grade | |
| Main Page (Language Choice) | 1 | 2 | Travel Maxia | 33/50 C | Navigation = 5 |
| Home | 8 | 12 | Tonga Visitors Bureau | | Consistency = 9 |
| Heilala by Night | 6 | 2 | BootsnAll.com | | Performance = 4 |
| Facilities and Services | 2 | 4 | Pacific-Resorts.com | | Quality Assurance = 9 |
| Activities | 1 | 2 | Tonga Accommodation and Resorts | | Interactivity = 5 |
| Jobs Available | 0 | 2 | Cheap Hostels Inn | | |
| Restaurant | 5 | 2 | Hotelz.com | | |
| <i>Fale *</i> | 4 | 3 | | | |

| Case 3 | | | | | |
|---------------|-------------|--------------|--|---------|-----------------------|
| No. Pages | No. of Pics | No. of Links | Linked from other pages | Grade | |
| Home Page | 3 | 11 | Tonga Visitors Bureau | 38/50 B | Navigation = 9 |
| Getting there | 1 | 11 | BootsnAll.com | | Consistency = 9 |
| Rooms | 2 | 12 | Whales in the Wild | | Performance = 10 |
| Rates | 2 | 12 | Hotelz.com | | Quality Assurance = 5 |
| Things To Do | 1 | 11 | Hostels.com | | Interactivity = 5 |
| Whales | 2 | 11 | BBH Backpacker Accommodation | | |
| Calender | 0 | 11 | TRAVEL.CO.NZ | | |
| Contact Us | 2 | 12 | | | |

| Case 4 | | | | | |
|--------------|-------------|--------------|---|---------|-----------------------|
| No. Pages | No. of Pics | No. of Links | Linked from other pages | Grade | |
| Home | 2 | 13 | Samoa Hotels | 42/50 A | Navigation = 9 |
| <i>Fale*</i> | 2 | 13 | Go Holidays - NZ | | Consistency = 9 |
| Food | 3 | 13 | Sun Vacations - Fiji | | Performance = 10 |
| Rates | 1 | 13 | STA Travel | | Quality Assurance = 9 |
| Maps | 2 | 13 | Samoa Beach <i>Fale*</i> - German | | Interactivity = 5 |
| Get There | 1 | 13 | TalPacific Holidays | | |
| Book it | 0 | 13 | Travel Online – NZ | | |
| | | | Pacific Navigator | | |
| | | | Island Hoppers Vacation – Samoa | | |

| Case 5 | | | | | |
|------------------------------|-------------|--------------|--|---------|-----------------------|
| No. Pages | No. of Pics | No. of Links | Linked from other pages | Grade | |
| Home | 1 | 8 | Tonga Visitors Bureau | 44/50 A | Navigation = 10 |
| Your Hosts | 2 | 11 | Tonga Visitors Bureau | | Consistency = 10 |
| Accommodation | 4 | 11 | Travel Online – NZ | | Performance = 10 |
| The Boat | 6 | 12 | Good Hotels Guide | | Quality Assurance = 9 |
| Fishing | 9 | 12 | Angling Adventures | | Interactivity = 5 |
| Photo Gallery | 14 | 10 | TalPacific Holidays | | |
| Other Activities | 4 | 11 | Whales in the Wild | | |
| Packages | 0 | 6 | South Pacific Tourism Organization | | |
| Fish Ha'apai | 3 | 18 | Best Flights.com.au | | |
| Fish Til you Drop | 8 | 18 | Taufonua Travels | | |
| Backpackers Budget | 7 | 18 | | | |
| Standard Sport Fishing Tonga | 5 | 18 | | | |
| Enquires | 0 | 16 | | | |

| Case 6 | | | | | |
|------------|-------------|--------------|--|---------|-----------------------|
| No. Pages | No. of Pics | No. of Links | Linked from other pages | Grade | |
| Home | 1 | 1 | Sun Vacations – Fiji | 38/50 B | Navigation = 9 |
| Facts | 4 | 5 | Hotels and Travel Fast.net.au | | Consistency = 9 |
| Rack Rates | 1 | 5 | South Pacific Tourism Organisation | | Performance = 10 |
| Contact Us | 0 | 5 | Fiji Visitors Bureau | | Quality Assurance = 5 |
| | | | Dive Fiji | | Interactivity = 5 |

**fale* – lit. 'House' – small stand-alone accommodation unit employing a high proportion of traditional design and construction materials

ANNEX 7: CRITERIA OF GOOD WEBSITES

Storebuilder services, ISPs, dedicated website hosting services and self-hosting give online business owners a range of options in deciding how and where to host the website. Considering that in the tourism industry the target are guests from overseas countries with access to broadband technology, who are therefore, used to fast Internet connections, it would be best to host the website in developed countries.

A well-chosen domain name is an 'address for successes, a way of making the site easy to find and remember. Choosing a domain name is an important step in setting up the hosting site. Once again, keeping in mind the tourism industry, something relevant to tourism topics should be identified. Many times your original choice would already be in use; in such cases try a number of different names but keep in mind that your final choice should reflect your industry, location and other factors.

Content is king! Content can be created, purchased or acquired for free and used for site promotion, sales and building customer relationships. Successful web sites offer content that the site's target audience wants and expects. For instance, people wanting to holiday in the Pacific Islands want to experience the sun, sea and sand, with backpackers wanting to experience the cultural aspects of a particular place as well. Some successful sites from this research have shown that updating stories of what is happening at the resort and surrounding area seem to work, as this particular SME reported many repeat customers. One also has to keep in mind to present a true reflection of the resort on the website, otherwise depicting a beautiful sea view on the website when the resort is many miles away from the ocean could have negative results.

Although text is content rich and inexpensive, a text-only site is also a barren and unmemorable site. Graphics and colours should be selected with the sites business goals and visitor needs in mind. Keeping the attention span of a visitor in mind, it would be best to include small graphics that are few in number so that the end result is an attractive page but one that will load fast. As much as possible place professional photos on the web site, as poor resolution, red eye and similar picture faults can create a shabby image of the resort. 'The key to visitor-friendly navigation is to project visitors' mental map on the web site: where they are, where they have been, where they should go next, and how to get to where they want to be' (Turban et al. 2004: 637).

Keyword occurrence and placement on the site and promoting link popularity are the fundamental strategies for search engine optimisation. High placement on search engine keyword searches will guarantee visitors, the essential first step toward online business success.

ANNEX 8: OVERVIEW OF TOURISM ORGANIZATIONS ONLINE IN FIJI, TONGA AND SAMOA

This study focuses on the use of IT to promote the development of the budget accommodation sector of the tourism markets in Fiji, Samoa and Tonga. Our study examines the benefits for resorts of establishing their own website. However, it is recognised that there are already many different types of tourism websites that are successfully promoting tourism in Fiji, Tonga and Samoa. All these websites play an important role in the overall marketing effort. An individual resort may be listed on many different websites. For example, it may have its own website and as well have a page with all its details on the websites of the hotel association, the backpacker association, the national tourism office website, travel agents' websites and travel guide websites.

All these websites need to be kept updated on the latest development of services and facilities at the resort, any specials and new accommodation packages and the current room rates. This section reviews the current websites that promote tourism in the Pacific Islands. These are classified as follows:

1. Individual operator websites
2. National tourism websites
3. Regional tourism websites
4. Travel agents
5. Travel guide websites
6. Enterprise marketing websites
7. Airlines websites

Individual operator websites

These sites are our main interest in this study. Our survey has found that only 33% of the resorts in the study had their own website. A more detailed discussion is part of the main report.

National tourism websites

Fiji, Tonga and Samoa have established government funded national tourism offices to promote tourism to their countries. The Fiji Visitors Bureau (www.bulafiji.com) has a well designed website that provides a comprehensive range of information tailored to the needs of international tourists. It offers an easy-to-use interface with much organised groupings of information. The FVB charges a fee of F\$500 to be listed on their website under the relevant category of accommodation. The Samoan Tourism Authority (www.visitsamoa.ws) offers lots of governmental and tourist information and is well designed with drop-down menus. During the various workshops to share the research results, the STA website was considered the best by most participants. SVT provides free links to all backpacker operators on their website, on clicking to the linked operator, a separate page with detailed information is provided. The Tonga Visitors Bureau (www.vacations.tvb.gov.to) has minimal web presences with only the most basic information. However, they list all operators for free of charge on their website. Most of the government tourist bureau sites seek to give cultural and historical information on their respective countries, mixed with information on accommodation details for luxury,

mid-range and budget resorts. Presently,⁶ 106 of an estimated 300 or more operators were listed on the FVB website under budget and standard accommodation; 44 of the estimated 70 Samoa budget and standard range operators were listed in the STA website; and 29 of an estimated 78 backpacker operators were listed in the TVB website.

Regional tourism websites

Regional tourism organisations such as the South Pacific Tourism Organisation (www.spto.org) and the Pacific Asia Travel Association (www.pata.org) provide their members with a range of services including reports on tourism research studies, which are available only to fee paying members who gain access to the research studies through entering a user name and password. These sites also give information on conferences for travel professionals for education.

The South Pacific Tourism Organisation (SPTO), formerly the Tourism Council of the South Pacific (TCSP), is dedicated to assisting organisations, large or small, regional or international, that are involved in South Pacific travel and tourism. SPTO's regional and international membership encompasses national tourist offices, hotels, resorts, car rental operators, coach operators, travel agents, tour operators, airlines, cruise and dive operators and all other businesses associated with travel and tourism in the South Pacific. The current full government membership comprises American Samoa, Cook Islands, Fiji Islands, French Polynesia, Kiribati, New Caledonia, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

The organisation claims that 'members receive an exclusive array of services and benefits designed to give them a competitive advantage in the promotion of their products or services to the sources of business. SPTO is committed to the promotion and development of the South Pacific as a desirable holiday destination on the international tourism scene' (SPTO website, 2004). Though all operators in the various Pacific Islands can request to be listed on the SPTO website for free, paid members have access to more resources and advertising opportunities. When checked in August 2004, the SPTO website had 139 Fiji budget and mid-range accommodation listings, and Samoa had 43. Tonga operators were not listed according to range so distinction could not be made between budget, mid-range, upmarket and luxury accommodation that was listed for Tonga.

Travel Agents

The quality of travel agent sites varies widely. Most sites are basic and provide only information similar to that in a coloured tourism brochure. It is rare for travel agent sites to provide full online booking abilities for flights, car rental and accommodation. Most travel agents specialising in the Pacific Islands have not allocated sufficient resources to developing their websites, which as a consequence are mostly out-dated and unfriendly to travellers. Sites such as PacificTravelGuide.com (www.pacific-travel-guides.com), Pacific for Less (www.pacific-for-less.com), Islands in the Sun (www.islandsinthesun.com), McCoy Travel (www.mccoytravel.com), and The Pacific Navigator (www.pacificnavigator.com) focus on particular tour packages and provide the colourful brochure-style sites without other features.

Travel Guide Websites

⁶ Accessed 3 August 2004.

Many travellers for decades have purchased professional published travel guide books that provide a comprehensive set of information on all aspects of travel, including accommodation guides to backpacker and other accommodation.

Moon Guides to the South Pacific by David Stanley is one of the highly regarded travel guide books. David has now established a website that contains his "South Pacific Organizer" (www.southpacific.org). It provides an extensive list of Web links related to travel in the South Pacific. This website is a most informative gateway providing important travel information, links to airlines, travellers' tales sites and local radio sites. The Lonely Planet (www.lonelyplanet.com) offers a site with only concise general information on destinations, with discussion forums to encourage potential tourists to interact with others, whereas Rough Guides (www.travel.roughguides.com) has a site with basically travelogue entries and little else. The Jason's (www.pi-travel.co.nz) has a comprehensive listing of operators but not much focus on backpacker operations.

Enterprises Marketing under a Group Name

The Fiji Islands Backpackers Association (fiBA) has established a website (www.fiji-backpacking.com) that provides details of all its backpacker member enterprises. Its mission is to provide lots of information and budget saving ideas on how to explore Fiji safely and economically, helping visitors become aware of all Fiji has to offer and maximise the engagement of their visit. FiBA has recognised the growing backpacker's movement in Fiji and the need for constant evaluation of travellers' needs. This site provides an up-to-date overview of Fiji; basics about backpacking, budget accommodation availability and a summary of activities that Fiji provides (tours, water sports, shopping etc.). Presently, there are no such associations or organisations in Samoa and Tonga.

Airlines

Online booking for flights is available with Air France (www.airfrance.com/us) and Qantas (www.qantas.com.au), Hawaiian Air (www.hawaiianair.com), Aloha Airlines (www.alohaairlines.com), Air New Zealand (www.airnewzealand.com), Air Pacific (www.airpacific.com), Virgin Blue (www.virginblue.com.au) and Air Tahiti Nui (www.airtahitinui-usa.com). All of these sites not only have online up-to-date information, but also a do-it-yourself flight booking as well as rental car, hotel and package vacation bookings where available. At this time, only email or phone contact is available for bookings with Solomon Airlines (www.solomonairlines.com.au), Air Calin (www.aircalin.nc), Air Fiji (www.airfiji.net), Air Pacific (www.airpacific.com), Polynesian Airlines (www.polynesianairlines.com) and Air Vanuatu (www.airvanuatu.com).