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Tourism Intermediation and the role of Google

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Paraules clau del treball:
 Google, Google programs, Online Marketing Models.

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INDEX OF DRAWS, GRAPHS AND FIGURES

SUMMARY

Since the arrival of the Internet, there has been a huge change in the intermediation world. In the past played a very important role the tour operators and the traditional travel agencies because without them the travel process could not been carried out.
Its weight within the tourism intermediation was so huge that all the hotel chains and airlines depended on them to sell their rooms and seats on planes.

Later on all this chain has been carrying the emergence of new tourism intermediaries which have taken quite a lot of strength in the intermediation world. I am talking about the appearance of the Internet, considering that with this appearance there has been an introduction of Online travel agencies, online tour operators, meta search engines, hotel reviews and social media platforms which have made that the weight of tour operators and traditional travel agencies fell a lot.

Due to this emergence, started taking more power these other new intermediaries and because of this power they saw that they were gaining, they took advantage of their weight and they escalated their commission up to 25 or 30 percent on the sale.
This also created a problem, which made the small chains hadn't the enough purchasing power to spend on agreements with major online agencies, so the alternative was to promote and create their own website with which they had the opportunity to contact with the customer directly, leaving aside the cost of intermediation but taking at the same time the cost of marketing.

This is where the function of Google really starts. In fact, was decisive for the empowerment mentioned above. Google extended two ways to enhance websites, SEM and SEO; these two methods are explained with more detail in the middle of the work.

In this work is also explained the methods of advertising and promotion which are the PPV, PPC and PPA which today have taken enough importance and are crucial for the positioning of companies.

Due to the raise of Google and as I already mentioned before, appeared the Meta search engines, hotel reviews and social media platforms which changed completely the way of booking a travel. In fact we can confirm that the patterns for booking the travel starts being completely the other way around due to nowadays most of the clients go directly to these pages and take a look of the rating making at the same time a comparison among all of them.

Finally, in this paper there's an analysis of the applications created by Google that have revolutionized the market and enabled the customer to be more independent, more flexible and at the same time has streamlined the whole process of research. Today when we do not know where something is, we enter into Google and he solves our doubts. We have reached a point where Google has become an indispensable tool for us.

INTRODUCTION

This work is located within the area of tourism intermediation, an area of great importance and great use in the field of tourism. It is quite important to understand this issue today because with the advances on the Internet and thus the subsequent emergence of Google has completely transformed the way we perform a trip. Since booking the room, the flight to go to the desired destination and the activities carried out at the place of destination.

In this case, I argue the explanation made above because in the past the trip was exclusively booked through tour operators or travel agencies, traditional only. However with the advances made on the internet, new players have emerged and have allowed hotel chains and airlines contact directly with the customer and thus start avoiding the huge weight that tour operators had.

Moreover, due to the boost of the Internet, they also took very important part online agencies so that they became major intermediaries for selling hotel rooms and flights.

Because of this issue, smaller hotels could not allow themselves to spend so much money and they decided to enhance their websites. With this in mind, small businesses were able to connect directly with customers leaving out the intermediary layers investing at the same time in marketing.

 The choice of this topic and their interest is determined by the moment and the situation in which things happen, that is, we live in a time when everything and anything is relevant. All practices and techniques used previously are obsolete and we realize that we live in a world in which things are constantly changing.

Currently, Google's role is very important because it is taking a lot of strength with all the applications created to facilitate the work to the customer and to streamline the process of booking. Google employs techniques that are detailed later.

While carrying out this analysis I have understood the evolution in the world of the tourism intermediation, that is, how previously a trip was booked and the parties that were involved and that made possible for the clients to travel to the desired destination. On the other hand I have realized how this work is done nowadays, due to we have enough tools to create and plan our trip without having the necessity to contact thousands of intermediaries.

I also perceived the great force which is having Google nowadays and the power that Google can gain in the future, because if it continues like this, he will turn into a very large platform that includes thousands of parts.

CONTEXTUALISATION AND OBJECT OF THE STUDY

The main objective of this paper is to present and demonstrate the importance of Google today. The purpose of this research is to understand how Google has been able to take such a huge force in our lives creating new methods and techniques that have been adopting new business and as a result have made them stronger and more competitive in many aspects which before had little relevance.

This is a research conducted through the evolution that have occurred within the world of intermediation, that is, as it was traditionally performed and how today it is carried out. Within these results it is also seen the great advances and advantages of using new methods because everything is much more convenient and easy to perform.

So the result of this work and its goal announced previously tries to highlight the methods used previously and the evolution of these methods due to the emergence of the internet and all that his appearance has carried out.

Finally, the point which I would like to stress the most is the magnificent importance of Google because without him anything would have been possible at all. The options offered are so big that today it is difficult to talk about the internet without mentioning Google.

DESCRIPTION OF THE METHODOLOGY EMPLOYED

In this section of the work it is shown the processes needed to determine the results of the final work. As I mentioned earlier this issue is a very important topic in the tourism field and consequently this represents one of the biggest challenges in my tourism degree because nowadays the role of Google has grown dizzily.

The reasons why we tend to think that Google can become into a huge intermediary are obvious, but who knows, things aren't clear at all. What is totally clear is that there has been a reordering of new players, considering that the players which in the past took a bigger part of the cake nowadays are being replaced by other intermediaries.

Regarding the investigation pattern of this work, the research has been developed looking into some blogs of professionals, knowledge acquired during my period as a student, magazines and press articles.

I have also taken a look at bibliographical sources, graphics and images. I have carefully read all comments made by professionals of the subject. Moreover, I have classified and structured all the mentioned information in order to understand the main concepts.

I have also looked into all the information with the help of keywords such as traditional value chain, traditional travel agencies, tour operators, OTA 's, Bed Bank, Google, SEO and SEM methods of online marketing, hotel reviews, Meta search engines, Social Media and programs Google

RESULTS OF THE WORK

1. <u>THE TOURISM INTERMEDIATION BEFORE THE APPEARANCE OF INTERNET</u>

Before the appearance of Google the tourism intermediation chain was completely different from the one we already know. First of all, let me start with a brief definition of a value chain according to the professor Michael Porter. We can describe a value chain as a set of activities that a firm operating in a specific industry performs in order to deliver a valuable product or service for the market (Competitive Advantage: Creating and Sustaining Superior Performance, 1985).

This definition can be perfectly applied to the traditional tourism value chain. It is important to bear in mind the heterogeneity of the tourism sector when talking about the different players which had an active role in the value chain mentioned earlier.

Picture #1 Traditional tourism chain

Source: http://www.tourismtheories.org/?p=849
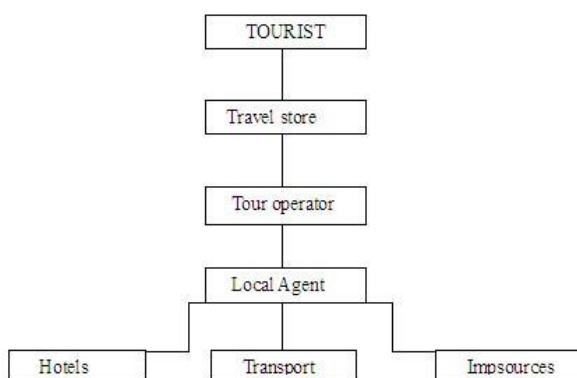
This model points out the existence of different players, which can be identified as inbound tour operators. They were responsible for aggregating the services of different suppliers, which could include hotels, excursions, transport and so forth. Then this package was offered to the outbound tour operators, which worked in the home country of the final customers.

The function of outbound tour operators was adding and combining more services to the initial travel package in order to improve it and achieve a greater satisfaction of the travelers. Finally, this package was sold to the final customer through a third part called travel agencies. The travel agency is the final layer in the value chain, which acts as an assistantship providing additional information to travelers and helping them in their final decisions.

After this brief outline, I would like to highlight the function of the two main players of the value chain which were the travel agencies and the tour operators.

1.1 TRAVEL AGENCIES

The travel agencies were that ones who commercialized with the package that was already created by the tour operator, selling it directly to the final customer. Another possibility was creating the package themselves. Travel agencies work with a retail price, which is the one offered to the public and consequently received a commission for each sale the hotel made.

There were two types of agencies, the ones who helped the traveler in the home country and the ones who helped the traveler once they were in the country of destination, also called as the incoming.

1.2 TOUR OPERATORS

On the other hand, we find the Tour Operators, also called as the wholesalers. They were the ones who hired the space of the hotel or the aircraft, combining as well the accommodation and they finally sold the package to the travel agencies. Tour operators worked and they actually work with the capacity of the hotel or the aircraft, and with guarantee.

Working with capacity means that they can book part of the aircraft, in fact important aircrafts work like this, such as Air Europa. Or they have the possibility of booking the whole plane; this is also called as charter. With a charter flight, you rent the entire aircraft, rather than just one seat. In the end you have more flexibility than scheduled flights with a wider choice of destinations and itineraries.

Exactly the same happens with hotels. You can find cases in which either a tour operator owns a percentage of a hotel, or cases in which the tour operator has the entire control of the hotel.

Otherwise, tour operators can also work with guarantees, which is the best way to assure that the provider of the hotel will finally receive money. Working with guarantees makes that the price paid by the wholesaler will be fewer because the hotel manager has the certainty of receiving the money. When the guarantee system is applied, the hotelier can have a percentage of the hotel in guarantee or having it the entirely.

Just like travel agencies work with retail prices, tour operators work with a net price. Net prices are the ones which the hotelier agrees with the tour operator. This ones are not available in the market, that is potential travelers can't see this price. The hotelier only agrees net prices with the tour operator; with other players he agrees retail prices.

2. IMPACT OF INTERNET ON THE TOURISM INTERMEDIATION

Before I begin with the explanation of the appearance of Google, let me just start pointing out the importance of the appearance of the internet in the tourism sector. We have already seen the traditional value chain, with the players who played an important role at that time. The arrival of Internet reordered completely the way of creating a tourist package. Due to its entrance, there was an introduction of new players which were looking for a direct communication with the travelers and started avoiding intermediaries.

Therefore the airline companies were the first ones in joining to this new way of selling. They developed what it is known nowadays as GDS (Global Distribution System)

2.1 GDS

GDS, commonly known as Global Distribution System is a computerized reservation system which was created by the airline company American Airlines in the 60's which its main function was to control the inventory of the company and to simplify the work done by the travel agencies when contacting different intermediaries to create the travel package.

At the beginning this computerized reservation system was only used by the airlines, as I already mentioned. However this system was introduced into other sectors such as hotels or rental cars.

There were four important GDS which were: Sabre, Amadeus, Worldspan and Galileo. The first one was Sabre with the airline company, American Airline in the 60. Just like the airline companies created their computerized reservation systems, the hotel companies started doing the same. They created what we already know as CRS (Central Reservation System).

2.2 CRS

A CRS is a computerized system which concentrates the information of a hotel, resort or other lodging facilities. The main function is to reach a global distribution system from one single system.

The problem started when every single hotel chain decided to develop its own computerized reservation system. Every time the hotel chains wanted to connect their CRS with the four most important GDS, they were in a trouble. The process was very long; it was very difficult to carry out and the cost fixed to this action was extremely high.

2.3 PEGASUS

For this reason, in 1997 emerged the company Pegasus. Pegasus was a technological company which operated as a switch company in order to facilitate the communication between the CRS of the hotel companies and the GDS adding a new cost in the intermediation channel.

With the entrance of the CRS, most of the hotel companies decided to create their own call-center departments in order to contact directly with their clients and start avoiding those transaction fees from the GDS and Pegasus.

Let me continue then with the arrival of new important players in the tourism chain. After the introduction of the CRS, GDS and the switch company called Pegasus, there were other members which were even more important.

2.4 OTA's

I am talking about the Online Travel Agencies. They appeared due to the Internet revolution and they all had one thing in common which was to facilitate and to make better the process of booking a hotel room or a flight ticket. In the end they were very accessible and they became extremely popular due to the thousands of visits they received and they business they generated.

The first Online Travel Agencies were the European ones; in this case I am talking about lastminute.com (1998), ebookers (1996), or bookings.com (1996). These mentioned before were bought by the big American OTA's such as Travelocity, Priceline or Orbitz. Nowadays, the OTA's which have a major impact in the hotel industry are Booking.com, Expedia.com and Hotels.com

As I already mentioned the Online Travel Agencies have become very popular. This popularity is so important that for most of hotel companies they are even more significant than the traditional tour operators. At last they have already taken an advantage of this situation raising their commission up to a 25% or 30%.

2.5 BED BANKS

Another important player which took a very important part with the development of Internet has been the Bed Banks. Those are consolidators of the tourist offer which connect their systems to other websites and third-part systems.

Their main function is to bring together all the tourist bed offers of many suppliers and put it together in one single system. They also negotiate special rates with accommodation providers and acts as a wholesaler, selling the accommodation. Some of the most important Bed Banks are Thomas Cook Bed Bank or Hotelbeds.
It is crucial to talk about the problematic situation of the bed banks nowadays.

As I said before they bring together the entire tourist offer, working as an online wholesaler. Just like it has been already mentioned in the first part of the work, tour operators work with net prices, that is, potential travelers are not able to see this price. The problem arises when hotel companies agree on a net price with tour operators.
What happens is that this price, already fixed between the hotel company and the tour operator, goes directly to the database of the bed bank. With this

information the bed bank is able to hack the initial price making a contract with another OTA with which the hotel company didn't have an agreement. From that moment on, it is available in the market a cheaper price than the retail price fixed by the hotel chain at the beginning due to the hacking action of the bed bank. This problem is known as the disparity of prices and the only way to avoid this is removing the net prices.

2.6 PRICELINE AND SALE FLASH

Due to this change in the tourist distribution, there was also a change in the way of selling and acquiring tourism services and products, I am referring to the opaque sale. The first company in using this type of sale was Priceline. Priceline is a web page which sells hotel room nights in an opaque way, that is, customers are not able to see the price of the hotel room. The way they work is completely different, the client enters into this web page and introduces the city, the place where he wants to travel as well as the stars of the hotel.

After this action the customer fixes a maximum price which he is willing to pay. Then this application is sent to the hotel company and if it is a higher price than the price the hotel company expected to sell the hotel, they accept the application. If the price is lower, then the application is cancelled and automatically returned to the customer.

Similar to the rise of the opaque model Priceline appeared another model due to the internet. This model was called Sale Flash, which is a model that presents special offers in order to sell a product at a significant reduced price. However this offer is just for a limited period of time, in fact the user can see a countdown time until the end of the offer.

The companies which promote this Sale Flash are "Groupon" or "Groupalia Viajes".

Let's move on to the important part of the work, which is the appearance of Google.

2.7 GOOGLE IN THE TOURISM INTERMEDIATION PROCESS

In order to start talking about Google, it is important to define what Google is and why it became very popular. Google is an American company founded in September 1998, whose main product is a search engine created by Larry Page and Sergey Brin. The term is often used synonymously with this search engine which is the most used all over the world. Without any doubt the most important characteristic of Google is its easiness to use.

It became very popular when hotel chains and airlines realized that in order to sell their products, they paid a very high commission to the OTA's. So, to start avoiding the payment of this 25%-30% of commission they thought about the development of their own web pages.

With the development of their web pages they would stop paying this intermediation cost; however they would start paying more attention to marketing strategies in order to promote their own services through their web pages.

They realized that with the development of their own web pages they would be able to sell directly to the customers and that caused too many positive benefits which were: the promotion of new loyalty programs, branding and the increase of the customer awareness.

In addition, most of the hotel companies and airlines saw in Google their biggest opportunity, therefore they started adjusting their web pages just like Google wanted.

2.7.1 MARKETING MODELS

Firstly, let's start with the marketing models which are crucial once we want to promote videos on internet. These models are the Pay per view (PPV), Pay per click (PPC), and Pay per acquisition (PPA).

The First promotional and marketing model in appearing was the Pay per view. It was applied to what we know as "banners". Banners are rectangular advertisements that are located in different sites of the web page and with this ad the client has access to the site of the advertiser.

2.7.1.1 PPV

The PPV model was the initial and the best way to show the advertisements that were on TV directly on the internet. The main objective is to show it a number of times a day with a fixed quantity and the advertiser gets money for the number of times the advertisement has been seen. In this case the Pay per view is contracted in packs of 100 or 1000.

Nowadays the popularity of the Pay per view model is still current, but there are other models, such as the Pay per click, that have gained more power.

2.7.1.2 PPC

The other model that has obtained more control in the market is the one used by Google, which is the Pay per click. The Pay per click is a model of internet marketing in which advertisers pay a fee to Google each time one person makes a click on their ads. Obviously, this is a way of obtaining visits to your site.

The Pay per click model is the advertising model which is used in the SEM (Search Engine Optimization), which will be explained later with more detail. Moreover, the Pay per click model has achieved such an important reputation that it has been adopted by other players like the Hotel Reviews or the Meta search engines. These ones will be also mentioned later.

2.7.1.3 PPA

The last of the three models is the Pay per acquisition marketing model. This is a very economical model for obtaining records. For example the obtaining of records when there is a raffle or the request for credit cards.

The Pay per acquisition model works as a commission because the advertiser only has to pay for the number of completed forms or when the desired action has occurred. In this case the advertiser doesn't mind about the clicks or the times its advertisement has been seen, he only pays for the success.

Pay per acquisition models work with Affiliate networks which are businesses or web sites, which are responsible for advertising merchants by posting their ads or promotions. These affiliates get a commission when the user enters on its website and performs some action, such as a click on a banner, a sign or the simple action of buying.

2.7.2 ON-LINE MARKETING MODELS

Moving on to one of the most important parts of the work, it's now time to explain the two most important marketing on-line models which are the SEM (Search Engine Marketing) and SEO (Search Engine Optimization).

With the increase in the number of web sites in the late 1990s, search engines started appearing to assist people when they were looking for information. Consequently, this search engines carried out marketing models which have been already mentioned, such as the pay per click or pay per acquisition. And it was with the appearance of Google when these models started gaining more reputation. Google started developing the program that we know as Adwords. In the year 2007 the pay per click marketing model was introduced in order to make money for search engines. In a market already dominated by Google, some other companies such as Yahoo or Microsoft announced their intention to forge an alliance in order to compete with the highest American company, Google.

After that, there was the presentation of two new concepts which were the terms "Search Engine Marketing" which was proposed by Danny Sullivan in 2001 to cover the scope of activities involved in performing SEO (Search Engine Optimization), managing paid listings at the search engines, and creating new strategies for businesses and different organizations.

In order to understand how Google works is important to understand the concepts of SEM and SEO and their comparison.

2.7.2.1   SEM

SEM (Search Engine Marketing) is a model of marketing on-line which involves the promotion of websites by increasing their perceptibility in search engine results pages (SERPs) especially through payment for advertising.

Picture #2 SEM

Source: http://www.smallbiztipsandadvice.com/
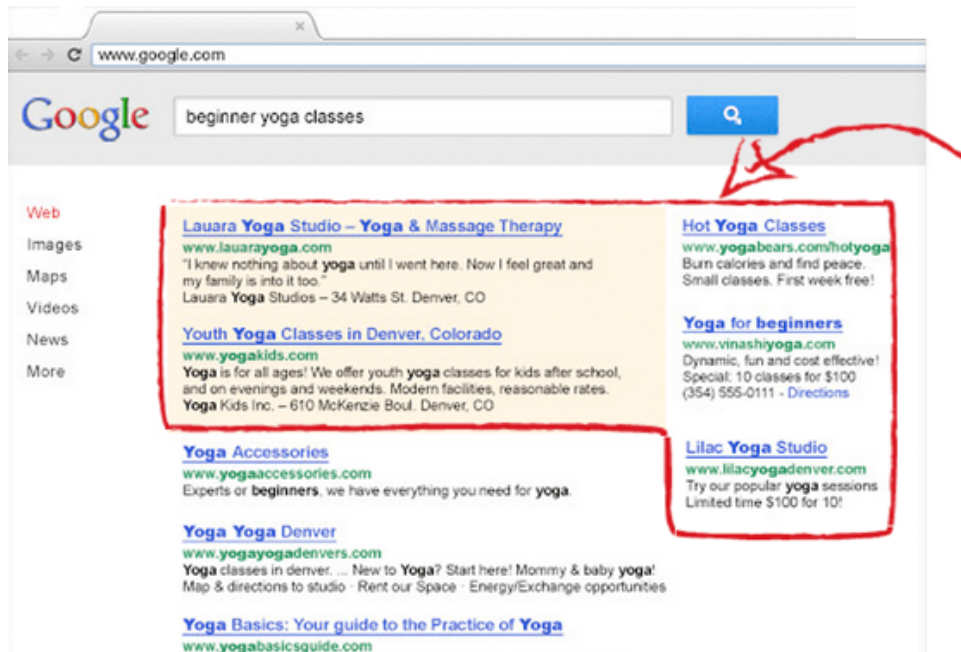
They are known as the famous Adwords. As I already mentioned above, the marketing model that is used in SEM is the pay per click model, that is, the advertiser pays to Google when a person makes a click on the advertisement. The advertiser can also promote a keyword which can consist of different words.

2.7.2.1.1 GOOGLE ADWORDS PROGRAM

Just after this statement another question is raised, what Google Adwords Is? Google Adwords is a platform that enables businesses to create ads which appear on the search engines of Google and in other Google properties. Adwords operates on a pay per click model, in which users provide a keyword and pay for each click on the ad.

Every time a person starts a search, Google looks into the huge variety of Adwords proposed by the advertisers and he chooses a set of winners to appear in the first positions of the search results pages. These winners are chosen according to a combination of factors which can be the combination of several factors, the quality and the relevance of the keyword and so forth.

Moreover, the enterprise that wants to appear on the first position of the search must have two key factors. The first one is the highest amount of money that the advertiser wants to spend and second the quality score that is a value that considers the customers 'click through rate or relevance. In the end, this system is very useful for those winning advertisers, because it allows them to reach potential customers at an accessible budget.

SEM is used by important OTA's which have an important volume of sales, such as Expedia. That is why they generate thousands of visits on their web pages and they know that they can afford paying this amount of money. On the contrary, middle enterprises can't afford paying this huge amount of money because although they know they are able to generate visits, they have a higher risk because their products don't have the same certainty to be sold and they will have to pay for the click anyway.

2.7.2.2 SEO

Now is the turn of SEO (Search Engine Optimization). SEO is another marketing on-line model by which changes into the structure and information from a web page are made with the final purpose of improving the visibility of a website in the organic results of different search engines. People who perform optimization tasks on search engines are called search engine optimizers.

PICTURE #3 SEO

Source: http://restaurantengine.com/5-local-seo-tips-for-restaurants/
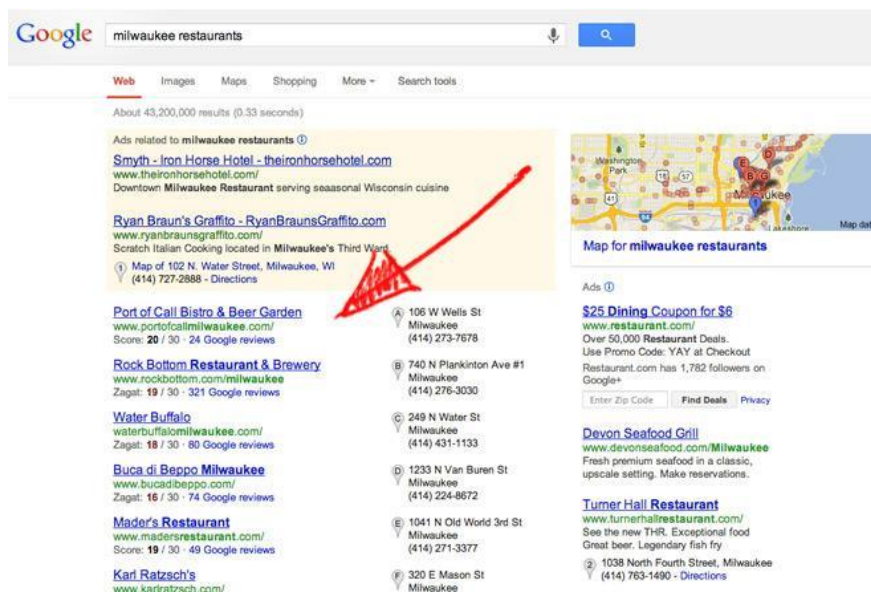
The main characteristic here is that you don't pay for the click, is this case this is free. Honestly advertisers must spend a lot of money in technology in order to appear in the first pages of Google. SEO is a complicated model because it changes every month and your position can change.

In both cases, SEM and SEO you have to create a keyword, which depending on the number of words and combinations the advertiser will have to pay more or less. If the keyword is more complicated, the advertiser will pay less and if the keyword is easier to find he will have to pay more.

In the case of SEO, Google places you depending on the word searched (Keyword), that is, you can appear in the first page of the search or in the third page.
Completely different happens with SEM; in the case of SEM the creation of a Keyword is extremely important in order to attract traffic to your website.
An effective keyword in SEM must be relevant, exhaustive and expansive.

2.7.2.3 ADVANTAGES AND DISADVANTAGES OF SEM AND SEO
SEM
When an advertiser uses SEM, he is able to use as many words as he wants. But it's desirable to use the keywords that best fix to our proposal in order to generate visits.
Due to SEM, the advertiser can gain short-term profitability, that is, if the campaign is well focused, the advertiser will generate profit from the beginning.
Another important advantage of SEM is the possibility to segment the market that is the advertiser can develop campaign focused on specific target markets.
On the other hand, SEM has some disadvantages. Visits depend on your investment; therefore if you invest more money, you will have more visits. The cost per visit will depend on how well optimized the campaign is however, the results will always be determined by the investment.
Another important disadvantage is that when we stop investing for appearing in the first positions, we automatically disappear from Google.

SEO
An important advantage when using SEO is the high long-term profitability. Once the advertiser has managed to position itself properly, that will be enough to keep him at the top. Moreover, using SEO the investment is totally stable and independent of the number of visits.
On the other hand, when talking about disadvantages are that the advertiser can't decide in which page he wants to be. This decision is made by Google. Moreover, completely different than in SEM, in SEO the advertiser can't segment the market, in this case the organic search results are the same for everyone.

2.8 META SEARCH ENGINES
Let me continue talking about the Meta search engines. Meta search engines are pages which bring together all the offers of different web pages into one single webpage. The characteristic is that they produce their own results from the internet and collect it all together. The objective of the Meta search engines

is to allow to the client to make the reservation accessing to one single site because they already make the comparison of the different offers.

The process starts when the customer looks for a tourist product or service, after this search appears automatically a list of different results related to the search he did previously. Finally the customer chooses among all the possible options he has in the page.

Meta search engines started their function with the arrival of the low-cost companies and they gained more power with the increase of Google. With the appearance of low-cost companies, lots of clients were obliged to make thousands of searches in order to compare the prices of all the airlines considering that low-cost companies didn't use intermediaries.

One of the first Meta search engines was Kayak, which was founded in 2004 by ex-members of Expedia, Orbitz and Travelocity. The most important Meta search engines which are in the market nowadays are Kayak, Trivago and Skyscanner among others.

The marketing model that Meta search engines use is the pay per click model, that is, imagine that a customer goes to Trivago and looks for a hotel in Madrid, after introducing the keyword appears lots of hotels related to that search. The first one in appearing is the one who paid the most to be in the first position. They use the pay per click model and every time a customer makes a click on a suggested hotel the advertiser of the hotel has to pay a fee to the Meta search engines.

However the first appearing hotel doesn't know for sure that the client will finally spend the night in the hotel. This is the reason why Meta search engines start using another marketing model which is the pay per acquisition. This means that the advertiser of the hotel doesn't pay to the Meta search engines for the click but he pays for the final purchase. In this case it works as a commission.

PICTURE #4 Meta search engine

Source:http://www.cheapflightsfinder.com/metasearch/skyscanner-flights-review-and-analysis/

2.9 HOTEL REVIEWS

Another player which gained more control with the arrival of Google is the hotel reviews. Hotel reviews are pages which compare the quality of different competitor hotels.

That is a client enters into this page and looks for the hotel he has been recently, after that he grades the hotel according to the perception of the client. That is how the service was, what he found about the facilities, about the meal, the staff and so forth.

Hotel Reviews are obtaining more visits nowadays and they are totally aware of the visits they generate. In this case, they are changing the process of booking a hotel room because lots of customers before booking a hotel room, they go to this hotel reviews and look at the rates.

Some of the characteristics of the hotel reviews are that they use the pay per click model, as Google does. They allow the comparison of hotels which are competitors in order to be conscious of the different quality offers. And finally they analyze the reputation of the hotels, that is, the hotel company is able to know the rating, the comments and the positioning it has. The hotel reviews which are on the top of the list today are Tripadvisor and Holidaycheck.

PICTURE #5 Hotel Review

Source: http://www.myvacationpages.com/travel-lounge/get-what-you-book-reviewing-hotel-reviews/

2.10 SOCIAL MEDIA

Just to finalize with the main players, we can't forget about the huge raise of the social media. Social media like Facebook, Instagram, Twitter and so forth have contributed a lot to the reserve of hotel rooms and flight tickets because you can enter into different web pages and you can see how many people like this page, the reputation it has and if one of your friends has uploaded photos, videos or comments about this, you are able to have more information.

Probably in the near future they will be able to sell hotel rooms or flight tickets, but as I commented earlier they determine the choice of a destination, the hotel company and the airline.

3. <u>THE STRENGTH OF GOOGLE IN THE TOURISM INTERMEDIATION. WHY DOES GOOGLE HAVE GAINED SO MUCH POWER?</u>

After reading several articles and blogs in order to understand why Google will be the next monster of the Intermediation I have arrive to some conclusions.
As I commented earlier, Google appeared with the massive raise of the Internet, after that, continued gaining more power when Travel Agencies wanted to avoid paying commissions to the OTA's, so Google gave them the opportunity to start creating their own web page.

Today Google is showing new available ways for the customer to prepare their tour by changing radically the search of the product, the main inspiration and the final book of the whole travel. We should consider the addition of new technological applications which are based on the location of the place to visit. The demand of these applications has increased excessively due to the unplanned travelers.

In 2010 Google bought ITA Software, that action meant the entrance of Google in the tourism sector. Regarding the searching stage, we can confirm that Google has become the leader in this sector over passing most of the important OTA's in the market.

Recently, Google has been introducing new applications related with the travel search or even more important its own hotel Meta searcher engines, Hotel Finder which I will explain later. From now, Google is integrated within the Online Travel Agencies and it is not possible to book a hotel room through Google, but if Google carries out this activity, that would mean a huge threat to the OTA's.

In fact, Google is not interested in selling travel tickets or hotel rooms because its business model is based on advertising, sponsored links and redirect traffic to the websites of the tourism enterprises where the sell will be closed.
Actually, the main role of Google is connecting thousands of businesses with billions of consumers which end up in one way or another in the multiple Google network.

The belief of Google is thinking that the real power belongs to the hotelier which is the one capable of promoting his hotel by introducing more pictures in the Google app Hotel Finder. Added to this previous statement, Google considers that hotel companies can also represent its brand name due to the search engines SEM and SEO.

The future thought of Google is achieving that the customers could be able to plan their travels entirely through Google. In this process some experts say that Google will deliver more valuable recommendations to the customers and the travel agencies and tour operators will spend more money to achieve "clicks" on their advertisements.
As additional information, Google wants to carry out a project by which he will be able to have access to the software technology in the matter of booking hotel

rooms. Some experts declare that this initiative is dangerous due to the conflict that can arise between the travel agencies and Google.

Travel agencies are worried about the initiatives that Google wants to develop in order to build direct relationships with the clients. Moreover some hotel operators don't feel very comfortable sharing their information with Google considering it can become into a powerful intermediary between them and their clients.

3.1 GOOGLE PROGRAMMS

Google starts weaving networks in order to become into a big intermediary in the tourism sector. For this reason, Google has started with the famous applications Google earth, Google maps, Hotel finder, Flight search and other complementary services which are Google glass, Google street view and Google now.
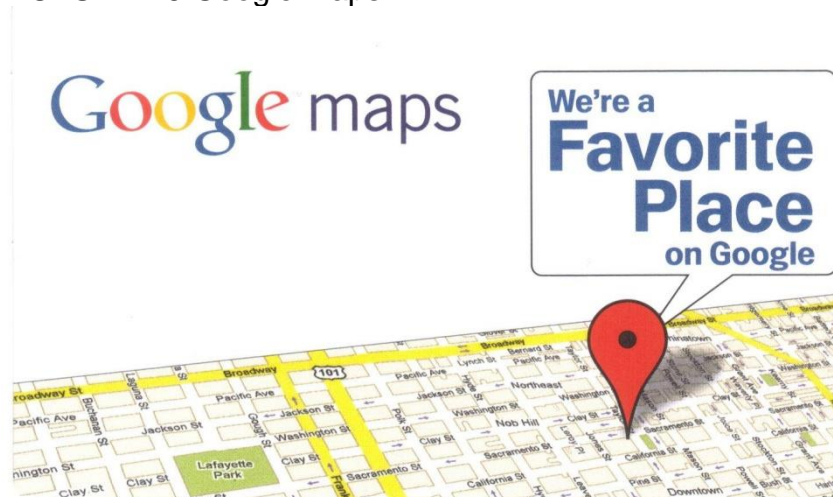
3.1.1 GOOGLE MAPS

In this section I am going to explain with more detail each one of the new applications created by Google. Let me start with Google Maps.

Google Maps is an application server of maps which was introduced in Google blog in the year 2008. This application belongs to Alphabet Inc. and it offers pictures of scrollable maps, satellite photographs of the world and the route between different locations or images with the Google Street View which I will explain later.

This application is very useful and very easy to use. Just like other map services, Google Maps allows the creation of steps in order to arrive to some direction. This allows to the customer to create a list step by step in order to reach the final destination taking into account the time and the distance of both destinations.

PICTURE #6 Google Maps

Source:http://mastermarketingdigital.org/blog/110-local-mobile-marketing-a-traves-de-google-map

3.1.2 GOOGLE EARTH

Another application which is much related with the previous one is Google Earth which is an informatics program which displays multiple maps based on satellite photography. It was created under the name of Earthviewer 3D by the company Keyhole Inc financed by the Central Intelligence Agency. Finally this company was acquired by Google acquiring also the application.
The Google Earth map is based on different images obtained from satellite images, aerial photographs and geographic information.The program is available in multiple licenses, but the free version is the most popular one which is already available for mobile phones, tablets and computers.

3.1.3 GOOGLE STREET VIEW

Google Street View is a new feature of Google Maps and Google Earth which gives panoramic street level between 290 and 360 degrees of tilt.

Google Street View allows users to take a look at the selected cities and its surroundings. This application was introduced in the United States on May in the year 2007. Moreover, in the year 2009 they introduced a new navigation in the application. This new navigation was based on data provided by laser technology and enabled faster route navigation.
In case of taking pictures, is important to take into account the weather, the time or the temperature. Finally, all the photographs are always modified before its final publication following different patterns due to the internal policies of different countries.

3.1.4 GOOGLE NOW

Google Now is a personal assistant which is developed by Google and it is available within the Google Search application and it is for Android operation systems.
This application uses an interface in order to answer questions, make recommendations and develop several actions. With the answers related with the required questions made by some users, Google offers in a passive way the information that the users could need in a short period of time, depending on its searching habits, Google Now was firstly introduced in Android 4.1 on 9th July in 2012 in the phone Galaxy Nexus.

3.1.5 GOOGLE GLASS

Google Glass is a display mechanism developed by Google. Google Glass Explorer Edition was launched in the year 2013 in the United States. In the year 2014 Google announced the launch of Google Glass available to customers from other countries such as United Kingdom with the possibility of choosing

among the huge variety of colors. The purpose of Google Glass was showing available information to users but without using the hands and allowing the internet access by using the voice.


3.1.6 HOTEL FINDER, HOTEL ADS

Google Hotel Finder was a hotel searcher which allowed positioning their properties with other online agencies. But as Google is an innovative engine, Hotel Finder is a past product which has been replaced by Hotel Price Ads.
 The new developments are related with the promotional marketing models which before was the pay per click and right now turns into pay per acquisition, working thus as a commission. From this point of view Google is following TripAdvisor steps, which are the Pay per Acquisition in order to avoid intermediaries and have a direct contact with the customer.
Recently Google has introduced new updates in the search of hotels via Google in order to help travelers in finding faster information and allowing hotels generating more powerful clients.

Already in 2013, according to Google, they launched the Google Book in order to allow direct booking from the mobile phone without leaving the Google platform. With Book on Google, the company wanted to facilitate the payment of reserves. Thus the hotel is able to have its customer, email confirmation necessary to make changes, modifications and to manage cancellations when necessary.

PICTURE #7 Google Hotel Ads

Source: http://www.google.es/ads/hotels
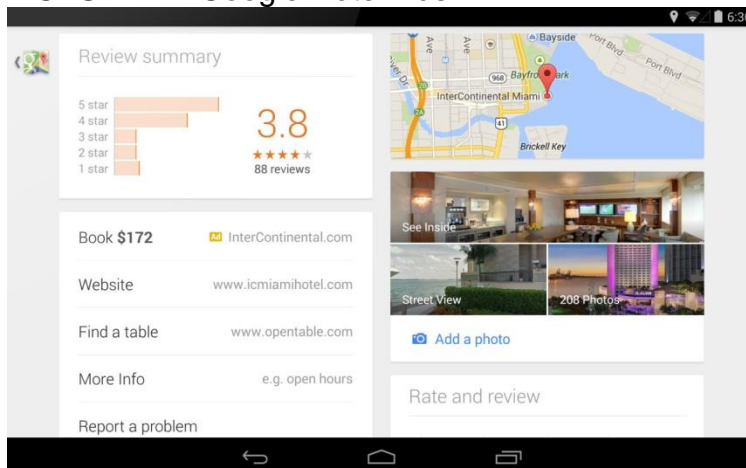
3.1.7 GOOGLE FLIGHTS

This is an application which consists of an online flight booking that makes easier the purchase of airline tickets through different suppliers.

The application was launched on September 13th in 2011, four years ago. Since its launch Google flights was extremely compared to important online travel agencies such as Expedia or Orbitz.

One of the most important features of Google flights is that the user can look for flights depending on the time, the budget and at the same time he is offered various destination options which are linked to its tastes.

4. CONCLUSIONS

Throughout this work, I have been able to reflect the great changes suffered after the developments in the world of trading due to the Internet boom as the time has passed.

Through the consulted documentation, the final revised pages and the whole search in general I can conclude what has already been discussed throughout this extensive work.

As the world has evolved for the better, everything that is linked to technology has done it as well. This has been due to the constantly changes in the customer needs and preferences who always want more and more.

In this work I have realized how important Google is in our daily lives, that is, once we turn the computer on the first or second "click" we do is to get into Google either for accessing to information, to another page or just to do a simple task.

We do not realize how lucky we are to be able to enjoy this great tool because it is extremely useful. In the past when people wanted to look for some information the task they had to carry out was far more complex just for the simple fact of the complexity of the process.

The task was spending hours and hours searching through encyclopedias, books, newspaper articles, journals, etc. On the contrary today we can access to Google and within seconds we are able to get our expected information.

Besides the general aspects and going to more specific aspects of my work it is crucial to understand and realize that the great change in the world of trading has been obvious and necessary.

This change mentioned in the previous paragraph has been thanks to the continuous customer demands and new concepts such as simplicity, autonomy, low-cost and comfort among others. Today the clients are able to enter into an Online Travel Agency such as Booking or Expedia to book their flight plus the hotel if they prefer it without the necessity of going to a travel agency to book their flight with the hotel.

Clients also have the choice of taking a look at the Meta search engines like Trivago or Hotel Reviews like Trip Advisor to see the rating of hotels and choose which one suits them the best.

It should be noticed that today the process of booking a trip has been inverted because in the past the customer after his trip went to the Hotel Review and

depending on the satisfaction he had he gave one punctuation or another to the hotel.

On the other hand today there are customers who do the opposite, that is, what they do is to take a look at these pages such as TripAdvisor or Holiday Check to see the rating of the hotels, their scores and also take into account the comparisons between different hotels that can be found in the area.

What has also attracted my attention have been the tools of Google to provide support and facilitate the promotion of other hotels who could not afford the high cost of intermediation through the new marketing models and new measures such as those that have already been discussed in the work.

These new measures such as PPC or PPA have been crucial to many small hotels that did not have enough budgets to give so much power to other intermediaries. All this has made that these small chains could have the same opportunities as the most renowned chains in the tourism world, as they could advertise themselves through internet too. This is obvious that the bigger chains had more available budget to invest in promotion and that was clearly seen.

Finally what attracted me the most have been the new and innovative applications which have been created by Google when traveling, in order to find a hotel or simply when we do not know where is a place just going to one of its applications and look for it. All of these reasons mentioned before have made us much more independent and much more dependent on Google at the same time, because without all the available resources and tools we already have we wouldn't be able to do the things we already do and we'll be working with the old ways.

This work has helped me to think a lot about the importance that can have Google in the future as it can be to become into the master of intermediation and Google can end up buying and having in his power the whole chain of intermediation. From the simple idea of traveling, the process of booking the trip, until the time you say if you have liked or not the stay at the hotel and the service you have received.
It has been a very rewarding job because it has helped me to become more familiar with these issues that affect in a big proportion to our daily lives. The thing is that we have it so assimilated that for us is normal, due to we have not been aware of this huge change and this evolution.

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