



**The Analysis of Chinese major Online Travel Agencies'
marketing strategy**

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abstract

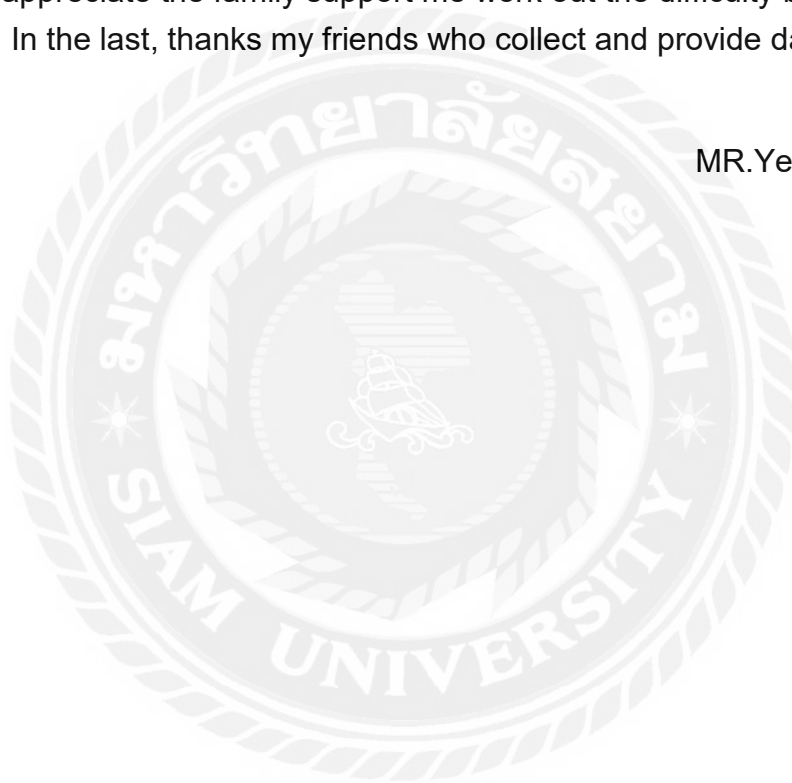
In recent years, Chinese tourist industry has been explosive growth. In 2015, the numbers of Chinese oversea tourists reached 117 million, an increasing of 7.3% over 2014. By the report in 2016, China's tourism market continued to expand steadily, the number of visitors abroad reached 122 million, 9.4% increasing of annual growth; by the Chinese National Tourism administration forecasting, oversea visitors will reach 139 million people in 2017. According to the analysts, the online outbound travel market has achieved faster than 2016 synchronism, the online traveling platform and tools are gradually improving and the user bonus period will continue. In the first half of 2017, the Chinese OTA market had sizing of 54.87 billion RMB, a year-on-year increase of 35.8%, accounting for 16.5% of the overall online travel market. In among, Tueniu's market share ranked first, and continues to lead the group tour and outbound tourism markets to maintain industry leading advantages.

In the paper, We are going to learn the current status of China's online travel market, using the market strategy principles(4p、7P、4Cs and SWOT) to analyze cases, and forecasting the future OTA marketing outlook, strategic plans, and corporate strategy. Even through different operations of Ctrip, Tuniu, and LY.com, we looking forward which companies will occupy the top market shares, and which companies will be leading in the market. The paper divided into six chapters, the chapter 1 briefly introduction of status of enterprises, the definition of OTA, the background of enterprises, research significance for few leading brands. Chapter 2 introduces principles ad 4P、7P、4Cs marketing theories as well. Chapter 3 demonstrate how SWOT works on OTA business cases and effect result. Chapter 4, we using marketing strategies to elaborate analysis the commercial purchase of OTA enterprises with STP, the decision making, business gaming and harvesting, analysis the Unresolved issues and negative risks of OTA companies. Chapter5 discusses the future opportunities, challenges, Insufficiency and influence, the future growth outlook.

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Chapter 1 Introduction

1.1 research background

OTA stands for online travel agency (travel web portal) that sells travel packages to customers on behalf of global consolidators of airlines, hotels, holiday packages, car rentals, cruise lines, railways and sightseeing packages. The business model of Online Travel Agency is relatively different than a normal retail business. OTA would never keep inventories in hand, rather options are searched based on client's request and booking is done at client affirmation. In B2C – Business to Customer model, clients can also search and book the tickets and packages on the online travel portal.

The online sales by the tourism industry are not material and tangible, it could be more like service, and the frequency of tourism service purchases is very high. E-commerce Traveling is more meaningful a strong sales channel to through e-commerce that providers in the depth of its membership and customer services. In recent years, there are already many tourism companies providing some targeted massive data for the tourism industry, which helps tourism companies from the construction of the website, operation, promotion, and finally to the maintenance the relationship between the website and the user. It's been a modern channel that Improve service levels and to lead the sales amount to another level which you might not ever imagine before.

In OTA model, there are three characters of classification, as integration, interactive and quickness.

1 Integration, the tourism product is a complex experience service composed of many parts of content. OTA integrates all levels of suppliers, attractions, transportation companies, hotels, insurance, and tourism-related in the tourism sector to attract more customers online through the combined products.

2 interactive

Before tourists purchase tourism products, because of the limited information, sometimes they can't understand all the travel-related content. If They only learn from other people's experiences or articles. When information technology developing, OTA provides a large number of tourism information and tourism product introductions, and multimedia experience of visual, even

3D effects, enabling to have explanation and training for large number of potential tourists.

3 quickness

Tourism is a service industry, and tourism e-commerce provides services to tourists at any time. The online travel company is relying own technical advantages to achieve 24-hours-a-time services that cannot be completed by traditional tourism companies, using the network for promotion, electronic media transmission of information, real-time order confirmation and payment, and so on. Therefore, e-commerce has been called the most profitable of IT industry. OTA is also considered to be a most sensitive one to the Internet and market both.

In 2014, the scale of China's online travel market reached 277.29 billion yuan, an increase of 27.1% over the previous year. It will continue to maintain rapid growth in the next four years, and it is expected to reach 650 billion yuan in 2018 by official forecasting.

However, To China's online travel market, Ctrip and E-long were established in 1999, but "online travel" was formed as a new service format form 2003. It was marked by Ctrip, replacement of store sales by membership and telephones service has become a trend of tourism product with new sales channels. As the new business model of the tourism market at that time, Ctrip became the sign of China's online travel agency. For OTA, it is mainly a call center that has become the research direction of China's online travel industry. With the new competitor came out, such as Qunar, donkey mothers, and Tuniu, LY.com, etc. it officially marked the new age of China's online travel industry.

The Chinese OTA age used to divide by 4 stages during last two decades. The stage 1 (the end of the 90th century to the beginning of the 20th century) The cultivation period of online travel consumption mainly depends on the "commission model" of airline reservations + hotel reservations, the website cooperates with suppliers (hotels, airlines, etc.) through the Internet to reach the customs. To provide customers with information through the website platform to book a hotel or airline ticket. This stage is represented by pioneer companies Ctrip and e-Long.

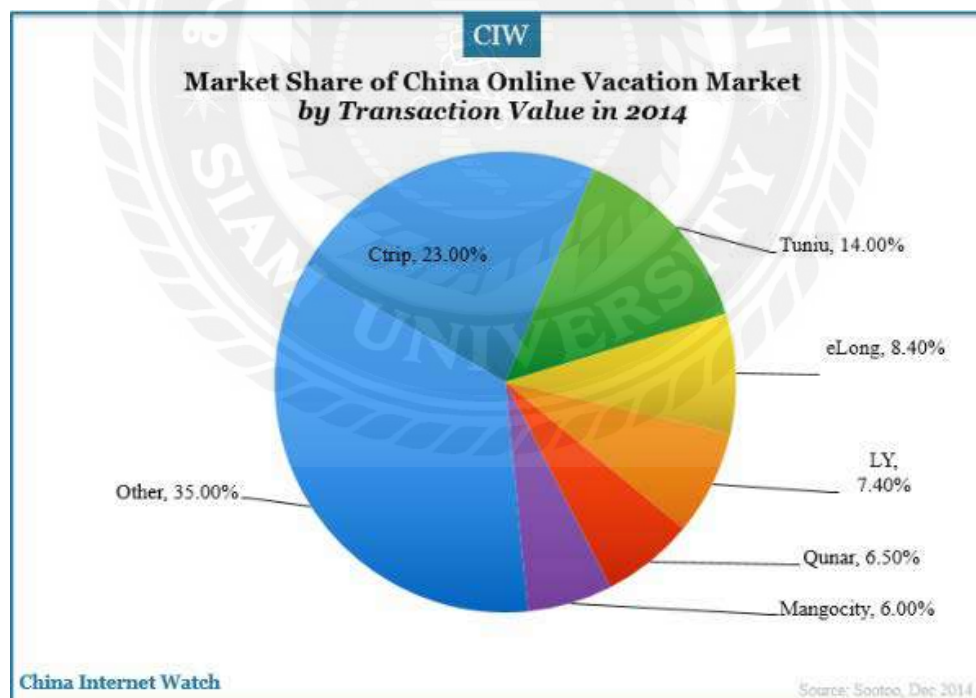
The stage 2 (2003-2006), the growth period of the online travel market, mango, Ly.com of Tongcheng, etc. entered the OTA market and introduced

diversity and mature offline products. Different agencies have different quotations, the vertical websites that provide high performance cost of services had emerged, such as Qunar.

The stage 3 (2006-2010) at the time of segmentation and socialization of online tourism, citizen's living standards getting better, and the demand of vacations has become more and more. combine tourist attractions and travel route designs to provide online booking service sites. At this stage, online travel users are more mature. Demand extends from booking to exchange, and travel websites are socialized, the comes out company such as Mafengwo.

In the stage 4 (2010-2012), there are new competitors enter in the online travel market. Tencent, Taobao, JD and other major e-commerce companies have entered the online travel platform market to provide pricing and service.

The fifth stage (2013 -now) The online traveling market has become mobile and fragmented. The mobile market has become more important target for OTA strategy. Mobile APP startup to emerged the market demand of users for tourism customers Segmentation.



1.2. OTA enterprises significance

Overall, Market classify OTA into four categories, and all companies on these four categories.

First, integration type. representatives as Ctrip, Elong, and Ly.com, we called it one-stop service. Hotels, airline tickets, free travel, and all exclusive products. At present, Ctrip still occupies the leading position.

Secondly, the content platform type. Taobao travel, mafengwo, poor travel network as the representative, the profit model is by advertising. Where to go, Cool News, Taobao Travel is a travel search engine, and Mamcomb and qyer.com are UGC online travel websites.

Third one, the vertical OTA type. This type representative Tuniu as well, it mainly producing exclusive travel products, numerous production line; The advantage of this kind of company is clear positioning, and there is a greater user stickiness in customs experience.

The fourth, mobile APP type. The mobile terminal is further divided into the following categories. Booking class, such as Ctrip and Qunar to move clients form its website terminal; tool class, such as "varifight"; and a class of travel Raiders type, such as otw.cn, bread travel and so on.



Ctrip is a Chinese provider of travel services including accommodation reservation, transportation ticketing, packaged tours and corporate travel management. Shanghai-based Ctrip was founded by James Liang, Neil Shen, Min Fan, and Qi Ji in 1999. It listed on NASDAQ in 2003 in a Merrill Lynch-led offering, raising US\$75 million (4.2 million ADRs at \$18 each) and then further appreciated by 86% to close at \$33.94 in its first day of trading. Ctrip traded at a peak of \$37.35, making it the first company since the November 2000, IPO its price double in the first day of trading. In 2006, about 70% of Ctrip's sales came from just four cities in China: Beijing, Guangzhou, Shanghai, and Shenzhen. In December 2013, Ctrip acquired the American travel company Tours4fun for over \$100 million. In May 2015, The Priceline Group announced it would be investing an additional \$250 million in the company. In November 2016, Ctrip acquired the Scottish travel company Skyscanner. Trip has grown in recent years. In 2015, Ctrip's net revenues were RMB 10.9 billion (USD 1.7 billion), up 48% year-on-year. In 2016, its net revenue grew 76% year-on-year to RMB19.2 billion (USD 2.9 billion). On November 1 2017, Ctrip acquired

United States travel research website Trip.com, rebranding it as their global brand website. In 2017, Ctrip Plans to open 1,000 offline franchise stores in China, for against Tuniu in domestic terminal market.



Tueniu was founded based Nanjing China in October 2006 and provides consumers with 24-hour 365-day telecom services from 64 cities including Beijing, Tianjin, Shanghai, Guangzhou, Shenzhen and Nanjing. Follow-up services and guarantees. Tueniu provides more than 80,000 kinds of tourism products for consumers to choose from, including tours, self-help, self-driving, cruises, hotels, visas, scenic tickets and corporate travel. On December 15,2014, Tueniu Tourism announced that it had invested in by Hony Capital, Jingdong Mall and Ctrip. 2015 Hainan Airlines plans to invest 500 million U.S. dollars in strategic cooperation. The two sides will use their high-quality resources to conduct in-depth cooperation in online travel, aviation, and hotel services.

The Analysys report showed that in the third quarter of 2015, the volume of the road cattle transaction reached 4.65 billion yuan, a year-on-year increase of 141.1%. This is already a three-digit year-on-year growth for Tuniu's three consecutive quarters: During the second quarter of 2015, the scale of transit cattle transactions increased by 135.3% year-on-year; in the first quarter, this figure was 122.8%. Judging from the growth rate, Tuniu once again regained the top of industry. from the annual results, Tuniu's net income in 2015 was RMB 7.6 billion (US\$ 1.18 billion) which an increase of 116.3% from 2014. The increase in revenue mainly comes from the increase in group travel, DIY travel and other income. The total number of visitors in 2015 was 4,449,053, which was an increase of 103.9% compared with 2,181,834 in 2014.



LY.com is an abbreviation of Tongcheng Network Technology company founded in 2004 and headquartered in Suzhou, China. It is the leading leisure travel online service provider in China. The rapid growth and innovative business model of LY.com has won the favor of the capital market and the strong support of the industry. It has won hundreds of millions of investments in institutions such as Lantern Holdings, Tencent Technology, and Boyu Capital Wanda; in April 2014, Tongcheng Travel has obtained Ctrip's strategic investment of over US\$200 million. LY.com is one of the three major OTA in China's online travel industry. The company takes the "customers first" as its strategic goal, and takes entrance tickets for its attractions as entrance, and actively organizes business sections such as peripheral tours, long-line tours, and cruise traveling. In 2014, LY.com operates the number of service visits was approximately 30 million people, with an average annual increase of 100%. In 2015, the number of service visits exceeded 100 million people, an increase of 200% year-on-year.

On 29th December, 2017, Tongcheng-Ly.com and E-long announced their merger a one named Tongcheng-elong. Before the merger, Ly.com of Tongcheng's was mainly focused on air tickets, hotels, train tickets and bus tickets. The business of e-long was mainly focused on the hotel business. In addition of mergers possibility at the business level, both parties have common shareholders which is Ctrip and Tencent. Tencent is the second largest shareholder of eLong and the third largest shareholder of Tongcheng-ly.com, while Ctrip is the largest shareholder of eLong and the second largest shareholder of ly.com. After the merger, the two sides integrated the advantages resources of hotels and transportation, obtained support from Ctrip on the supply chain resources, then accelerated the process of entering by capital market. however, Tongcheng-ly.com and eLong have opened two entrances to the "fight train ticket" and "hotel" in the WeChat Wallet to realize the interoperability of the resources of both parties. According to statistics, Ctrip and e-long have nearly 200 million consumer members. In 2017, the

service users of both parties exceeded 500 million, and the combined transaction volume exceeded 100 billion RMB, it has achieved a huge profit over 500 million in scale.



Chapter 2 Literature review

2.1 Literature review

This review of literature referenced from journals, books, online source and other conference; The Chinese OTA During the development period, several major e-commerce companies occupy the market, such as Ctrip, Tuniu, Ly.com, E-long, etc. In this chapter, we try to explain the opportunities for each their own success, the important factors of the way that occupy the market, the methods of market development process, and future strategies decision making.

- (1) Literature seize of OTA market of China, the E-commerce opportunity of age and limitation of the resource.
- (2) Literature relevant to the marketing concept and how the factors influence the OTA enterprises development,
- (3) Literature the OTA responds of challenges, the deficiencies solving, the strategies decision making, and prospective of future planning.

2.2 Definition

In case of 4C studying, it makes sense to view in comparison to the incumbent 4P's, more detailed view of both marketing mixes. It might be the most marketer interests about, to considering the consumer's point of view and the enterprises' both.

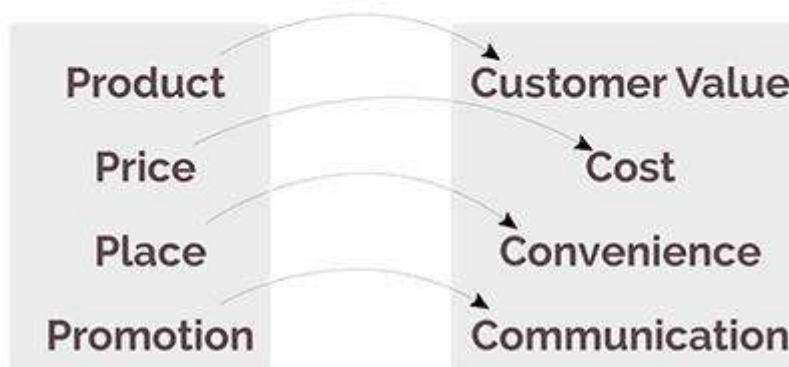
Marketing mix 4c is one of the business tools, it is the transition from the 4Ps marketing mix to the 4Cs marketing mix which is a shift from product to consumer, price to cost, place to convenience, and promotion to promotion. the 4Ps (Product, Price, Place, and Promotion) is a modern version that being business-oriented, to become customer-centric.



The marketing 4P Theory

The 4P theory is the basis of marketing strategy. Academically, 4P is the general term for the production-centric marketing four-element combination represented by production, price, place, and promotion. Come through the 1980s to 1990s, corporate marketing made more use of the “4P” strategy. the 7P’s of service marketing is evolution model of 4Ps, and the 4 Cs theories developed in the 1990s.

4Ps to 4Cs



1 product

The product usually focuses on the development of the function, requiring the product to have a unique selling point and specific character, and product's functional should always be the priority to take consideration.

2 price

The price use to explain the different market positioning, formulate different price strategies. The pricing of products is based on the brand strategy of the company, and most companies focuses on the gold content and reputation of the brand.

3 place

The "Place" about the Companies focus on the development of distributors and the establishment of sales networks. The connection between companies and consumers is through distributors. Now days, the sales networks more and more move onto internet, sales and customers without the distance as the old time, that's the influence of e-commerce about marketing, There are many distribution strategies, including Intensive distribution, Exclusive distribution, Selective distribution, and Franchising.

4 promotion

Promotion is that Companies pay attention to changes in sales behavior to stimulate consumers, and promote short-term behavior (such as profit sharing, buy-one-get-one-get-one, marketing site atmosphere, etc.) to promote consumer growth, attract consumers of other brands, and lead to advance consumption to promote sales growth. Promotion of 4P also replaces great emphasis on interactive communication and consumer-centric communication. It is necessary to remind that 4P is the way of marketing technic.

There are some various elements about online Promotion comprised, we usually classify Online promotion as four categories, online advertising, sales promotion, website promotion and relationship marketing. The Online advertising and website promotion use to be the better adoption of most companies.

2.3 The marketing mix 7P Theory

The 7Ps model is a marketing model which modifies form the 4Ps model. The 7Ps is currently used in the service industries.



People – In the marketing mix, it refers to human elements, play role of delivering and receiving services. In other words, it is talk about service and customers. In the modern marketing practice, the company's service is extremely critical, and they can completely influence the customer's perception and preference of service quality. Especially in the service industry, the quality of service is random, the quality of service performance cannot match the same requirements. Service also include customers who have not purchased and the customers who purchased services. Marketing managers must not only handle the interactive relationship between the company and the purchased customers, sometimes it takes into account the behavior and attitude of the unacquired customers.

Processes –It can be explained as the display of goods and services, it is even closer to the customers if they are promoted. The importance of tangible display is customers who can get clues from them to recognize the quality of service provide. Therefore, the best service is to turn unreachable things into tangible services, and this theory works very well in OTA market.

Physical Evidence – It is he process refers to the process before customers get services. Go further and say, if the customer must wait in line before getting service, then the cost of this service delivered to the customer that is an important consideration.

2.3 Overview of Chinese OTA industry

In 2016, the OTA market was relatively stable, with a market transaction volume of 593.46 billion yuan, the growth rate of 34.0%, the online penetration rate of 12.1%. For OTA market, the outbound travel accounted for 53.3% of the transaction volume, and the market share increased year by year;

Also In 2016, All the OTA enterprises expansion for market territory with strategies mostly, such as Ctrip integrate upstream tourism resources and seeking for overseas acquisition. Tuniu Expand their competitive advantages, cooperate with airway and considerate the chartered airplane business; LY increase access to customers through the layout of offline experience centers and stores.

On the other hand, Ctrip integrate upstream tourism resources, such as investment scenic spots, acquisition of destination service providers (Ctrip outbound car service), in order to enhance their competitiveness. Therefore, In OTA industry, related overseas business investment and frequent mergers and acquisitions incidents, Ctrip has invested in the Indian travel company that called MakeMyTrip to through convertible bonds;

The scale of online ticket transactions in China reached 349.2 billion yuan in 2016, a growth rate of 34.9% and a penetration rate of 74.4%. The market growth rate slowed down. although, under the influence of direct sales decreased, agency cost reduced, ticket prices have shown a downward trend; the online ticket market penetration rate has reached 74.4%, and the online traffic bonus has gradually disappeared; therefore, the online ticket market growth rate will Slow down as the trend.

China's online flight market has the largest share of Ctrip which accounted for 58.5%, there is 24.9% increasing from 2015, and its main growth comes from the financial merged network of qunar.com. Since the launch of Ctrip's open platform, it has continued to occupy the top spot in the OTA ticket market with better product resources and competitive prices.

By Tuniu report 2016, the package tour revenue was US\$1.4297 billion, an increase of 34.9% compared to 2015. This increase was mainly due to the increase in tourism revenue from outbound destinations such as Japan, South Korea, the Middle East, Africa, North America, Euro and some overseas islands. The number of passengers form package tours was 2,773,234 in 2016,the increase of 69.8% from 1,632,955 in 2015. The income of independent travel was 36.5 million US dollars, the increase of 30.5% over 2015, (US\$ 55.5 million) was mainly due to growth of insurance service income, financial income, and commission income from individual travel products.

In 2016, Ly established more than 300 offline stores in China, recruited more than 20,000 sales, promoted highly binding membership service,

absorbed a large number of new customers, and impacted both online and offline market, bringing revenue to increase by 3 times from 2015, and developed in the low-end market, and it has an important influence of resource administration.

Feudal lords vying for the throne, every player starting the Top, market share gradually concentrated on few bigger players eventually. Those three bigger companies utilized resource advantages, strategic cooperation, develop new business function to expand the market, led other companies in the market share competition, and showed the future direction of OTA industry.



Chapter 3: Methodology

3.1 Research Methodology

Methodology refer to discover the new phenomena and new things in research, as introduction of new theories and perspectives, tools and method of things. There are skills of users' wisdom to conduct scientific thought. generally, includes literature, observation, speculation, behavioral research, historical research, concept analysis, and comparative research. Research methods are constantly summarized and refined in the process of scientific research. Due to factors, such as people's understanding of the problem, the complexity of the research object and the research method that in a dynamic process of continuous interaction, integration and transformation, it is difficult to completely classify the research methods as a Unified understanding. In this case, I am going to interview the SWOT analysis into Chinese OTA business, explain the affects and elements of this business scope with more details and dates.

3.2 Introduction of SWOT analysis method

The SWOT analysis is the situation based on internal and external competitive environment and competition conditions by the Analysis tools. That is various main internal advantages, disadvantages, and external opportunities and threats related to the research object which enumerated through surveys and arranged in a matrix, and the various factors are matched with each other by system analysis. Analyze it draw a series of corresponding conclusions from it, and the conclusion usually has a certain degree of decision-making.

Using this method tools, we might conduct a comprehensive, systematic, and accurate study of the research object's situation, formulate corresponding development strategies, plans, and countermeasures based on the research results.

S (strengths) are advantages, W (weakness) are disadvantages, O (opportunities) are opportunities, and T (threats) are threats. According to the complete concept of a company's competitive strategy, the strategy points to an organic combination of what an enterprise can do (the strengths and weaknesses of the organization) and what possibility do (the opportunities and threats of the environment).

strengths—internal factors of the organization, including competitive situation, sufficient financial sources, good corporate brand name, and technological power, etc.

weaknesses—also internal factors of the organization which including equipment aging, management confusion, lack of key technologies, backward research and development, shortage of funds, low-grade management, product backlog, and lower competitiveness.

Opportunities—the external factors of the organization that involving creative products, new markets, new demands, lifting of foreign market barriers, and mistakes of competitors.

Threats—an external factor of the organization that including new competitors, substitute products increasing, market shrinking, industry policies changing, economic recession, customer taste changing, and emergency events, etc.

3.3 Introduction of OTA SWOT analysis

Strengths analysis of OTA

In the first instance, the strenghts of OTA sales model mainly include: first one, strengthen of brand effect that increase customer loyalty; secondly, it saves high agency fees and reduces marketing costs; thirds, it directly grasps the customer's information with data analysis; Fourth, OTA sales model knows better products, when interacting with consumers, it can be targeted to recommend their own products, sell the products, at the same time, the agents also obtain various economic interest.

Second, the strengths of OTA involve brand advantage; In other words, concentrate resources, create our own brand advantage in mass customers, effectively isolate customers and suppliers, and create our own brand successfully; service strengths that the one-stop booking platform can build a national hotel booking platform and ticket booking platform through information and digital technology. It quantifies the individual's outstanding travel service skills and experience models. It seems disorganized, irregular, and rely mainly on personal services, and standardized operations for process management; scale strengths that can effectively integrate resources of many hotels, airlines, and travel destinations to an “information aggregation effect” for customer selection.

The strengths of search engine include the price advantage, That provides users with real-time parity information, it also provides users with the lowest price of tourism products; scale advantages that integrating OTA companies, they can obtain the upstream supplier information resources they provide; position strengths that establish a neutral, intelligent and comprehensive comparison platform to help users make reasonable choices and decisions in tourism products.

Weakness analysis of OTA

The weakness of OTA mainly includes the unprofessional of network technology, the input cost is high, and highly operating cost; the customer lacks of trust in small sized hotels and airlines suppliers. also, the direct fierce competition is one of most important factors.

Secondly, the weakness of OTA with higher price. Because there is no specific product, it just purchases form “agent.” Therefore, there is no pricing power, because the product line is huge, even each product has a comparable price, but only the low-price product information is more enlarged. The effect; and profit model was too simple, it just commission form suppliers, sometimes it might affect contradiction with deals.

Sometimes OTA could not achieve one-stop service. as a single parity information provider, it might not to synchronize the online booking and payment process; the weakness of resource controllability, Because the source of the information is direct sales of OTA, it might not accuracy of the information guaranteed, in most time that suppliers information is more precise.

Opportunities analysis of OTA

Firstly, there is a large market space. It is the gap between the proportion of direct sales and foreign sales. American Airlines and hotel's direct sales website account for 40% to 50% of the market share in US OTA. The proportion of direct sales in China is far below to average level of developed countries, and there is still much space for improvement. the opportunities brought about by industry consolidation, such like the merger of China Eastern Airlines and China Southern Airlines and the expansion of hotel business chains, it has brought industry foundation of OTA.

Secondly, the domestic Chinese OTA penetration is low rated. the agents are less than 10%, that is far below from the level of developed countries, and

there is still much market room for the future and integrated marketing. the large customer users base that effectively expand product line with new business and services.

Thirdly, search technology is improving day by day. Search engines have become more and more important in the OTA industry. At the same time, they have brought major breakthroughs in vertical search technology. When OTA business matures, more and more direct selling and OTA companies will give Vertical search to the foundation for search.

Threats analysis of OTA

The threats to OTA mainly includes strong imitative ability and lack of core competitiveness; the fierce competition among counterparts, serious product homogeneity, and marketing sales singleness, it is easy to conduct price wars and move toward vicious competition.

Secondly, the increase in the direct sales of hotels and airlines will inevitably compete with OTA companies for resources and discourse rights. When the rise of various new models, such as the search model that will intensify competition in the OTA industry.

Thirdly, the profit model is not clear. At present, it is mainly through advertising and revenue sharing; however, facing the threat of integration international search engine giants. Also, there is a rough game with suppliers. Once OTA unchain cooperation, it might be the deadliness impact.

After all, the development of OTA is accelerating with the promotion of new technologies in the information age. Through the SWOT analysis of different business models, from internal conditions to external conditions, the OTA industry explained in terms of strengths, weaknesses, opportunities, and threats. Future development trends and trends, there are both positive development prospects and problems in the process of advancement. However, as long as we combine the reality of tourism with bold innovations, Chinese OTA process will surely be able to reach the next highly level as well.

Chapter 4 SWOT analysis of Chinese OTA

In this chapter, I will discuss on the analysis of the three major OTA companies which is Ctrip, Tuniu and LY.com. introducing their Strengths, Weaknesses, Opportunities and Threats respectively. Through comparison and SWOT analysis, I present the performance of these companies and competitive strength in the market.

4.1 Strengths

The strengths of Ctrip as 4 points:

1) professional

The universality and professionalism of Ctrip strengths, covering most of the needs of online travel for users, and providing users with the one-stop of full online travel services. At the same time, Ctrip has the largest call center in tourism companies of china with more than 10,000 Tel-customer service assists. It has established long-term cooperation relationships with hundreds of thousands of hotels in nearly 200 countries in the world, most of them can be ordered flight, tickets and hotels. Presents features such as interactivity, experience, and tools.

2) Differentiation

Differentiated Brand Advantage As an all-round integrated OTA, Ctrip has been a leader in the industry for years with highly reputation and brand name advantages. As we know the OTA industry including Airline, hotel booking, vacation, business travel Etc. Ctrip began to establish systems such as independent research development and technological innovation, and through product innovation to further segment the market, currently keeping current business leadership, it continues to develop new business areas such as conference reservations and membership. Through differentiation strategy, further deepen the demand for OTA market.

3) technological

Technical Advantages of Ctrip that historically has focused on technology research development, Ctrip follows the principle of technical support services to developed management systems such as airline reservations, processing, hotel room management, customer management, and service quality inspection. Such as Ctrip's E-TEL reservation hotline which combines traditional telephone shopping and e-commerce; CTMS business travel management system that help corporate members manage and control travel costs; E-BOOKING system, through the Internet to connected hotels, it can be accurate real-time conditions and real-time prices.

Secondly, Ctrip has opened up a real-time and convenient payment, which

has provided tremendous support for the development of its business by integrating online and offline payment channels. today, users can use China Merchants Bank to pay by cash, tell-transfer, postal remittance. They can also use a credit card to book airline tickets and hotels offline. When people booking, they only need to provide information such as name and card number. The person can sign and confirm it, without swiping the card.

4) Integration

Integration advantage of ctrip that attaches great importance to collaborated online, offline resources and channels, enhanced brand advantages through resource integration, establishing a cooperative relationship with Baidu. When users log in to Baidu maps, they can directly search for route to Ctrip. Thousands of member hotels' profiles, locations, routes, etc., and it can be transform booking directly. By integrating search engines and tourism information, Ctrip increase the volume of orders, and also provide comprehensive content support for Baidu's travel information, thereby it was achieved a "win-win" situation.

The strengths of Tuniu

1) Capital

On 10th May, 2014, Tueniu Tourism Network officially listed on Nasdaq, with a market value of approximately US\$500 million.

On November 24, 2015, Tueniu Tourism Network and HNA Travel Group announced a strategic alliance. HNA plans to invest 500 million U.S. dollars in tourism strategy. The two sides will use their respective high-quality resources to conduct in-depth cooperation in online travel, airline business, and hotel services. Adequate capital and Hainan Airlines' resource support are the advantages of Tuniu.

2) Reputation and advertising

As a well-known OTA platform, Tuniu's user base is very extensive, truly necessary to enhance user stickiness. Therefore, accumulating reputation is the key to success. Tourism as a kind of mass consumption, its consumer group covers all social classes. Tuniu's brand spokesperson is Jay Chou. The theme of consumption is mainly young and middle-aged people who are used to accessing the Internet. Catering to consumer preferences looking for spokespersons that is the most effective way to attract fans.

The strengths of LY.com

1) Offline consumers

In the early stage development of Ly.com was promoting 10 million of low-cost tourism consumers who through the activities of "one yuan for play attractions" and "10 yuan for weekends" to enter the sub-sectors travel

markets, and now LY.com transfer those huge number of consumers to Online business with memberships.

2) Discounting strategy

Domestic scenic spots and hotels have ticket discounts for team tours, And individual travel is basically full price. Ly.com through the business model of discounting to cooperation of various scenic spots, the discounts set was attracted thousands of tourists, it also attracting more ordinary tourists in terms of quantity and involve More mid-to-high-end potential consumers.

4.2 weaknesses

The weaknesses of Ctrip

1) Pricing disadvantage

Previous the Ctrip booking price has advantages. However, within other OTAs into the market, the entire OTA industry has become more pricing competitive. Airlines and OTA companies have established cooperative relations, and they also cooperated with Qunar.com that through the implementation of the operating model of direct sales on the Internet. The low-cost strategy has become the main means of online tourism industry competition. The emergence of the information provided support for the implementation of low-cost strategies, which is a great impact to Ctrip. In order to maintain its existing market share, Ctrip has joined the “price war” competition, implemented a series of price reduction measures. Although the market share has decreased after the price reduction, the overall profit level of Ctrip has shown a downward trend.

2) Highly operating cost

Standardization of operating costs of flight ticket and hotel business are the two most important businesses of Ctrip. From the time of booking to the completion of the transaction, there are very few links for human intervention. However, Ctrip had previously invested a large amount of costs, research development of "6 Sigma service process" standardization system and 20,000 employee service call center system, when demand for online booking rising, customs pursuit of transparency, price parity, and high price sensitivity, users are more concerned with the quality of service of airline tickets and hotel suppliers. In the situation, Ctrip's call center increase in the cost of human resources, it has made ctrip in a drop-in profit levels.

The weaknesses of Tuniu

1) Net loss

From 2011 to 2015, Tuniu's revenue has been rising sharply, almost double every year. In 2014, the revenue was 3.5 billion RMB, which doubled to 7.6 billion RMB in 2015. Tuniu's revenue goes up, and the net profit falls and the

revenue rises.2014-2016 Tuniu loss of RMB 500 million every year; however, until 3Q 2017 Tuniu succeed net earnings

2) Productivity

Tuniu's main business is package tours, it only makes profit from the price difference between suppliers and consumers. Tuniu does not have its own production line, even the vertical plates have been done great performance, but few profitable segments are true, it can't be an integrated platform like Ctrip. Also, it cannot achieve comprehensive plate profitability during that time.

The weaknesses of LY.com

1) Technological

Ly.com was the founder of the sales traveling channel company. The company's technical team is not strong enough. When the company developing, the web system disadvantages always affect the user experience, because the web page architecture is huge, it cannot be re-made, it makes online sales volume always less than offline sales.

2) Capital

Ly.com is the only non-listed company among the three major OTA companies. Although the sales performance has been excellent, but there still the lack of funds. In 2016, Wanda invested 6 billion yuan into Ly.com, However, due to the enhance expansion of Chinese domestic market, the capital chain has been under great pressure.LY.com still seeking the capital to balance the operating.

4.3 Opportunities

The Opportunities of Ctrip

1) internationalization

In 2017, the number of global tourists was about 11.9 billion, while Ctrip accounted for less than 5% worldwide. Under the global market, Ctrip's internationalization is in the early stages, it is growing in high gear. In 2017, including China's outbound tourism and skyscanner, international revenue contributed more than 20% of Ctrip's overall revenue. Ctrip began to enter overseas markets just a few years ago, but it has already felt the benefits of overseas sales growth. Ctrip's overseas business is mainly driven by the growing growth of overseas travel in China.

2) Merging

Ctrip has a large amount of capital and professional teams. In recent years, Ctrip has been more inclined to acquire other companies' businesses rather than building it themselves. The cases of skyscanner acquiring and Tongcheng ly.comg and e-long mergers to show business strategies. Having the right global strategy, sufficient capital, and excellent operations will make Ctrip ahead of the OTA industry.

The Opportunities of Tuniu

1) Merging production line

In 2015, Tuniu also announced that it has invested in Beijing Wuzhouxing International Travel Agency Co., Ltd. Wuzhouxing Established in 1994, it is one of the leading wholesalers of packaged travel products in China. It provides outbound and domestic travel products for online and offline travel agency retailers. The company's products cover more than 100 destination countries.

Investing in wuzhouxing will help the Tuniu into the upstream resources of the tourism supply chain, also it improves the direct mining capacity and provide users with more quality tourism products. The direct purchasing accounted for 25% of the total trade volume of Tuniu in 2015. With its own product companies, it is a strategy for Tuniu to increase its market position by strengthening the specialization of package tours, lowering purchase prices and improving services.

2) charter flight

In 2016, Tuniu order charter flight business to solve the pain points of marketing. The charter flight platform integrates various types of resources such as charter flights, cuts and inventory, and partners can better serve the users through multiple channels, packages tours. the way cattle speed up the layout in the fighting. Online cooperation includes Air China, Capital Airlines, China Eastern Airlines, Fuzhou Airlines, Beibu Gulf Airlines, Hainan Airlines, Xiang Peng Airlines, Jiuyuan Airlines, and Hong Kong Airlines. Tueniu build advantage of tourism products based on the fight pricing advantage of charter flights. In addition, Tuniu also able to sell remaining chartered planes tickets by OTA, it makes significant increase in sales of Tuniu.

The Opportunities of LY.com

1) IPO

Ly.com has served more than 200 million person-times in 2017, and the combined transaction volume has exceeded 100 billion RMB. It has achieved a large-scale profit of more than RMB 500 million annually. After Ctrip and Yuniu IPO in US successively, it is final IPO timing for OTA industry. LY needs capital register that makes LY more competitive. however, LY's employees also need to be listed to encourage themselves and shareholders to obtain returns.

2) Insurance business

In Chinese tourism industry, LY occupies a large number of low-end customer groups, Older people account for most of them. Senior citizens travel needs higher security, Seniors travel insurance spending maintains 95% purchase rate. In fact, the profit rate of travel insurance actually higher than profit rate of tourism products. LY.com should highly cooperate with insurance companies to customize travel-related insurance products, with a

higher payout rate and more favorable prices, then more customers and senior citizens would like to purchase travel insurance and achieve new growth points of company.

4.4 Threats

The Threats of Ctrip

1) price war

For obtaining the customer sources, OTAs respond to market competition and "price wars" will go on. From the beginning of the promotion and discounts, then directly into own money refunds, discount, coupons...LY.com even launched 1-yuan tickets, OTA turned the allowance from several million yuan to several tens of millions, and it has directly become several hundred million yuan. Since 2015, the marketing price of several hundred million yuan in price warfare has become a "basic fund", and Ctrip's wealthy CCP has invested more than one billion yuan in "price wars" in one year. Donkey mom continued to fund "transfusions" and chanted. Several hundred million yuan were used for "price wars."

Ctrip lost a lot of customers in the price war, also losing profits to do allowance for it. However, low-price competition has reduced the quality of products in the market, Sometimes the pricing had been chaotic, many OTA companies will lose income in the vicious competition environment. Ctrip lost more than others, and the price war did not promote the tourism market much in goods. Ctrip never wants to see the tourism industry going to be this way.

2) Innovation

Ctrip has many platform boards, complete OTA systems and leading annual sales volume in China; Its department have entered a mature period, Unsuccessful departments have been gradually disbanded. In the OTA industry, if new companies, new businesses, and new business models enter the market, Ctrip will follow or take over acquisitions, and invest heavily in the layout to ensure the integrity the business, but it will also result in more attempts or failures, although Ctrip's structure is large, it needs to be considering about the risk, even inside ctrip that is no innovation, because departments of Ctrip have been stable.

The Threats of Tuniu

1) resource monopoly

In recent years, Ctrip's acquisition of oversea companies has caused the important resources, including in-depth cooperation between airlines and Ctrip and Elong. Travel companies rely more on resources and resources to control the market. TUV's capital is not the strongest among OTAs. However, if many

important resources in the market are acquired by other companies, the product line operated by Tuniu will be greatly challenged because Tutu is too dependent on suppliers, airlines, and overseas travel agency resources.

2) politics

China's outbound tourism development factors are more complex than other countries in the world. In fact, China may have influenced to the OTA industry. Among the factors affecting the normal China's outbound tourism, the most important one is of course the political factor. The boycotting tourism in a country that might a political tool has been used by the China. for several years in the practice of boycotting traveling, such as France traveling Philippines, and Japan. In 2017, South Korea and the United States deployed Sudd missiles in Seoul, which resulted in the package tours of South Korea which did not send any tour form China by whole of 2017. The South Korean business is also a very important source of profits for Tuniu, flowing Tuniu will be affected from political factors to own profits.

The Threats of LY.com

1) supply chain

Supplier competition has always been issues between TUNIUI and Ly.com. After TUNIUI has established its own product line, charter flights, dependence power on suppliers that has weaker, but LY has absolutely has no own product line. Sales volume is an important strategy to keeping good relationship with supplier. If suppliers turn to support Ctrip and Tuniu, LY needs to pay a lot of effort to maintain supplier relationships, and Ly.com also acquire discount prices form suppliers very often. This relationship is very wonderful, half squeezes half cooperative relationship, because Ly Requires vendor support strongly.

2) Offline competition

For last 4 years, Ly.com has been proud of their sales team, low-priced products and a large number of low-cost customers, brought huge group of members, their offline stores have been prosperous. Since 2017, Ly has begun to shrink due to insignificance of the capital chain. Meantime, Ctrip and Tuniu saw the opportunity. In 2017, Ctrip began to open more than 300 joint venture offline stores. The Tuniu stores had opened maintained at 200 stores in this year. LY's offline market was Impacted, with multiple guests being diverted, some members were lost, because the capital chain was weak, they could only wait to see what's going on after, It has always been a major threat to Ly's long-term development. Nowadays, Tueniu and Ctrip have realized the offline battle has great significance for market.

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