

ELECTRONIC CHANNELS FOR SMALL SIZED HOTEL BUSINESSES: SOME INSIGHTS FROM THE ITALIAN CASE

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1. Introduction

New technologies have a major role within the travel industry. New distribution channels and new communication forms have emerged in the tourism sector, where Internet is considered to be a relevant means for both the distribution and the promotion of the product. Moreover, in recent years, the development of online tourism has followed a steady growth and the Internet has become a competitive leverage more and more essential for small and medium sized firms.

The aim of the paper is to investigate on the use of the electronic channels, analysing the perceptions of two main player in the distribution of hotels operating in the Italian market. The paper highlights the main aspects of the relationship between hotels and new actors in the electronic distribution of tourism, with a particular focus on the Italian market. Empirically, the paper shows the results of a case analysis process of two main online travel agencies, a specialized vertical actor (Alfa.com) and a generalist horizontal actor (Lastminute.com). The decisions related to the hotel assortment development and their relationships with small-medium hotels in the Italian context, are discussed. The paper ends with some managerial implications for small sized hotel businesses involved in the management of electronic channels.

2. Electronic channels: the emerging role of IDS/OTA

In this paragraph we aim at proposing a synthesis of the impact, over time, that new technologies have had on the tourism sector and particularly on the hotel industry, focusing attention on new types of online intermediaries

The first applications of technology in the hotel industry refer to the first examples of Property Management System (PMS) (Palmer, 1997). Within this category, we may include other systems derived from them (usually interfaced to the same PMS) and designed to manage individual profit centres of the hotel, such as Food & Beverage System (F & BS), or some specific functions of the front / back office as the Revenue/Yield Management System (R / YMS), the Customer Information System (CIS) and Point of Sales (POS). It should, however, stressed that PMS (and similar systems) constitute substantially "closed" system, because the information contained therein can be inserted and later retrieved only by dedicated staff at headquarters (all management systems cited, normally, use an Intranet interface).

Considering, the area outside the hotel company, one may cite the first examples of ICT application on the channel relationships of the hotel. We find, therefore, Computers/Central Reservation System (CRS), or PMS open for use by travel agents and subsequently, the Global Distribution System (GDS) or complex systems where the range extends to nearly all the basic services of tourism to the extent that they might consider the first example of "one stop travel shop and a primitive form of mass distribution applied to the field" (Klein, 2002).

Subsequently, the appearance in early 90's of TCP/IP standard, let the development of distributed networks and the Internet, whose advent produces a series of gradually increasing effect on the management of the hotels, that in our opinion can be effectively described once again taking to the internal/external, according to the scope of the new technology. Under the first aspect the internal impact, the emergence of a universal protocol for data transmission has lead, firstly, to the adaptation of previous management systems to the new transmission format. In this sense “second generation” PMS, RMS/YMS, F& BS, CIS, POS have been developed (Minghetti, 2007), allowing the hotel to take advantage of lower costs and greater potential of the Internet. Secondly, we are witnessing to the emergence of a totally new set of management systems among which we remember those able to eliminate (or significantly reduce) the staff interface with bureaucratic and repetitive front-office operation, or staff back-office administrative operations (so-called Web Enabled Front Office Operations - WEFO, such as the Remote Check-in/out or Web-in/out). Under the second aspect, namely the impact of the new TCP/IP on the External Environment hotel, the reality is far more complex and we will try here to define the shape in the light of the latest trends, restricting our considerations to the hotel relationships with the final market. Even in this case, two main trends have arisen (Pencarelli, 2003). On the one hand, we have witnessed the evolution of local actors and in particular the distribution of traditional e-mediaries, which, according to an incremental logic, have gradually adopted the new protocol, attracted by lower costs of processing information with respect to Extranet technology. A “second generation of GDS and CRS” operating on the Internet, has emerged. The character most technologically "light" of these new applications, has also encouraged the widespread use among smaller firms, resulting in their transformation into the first true form of marketplace, at least business-to-business. However, the enormous potential offered by low-cost availability of open network infrastructure (Internet) has led actors placed at various levels in the chain, to gear up to have their own web presence. We have seen therefore rapidly spread efforts firstly in the info-commerce and, later, in real e-commerce initiatives by producers of hotel services and by their traditional intermediaries (Tour Operators and Travel Agents). Alongside this first trend, one may note the appearance of a very diverse range of new players which have used the Internet to build up as a bundle of offerings of traditional services and new services for the various stages of the customer's purchase behaviour. Initiatives of this kind seem to have concentrated on the assistance to critical stages of the process and in particular on the phase of searching/evaluation of information and then that of purchase. Here in the table below some of these applications are shown.

Tab. 1. Some applications supporting the tourist buying behaviour

<i>Webcasting/Podcasting</i>	Allow the potential customer already has registered the service, to receive information consistent with his needs, without having to search himself.
<i>Local Based Services (LBC)</i>	Allow you to send content to all third-generation mobile media who are close to a predetermined emission source (hot spot). The marketing that uses this technology is known under the name "Proximity Marketing"
<i>Virtual Travel Community (VTC)</i>	Social networks based on the so-called "collaborative filtering" to which the reviews left by users of a product or service serve as reference for new customers (e.g. tripadvisor.com, trivago.com)
<i>Recommender Systems (RS)</i>	Complex systems that can bring to the attention of the user on content or information that the system deems relevant based on similar research carried out by others with a similar profile.
<i>Travel Comparison Sites o Travel Search Engines</i>	Systems able to compare different alternatives on the basis of a set of parameters. Typically, the comparison is based on price and/or the presence or absence of certain services or product characteristics (eg hotelcomparison.com, kayak.com)
<i>Farecast Services</i>	Services that estimate charges for accommodation in a certain destination or means of transport on a certain trip (Ex: farecast.com, now part of bing.com)

Source: Original by the authors

Focusing on the purchasing phase of the final consumer behaviour, we can consider new online brokers, generically defined as the Internet Distribution System (IDS) or Online Travel Agency (OTA). Apart from the debate arose on the dynamics of disintermediation or re-intermediation along the tourism supply chain, it seems possible to say - in the light of recent developments and based on observation of practice - as the prevailing trend has seen a strong reintermediation by particular actors "Pure Player" (or actors delivering services exclusively in the virtual environment) and to a lesser degree of "True Multi-channel" (ie firms "Bricks & Clicks" or "Click & Mortar" which provide services in an integrated mix both online off-line). This trend seems to be having to ascribe, on the one hand, to the growing economies of scale necessary to remain competitive in the Internet, and on the growing preference given by tourists to contact with the new "One Stop Travel Shop". In fact, the buying behavior appears to reward the new channel, since more than 55% of all travel sales and more than 40% of hotel reservations are made via the Internet (Starkov et al., 2009), in addition, the online intermediation of tourism is growing, globally, at a rate of over one hundred billion dollars per year, with OTA that a growing share of this new business to the detriment of sales conducted online by suppliers (Grau, 2006). Still, it should be also stressed the growing concentration, since some actors seem to have had more success in the battle for consumer preference (Rheem, 2008).

Interestingly, this trend seems to indicate a progressive evolution of the sector life cycle to maturity, so the actors who first established and have reached sufficient size seem to enjoy now, in our view, a competitive advantage difficult to imitate. On the other hand, the risk of "information overload" for consumers have certainly encouraged the consolidation of one-stop travel shop actor "like what happened with the emergence of retail products in the "grocery market". The articulation of the business models which operate within the Internet, is extremely varied. In this respect we refer to three main dimensions, which are the type of services delivered, the degree of innovation in the adoption of new technologies and, finally, the revenue model adopted (Järvelä et al. 1999; Rappa 2009; Bertelè and Rangoon, 2003). It should, however, stressed that, in light of recent developments, only some models of actors are more representative of the operational situation and in particular the following: E-Booking Services, E-Travel Agent, e-marketplaces and Meta Booking Engine (Järvelä et al., 1999).

Tab. 2 – Main business model in the online distribution market

<i>E-Booking Services</i>	New e-mediaries operating through a "booking engine" that allows tourists to make reservations guaranteed by credit card, but that does not allow tourists to conclude the transaction online, while payment will be due at check-out. The revenue model adopted is of the commission-based and actors in this category are "True Multi-Channel" (Ex: Cts.it, Tui.it, Alpitourworld.com) or "Pure Player" (Ex. Booking.com , Hrs.com, Laterooms.com and Venere.com).
<i>E-Travel Agent</i>	True multi-channel or pure player that have taken measures to integrate their booking engine with e-commerce platform that allows the completion of the transaction by debiting the credit card. The revenue models encountered in practice are different.
<i>E-Marketplace</i>	This is the business model that characterizes the larger OTA. These horizontal operators can offer a wide range of tourist services, usually offering also options for Dynamic Packaging (ie the possibility to build a travel package tailored). As before, we find here true multichannel (an example is Octopustravel.com, OTE TO Gulliver's Travel Associates) that also pure players (such as Expedia, Lastminute).
<i>Meta Booking Engine</i>	This category includes the latest forms of online brokerage. This evolution of previous models, enhanced functionality in supporting the buying process, such as price comparison and especially reviews system (recommender systems).

Source: Original by the authors

3. A case analysis of two main OTA

3.1. A specialized leading actor in the distribution of hotels: the Alfa.com case¹

Alfa.com is a company of European origin. Alfa, born in the last decade, is recently entered in the portfolio of one the leading brands in the international online travel market. Today, Alfa.com has a specialized assortment of approximately 60,000 hotels (all direct hotel customers since no agreements are made with indirect customers such as GDS), which are proposed to the end market through a business model which follows the e-broker model. The company is present in over seventy countries, of which Western Europe still represents the major market. It 's interesting to note the process that leads the development of the hoteliers assortment, of an actor which operates in the market as a specialist in that category.

In the early stages of penetration of new geographic markets, Alfa proposes a pro-active approach to enable relationships with the hotels. This means finding new contracts with direct contacts with potential customers. In countries, however, where the presence is stronger in virtue of an investment over time, the selection of hotels is oriented to the needs of the market. Following that reasoning, new destinations inside the country with a minor presence of hotels, are preferred to other destinations which are already quite represented in the assortment. In both cases, both in new and existing markets, in terms of variety of the hotel, Alfa tends to cover all official categories (with the exception of hotels with low class, like “one star” in the Italian case), while the non-hotel sector (farm holidays and houses) tends to be limited and potentially excluded. This sector, in the management opinion, emphasizes the difficulty of ensuring homogeneous quality standards for tourists, due to its heterogeneous nature. The management of the contracts with hotels is delegated to geographically located offices in quite the majority of the countries where Alfa is present. Today there are more than 20 local offices that manage roughly 70 countries. It is clear that some offices are hubs for target markets (such as the Dubai office which covers the Middle East, while the Brazilian office operates for the whole South American market). The headquarters remains in Europe. The negotiation of the conditions is delegated to the local office, although the contract binds the hotel with the parent company. It is a contract on an annual basis, monthly invoicing and payment terms included in the two weeks following the end of each month. The hotel assortment tends to have a strong growth dynamic, with dropout rates that are placed on physiological levels and essentially due to some factors of exclusion by Alfa rather than a decision not to renew the contract by the hotel . In particular, among the reasons for exclusion of the hotels two of the main important are represented by poor judgments obtained in the tourists reviews (it is stressed that scores can be considered particularly negative if around 4 or less in a scale of 1 to 10) or problems in the administration of the relationship (such as missed payments or fail to cooperate in the updating of rates and availabilities from the hotel).

Among the difficulties of managing relationships with the hotels in the Italian market, the main gap pointed out is the lack of effectively training and dedicated staff to manage the online market presence (difficulties in updating prices and availability, descriptions updated, etc. ..). Alfa.com tends to have in the assortment hotels with 10 to 20 as minimum in terms of size rooms, although there are also structures with 6 rooms that are included in the assortment to locate in a particular destination. The range of hotels, which is more and more growing, seems to be less covered by those kinds of hotels that for nature of the particular segments they are targeting, have less interest to propose their offerings through new intermediaries online. These include hotels with a high rates of occupations guaranteed seasonally (as an example the management points out the case of hotels in mountain destination, such as Trentino in Italy, which have customers who book year after year, or seaside structures with high fidelity) or hotel located in smaller cities that are also the only

¹ For confidential reasons, the case is presented here anonymous by means of a fantasy name, Alfa.com.

offering on that location. Apart from these types of structures, loyalty to the brand of the online distributor of the hotel tends to increase. The client of Alfa is in fact more leisure (70%) than business. In this sense, the impact of Alfa for single hotel booking may reach 50-60% of available rooms of the hotel.

Turning to analyze the competitive landscape, Alfa reveals further interesting evidence. In competitive terms, the management interviewed show that we need to distinguish among online players. There are online players with a prevailing and solely coverage in a single country and international players with a global coverage. Within the first category, it is pointed out that in certain geographic markets, Alfa is competing with actors who are strong mainly in the domestic market (as Venere in Italy, HRS in Germany, Late Rooms in the UK), although there are destinations where there are no such important actors (as in Spain, France and Holland in which no national players reach a significant share of the market). With regard to global players, Alfa instead competes both with players with a specialized assortment and actor with a very diversified product portfolio (hotels, flights, car renting, ecc..). In the European market, Alfa is the one of leaders in terms of room nights generated while worldwide with reference to the same indicator Expedia is the market leader. In comparison with the market leader, Alfa is characterized both by the different level of expertise, due to its high specialization in the selling of hotels and in the business model, since Alfa follows the e-broker model, while Expedia follows a merchant model. With reference to the latter and analyzing the revenue model, Alfa charges a commission for new customers hotel which is around 18%, while for hotels already present in the assortment the commission is around 15%. The commission reaches 20% for those structures which are called "Preferred". These hotels generate revenue on the basis of favourable reviews and usually get more visibility within the company website (for example, are among the first search).

In addition to these elements, another factor which in the opinion of management interviewed distinguishes Alfa from market leaders is the reasoning behind the decisions regarding the hotel assortment. While the price parity with other players is searched (in terms of price for tourists), the degree of overlap in the set hotel is minor (Noone and Mattila 2009). It is quite marked for medium-large structures (such hotel chains), while there is a greater degree of differentiation with regard to small hotels. Moreover, the specialization in the hotel industry, lets Alfa to have a greater coverage of smaller cities. Another key point factor in the competition with other online players is the management of the Internet Website. With reference to this aspect is highlighted as a strength of Alfa is the ability to make easily "readable" and "accessible" pages that describe the structures. In particular, it is stresses that there is a theme editor for each country, which deals with the rewriting of the text given by the hotels with the aim of making more user-friendly pages in terms of detail contained. This aspect, together with the opportunities to see the reviews expressed by other tourists, as well as the opportunity to book in real time the structure, contribute to transfer value to tourists and represent basis for the selection of Alfa among different players in the market.

According to a strategic perspective, it is also interesting to note some principles that guide the competitive behaviour of Alfa.

First, the enlargement of the assortment to other tourism products. In the opinion of the management interviewed the concept of preconceived package tends to be obsolete in the current competitive environment, as well as the tendency to create "online packaging" (the so called "dynamic packaging") still not represent the near future of the online market. In this context, it is pointed out the decision to maintain the core business expertise represented by the specialized offering of hotels. This implies however, to have partnerships with other specialized professionals (such as airlines, search engines, citizens portals) to allow the user to create a dynamic package. Secondly, the integration between online marketing activities with offline initiatives (followed by other market actors such as Expedia) is not currently considered a viable route. It is emphasized that in an expanding market, investments that support promotional activities and communication must necessarily be connected to easily measurable performance. Since typically this is a character associated with the policies of web marketing, in the opinion of the management is not expected to

extend a quick expansion of marketing efforts through traditional marketing levers. Specific consideration deserves the demand for online travel. With reference to the end market, specifically analyzing the incoming in Italy, the main customers are tourists from the United Kingdom, Germany, Holland, Spain and France in addition to a quite significant national demand. The U.S. market has never been relevant for Alfa.com, because of the presence of high competitive online actors in that market. This aspect, which can be considered a limitation in the expansion of Alpha, is to be considered today as one of the factors that allowed instead of maintaining high performances. The managers interviewed say that in the current scenario of international crisis "... being more European than American was an advantage over other players. ...".

Thirdly, with regard to the purchase behavior of tourists, the management distinguishes between those factors that lead to the choice of Alfa among different alternatives on the web and those factors that seem to guide the choice of hotel facilities within the set of the actor. It has already been said regarding the choice of Alfa, relevant factors are identified in the level of specialization and geographical coverage and level of service provided by the site, in addition to brand awareness. As for the price variable seems to be less relevant in the choice of online players, because of a growing parity pricing, also considering the development that allow search engines to compare prices among players in the tourism market (such as Hotelcomparison).

However, as regards to the choice among the hotel present in Alfa assortment, an interesting aspect to note is that increasingly the choice is based on the level of the tariffs and the opinions given by other customers. In particular, the reviews seem to be an important factor of selecting an hotel. It is emphasized that the official category is less and less a relevant factor of choice. It is also pointed out that the tourist among hotels with the same prices privileges those structures which have not only positive reviews but also some element of negative opinion. In other words, "... I see what I like and I am more sure of my choice ...".

3.2. An horizontal leading actor: the Lastminute.com case

Lastminute.com is the brand that, inside the European market, represents the direct follower of the market leader Expedia.com, among the strategic group of operators "E-marketplace". Lastminute.com was founded in UK in 1998 following the intuition of two partners, Brent Hobermann and Martha Lane Fox, who were the first to understand the potentials offered by the Internet in terms of placement of unsold products related to leisure. The company, in fact, initially positions itself as a site specializing in the sale of travel and accommodation as gifts, but - in the short span of two years - it becomes the leading travel agency online in Europe. In March 2000, Lastminute.com was listed in the London Stock Exchange and dates back from this period some important acquisitions, such as the broker of car rental Holidayautos, the French competitor in the online distribution Degriftour.com, the reservation center Medhotels (subsequently assigned to the group Thomas Cook) and the competitor Online Travel Corporation. Following the period of financial turbulence determined by the neutralization of the speculative bubble of 2001, in May 2005, Lastminute.com is fully sold to Travelocity.com LP group (the first entrant in the field of tourism distribution online and one of three business units which divides the Sabre Group Holdings Inc.), thereby becoming the reference brand for the European market. Travelocity LP group, in fact, owns the brand Travelocity.com intended primarily for North and South American market and Zuji.com for the Asian market. At present, LP Travelocity owns directly the brands summarized in the table 3.

Tab.3 – Name and description of the main brands owned by LP Travelocity

<i>Travelocity.com</i>	<ul style="list-style-type: none"> • Within the group, it is the reference brand for the U.S. market and Latin America. Offers a wide range of products and unspecialized including travel packages, flights, train tickets, hotel accommodation, activities at the destinations, last minute proposals, car rentals and cruises • Besides the version for the U.S. market and one for the Canadian market there are 17 different versions for the Latin American market in addition to the versions for the United Kingdom, New Zealand and one for India.
<i>Resfeber.com/Rejsefeber.com</i>	<ul style="list-style-type: none"> • It is the "mirror" site of Travelocity.com for the Scandinavian market
<i>Nextour.com</i>	<ul style="list-style-type: none"> • It is the "mirror" site of Travelocity.com for the Korean market.
<i>Travelguru.com</i>	<ul style="list-style-type: none"> • It is the "mirror" site of Travelocity.com for the Indian market.
<i>Lastminute.com</i>	<ul style="list-style-type: none"> • Represents the "sister brand" of the group for the European market. The structure of the assortment does not differ from that of the main site. In particular, provides flight tickets, hotel accommodations, vacation packages, car rentals, cruises, ferries and an interesting selection of proposals related to leisure (restaurant, spa, sports, music events, festivals, theaters, theme parks, experiential products). • It is divided in 14 versions localized in different geographical areas worldwide (notably France, Germany, Italy, Spain, Holland, Sweden, Australia, Japan, Norway, Denmark, Ireland, Belgium, New Zealand and USA) to which numerous "mirror" sites are added that refer to the booking engine of Lastminute.com such as Travelprice.com, Traveledselect.com, Travel4less.co.uk, Gemstonetravel.com, Onlinetravel.com.
<i>Travelprice.com</i>	<ul style="list-style-type: none"> • This is a site that offers some of the contents supplied by Lastminute.com. The "booking engine", in fact, refers to Lastminute.com. • There are several local versions, among these we remind the Spanish, Belgian and Italian versions.
<i>Zuji.com</i>	<ul style="list-style-type: none"> • Is the "sister brand" of the group dedicated to the Asian market. Again the structure of the assortment refers to the main site. It is divided in 4 versions localized for the markets in Australia, Taiwan, Singapore and Hong Kong.
<i>Holidayautos.com</i>	<ul style="list-style-type: none"> • It is the brand specialized in brokerage of car rental services for holidays. It is characterized by supplying a "guaranteed low price" and an "all-inclusive" offer. • The group is present in 42 countries worldwide through a mixed formula that includes direct branches (Austria, Belgium, Denmark, Finland, France, Germany, Holland, Iceland, Ireland, Italy, Norway, United Kingdom, Sweden, Switzerland), joint venture (Australia, New Zealand, South Africa, Israel) and local representatives (in 20 countries).
<i>Showtickets.com</i>	<ul style="list-style-type: none"> • It is the site brokerage site of local services for the area of Las Vegas.
<i>Wctravel.com</i>	<ul style="list-style-type: none"> • It is the reference brand for affiliate programs B2B intended for web sites operating in the travel industry. In particular it offers to travel sites, Travelocity's booking engines and marketing programs with the formula "Private label" in order to conceal from the end users the fact that the assortment offered is referable to Travelocity.
<i>Travelocitybusiness.com</i>	<ul style="list-style-type: none"> • Represents the brand dedicated to the business tourism segment, offers specialized services for the complete management of the travel for corporate clients globally.

Source: Original by the authors

In terms of business model, Lastminute.com reported a gradual evolution over time. If initially, in fact, the brand name corresponded to the concept of the offered service, today, Lastminute.com represents a real distribution brand, among other things with a high "awareness" and good store fidelity (the loyalty is estimated at 20%), whose experience is now independent from how the service is delivered. Today Lastminute.com main business consists in the sale of air tickets and the so-called Dynamic Packaging, that made the concept of a "last-minute" selling completely overcome by the suppliers adoption of Yield Management models, often resulting in the application of discounted "early bird" rather than last minute rates. The brand, therefore, appears now as a real online travel agency that uses a type of merchant revenue model (despite the fact that the booking system has been recently upgraded, allowing the entry of rates to final customers).

Lastminute represents the leading online travel agency (OTA) for number of unique visitors and during 2007 the brand has registered a revenue growth of 30% as well as a strong reinforcement of its leadership in the sale of air tickets and vacation packages (mainly in the form of "Dynamic Packaging"). The leadership in Europe is confirmed by the 9 million customers that in 2007 have made a purchase on the website Lastminute.com. The composition of the assortment is characterized by an strongly unspecialised approach to the point that the managers surveyed qualify this orientation as "horizontal" in consideration to the necessities related to leisure. In fact, the range is not limited to tourism products only (among which we find the plane ticket, train and ferry ticket, the hotel accommodation, vacation packages, car rental or cruises), but also an extremely wide range of solutions - called "lifestyle" - more generally related to the management of leisure and mainly oriented to a target of major residential centers. Among these products can be mentioned catering, wellness packages, sport events or music festivals, the theatre and museum program, theme parks, up to a specific selection of experiential proposals. In this way, consequently, Lastminute has by now assumed the characteristics of a site capable of providing its customers with suggestions on how to use their free time, becoming an "Inspirational Site," as defined by the managers interviewed. This peculiarity of the assortment is, on the other hand, a real differentiating factor in Lastminute's market positioning compared to competitors and in particular to Expedia. At the moment, the overlap of supply appears minor compared with competitors considered vertical, such as Booking, primarily specialized in the hotel supply and E-dreams, specialized in flights. Considering the evolution from a strategic point of view appears, however, interesting to remark the company's orientation to focus more on selling products with higher margins, certainly including flight + hotel packages and especially the hotel product considered at present under-represented. In this sense it is expected, in the medium term, a greater overlap progressively compared to some specialized operators. Remaining on the strategic front, the interview also shows a second priority represented by the strengthening of the brand revenue through the utilization of advertising space on the site lastminute.com and reinforcement of the model "white labelling" that is the supply of tourism or hotel content on the sites of affiliated companies (among them are mentioned Trenitalia, Alitalia, Easyjet, Ryanair, Iberia). It seems, finally, interesting to note that the time horizon considered is very small compared to companies in the traditional market. In fact the strategic period is considered 12 to maximum 24 months. From an organizational perspective, the headquarters of the Travelocity group is located in Dallas, Texas, while the brand's European headquarters is located in London.

The organizational structure, recently revised, provides an articulation of regional offices in 14 major markets, according to a multinational configuration. Each location has its own legal autonomy - in Italy, for example, it takes the form of a limited company wholly owned by the parent - and provides a General Manager who reported the Sales Manager, the Director of Finance, the Director of Marketing, the Director of Contact Centre and finally the IT Manager. Particularly interesting is the organizational structure dedicated to the management of hotel product that, for every geographic area, is assigned to an interfunctional team (called Global Hotels team) whose local manager reports directly to the European Manager at the London office. Inside the Global Hotels team are two figures. The Contractor and the Revenue/Destination Manager. The first negotiate the access conditions with each hotel, while the Revenue/Destination Manager is responsible for the performance of each hotel in terms of occupancy rate and average daily rate, through the monitoring of certain parameters such as rate parity, competitive pricing and allocation of rooms. The Italian office is located in Milan while it shares with Spain the highest management level. At the Milan offices are employed a total of 70 persons, of them around 50 are those involved in the administration and sales office, while about 20 are involved in the inter-functional team dedicated to the Hotel product. This particular organizational structure guarantees to individual offices a larger autonomy from what is experienced by competitors, in particular for the adoption of the specific strategies for the markets of competence, confirming also in this respect, the specific dynamic character of the firm. In terms of the sale of the hotel product Lastminute.com has a

portfolio of about 100,000 accommodations located in 871 destinations, of which around 2,000 are located in Italy. In terms of width in the assortment there are both regular hotels and non-hotels properties (Breakfast, B & Bs, apartments and holiday homes) and all are contracted directly. About that, the management stresses the strategic importance of relations with suppliers not mediated by the GDS (although Lastminute is part of Sabre Group), because it assures a wider "flexibility for maneuver" on the online market. From the perspective of negotiating with hotels, the contract is directly signed with the parent company in London and provides for one year, with automatic renewal. For tax reason recently it has changed from the application of net rates to those applied to the final customers, anyway, in substance, this fact did not change the business model that remains merchant as the customer continues to pre-pay the full amount to the operator and the hotel may agree with personalized discounted rates. From the standpoint of the set up of an Italian assortment, initially priority was given to market penetration in major cities and to achieve quickly a critical dimension.

In this consideration the first five years of activity have been characterized by attention to quantity rather than quality, also because at first a team sufficiently structured to assess the quality was not still structured. At this early stage, two factors have facilitated the penetration of the Italian market, first because the brand was already known to hoteliers as it was previously active for about two years in the UK and secondly to the credibility that resulted from having agreements in place with major international chains. After creating this initial skeleton, more services have been placed with structures located in smaller destinations and contextually - by organizing a team of contractors - it was possible to proceed in a more selective way.

The geographical coverage nearly goes out into new destinations, sometimes taking into account business opportunities driven by demand, even though it was emphasized by the respondent that hotel research now takes place mostly with a "desk-work", skimming the constant demands that nearly come directly from the structures. In this regard, decisions about the amount of new facilities to be included in the network is established annually by the Director of Global Hotels Team located in London who collaborate with the Italian office for decisions concerning the territorial distribution and the monthly schedule of the inputs. The selection of structures to be included takes place essentially considering a range of parameters. First, keeping in mind the guidelines and trends coming from demand as monitored by a special department at the London office, besides it is also evaluated what is offered by competitor in similar destinations and finally occurs the rating owned by property on social network, primarily Tripadvisor. In this respect, major efforts are undertaken in terms of quality of the assortment. Now almost all the properties in listing are visited at least once by the area-contractor and this has enabled the brand to reach the lowest levels in the market for complain from customers. Furthermore, all published material, such as text and images, although provided directly by facilities are audited and reviewed by a special team. Finally, for non-hotel accommodations and those without classification, it nevertheless provide to the final customer a guidance rating, based on the quality standards set by the operator. In any case, all structures, both hotel and extra-hotel, the assessments are monitored constantly on various social tourism networks. With this regard, in the future, the site will be provided with the insertion of a proprietary refereeing system for all the structures in the listing that will be fed directly from last minute customers. The turnover of the structures in the assortment is quite small for the 3/4/5 star hotels and those larger in dimensions, where the causes of an exclusion are mainly attributable to non-compliance with conditions of both parity on rates and quotas allocated. More apparent, however, is the momentum for non-hotel and smaller facilities, mainly for structural reasons, as determined by a lack, often sudden, of necessary skills for managing the new channels due to, for example, a turnover of staff. Ultimately, it is in those types of structures that are found, in terms of relation management, the greatest difficulties.

The Management respondent believes it is depending on a general gap in expertise that is not restricted, as mentioned above, to affect only the operational dimensions but also the strategic ones, when the hotel management are still not aware of the potential provided by new channels and too

tioned to sales strongly planned or limited to the walk-in segment. In this regard, the examples refer to some districts such as Versilia, Liguria, Trentino, Val d'Aosta, characterized by offering a family managed accommodation, characterized by small-size (less than 40 rooms) and a very limited season (focused on 4 / 5 months) that also show a reluctance to the use of the Internet and limited attention to the issues of improving the management. Interesting considerations emerged with respect to relations with other actors along the supply chain. Against physical travel agencies, Lastminute considers this actor less interesting in terms of sales potential than the online performance. It stresses in particular how the industry of physical agencies is still going through a phase of adjustment which makes still complicated the management of collaboration, particularly on the sale of travel packages and flights, where competition is strong with the GDS and physical TO. More interesting, in this respect, is considered the collaboration for the distribution of hotel product "stand alone", because it is less present on other channels mentioned above. However, Lastminute experience very weak performance both for the recent launch of the franchise program addressed to agencies both for the implementation of Info Points aimed to give assistance for hotel reservation in some travel agencies.

With TOs relations are very strong but, again, it is underlined the difficulty to activate direct relations mainly because of the overlap that would result with the physical network of agencies, to which TOs are traditionally very close to. Lastminute seem to be able to overcome this obstacle through an agreement with a consolidator/wholesaler (Easymarket/TUI) which works in "White Label" on the last minute website. However, recently have stepped up attempts to activate direct collaborations with individual tour operators (citing for example that with Valtur) and that often take the shape of an exclusive sale of special packages, through forms that seem to be subsumed to the collaboration in typical trade marketing promotions.

Compared to collaboration with the social network, the management interviewed expressed mixed reviews. On one hand it highlights the growing importance of these tools in terms of ability to guide the choices of the demand as well as an excellent tool for spreading brand awareness, but on the other it emphasizes the difficulty in management due to the strong volatility that typically characterizes these media and especially the extremely poor conversion expressed.

4. Final remarks

This article proposes a representation of the development of technological solutions in the electronic marketplace of tourism products. From the description we propose is confirmed that this evolution has been characterized by the growth of the role of the final consumer as a user of technology (Wolf 2009).

The new electronic intermediary actors have created solutions that enable consumers to define and package touristic products in new ways in which the end user achieves a more active profile. But this has not generated a generalized disintermediation rather a process of re-intermediation by new players with new business models (Law et al. 2004, Buhalis et al. 2008). There was also a process of concentration of the market for online shopping, as demonstrated by market share reached by some of the operators we have described.

The paper then focuses on these new intermediaries offering the original analysis of two cases representing two of the major players in the process of re-intermediation first invoked. Emerges from the analysis of cases that these new intermediaries maintain and strengthen some functions already undertaken by traditional brokers. These functions are also exercised in new ways and creating new business models.

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