CO-CREATION: THE TRAVEL AGENCIES' NEW FRONTIER

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ABSTRACT

Travel Agencies (TA) business model is shifting from "Sold To" (Trip Centric) to "Selling With" (Traveler Centric). The traditional system of company-centric value creation is becoming obsolete. Prahalad & Ramaswamy (2004) argue that consumer wants to interact with firms and thereby co-create value. In this TA new frontier, the role of the consumer has changed from isolated to connected, from unaware to informed, from passive to active.

The rapid adoption of the Internet as distribution channel and Social Web as a privileged communication tool between people has pressed organizations to experiment with innovative methods of interaction with consumers in computer-mediated environments. Companies must use interactive tools, create rich profiles and share workspaces, stimulating customers to produce content. It is vital listen, reach out and engage them in a two-way conversation.

Virtual Communities exchange all types of information e.g. trip emotions, travel experiences or even purchase choices. Customers, employees and partners collaborate, giving companies new ideas and insights. TA organizations should observe their behavior, tap into customer creativity, recognizing and rewarding them for the contribution. Social Web has become the backbone of the travel agency value constellation. So, an internal and external corporation strategic alignment will be required, in order to expand their customer relationship, promoting themselves online and profiting with collective intelligence during co-creation experiences.

KEYWORDS

Tourism Distribution, Travel Agencies, Interactivity, Co-Creation, Social Web.

1. INTRODUCTION - TRAVEL AGENCIES INVENT THE FUTURE

The tourism sector is an important engine of the world's economy, generating wealth and creating jobs, crucial to a sustainable growth and development. For decades, tourism contributed greatly to globalization, developing world economies and arousing new destinations. The World Travel & Tourism Council (WTTC, 2008) referred that Travel & Tourism (T&T) sector now accounts for 9,9% of global GDP, 10,9% of world exports, and 9,4% of world investment.

The sector provides solutions that generate employment and offers benefits of economic development. In 2009 T&T business suffered from the global crisis, with a GDP contracting by 4,8%, losing almost 5 million jobs. However, the World Tourism accounts for 235 million jobs (8,2%). Is expected 1,6 billion passenger arrivals in 2020.

In the geopolitical domain, the world is no longer bipolar, as the result of an informational revolution. The Internet, global television channels and mobile telecommunication networks, contributed to a flatter world (Friedman, 2005).

Technology influences tourism experience networks tremendously and transform them continuously. Today (2011) there are 1,5 billion Internet users worldwide and it is estimated that this figure will grow 50% by 2015. That will force all operators and travel agents to invest heavily in the online segment. This ICT atmosphere increases the range of new distribution channels, available to consumers and retailers. Buhalis (1998) said that "tourism is inevitably affected by the technological developments and none of the players involved can escape its impact."

The economic area faces an accelerated globalization, capital mobility and innovative business models. It is observed that all over the years, the retail of tourism distribution has shown strength and resilience, surviving to major turbulence effects, such as crash of financial markets, terrorism threats, political revolutions, pandemics, fuel prices fluctuation, volcanic clouds, increasing carriers' rates, reduction of commission fees and ICT development.

The evidence is on the evolution on travel agencies' number in Portugal. There is a cumulative growth average of 4,25% of the number of travel agencies in the period 2005 - 1958. According "TP- Turismo Portugal" was licensed 1803 TA in 03/2008 growing to 2122 in 10/2010.

The migration tendency highlights the spatial mobility of populations, often targeted for new investment opportunities, jobs or moments of joy. This is the rise of new types of consumers / travelers.

Some authors emphasize the demographics and psychographics of the new consumer, as:

- More individualistic, involved or implicated, independent and informed, with an exaggerated sense of freedom (anytime, anywhere) and increasingly demanding (WIIFM - What's In It for me?)
- More conscious of their power and their rights, challenging the suppliers;
- A growing shortage of time, attention and confidence, resulting in higher need for convenience,

authenticity and credibility;

- A more advanced average age, the result of a lower birth rate and greater life expectancy, determining the prevalence of more conservative values;
- Children more able than adults to use computers and surf the Internet, having perceptual abilities are better adjusted than adults to the powerful stimulus electronic visual;
- An increasingly important role of women in economic and social life;
- A more diverse geographic, ethnic and cultural consequence of the increasing globalization of human society;
- Increased environmental concerns and matters of personal and social security, higher stress levels.

A new consumer or internet consumer is undoubtedly emerging inside the travel market, along with other emerging categories such as the elderly, immigrants, Net Generation, or consumers with alternative preferences.

Modahl (2000) propose the new *technographics* consumer, offering 10 cyber-consumers segments, which result from crossing the variables behavior towards technology (optimistic or pessimistic), income (High or Low) and primary use motivation (career, family or entertainment).

The tourism sector is characterized by the rapid diffusion of knowledge which depends on the relationship between the ability to produce knowledge, the mechanism for its distribution, and the capability of the different participants (individuals, companies or associations) to absorb it. It's essentially a Top-Down and a Bottom-Up flow of information. In the tourism field, trends points up to social fragmentation and individualism - the development of virtual communities, the exchange of experiences between Web traveler tribes, and the search for information on the Internet - are creating new demand profiles.

The result of these inherent cycles in the tourism globalized market is the changing business model. Some "Travel Distribution Summit - Europe 2010" speakers at the Eyefortravel Event (Rmy Merckx, Director Global Accounts, Expedia; James Van Thiel, Head of Accommodation, Google; Gareth Gaston, MD, Octopus Travel; Philipe Rinn, Director of Partnerships, eBay) and other authors (Jensen, 1999; Buhalis, 2008; Poon, 1993; Buhalis, 2003; O'connor, 1999; Emmer et al, 1993; eBusiness Watch, 2006) had claimed that inside Tourism Sector - Travel Distribution (TD) and Travel Agencies (TA) - business are seen as part of an accelerated multi-referential changes: geopolitical, technologic, economic, demographic and in tourism concepts.

The present popularity of the WWW as a commercial and social medium is suitable to its ability to facilitate global sharing of information and resources, and its potential to provide an efficient channel for e-commerce, advertising, marketing, and even direct distribution of certain goods / services and information services. The most relevant power of this environment is "information quality and exciting contents".

The tourism industry is among the first sectors to embrace B2B (Business to Business) and B2C (Business to Consumer) business support systems, such as, the reservation systems GDS - Global Distribution Systems, or systems to support management and decision, such as Gestravel, Sigave, Gestav, Nonious, or

the self-booking tools (SBTS) supported by Web systems. This ICT atmosphere increases the range of new channels, available to consumers and retailers.

Buhalis and Licata (2002) confirm that the ICT and Internet offers the opportunity for companies to develop closer relationships with customers. They mentioned that "actually the Internet is offering a better service and experience for the consumer as their interaction with tourism organizations can be more meaningful. … a number of travel companies already offer specialized support through their calling centers and enable consumers to ask specific questions to a product/property/destination specialist".

The most powerful way for growing businesses and brands in TA sector is through Co-Creation, involving the people who stand to benefit most (customers, partners and their staff) and get collective intelligence on behalf of the company innovation.

2. LITERATURE REVIEW

2.1. TRAVEL AGENCIES BUSINESS MODEL

The Tourism Distribution is seen as part of this accelerated paradigm shift, from "Sold To" (product-oriented or trip-oriented process) to "Selling With" (driven by traveler experience or traveler-oriented focus). Distribution and intermediation are increasingly recognized as critical factors for the competitiveness and success of the tourism industry (Buhalis, 1999).

Traditional system of tourism distribution is based on a linear model, where products and services are going from supplier to consumer, directly or indirectly through intermediaries, such as tour operators and travel agents. The conventional brokerage of TD generally includes three participants: the suppliers (airline, hotel or rent-a-car) that offer the product through the reservation systems, the GDS – Global Distribution System. In this model travel agents are considered as a supplier's agent, whom is paid a commission fee for the service's sale. In this model, travel agents play an intermediary role, bringing together a supplier portfolio of products and services, and deliver to end consumers.

Figure 1: Traditional Intermediation system (own production)

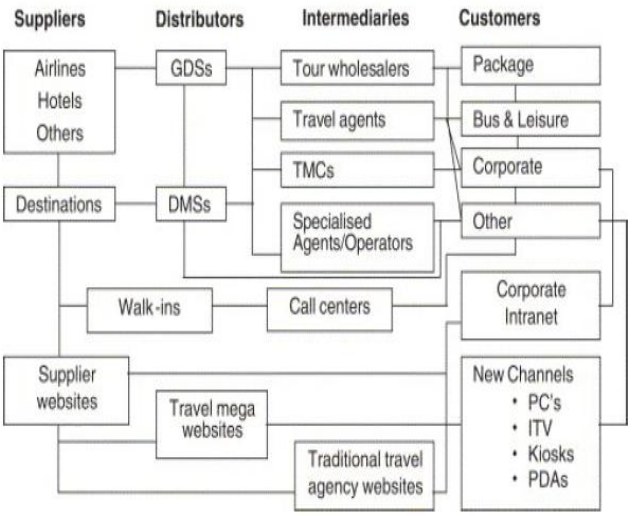
This traditional system of company-centric value creation is becoming obsolete. Prahalad & Ramaswamy (2004) argue that consumers want to interact with firms and thereby co-create value. In this new frontier of co-creation, the role of the consumer has changed from isolated to connected, from unaware to informed, from passive to active.

Conventional "brick and mortar" travel agencies are already being complemented by a multitude of electronic store-fronts, populating the Web. No single brick-and-mortar store can offer a multitude of products, but an online store has the capability to offer a limitless number of them. There are services for finding the best deal on items for consumers. The travel industry has moved towards consolidation and integration, the development of more flexible products and

services and the use of the World Wide Web (WWW) as a new distribution channel for tourism suppliers (Lubbe, 2005).

In the Supply side, the Internet has the ability to complement the provided service by travel agents. In fact, different providers / operators / travel agencies can be connected, can offer faster service to a full range of customers; can gain operational efficiency; can improve brand image and become closer with the market. From the Demand side, the Internet can be a vehicle for collecting customers points of view and preferences, earning their confidence (customers becomes company apostles) engaging them to co-creating experiences of travel.

Figure 2: The new tourism distribution model (Lubbe, 2005) in openUP (August 2006)



Until the middle seventies, it was assumed that technology in the tourism sector was mainly based upon information. But from this moment onward, this ICT has been identified as a combination of different knowledge in which, other than information, the relationship between all tourism distribution stakeholders would be included.

As noted by Poon (2002), "international tourism is changing and will be more flexible, customizable, targeted and integrated, abandoning the format of mass tourism, standardized in the 70s".

The Web facilitates new ways to congregate changing consumer behavior and new market segments. Online transactions are rapidly increasing inside travel agency business. This sector is witnessing a growing acceptance of Web presence, an emergent interaction between customers and suppliers and a beginning e-commerce, reflecting the way business is conducted and changing.

In fact, tourism industry is among the first sectors to embrace B2B (Business to Business) and B2C (Business to Consumer) business support systems, e.g. the reservation systems GDS - Global Distribution Systems, or systems to support management and decision, such as Gestravel, Sigave, Gestav, Nonious, or the self-booking tools (SBTS) supported by Web systems. The market share of GDS in Portugal is 83% hold by Galileo and 17% for Amadeus. The GDS provide full access to inventory and also to tourist supplier information, such as travel operators (TO) and travel agencies (TA) that manage the transaction on behalf of client.

Consequence of all these factors, travel agencies in Portugal recognize in digital economy drivers based on e-business, collaborative networks and information exchange, an incentive effect of productivity and profitability. Travel Agencies as B2B2C (Business-to-business-to-consumer describes transactions in which a business sells a service or product to a consumer using another business as an intermediary) retailers require a specific social media approach with focus on the new consumer/tourist profile and their singular needs. To survive in this Darwinian environment, travel agencies must be: agile, resilient and adopt virtual structures, focus on core business and customer needs, developing cooperation between economic actors

(reinforcing the concept of networks), build up innovative and interactive ICT, in order to take advantage of the differentiation factors and capture sustainable competitive advantages.

In the 2010 survey done by APAVT (the Portuguese travel agencies association), almost two thirds of its members (63%) admitted that the supply of online products will increase in the coming years, while 44% said they will use social networks to advertise the company. The exploring co-creation experiences in the travel agencies sector is only at the beginning. It is common sense that tourism is a very important, if not the most important experience generator and economic motor of many societies.

But, the TA activity with its enormous number of small stakeholders is not yet used to consider experience environments and networks in which tourists - considered as co-create partners - play a central role. Nor is it common to invest in innovative research or interactive ICT's as a basic tool for business development, as is already done in some other sectors. The main reason for this fact lies in the TA typology. The bigger Travel Agencies typology is SME- small and medium enterprises, 49,7% are micro companies - (belonging to the cluster of independent travel agencies) and 38,5% are medium companies (linked to the cluster of closed groups of travel agencies), becoming an important segment in the tourism distribution sector. The small size is a handicap for lack of resources (financial, expertise, materials, innovation, marketing, etc.). The most common corporate type is a limited company with 59,3% and 97,5% of Portuguese capital. Independent travel agencies put emphasis on outgoing activity, with 3 to 5 professionals in their shops, while the ones in the closed policy networks, diversifying fields of action (outgoing, incoming and operator), with 11 to 20 employees (Salvado, 2009).

In this study, the current 1804 Portuguese travel agencies in 2008 were divided into four clusters according to the organizational grouping criteria on the market: closed policy networks, consortia, Franchise and Independent Agencies. It was observed a clear conscience in the travel agencies sector in Portugal, for the existence of a business environment classified by Tribe (2004) with 4 D's, difficult, devastating, dynamic and distinctive. The strategies adopted to survive in this turbulent atmosphere, differed from the belonging travel agency cluster, such as closed group policy or independent agencies.

Inside the independent travel agencies group in Portugal, the use of sophisticated ICT is still weak, because only 74, 8% have a Web Page and from that number, only 57, 8% are selling on the Web. 38% of travel agents don't sell on the web because of the economic viability, the distrust in the payment system and the fact that consumers cannot use a PC; 74,31% of independent travel agents still consider selling products on the Internet unfair.

The products and services with greater acceptance on the Web, for both clusters, are the tour packages, hotel rooms and airline tickets. The range of other products and services from the tourism experiences value chain (events ticketing, cultural or sportive proposals) was reduced. In Portugal, Tour Packages, Hotels and Airline Tickets are the Top 3 of Web selling products.

It was found that the Web used tools and the offered information on their portals was static and essentially informative. The interactivity level and the sophistication degree of travel agencies' ICT was tiny giving little inspiration, for travelers planning their trips. The most common ICT tools used by independent travel agencies, are e-mail, Direct Mail, Web advertising, travel operator links, showing that 96,3% of respondents have a PC network in the company and 44% of agencies have 5 PCs connected to the Net. When investigating their core value proposition, successful travel agencies will put their customer - not

their company - first when asking the question – what can I do to make the experiences/emotions of my customers thrilling?'

In the research, was found a strong focus on the *trade* core business, choosing network cooperation forms between players (65% of travel agencies is integrated on collaborative network: 52% in TA management groups, 27% in vertical networks, 12% Franchising and 8% consortium). When asked about travel agencies new generation attributes, opinion diverges depending on the type of cluster:

- Travel agency vertical networks: put emphasis on the fact that "the Internet enables a better Product & Service dissemination" and "Internet replace the brochure on sale."

- Independent travel agents have a different perception, giving more value to "strengthens the relationship with partners (collaborative networks)" followed by "frequent use of communication systems and multimedia". In third place point to the "frequent use of extranet and transaction reporting function," followed by "a possible sale online billing increase."

Independent Travel Agents have internet and web interactivity less implanted in their business model, using only the most basic ICT and Web sites containing only institutional and static information. It was establish a remarkable understanding of managers of travel agencies in Portugal for the use of innovative ICT in order to become more efficient and effective daily tasks, and meet customers' singularities. But when asked about sophisticated ICT interactive recommending itineraries like TRS - Travel Recommender Systems, we found insufficient information and little use of this kind of tools.

As Buhalis, said "The future success of tourism organizations … will be determined by a combination of innovative management and marketing, intellect and vision, as well as strategic use of advanced Its". (Buhalis, 1998).

2.2. INTERACTIVITY THE "BACKBONE" OF TRAVEL AGENCIES VALUE CONSTELLATION

> "…it is not enough to be just selling a consolidated package of accommodation, air and entertainment tickets. Anybody can do that, but to be a travel agent of the future, the key is to differentiate and to grow their businesses these agents must have unique products and a strong brand with multi-channel competency…"
> Don Birch, CEO and President of Abacus International, (2008)

Tourism distribution (TD) has become increasingly transversal influenced and influencing all the players around, with big consequences to business models. With the spread of Web 2.0, all the players are witnessing a paradigm shift in business model, making "our world" more flat (globalized), and extending "our worlds" spreading the collaborative networks and social communities. According to Turban et al. (2004), the Digital Economy involve digital technology-based economy, embracing digital communication networks, computers, software and other related information technologies, which provide a global platform from which the individuals and organizations interact, communicate, collaborate and research information.

As referred by Poon (2002) "The information technology (IT) facilitates the production of new, flexible and high-quality travel and tourism services that are cost competitive with mass, standardized and rigidly packaged options (…). IT helps to engineer the transformation of travel and tourism from its mass, standardized and rigidly packaged nature into a more flexible, individual-oriented, sustainable and diagonally integrated industry".

Lockwood and Medlik (2003), points a proliferation of alliances and partnerships around the world, between business and leisure travelers, suppliers and consumers, through information technology and e-commerce links. Michael Rothschild, showed in the 1990s' in his work "Bionomics" that the capitalist economy could be understood as an ecosystem similar to the biological environment because information is the essence of both. Organizations like living organisms are based on complex hierarchies, requiring a holistic thinking. So instead of talking about the industry, the more accurate will speak on "Business Ecosystem" (Moore, J., 1996).

We live a radical business ecosystem concept transformation, guided by the power of ICT, Web 2.0 and a wide range of signals from the social environment, cultural, technological, ecological, economic and institutional. According to Michael Rappa Director of the Institute for Advanced Analytics at the University of North Carolina, a business model is "the methods of doing business by the company which can sustain itself - that is generate revenue. The business model spells out how the company makes money by specifying where it is positioned in the value chain". This comment shows that some business models are simple, where the company produces goods or services, selling them to customers. Others are not so simples, and TD is one of them. TA are observing a paradigm shift from "Sold To" (product-oriented or trip oriented) to "Selling With" (sales and relationship driven by experience or traveler oriented), being an aggregator of consumers, through bi-directional strategies of "Bottom Up" and "Top-Down" flow of knowledge.

Figure 3: Paradigm shift from "Sold To" to "Selling with" (own production)

Fragmentation can be a word that describes the tourist market nowadays, but the continued proliferation of platforms, social networks, channels and equipment, has been assisting travelers to remain contactable and have access to different content by a variety of channels.

To face this reality, TD must draw different strategies, need to address and engage the different types of travelers. It's important to discover new travelers. Despite the crisis, millions of travelers (especially from Asia Pacific) continue to cross borders to live or develop business / leisure experiences. Their search and purchase profile are unique, requiring goods and services that fit into their necessities.

The next generation of travelers - who accompanied the growth of media tools and content control - has little tolerance for static sites without dynamic. The key words today are: "Watch me", "Hear Me" and "Touch me", but less "write" and "read". The old "category killers" may be irrelevant today, because they cannot draw attention or stimulate the interest of users.

Travel agencies should put the focus on all aspects of consumer experience, including functional and emotional aspects. This pattern assumes that the online encourages the exchange of information and transaction networks among members of different communities. A Social Media is an online communication and collaboration, typically around a shared interest or context. Originally seen as a customer engagement tool or a means of communication, companies are moving beyond these uses to improve business functions and even contribute to incremental revenue or cost controls. We can find

Consumer Social Networking Sites (Facebook, MySpace, Twitter, Flickr, YouTube,) or Business Social Networking Sites (LinkedIn, Spoke, Plaxo, Yammer).

Travel distribution typically uses some of these social destinations to push news, offer customer service or otherwise engage their customer's conversation. Facebook and Twitter are likely to be the initial proving grounds for these types of efforts. Recent usage data shows that Facebook's 300 million users spend a combined 8 billion minutes per day on the site, which has potential to make it one of the biggest shopping destination sever. The American Express Business Travel (2010) survey shows that 50% of corporate travel professionals use social media for travel management, but significant barriers remain that are blocking better adoption.

50% overall and 59% of mid-size companies use social media for travel management;
42% use social networking to find travelers' preferred vendors and services;
22% site company policy prohibiting use as primary reason for not using social media;
17% said they didn't know which one to use;
20% say information overload is overwhelming;
Among those using social media, 63% said they have established an internal site and built a community to support improved travel management;
41% monitor social media sites to ensure corporate travel policy compliance;
45% actively engage with a public community;
43% post videos and 41% post corporate travel information in text form;

According the same research hotels (and airlines for example TAP is in Facebook http://www.facebook.com/pages/TAP-PORTUGAL) have been active in social media for branding and marketing purposes and many plan to incorporate more social media and mobile tools in the future.

Travel agencies must know the existence of different devices, channels and ways to be connected with customers. The list is long, from Web systems, applications and tools: Wap or GPS, social web (Twitter, LinkedIn or Facebook), Blackberry, iPhone, Android, Kindle or iPad. GPS units in cars and SIM cards pair Ethernet cable Internet connection. To capture a piece of this huge and global potential, it is necessary to optimize the search site, becoming a prime source of market and getting to know the culture and language of its actors. The current market and the equipment that connect us have become predominantly mobile, visual and tactile or touch screen. Sounds, images, videos are challenging the words and the numbers of our interfaces.

As regards Buhalis and Costa, "The development of the new tourist signifies Consumers who are becoming knowledgeable and are seeking exceptional value for money. (...) Consumers enabled by information available on the Internet can develop their own experiences, based on dynamic packaging and flexibly created individualized itineraries". (Buhalis and Costa, 2006)

So, the business model of TD undergoes changes in strategy and philosophy, transforming themselves into companies 2.0. Greenberg (2010) considers that "enterprise 2.0 is the use of emergent social software

platforms within companies, or between companies and their partners or customers, to support and foster a culture of collaboration and trust that extends beyond the doors of the company itself". TD 2.0 is not only synonymous of Web 2.0 technology use, but a customer-centric corporate culture, collaborative and reliable. Cease to be oriented to processes and operations, and based on the premise that these efficiencies lead to productivity. To adopt collaborative social models, supported on client-provider interactions, where the valuation of the exchange of knowledge leads to increased productivity.

TD 2.0 leverages the crowding knowledge of virtual communities and values this "social capital". Putnam (2000) defined "Social Capital" as "the collective value of all social networks (who people know) and the inclinations that arise from these things are the networks to each other (norms of reciprocity)". Therefore it is essential to know how to navigate this new order, regardless of whether the organizations are large or small, new or already established in the market, suppliers or intermediaries, corporate or leisure, traditional or specialist, what is crucial is that will compete with: new economic realities, new equipment, platforms and distribution channels; new competitor in unpredictable areas, new standards of content and communications, and with millions of new travelers.

3. METHODOLOGY

The paper provides practical information about ICT inside Travel Agencies Sector. The travel agencies exploratory research followed two phases. The first one where literature review defines the co-creation concept as TA new strategic frontier and a second one based on a double approach (quantitative and qualitative) showing that a large number of independent Travel Agencies are not using the potential of Web 2.0 in their business model.

The quantitative methodology followed was one of the types mentioned by Brayman (1988), which recommends for this universe a quantitative macro-scale structures (in this case 1804 travel agencies) and a qualitative research - analysis of travel agency websites. The questionnaire surveys, was conducted on a sample of 1039 travel agencies in Portugal representing significantly 58% of the total universe (1804) and a qualitative research - analysis of travel agency websites.

4. MAIN RESULTS

The paper provides practical information about Information and Communication Technology (ICT) inside Travel Agencies in Portugal. A large number of SME independent Travel Agencies are not using the potential of Web 2.0 (interactivity).

4.1. PRACTICAL IMPLICATIONS AND ORIGINALITY

Practical implications: Exploring the interactive ICT inside Travel Agencies connected with co-creation concept can play a strategic role and open new fields on business models. The future Travel Agencies become more specialized (focusing on core business and offering unique propositions), with flexible network configurations (adapted to market opportunities), accepting consumer integration into internal business processes (catalyzing collective intelligence and co-creation), searching smart marketplaces

(increasing market niches), integrating all stakeholders vertically, horizontally and diagonally (harmonize competences and goals), and finding new customers' profile (building thinner segments).

Originality/value*:* ICT and Social Web has become the "backbone" of the travel agency value constellation and a strong resilience device. Social Web has brought to many TA face-to-face with their own difficulty to respond to change, to embrace customers as collaborative partners, and to take seriously the necessity for creating cross-functional teams. So, an internal and external corporation strategic alignment will be required, in order to expand their customer relationship, promoting themselves online and profiting with collective intelligence and co-creation.

Research limitations/implications: Absense of composite benchmarks that characterize the cluster of tourist retail distribution in Portugal.

4.2. CO-CREATION THE TRAVEL AGENCIES NEW FRONTIER

The above discussed issues redraw important trend lines for tourism distribution, both on the demand side or the supply side. They are aided by technological dynamics considered enablers of business, from productivity growth and sustainable competitive advantage. Seek sustainable competitive advantage has become a major challenge for organizations. Porter (1985), argue that competitive advantage cannot be understood by looking at the company as a whole, but it comes from the numerous and various activities that comprise it. To get competitive advantages the companies' prosperity lies on "how to differentiate".

To survive in this global Darwinian environment of "triple convergence" (Friedman, 2005) (new players, new "playground" and new processes and habits of cooperation), the multiplicity of players involved in the retail tourism distribution, are forced to a paradigm shift away from "Sold To" (trip-oriented process) to "Selling with" (traveler and relationship driven by experience).

The consequence of taking customer orientation serious is to integrate them right at the heart of value creation – in new tourism experience design. By democratizing knowledge and information the social media revolution strongly supported the dissemination of concepts such as open innovation and co-creation and at the same time transformed people from content consumers into content producers and even co-experiences designers. Co-creation can be briefly described as including tourists and other possible stakeholders in the innovation process of new concepts in leisure and tourism. The consumer / traveler is not a "prey" he can "hunt"; consumer / traveler can impose his view of choice; consumer / traveler is empowered to co-construct a personalized experience around himself, with firm's experience environment.

In the 1980 book, The Third Wave, Alvin Toffler coined the term "prosumer" to define the new role of consumers as producers and consumers simultaneously. Don Tapscott reintroduced the concept in his 1995 book "The Digital Economy". The effect is a change in the prevailing role models of creating new tourism experiences. The ability of interdisciplinary collaboration inside and outside the firm is more essential than ever before.

Travel companies must learn as much as possible about the customer / traveler through rich dialogue that evolves with the sophistication of consumers. The information infrastructure must be centered on the consumer and encourage active participation in all aspects of the co-creation experience. Co-creation converts the market into a forum where dialogue among the consumer / traveler, the company, the

consumer communities and networks of firms can take place. This new frame of value creation gives new opportunity space for travel distribution.

So, the competitiveness and productivity keys are based on knowledge acquisition - through the simple and fast access to better information – and the way how to improve the collective intelligence of the traveler's tribes. The ICT the Internet and Web 2.0 are strong contributors to the "atoms" replacement with "bits", in organizational settings making possible the paradigm shift. It is evident an attention shift from supplier ecosystem to the customer ecosystem and their singularities. According to Wikipedia, an "ecosystem" is a system where its members benefit from each other's participation via symbiotic relationships (positive sum relationships). The term has its origins in biology, referring to the self sustained systems. When applying the concept to business, an ecosystem can be viewed as a system where the relations between different players become self sustaining and mutually helpful and closed.

In this business ecosystem the heavy emphasis is on customer's values balancing: value for time vs value for money and value for experience. The value created by the emotional involvement of the consumer, has a significant impact on organizational performance in terms of customer retention, involvement and loyalty. Competition, in Tourism, is from a long time ago based on product and company centric led innovations to increase product variety or to increase uniqueness. This is being taken over by the co-creation experience as a basis for value constellation and as the future of innovation, according to Prahalad and Ramaswamy (2004).

The tourism co-creation experience results from the interaction of an individual at a specific place and time and within the context of a specific act. According Cornelis (1988) in Binkhorst (2006) "society's system of social decision is changing to make way for one driven by communicative self steering". The traditional top down approach makes way for dialogues between equal partners. We are speaking about network communication involving all stakeholders. The main idea is interact with consumers outside of a retail context, amplifying its user's self-expression. As a result, customers are gaining more power and control. We are talking about "culture of tourism"(Urry, 1990).

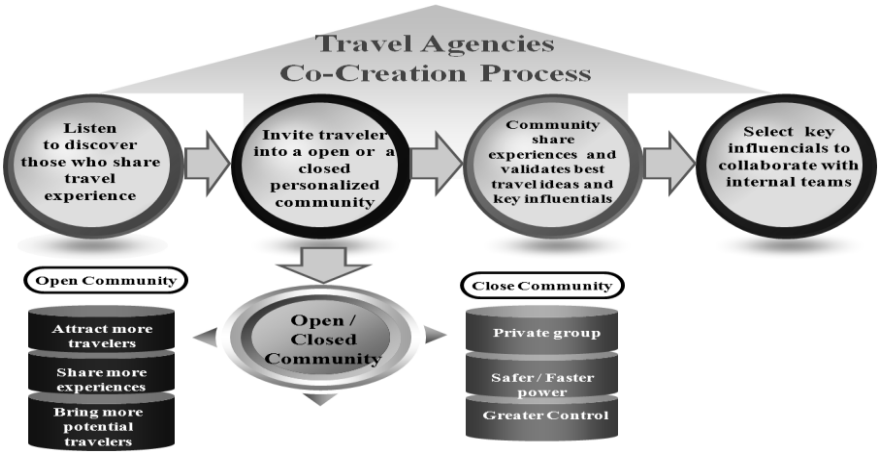
A real co-creation experience is neither company nor product centered. The better companies focus on the consumer context and match with the individual's living and using environment, the more increases the co-creation experience value. Curiously, for many people in the developed world, time spent on leisure and tourism has become an essential part of their quality of life (Csikszentmihalyi and Hunter, 2003).

> "I don't have to control the conversation to benefit from their interest in my product. The key is to produce something that both pulls people together and gives them something to do." – Henry Jenkins (MIT director) and author of "Convergence Culture" in flirckr accessed in 20-2-2011.

The actual business challenge is from who "has the most data", to who "can get the most meaning".

The next figure shows a TA Co-Creation process, where listening customers is crucial to discover their travel experiences sense. Second phase is invite travelers into open or closed personalized community.

Figure 4: Travel Agencies Co-Creation Process (own production, based on Rothschild, 1990; Binkhorst, 2005 and 2006; Prahalad & Ramaswamy, 2004; Richardson & Cohen, 1993; Modahl, 2000)



Choosing one or another depends on TA goals. Open Community attract more travelers, can share more experiences and bring more potential customers. The close community involves a more private group, safer, faster and greater control of the process and results. In the third phase, community share experiences and validates best travel ideas and points up key critical factors. The important is connecting company's audience telling their story. And then they will tell company's story. Especially during free time people express their quest for ever more unique experiences reflecting their own personal stories (Binkhorst 2002, 2005). Binkhorst (2006, pag.4) argues that the experience of the co-creation itself is the basis of a unique value for each individual. When they create value for themselves, they create value for an ecosystem. The key factor is to produce something that pulls people together and gives them something to do. In the end, companies select key influencials and redraw USP-Unique selling propositions.

These assumptions lead to new business settings with focus on the customer "*Create more value than you capture*" – Tim O'Reilly, knowing their decision-making process, and building USP- Unique Selling Proposition. The approach of customers across multiple channels and the use of social networking can be powerful tools to capitalize on the brand, customize the connection to customers, tailoring contents and have more direct access and real feedback from their customers. In 2020 the generation born in the digital age (Net Generation) enters the labor market, so the change in consumption patterns and behavior will be amazing. The development of technology will determine the emergence of new channels.

Travel agencies sector believes that the current phase is in transition to a more global tourism and more digital. The online will determine the entire business model and emerging countries will become the main source of global growth of tourists, especially China, India and Russia. The most powerful way of growing businesses and brands is by involving the people who stand to benefit most: customers and their staff. True insights can change the way TA see things, bringing new possibilities and opportunities. The most powerful strategies are those which align the interests and distinct capabilities of companies with their customers to generate superior commercial returns. Strategic thinking must permeate the whole organization. Innovation is much bigger than simply coming up with new ideas. The co-creation process

must understand consumer trends, helping travelers to stay tuned-in to evolving consumer needs and desires, select winning ideas and build a new culture where innovation can flourish.

The exploring co-creation experiences in travel agencies sector is only at the beginning. It is common sense that tourism is a very important, if not the most important experience generator and economic motor of many societies. To build travel experiences Co-Creation on an efficient way is crucial using Open Source Innovation (OSI) (Chesbrough, 2006) through the Social Web. Technology will empower consumers ever more to co-create their 'Consumer to Consumer' (C2C) tourism experiences. Technology influences tourism experience networks tremendously and changes them continuously.

5. CONCLUSIONS

The traditional system of company-centric value creation is becoming obsolete. "Consumers want to interact with firms and thereby co-create value. In this new frontier the role of the consumer has changed from isolated to connected, from unaware to informed, from passive to active" (Prahalad & Ramaswamy, 2004).

In the Digital Economy, competition is centered on personalized co-creation experiences, resulting in value that is truly unique to each individual. To be unique, travel agencies business need to develop interactive ICT - Information and Communication Technology and must be innovative on Internet and Web 2.0.

Tourism is an inexhaustible source of experience, through which each individual constructs his story of travel, the tourism product remains the staple of the tourist offer, preserving as a factor capable of differentiation and adaptation to the singularity's customers profiles and their online buying behavior.

The value created by the emotional involvement of the consumer, has a significant impact on organizational performance in terms of customer retention and loyalty. It is assumed that the on-line encourages the exchange of information and transaction networks among members of different communities. The offline establish trust relationships, creating better connectivity, collaboration and business opportunities. So complementarities are imperative.

Success involves deep society's holistic knowledge and requires tailoring the specific social media approach to client preferences with a focus on their needs. The Travel agency activity - with its enormous number of small stakeholders - is not used yet to think in experience environments and experience networks in which tourists - considered as co-create partners - play a central role. Nor is it common to invest in innovative research or interactive ICT's as a basic tool for business development, as is already done in some other sectors.

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