DEMAND FOR ONLINE TRAVEL SERVICES IN VIETNAM

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ABSTRACT

This research presents an overview of the demand by foreign tourists in Vietnam for online travel services, including online searching and purchasing behavior, quality requirements, perception of Vietnamese travel websites, and post-purchase behaviour. Data were collected through questionnaires distributed to international tourists at the end of their stay in Vietnam. The results showed an overall good impression of Vietnamese travel websites. However, Importance-Performance Analysis indicated a number of areas that need improvement. These are discussed in the paper, and recommendations are provided for tourism-related organizations of measures to improve their online offerings use the opportunities presented by the Internet more effectively.

Keywords: Online travel services, online demand, online marketing, website quality, Internet, Vietnam.

INTRODUCTION

Information and Communication Technologies (ICTs) are becoming increasingly vital for the efficient and effective management of operations and the distribution of products and services within the tourism and travel industry (Kozak & Andreu, 2006). One of the major reasons for the proliferation of ICTs in the industry is that tourism is acknowledged to be very information intensive- in fact, information has been described as the "lifeblood" of the industry, as without it the sector could not function. Tourists need information before going on a trip to help them plan and choose between options, and also increasingly need information during the trip as the trend towards more independent travel increases (O'Connor, 1999). Information must be able to flow quickly and accurately between the client, intermediaries and each of the tourism suppliers involved in servicing the client's needs. Travellers can acquire information from a wide variety of sources. With the development of new technology, for today's traveller it is much easier to get information about destinations, book accommodation and reach the farthest places in the world (Kozak & Andreu, 2006).

WTOBC (1999) confirms: "The new truth for destination marketing organizations is that if you are not online then you are not on-sale within your key

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* Any remaining errors or omissions rest solely with the author(s) of this paper.

markets". The Web is the new destination marketing battleground and if you are not in there fighting then you cannot expect to win the battle for tourist dollars (WTOBC, 1999). Before the birth of the Internet, tourist destinations reached their customers with traditional marketing activities and via travel agencies. Today these activities can be carried out through the Internet. It is therefore important for tourist destinations to mix their traditional offline activities with the online opportunities that have occurred (Burman et al. 2007).

Tourist destination can benefit from the Internet by developing a coherent position in the marketplace, increasing their market share by getting closer to customers (actual and potential), and subsequently by ensuring delivery of high levels of customer satisfaction. The role of information integration and brokerage is especially applicable to destination marketing organizations (state tourism departments, national tourism offices, and city convention and visitor bureaux) as they rarely have a product of their own to sell. Instead, their role is to match buyers with sellers, demand with supply and producers with consumers by positioning and promoting a place as a tourism destination brand (Palmer, 2006).

The Internet encourages a new marketing approach involving customers' self control as they benefit by knowing in advance the facilities, attractions and events at the destination. The Internet offers suppliers the ability to show full-colour virtual catalogues, provide on-screen order or reservation forms, offer online customer support, and advertise updated events and products within the destination. It also provides opportunities for customer feedback, loyalty and branding (Kozak, Bigne, & Andreu, 2005). Hence, the content of tourism destination websites directly influences the perceived image of the destination and creates a virtual experience for the consumer (Doolin, Burgess and Cooper, 2002). The website of destinations should provide useful, complete, and relevant information to potential users. This is because providing useful and relevant information on the web directly is an important feature that affects online users' intention to purchase (Kozak, Bigne, & Andreu, 2005).

Poon (1993) pointed out that the new consumers of tourism products and services are more informed, more independent, more individualistic and more involved. The new travelers are empowered by the Internet, which provides them with easy and cheap access to various information sources and extended communities (Rifkin, 2000). In contrast to many consumer goods and services, the consumption of travel experiences involves often extensive pre- and post-consumption stages in addition to the actual trip, which itself can spread over several weeks or months. These stages of the tourism consumption process are typically information intensive. Internet-based technologies have come to play a significant role in supporting consumers throughout this multi-stage process. Furthermore, the Internet is highly personalized medium and new consumers expect marketers to address and cater to their complex personal preferences (Buhalis & Costa, 2006).

According to ETC (2008), 72% of online travelers usually rely on the Internet when shopping for vacation travel. The Nielsen Company's "Global

Online Survey on Internet Shopping Habits" conducted in October and November 2007 estimates that more than 85% of the world's Internet users surveyed have purchased something online (ibid). In addition, "today's travelers want to do more online than shop rates and book a room. They want to use their browser to schedule spa appointments and tennis lessons, tee times and other activities, customize packages, make dining reservations and even set up group meetings before they reach the property" (Warren Dehan, in eMediaWire, 2008). Responding to this demand, many tourism destination marketing organizations have developed websites with varying levels of interactivity. An interactive website provides a good opportunity for the multiple suppliers involved in a tourism destination to fashion together uniquely the specific components of a destination offer, which are sought by individual visitors (Palmer, 2006).

At present, the Vietnam National Administration of Tourism (VNAT) is running several websites. Almost of all these websites provide tourist-related information in Vietnamese and some other languages. The website www.vietnamtourism.com was one of the first three Vietnamese websites presented when the country was officially connected to the Internet at the end of 1997. Another site, www.vietnam-tourism.com, is considered to be a gateway to Vietnam tourism online services. From there, people can surf and link to other VNAT websites as well as all the websites of Vietnamese ministries and organizations. This website was launched in 2001. The official hotel reservation system of VNAT, www.myhotelvietnam.com, was launched in 2003; it provides online hotel reservation services for every accommodations provider in the country, from 5-star hotels to guest houses (Le, 2006). Local travel retailers such as Vietravel, Saigontourist and Apex Vietnam are already bringing e-commerce to their business models and selling their tours online; other players are likely to follow suit soon (TravelMole, 2008).

In response to these dynamic changes, this research aims to study the current online demand patterns of Vietnam tourism. More specifically, the objectives of this paper are to investigate the online searching and purchasing behaviour of foreign tourists in the country, their quality requirements, perception of Vietnamese travel websites, and post-purchase behaviour. Common weaknesses and problems are identified, and specific measures proposed to improve the quality of online travel services.

METHODOLOGY

Nine hundreds questionnaires were distributed to foreign tourists at the airport, hotels and travel agencies. With a usable sample of 268 foreign tourists who had visited Vietnam in November – December 2007, the research studied the current demand of Vietnam tourism patterns, especially on online services, and identified tourists' demography and their needs and perceptions of Vietnamese travel websites. The questionnaires were in English, and sought demographic profile; internet and online searching and purchasing behaviors; perception of Vietnam travel websites; and post-purchase behavious of tourists. Importance-Performance

Analysis (IPA) was performed to analyze whether the quality of Vietnamese travel websites meets the needs of tourists.

RESULTS AND DISCUSSION

Almost half of the respondents were over 45 years of age; one quarter were between 26 and 35 years of age, and another quarter - between 36 and 45 year of age. Almost half the respondents were from Asia; a quarter were Europeans and a quarter from North America or Australia. Over 85% had at least a diploma or higher university degree.

Internet and Online Searching and Purchasing Behaviour

Nearly half of the respondents' trips (45.5%) were arranged by travel agencies in their countries and nearly one third had made their own arrangements via the Internet (29.1%), most of the rest had used travel agencies in Vietnam (16.8%) (Table 1). 70.9% of the respondents regularly or occasionally used the Internet. The majority of the respondents who used the Internet reported their Internet access as "Primarily at work/school but also at home." Most of them used the Internet "Several hours a day", 15.2% accessed the Internet "1 hour per day", and 15.7% accessed the Internet "A few times a week". Most of them have been using Internet resources for more than 3 years, and some for 7 years or more

When asked about their online purchasing behaviour, 21.4% said they had never purchased travel products via the Internet, 23.1% purchased travel products online once a year, 35.7% purchased 2-5 times a year, 12.6% - 6-12 times a year, and 7.1% - more than 12 times a year. The most frequent average percent of total purchase travel online to total travel per year for purchase travel online was "1% - 25%", 27.7% spent "26% - 50%" and 15.4% spent "51%-75%", while 24.6% spent for travel online to total travel per year from 76% to 100%. The average total travel expenditures of the respondents per year were USD 7,037; their average online travel expenditures per year were USD 3,340, and the average of total purchase travel online to total travel rate per year was 49.9%.

Perception of Vietnamese travel websites

Of the respondents who had searched or visited official Vietnam tourism websites, 54% had searched or visited www.vietnamtourism.com. This was followed in popularity by vietnam-tourism.com (14.2%), vietnamtourism.gov.vn (13.6%), vietnamtourism-info.com (15.9%), dulichvn.org.vn (8.5%), and myhotelvietnam. com (8.5%). A quarter of the respondents (26.2%) found that it was easier to find online information on Vietnam for their trip from Vietnamese travel websites, while 16.3% reported that it was easier to find from foreign Vietnam-related sites. The remaining 57.6% reported that they had found relevant information on both Vietnamese and Vietnam-related foreign websites. One fifth of the respondents (20.5%) found that www.vietnamtourism.com was the most useful website when

they searched information on Vietnam, and one forth of the respondents (24.5%) found the most useful websites for searching information on Vietnam were other websites such as websites of the travel agencies or the hotels that they booked, travel portals, and search engines.

Table 1 The Internet and Online Purchasing Behaviour

		Freq.	%
Primary place of Internet access	Primarily work/school but also at home	76	42.5
	Work only	33	18.4
	Primarily at home but also at work/school	33	18.4
	Home only	37	20.7
How often do you use the Internet?	Several hours a day	118	66.3
	1 hour/day	27	15.2
	A few times a week	28	15.7
	Once a week	4	2.2
	Once a month	1	.6
How long have you been using Internet resources?	1-3 years	35	20.0
	4-6 years	73	41.7
	7 years or more	67	38.3
How often do you purchase travel products online?	Never purchased anything on the Internet	39	21.4
	Once a year	42	23.1
	2 - 5 times a year	65	35.7
	6- 12 times a year	23	12.6
	More than 12 times a year	13	7.1
Total purchase travel online to total travel per year.	1% - 25%	21	32.3
	26%-50%	18	27.7
	51% - 75%	10	15.4
	76%- 100%	16	24.6

Airline tickets and package tours were the products that people searched most from Vietnamese websites. However, the conversion rate (percentage of travellers who make online purchases from the website they search the information on) from search on foreign websites tends to be higher than the rate for Vietnamese websites. For local transportation and accommodation, Vietnamese websites had a higher conversion rate from search than other websites whereas foreign websites were preferred for airline ticket purchases, package tours and travel insurance (table 2).

All the respondents had good impressions of the quality of e-mail replies, and all criteria were ranked as good; the best impressions were with "Prompt response" and "Good suggestions" (table 3).

Table 2 Searched and purchased products online

Products	Searched				Purchased				Conversion Rate % of travelers who make online purchases from the website they search information on	
	Vietnamese websites		Other websites		Vietnamese websites		Other websites		Vietnamese websites	Other websites
	N	% *	N	%*	N	% *	N	% *	%	%
Airline tickets	85	47.2	33	18.3	16	8.9	21	11.7	18.8	63.6
Other transportation	36	20.0	35	19.4	20	11.1	16	8.9	55.6	45.7
Accommodation	65	36.1	41	22.8	31	17.2	18	10.1	47.7	43.9
Package tour	67	37.2	39	21.8	14	7.8	20	11.1	20.9	51.3
Travel Insurance	30	16.7	46	25.6	13	7.2	23	12.8	43.3	50.0

Note: * The total may not add up to 100%, because multiple selections were allowed.

Table 3 Quality of e-mail reply

Attribute	N	Min	Max	Mean	S.D.	Impression
Prompt response	145	1.00	5.00	4.01	.76	good
Good suggestions (e.g. alternative routes)	142	2.00	5.00	3.89	.74	good
Sufficient information	142	2.00	5.00	3.83	.67	good
Relevant response (answered what asked for)	143	1.00	5.00	3.81	.70	good
Professional language used	142	1.00	5.00	3.80	.71	good

Note: Likert scale: 5 = very good, 4 = good, 3 = average, 2 = poor, 1 = very poor.
Levels of importance ranges: 1.00 -1.80: Very poor; 1.81 - 2.60: Poor; 2.61 - 3.40: Average; 3.41 - 4.20: Good; 4.21 - 5.00: Very good.

The respondents had good impressions of most attributes of Vietnamese travel websites (table 4). However from the overall scores it can be noted that not all website attributes were at high level. Paired-samples T-testing of the gap between the Importance and Performance of the attributes of the travel websites was performed. The attributes which had negative statistically significant gaps and hence need to be improved include Information on Prices (hotels, restaurants, tours); How to get to the destination; Photographs of the destination; Booking reservation; Tourist Promotions; Availability of language options; Tourist essential information (Visa, money); Keyword search; Where to go; Climate, Geography, Topography; List of external links to related sites; Attractions; Maps and Visitors comments (table 4).

Table 4 Importance - Performance Gaps in Vietnamese travel websites

	Performance	Importance	Gap (P-I)	t-value	p-value
Price of (hotels, restaurants, tours)	3.72	4.15	-0.43	-5.32	0.00*
How to get to the destination	3.63	4.03	-0.40	-5.30	0.00*
Photographs of the destination	4.00	4.39	-0.39	-6.05	0.00*
Booking reservation	3.68	4.04	-0.36	-4.92	0.00*
Tourist Promotions	3.61	3.95	-0.34	-4.15	0.00*
Web site is available in different languages	3.88	4.18	-0.30	-3.81	0.00*
Tourist essential information (Visa, money,)	3.84	4.08	-0.24	-2.81	0.01*
Where to go	3.83	4.04	-0.21	-2.59	0.01*
Keyword search	3.44	3.65	-0.21	-2.86	0.01*
Climate, Geography, Topography	3.83	4.03	-0.20	-2.43	0.02*
List of external links to related sites	3.38	3.57	-0.19	-2.78	0.01*
Attractions	3.81	3.99	-0.18	-2.50	0.01*
Maps	3.86	4.04	-0.18	-2.29	0.02*
Visitors comments	3.58	3.75	-0.17	-2.10	0.04*
What to do	3.79	3.94	-0.15	-1.90	0.06
Public transport	3.61	3.74	-0.13	-1.43	0.16
Site map	3.69	3.81	-0.12	-1.49	0.14

	Performance	Importance	Gap (P-I)	t-value	p-value
List of awards given to site	3.54	3.62	-0.08	-1.05	0.30
Destination specific activities	3.74	3.81	-0.07	-0.88	0.38
Tourism news	3.71	3.77	-0.06	-0.80	0.42
Logo or brand	3.79	3.83	-0.04	-0.54	0.59
List of frequently asked questions (FAQ)	3.56	3.53	0.03	.442	0.66
Culture and Customs	4.08	4.03	0.05	0.70	0.49
Suggested itineraries	3.86	3.81	0.05	0.57	0.57
Festivals and Events	3.89	3.82	0.07	0.86	0.39
Shopping hours	3.56	3.44	0.12	1.30	0.20

Note: * statistically significant gap ($p \leq 0.05$) between Performance and Importance (Paired-sample T-test)

Figure 1 presents the results from the Importance Performance Analysis in the IPA grid. Attributes which were plotted in the quadrant of High Importance - High Performance are operating and performing well, trying to maintain and maximize their benefits. The attributes plotted in the quadrant of Low Importance - High Performance do not need much attention. The attributes plotted in the quadrant of Low Importance - Low Performance need improvement, but not as urgently as those in the quadrant of High Importance - Low Performance which need to be addressed urgently.
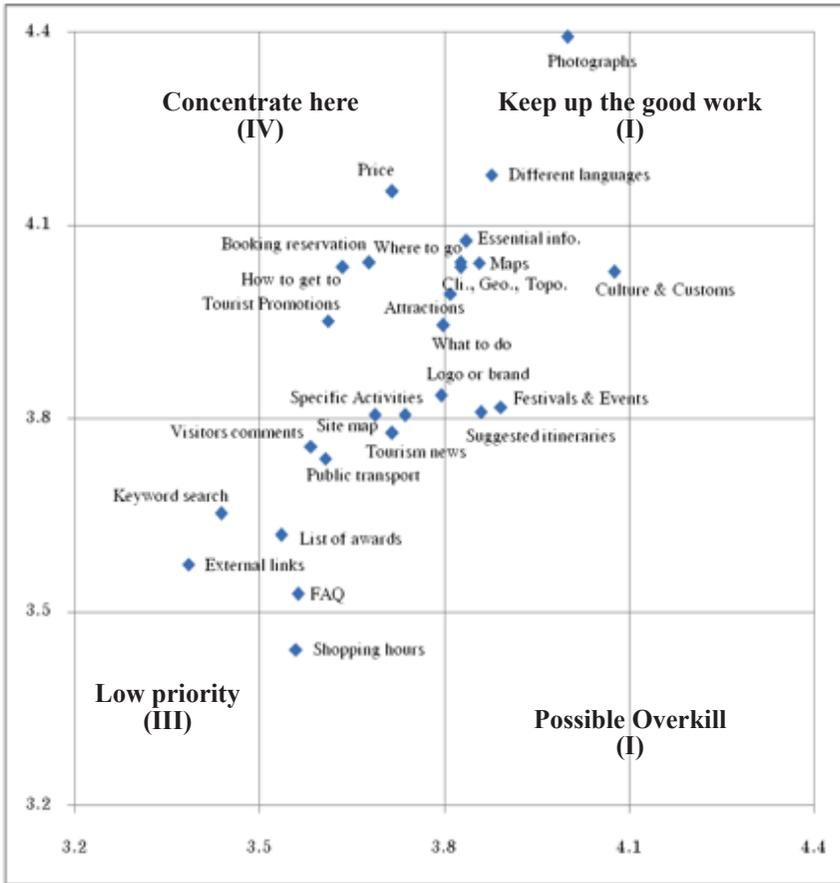
Figure 1 IPA Grid for Vietnamese travel website attributes with mean score observed

The mean of respondents' impression with the Vietnamese travel websites design was 3.43 out of 5, and with the Vietnamese travel website usefulness - 3.47. The overall impression had a mean of 3.41, showing that the websites should have been paid more attention by their owners and designers (table 5). Some comments of the tourists revealed problems they had encountered during their information search, such as "Updated information on rates of hotel is vital – it should include rail timetables; internal fares"; "Must have clear information in English and Chinese". Some comments were related to bookings and updating information: "The hotel we stayed in failed to send us email confirmation of our reservation, although I asked for it 2 times. Very frustrating"

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Table 5 Impression of Vietnamese Travel Websites

	N	Min.	Max.	Mean	S.D.	Impression
Website usefulness	152	2.00	5.00	3.47	.68	Good
Website design	152	1.00	5.00	3.43	.71	Good
Overall impression	152	2.00	5.00	3.41	.59	Good

Note: Likert scale: 5 = very good, 4 = good, 3 = average, 2 = poor, 1 = very poor.
The levels of importance ranges: 1.00 -1.80: Very poor; 1.81 - 2.60: Poor; 2.61 - 3.40: Average; 3.41 - 4.20: Good; 4.21 - 5.00: Very good.

Post-purchase Behaviour

The majority of the respondents reported that they would talk to their relatives/ friends about the trip, 21.4% would write to the travel agencies/hotels they had used, 13.6% would write on their blogs, and a few would write to the official websites of Vietnam Tourism. Finally, 41.2% reported they would come back to Vietnam, while 11.5% would not and 47.3% said they might be back to Vietnam.

CONCLUSIONS

The findings from the study indicate that the perceptions of the foreign tourists on the tourism related websites in Vietnam is generally good, however certain deficiencies have been reported with regard to certain attributes of insufficient or lack of information on booking reservations, providing proper directions to the destination, price of hotels/ restaurants, online booking etc. Another aspect is the issue of safety perceptions in the minds of the tourists. While it has been observed that the number of hits on the searcher of websites in Vietnam is much higher than that in other websites, the number of actual bookings of tours is much higher from other websites than from Vietnamese websites. This was attributed directly to the safety concerns of tourists regarding making payments through the Vietnamese websites. For example, www.myhotelvietnam.com which offers an online booking system had been accessed by only 8.5% of the respondents

Based on the study results the researchers have proposed specific criteria to improve the websites quality as well as other online tourism services. These fall into the following groups:

Information provision: The websites of the destination must provide useful, complete, and only relevant information to potential users. It is necessary to avoid providing too little information, but also overloading information. The availability of sufficient and relevant information only is an important feature that affects online users' intention to purchase. The information needs to be updated on a regular basis. The products should be introduced on the website with enough details to add more value for customers.

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Website design: Website owners should seek the help of professional web designers to make sure the websites include all travel essential information; have useful functions such as online booking, and design friendly interfaces. Simplicity and ease of use may be advantages, since the demand for simple and effective websites has increased. The users need to access the site quickly. If the website takes a long time to access, it will lose visitors.

Online customer services: Tourism-related organizations and businesses should consider their target market and customer needs or preferences in order to ensure that their websites are more efficient and effective, especially by focusing on customer requirements. There is also the need to improve e-business service, and enhance customer communications, e.g. by efficiently using emails. Further, they should try to increase customer interaction on their sites by providing discussion forums, chat rooms, FAQ, instant messages and an online "contact us" form. Moreover, the Electronic Customer Relation Management (e-CRM) should be developed. It helps in knowing the customer, interactive customer service, one-to-one e-marketing an keeping repeat customers.

Assurance and security: These are essential elements for a successful online service. There is a general tendency for customers to distruct online payments owing to lack of security of booking and a lack of brand identity amongst industry suppliers. There is a need for advice and reassurance during the booking process to dispel concern about the security of credit card transactions on the Internet. Therefore, tourism-related organizations and businesses need to build strong brands to create a sense of confidence in the minds of the customers by using website brand names, email brand names, co-branding with others, choosing prestigious web masters and banks to cooperate, and offering simple booking forms. Asking too much information from customers could make them feel uneasy and worry about their personal information safety. It is necessary to provide sufficient information on online purchases such as competitive prices, special services, and cancellation policies.

Integrate online and offline marketing: The websites also need to be advertised on other distribution channels such as newspapers, brochures, and links to other websites should be added. Marketing of the site should be integrated into the organizations' overall communications and marketing strategy. The site address should be included on all stationery, business cards and the numerous other documents that the organizations produce every year. All staff should include the site address and a short description of the site into the automatic signature of their e-mail.

In conclusion, it can be rightly noted that the Internet can be a powerful tool for development and enhancement of any business organization in a rapidly

changing technological world, provided however, that it is used in a more meaningful manner to derive the necessary benefits. The respondents' impressions of the Vietnamese travel websites design, usefulness and overall impression were good; however the websites still should pay more attention to giving a stronger impression to customers. The website content should be provided with sufficient, relevant, and updated information. It is also suggested that the website needs to be promoted through all distribution channels. To gain more competitive advantage from using websites as a means of channel distribution and communication, tourism-related organizations need to focus on interaction with customers, through e-mail, discussion forum, chat room, instant message and customization functions, and ensure the safety of online transactions, in order not just to attract new users but also to ensure repeat customers.

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