

Business Development Analysis Of Online Travel Enterprises Under The New Trend - Using Ctrip As An Example

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Abstract. The COVID-19 pandemic has had a systemic negative impact on China's economy and social development. Tourism industry has been hit hard. The capital chain of many small and medium-sized enterprises has been broken, and some have even gone bankrupt. Of course, some companies have successfully transformed themselves in the process. But on the other hand, this public health emergency has provided new opportunities for major online travel companies to solve the problems of stagnation in the tourism industry and open up new areas under the new trend of the epidemic. Therefore, taking Ctrip as an example, this paper first analyzes Ctrip's online tourism business, and then analyzes Ctrip's competitive advantages and existing problems in the market. Finally, this paper puts forward some suggestions for the existing problems of the company, hoping that Ctrip can establish a more diversified enterprise system in the future and become more competitive in the same type of enterprises.

Keywords: Online tourism, content platform, diversified.

1. Introduction

1.1 Research Background

Ctrip is now one of the largest travel websites in China, based in Shanghai. Currently, Ctrip has set up branches in 17 cities in mainland China, a service contact center in Nantong, and subsidiaries in Hong Kong and Taiwan, accounting for more than half of China's online travel market share, making it one of the world's largest online travel agencies [1]. Before the pandemic, the contribution of tourism to GDP increased every year, even exceeding 10 trillion yuan in 2019 [2]. When China launched a nationwide epidemic prevention and control campaign after 2020, the mainland's air, rail, online travel companies, travel agencies and hotels experienced a wave of ticket refunds, and the tourism industry was almost completely shut down. During the National Day holiday in 2021, the average travel distance of urban and rural residents dropped by 33.66 per cent, according to the Analysis of Tourism Economy Operation in 2021 and Development Forecast for 2022 released by the China Tourism Academy. The "short-distance travel and low consumption" represented by local tourism have become the basic market of the tourism industry [3].

1.2 Literature Review

With the rapid development of online tourism, the competition among online tourism platforms in China has become increasingly fierce. Many domestic scholars have conducted research and analysis on online tourism. Chen Yin Jiang (2014) in the journal of business accounting analysis is proposed using Harvard analysis framework study Ctrip's financial statements to predict the Ctrip prospects the future development tendency. Mainly use Harvard analysis framework of market of strategy and financial analysis for Ctrip company analyzed. Finally, it is concluded that Ctrip company financial statement analysis framework. Through financial statement analysis framework for Ctrip revenue model, based on the evaluation of asset scale and cash flow, it is concluded that Ctrip has a strong tourism market share and a large amount of capital income, and it is predicted that Ctrip has a strong

ability to cope with future market changes [4]. Ji Yu (2017) studied the platform model of Ctrip. By comparing the typical domestic internet companies with platform model, she conducted that Ctrip should not only ensure the profit of its own products and perfect after-sales service, but also build a diversified platform to meet the multiple needs of consumers. To have greater competitiveness in the era of flow [5]. Zhou Yan (2018) through 4C theories to analyze Ctrip marketing methods, respectively from the customer, cost, convenience and communication four perspectives carries on the detail analysis, pointed out that Ctrip exist in marketing strategy positioning is not enough diversity [6]. Based on the above research issues and results, this paper will analyze and compare the advantages of Ctrip and its competitors and explore Ctrip's development strategy in the post-epidemic era mainly from the aspects of customer consumption behavior, new media live broadcast, layout of sinking market and cross-border platform cooperation.

1.3 Research Purpose

The long-term epidemic situation has made the tourism market slump. This essay will display a comprehensively understand and existing problems of China's online tourism industry, grasp the analysis of online tourism development, guide the operation of online tourism agencies, and provide a basis for decision-making. The current tourism industry has been limited by the pandemic since 2020, with China's international tourism revenue declining by \$53.4 billion, or -40% of that in 2019 [3]. In such a severe economic environment, the online tourism industry is faced with cash flow and turnover difficulties and the urgency of transformation. One of them is Ctrip, a leader in the online travel industry that has been overtaken by rivals due to the pandemic. This paper will provide constructive development suggestions for Ctrip through various analysis, which is conducive to the revitalization of China's cultural and tourism economy after the epidemic.

2. Ctrip Is Currently Facing Problems And Development Bottlenecks

2.1 Epidemic Policy Limits Offline Tourism

Looking at Ctrip's financial reports from 2019 and 2020, the total transaction volume of Ctrip GMV in 2020 was 395 billion RMB, while before the epidemic in 2019, the total transaction volume of GMV was 865 billion RMB [7,8]. According to a comparison of total transaction volume in these two years, the epidemic has had a significant impact on Ctrip's transaction volume. The domestic epidemic control policy is quite strict. Once more confirmed cases are discovered both within and outside the province, tourist attractions, hotels, and traffic in this area will be suspended. The outbound tourism policy is that it is not necessary to travel in an unfavorable situation, and it has not been fully opened to the outside world, preventing Ctrip's overseas business from progressing. China's epidemic policy slows the trading pace of Ctrip's online travel.

2.2 Intense Competition In The Same Market

2.2.1 Meituan

During the outbreak, Meituan detected the importance of home delivery to the user. It established an emergency without contact distribution team immediately after the pandemic hits. The "no contact delivery" service was officially launched on the first day of 2020. Within a week, it covers 184 cities, and then spread to the country.

During the Wuhan lockdown, Meituan delivered 3.96 million orders and more than 90,000 meals to medical teams in Hubei. During the epidemic period, 56.22 million orders were sent to hospitals across the country, nearly 800,000 new riders were recruited, more than 600,000 businesses were supported, and more than 4 million masks were distributed in 20 provinces and cities. At the same time, Meituan is also working with local government departments to launch intelligent takeout counters in batches across the country, which is convenient for riders to deliver meals [9].

The COVID - 19 outbreak has changed a lot in the consumer lifestyle. Many users who prioritised offline shopping before the pandemic, began shopping through online channels to buy daily necessities. This change makes online shopping needs faster growth, the growth of the business flow. The logistics volume continues to rise, which has brought vitality to the development of the instant distribution industry.

2.2.2 Fliggy

During the epidemic period, Fliggy made great efforts to develop a variety of business activities such as e-commers live broadcast, short-distance family tour, and group construction, so as to grasp the core needs of customers during the epidemic and make timely adjustments and layout to the market. Among them, e-commers live streaming is of tremendous help to Fliggy during the epidemic. Thanks to Alibaba's first-mover advantage in e-commerce content since 2015, Fliggy was the first to introduce live streaming into the tourism industry. According to the data of Fliggy, the number of users watching e-commers live broadcast in the second quarter of 2021 increased by roughly 200% than that in the first quarter of 2021 [10]. About 20% of the e-commers with regular live broadcast on the platform maintained broadcasting at least once a week. From the second quarter of 2021, more and more merchants are opening the "daily live" mode. Relying on Marine animal resources, Haichang Ocean Park has carried out 17 consecutive "online Tours". From the perspective of public education, the two parties have simultaneously created a variety of live games, such as "online feeding" and "online adoption", to reinforce the interactive fans and customers. Since its inception, Haichang daily store subscribers have expanded by 50%, which adequately reflects the appeal of innovative content to users.

To sum up, Ctrip's reaction to the epidemic was not as prompt as Meituan's and Fliggy's, which led to Meituan becoming a giant in the distribution industry in a short period of time, while Fliggy was a pioneer in livestream and content platforms. Nonetheless, the insufficient response of Ctrip directly led to the loss of Ctrip users, and Ctrip was faced with the pressure of cash flow after the epidemic. Ctrip should not only assurance the rights and interests of consumers, but also promptly locate a new way to strengthen the market to safeguard the profit and cash flow of Ctrip Group.

3. Ctrip's Competitive Advantages

3.1 Provide A Variety Of Customized Travel Services To Customers

Ctrip's core audience consists of middle-to-high-end business users. From 2014 to 2019, the compound annual growth rate of users whose annual expenditure exceeds RMB 5,000 was 29% [11]. One of Ctrip's major actions in the personalized travel for middle and high-end consumers is to make efforts to customize travel and promote the standardization of customized travel.

On April 26th, 2017, Ctrip's customized travel platform 2.0 was released in Beijing with the theme "Customize as you please, accompany with your service" [12]. On May 10th, the industry's first "customized tourism service standard" was officially released, and the "customized tourism supplier rating and elimination mechanism" was fully implemented. On August 17th, it broke the industry's unspoken rules once more, announcing Ctrip's customized platform and over 1,000 customized service providers, fully implementing the "transparent quotation," and clearly splitting the fees and service fees of customized tours to users. Tourists will benefit from a transparent and standardized service list and quotation, as well as a packaged general quotation. A major issue in the development of the customized tourism market is that prices and services are not standardized and are opaque. Ctrip has once again purified the market by establishing service standards and raising the competition threshold. When compared to the competitor Flying Pig, booking the same hotel in the same time period on two platforms at the same time, there are usually personalized convenience services such as "check-in and get two masks" or "free nucleic acid service" in Ctrip's settlement interface, which makes it more convenient for users to travel in the epidemic environment. In terms of specifics, the company considers the needs of passengers and reflects the diversity of Ctrip services.

3.2 Content Marketing Training Innovation

Although the traditional OTA platform has become increasingly centralized as a result of years of fierce competition and mergers and acquisitions, in recent years, the rise of short video and social platforms (such as Tik Tok and Little Red Book) has become a new competitor of Ctrip in terms of travel through the mode of "influencer marketing-fan traffic conversion-consumption punching-sharing communication."

Marketing is crucial in Ctrip's response to new competitors' competition. Ctrip also devotes significant resources to live delivery and content community management. In March of 2021, Ctrip released the "Tourism Marketing Hub Strategy," proposing that the flagship store of "Star" be used as a carrier to aggregate the three major sectors of traffic, content, and commodities, superimpose travel scenes, and build a marketing ecological circulation system. Sun Jie described it as taking Planet's flagship store as a position, connecting merchant content, private domain, and transaction in series to form a complete link, and realizing a complete closed loop from content to transaction. According to Ctrip data, the overall fan size of Ctrip Planet flagship store increased by 34% in the fourth quarter of 2021 [13]. At the same time, the content is expanding rapidly. In the fourth quarter, the daily average interactive users of Ctrip Community Content Channel doubled year on year; the number of Ctrip KOLs and the daily average number of releases of all creators are both increasing significantly.

3.3 Evaluation Of Ctrip's Competitive Strategy

Ctrip mainly adopts the strategy of differentiated competition, competing with its competitors by differentiating products, channels, services and target groups. This strategy has laid a good foundation for Ctrip in the current market field. It can be seen from the market share data of online travel enterprises in 2021 that Ctrip has a market share of 36.3%, ranking the top. Meituan ranked second with a market share of 20.6 percent. The market share of same-trip travel was 14.8%, ranking third. Qunar Travel and Fliggy took up 13.9 percent and 7.3 percent of the market respectively, ranking fourth and fifth. Ctrip is currently in the leading position in the domestic online travel industry.

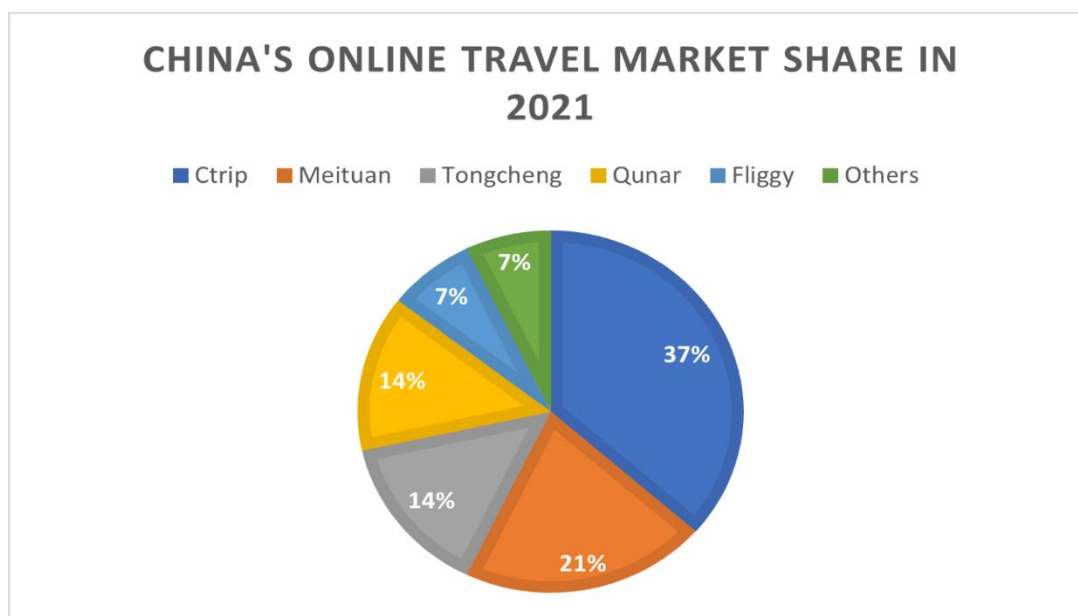


Fig. 1 CHINA'S ONLINE TRAVEL MARKET SHARE IN 2021 [14]

At present, Ctrip focuses most of its business on middle-high consumer groups by utilizing the differentiated competition strategy, and has gained a number of loyal customers by adhering to the principle of providing customers with the best after-sales service and travel experience. However, despite the development of Ctrip, the disadvantages of this strategy are still undeniable. If competitors

copy Ctrip's model and Ctrip's business model attacks the intermediate and high consumption groups, Ctrip's advantages will no longer exist. For example, Ctrip is in a difficult situation. Alibaba's travel platform Fliggy, relying on the traffic and resources of Alibaba's system, is trying to compete for travel users by means of subsidies of 10 billion yuan and low-cost hotels.

For future development, Ctrip needs to strengthen the platform's service content. For example, Ctrip can cooperate with Amap or Baidu Map so that customers can not get lost during travel and use the map APP co-branded with Ctrip directly as a navigation tool. Ctrip should consolidate its work on big data analysis. As can be seen from its competitor, Fliggy, the drainage of Fliggy is more accurate than Ctrip. With the help of Alibaba, Fliggy's data analysis is much better than Ctrip's. Ctrip should also go through a big data analysis and recommend some hotel and park tickets to its own users that they may consider. Big data analysis not only enables Ctrip to better understand its user group portrait but also enables Ctrip to build a better foundation for future expansion. At present, developing a content platform is also very necessary for Ctrip. Although Ctrip has set up a "XingQiuHao" which is a content platform created by Ctrip, few businesses write and shoot for Ctrip exclusively. They do little Red Book, Douyin and video number first, and then post to XingQiuHao". A sound content platform can enhance the differentiation between Ctrip and its competitors. At the same time, more high-quality content creators will become Ctrip's natural advertisers and further bring Ctrip more revenue.

All in all, Ctrip should maintain its current differentiated competitiveness and intensify efforts to explore additional market areas. Finally, through cooperation with other Internet companies, big data analysis and the creation of content platforms, to comprehensively improve their platform services.

4. Opportunities For Ctrip In The New Trends

4.1 Developing Content Platforms

4.1.1 Live-streaming sales

Today, all industries are digitally connected and the tourism industry is witnessing the rise of digital ascendancy. For Ctrip, live broadcasting is more intuitive, interactive, and timely, which shortens the distance between products and users and gives people the impression that they are shopping in an online store. The sense of trust is increased by the anchor's vision, hearing, and touch. At the same time, preferential treatment is strong, affordable, and low price is always the sales magic weapon. The overall supply of domestic products exceeds demand. Aside from physical stores and online stores, there is now another low-cost marketing method, particularly for some remote economically underdeveloped areas. Smartphones can be sold live, which is unquestionably advantageous. At the same time, Ctrip can improve the humanization of after-sales service in the live broadcast room by offering refunds to passengers who need to unsubscribe temporarily due to the epidemic without charging service fees. This type of adaptability will increase passengers' trust in Ctrip, increasing the customer repurchase rate. Indeed, since the launch of Ctrip Live, it has focused on the integrated marketing of destinations linked by government and enterprises, assisting high-star hotels affected by the epidemic to speed up their blood return, and Ctrip has driven the recovery of hundreds of cities. At the same time, despite the ongoing impact of the Black Swan epidemic, Ctrip's achievements in settling the domestic tourism live broadcast market are also noteworthy. To summarize, live broadcasting for Ctrip is not only an increase in transaction volume, but also a necessary and important premise for Ctrip to transition from a platform of carrying goods in the travel industry to a platform of content creation.

4.1.2 Collaborate with influencer

In the wake of the Internet age, the growing information technology revolution has led to more disruptions and changes that are hard to realize – far beyond the content or information industry itself – Individual media outlets that produce video content through digital platforms often have a wider audience than professional stars. Therefore, in many vertical fields such as beauty, technology, fashion,

and travel, Internet influencer have played their own influence and helped brand marketing to perform more vigorously. At the same time, a variety of content creation tools also provide ordinary netizens with more possibilities to fully express themselves in today's information explosion, and short videos with the characteristics that everyone can create have become the most important content carriers.

Travel photos, punch cards in popular attractions, and record fleeting beauty with short videos are the habits of most young people, and have also laid the foundation for the continuous output of UGC content on short video platforms. On the other hand, travel is a low-frequency product that requires a longer decision-making cycle. The user conversion cycle is often longer. And, Ctrip, as the industry leader, has built a high end brand image and popularity among consumers. In the long run, if Ctrip continues to carry out full-site travel season marketing through the joint efforts of various Internet influencer and seizes the characteristics of netizens who are keen to record their lives with short videos, this will bring long-term benefits to Ctrip. For example, Ctrip can invite influencers to take beautiful photos or small videos at tourist attractions, attach a link to the Ctrip APP in the comment area, and say that they can receive exclusive machine wine offers for fans. In this way, in addition to influencing users' travel decisions through travel content, it will not only deepen travel users' and video viewers' memory of the brand, but also form a universal word-of-mouth and interactive discussion of the brand, and moreover achieve seeding of mainstream users in peak travel seasons such as the National Day.

4.1.3 Expand the Market by Partnering with Other Platforms

At present, whether it is an e-commerce giant or a tourism giant, they are paying more and more attention to content. And, content monetization has gradually become a major trend. On December 20th, Ctrip announced the launch of the Travel Photography Channel. It is reported that the channel encourages its users to post interesting things about their travel here in the form of pictures, texts or short videos. Furthermore, the fact that the platform has put the channel in the middle of the bottom navigation bar on its home page proves that the platform attaches great importance to the development of content creation. Through cooperation with major Internet platforms, Ctrip can drive its users to generate monetization and conversion of tourism consumption. Users can click on the scenic spots and hotel information attached to the short video and jump to the Ctrip reservation page to encourage users to purchase products. For example, the "FUN Travel Shake" activity which is jointly held by Ctrip and Douyin has brought a lot of heat and attention to both sides. It is reported that the video of this challenge activity has reached 100 million views in the shortest time period in Dou Yin's history. In the future, if Ctrip can cooperate more with other platforms, not only can it increase Ctrip's flow rate, but ultimately it can play a broader advertising effect to increase the transaction rate of orders for Ctrip.

4.2 Suggestions

4.2.1 Attempt to develop the sinking consumer market

In the past decades, the sinking market was generally defined as low consumption level, low prices and affordable goods. In recent years, more and more internet platforms have realized the importance of sinking market. Such as Pinduoduo, their main consumer groups in cities below the third tier, counties, towns and rural areas are mostly young people. These young people who have a high understanding and cognition of the trend of the first and second tier cities. With the spread of short video platforms, the information gap is getting smaller and smaller. Town youth also have a "world so big, I want to see the world" the yearning heart. Ctrip can according to the rural area youth APP search key words that to recommend some tourism commodities for these young people. Hence, through this method to promote the transaction of tourism commodities.

4.2.2 Explore business travel retail formats

Throughout the Ctrip's overall business model, mainly for air tickets, railway, hotel booking three blocks. Meituan and Fliggy have a variety of crossover business forms. For example, Meituan involves catering and entertainment business forms. Fliggy travel consumers can use Taobao platform

directly. With the economy continues to recover, people visit for business and travel are also rise gradually. On the other hand, coffee culture is becoming more and more accepted by the most people. Therefore, Ctrip can also explore business travel retail formats. For example, Ctrip can choose some popular airport and high-speed rail site set up some coffee retail store. Hence, not only keep the clients spending on Ctrip's commodities, but also can enhance the ability of the monetization.

4.3 Increase The Frequency Of Consumer Interaction With The Platform

4.3.1 Increase Ctrip consumer's live streaming watching time

When consumer search for commodity's keywords, Ctrip will push relevant product live broadcast or live playback of product important content information to consumers, at the same time, Ctrip can set the duration of watching live broadcast to reach the standard before consumers can receive product coupons for use in product purchases. Based on this method, it can keep more people watching live broadcast room, not only improve the popularity of the live broadcast room, but also push the live broadcast into a large flow pool. So as to expand the scope of live broadcast and push it to more consumers to watch. In this way, the commodities monetization ability can be improved.

4.3.2 Ctrip platform increases welfare distribution to consumers

All kinds of vouchers issued by Meituan and Fliggy to users greatly stimulate their consumption desire. Ctrip can adjust various functions of user's homepage so that consumers can catch the beneficial to them and redeem a certain proportion of cash in a certain accumulated number of days by sign in. in addition, the product welfare community, red envelopes with a variety of welfare, coupons to achieve the universal use of all products, stimulated consumption, in a real sense to meet the psychological needs of consumers.

5. Conclusion

5.1 Key Findings

To sum up, the impact of the pandemic on tourism had been huge. Through the study, through analyzed the impact of tourism policies on Ctrip in the context of the epidemic. In addition, through multiple comparisons with competitors, the study found that Ctrip was not sensitive enough to cope with the epidemic. By prioritizing the expansion the of the sinking market, Meituan has captured the consumers of the sinking market in advance. On the other hand, Fliggy is expanding its market through live broadcast of new media. With the competition between two similar platforms, Therefore, Ctrip faces the consequences of decline performance and consumers loss. However, Ctrip provides personalized travel service and perfect after-sales service for consumers in emergency situation, which are not available on other two similar platforms. Live broadcast channel is also the sector that Ctrip has been working hard on its product marketing strategy. Hence, under the new trend, Ctrip should cooperate with other platforms or internet celebrities in the broadcast to expand the exposure radius of products. Therefore, increase the proportion of commodity transaction through these methods.

5.2 Expectations For Ctrip's Future

Based on the problems and suggestions to Ctrip outbreak era, the future of online travel industry will be more competitive. Online travel agent will continue to industrial transformation and upgrading, hope Ctrip in the next several years to take the initiative to seek in the retail, education, new media and social networking platform cooperation. On the other hand, the industry should be improved from many aspects of business monetization ability.

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