

The Strategic Management of Travel E-Commerce Platform (OTA) in the "Post-Epidemic" Period

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ABSTRACT

As the world's largest source of tourists and one of the world's most prestigious tourist destinations, China has huge potential and countless tourism resources. Since the beginning of the 1990s, the Internet began to emerge, and the travel E-Commerce platform came into being. After more than two decades of development, domestic OTA platform has been booming from the beginning to now. However, the arrival of COVID-19 has brought a heavy blow to the world tourism industry. Now, with the joint efforts of the CPC and people, the COVID-19 epidemic in China has been stabilized. How should China OTA platforms respond to the opportunities and challenges of the "post-epidemic" period? This paper pointed out some strategies for the future development and management of the OTA industry.

Keywords: Post Epidemic, OTA, Strategic Management, Strategy

1. INTRODUCTION

As the world's largest country in terms of population, China is also a tourism-demanding country. According to the "2019 Statistical Bulletin on Culture and Tourism Development of the People's Republic of China" issued by the Ministry of Culture and Tourism of the PRC (MCT) shows that in 2019, 6.006 billion domestic tourism trips were made, up 8.4% year-on-year, and inbound tourism The number of visitors was 145.31 million, up 2.9%, and the number of outbound tourists was 154.63 million, up 3.3%. The total annual tourism revenue was 6.63 trillion yuan, up 11.1% year-on-year[1]. China has become the country with the largest number of tourists in the world, in which the development of e-commerce is deepening. China's travel e-commerce started in 1999, and the two OTA companies that entered the market in the early stage were Ctrip and eLong. These two companies were listed on the NASDAQ in 2003 and 2004 and became the leading companies in the market at that time. With the rapid economic development of China from 2005 to 2012, China's travel e-commerce platform has become more and more diversified due to users' demands. The rapid outbreak of the period, giving birth to a large number of new OTA platforms, such as Qunar, Tongcheng, Tuniu, Lvmama. In 2015 to 2019, as the OTA industry continues to development and consolidation. Fliggy and Ctrip becoming to the new industry leader.

According to a report published by Iresearch[2], from 2013 until the Spring Festival in 2020. China's online travel e-commerce platforms have surged to new highs again and again. By early 2020, China's online travel market transaction scale had reached 2,028.35 billion yuan, an increase of about 14.3% compared to the 17.7741 billion

yuan in early 2019. As of early 2020, the online rate has increased from 10.6% in 2013 to 43.4%. As can be seen, in response to the increasing market volume, online travel e-commerce platforms are also optimizing and reforming their operations and management efficiency to match the growing market demand.

2. BACKGROUND

After the epidemic outbreak development of China on February 27, 2020, this has a huge impact on the confidence of residents to go out. The key consumes behaviors that affect the residents are: outbound travel, domestic travel, business travel, eating out, online car-booking, etc., which results in tourism, lead to the demand of the airlines, crude oil, entity retail sales industries declined rapidly [2]. In addition, the outbreak of the epidemic coincided with the domestic Spring Festival holiday, which is the most important travel season of the year and is also the most important annual event. However, the most feedback from OTA affected by the outbreak was the significant number of canceled bookings, resulting in small and medium travel The platform is facing huge capital pressure and business gap. This will inevitably make the industry reshuffle, Ctrip, Fliggy, go where the platform with ample funds will be more in control of the industry initiative The concentration of the industry is likely to increase further. In addition, the global spread of the neo-coronary pneumonia epidemic, although the situation is grim, through the unremitting efforts of the party and state, the people's resilience. The epidemic in China has gradually stabilized, and now the country has called it a "post-epidemic" period, which will be characterized by the rebound of various industries and the development of a

new economy. Stepping into the right track mainly. Therefore, each OTA platform is bound to produce new changes in strategic management in order to cope with the upcoming opportunities and challenges.

3. FINDINGS AND RECOMMENDATION

3.1. Marketing strategy perspective

Prior to the outbreak, domestic OTA focused their attention on Tier 1 and Tier 2 cities, mainly because of their residential consumption indices and online dynamism. The index is higher and the demand for tourism is more valuable compared to lower-tier cities. Therefore, as written in the OTA war, the main battlefield of each OTA platform is the municipalities directly under the central government and provincial capitals in China. Which are cities with greater economic potential? In the wake of the epidemic, it can be seen that in the process of recovering from the country's graded zoning, the lower-tier cities have been affected by a much lower density of people than the first- and second-tier. The ability of cities to resist epidemics in terms of the risk of transmission and the difficulty of control should not be underestimated. In view of the possible recurrence of the epidemic in the "post-epidemic" period, it is important to focus on marketing attention on cities with strong epidemic resilience. Low-tier cities, it might be a new opportunity to develop. Plus, with the continuous development of new media, the popularity of mobile and decreasing network tariffs, marketing in low-tier cities will be easier to implement on the ground. At the same time, in the "post-epidemic" period, OTA platforms can also develop more new products and services in response to new market needs, compared to other platforms. Products that are more "epidemic rigid" in terms of products, e.g. travel, homecoming, etc. Packaged sales products to address Pressure from declining business volumes[3].

3.2. Strategic human resources management perspective

The development of the OTA enterprises is mostly based on "beach landing", "fast boosting development" is its core strategy, so most Internet companies to horizontal market Expansion as the main development method, with its rich business content to meet people's growing consumer demand. This is also true in the OTA industry, where Ctrip, for example, has basically completed the structure of its five independent divisions in 2016 Adjustment. The advantages of this fractured, flat, independent organizational development model are clear: one is the ability to quickly diversify its business. Secondly, it can innovate new derivative projects faster, and then it can enable the company to create an ecological business structure around itself[4]. However, the drawbacks of this

model are obvious, with a flat management structure, its reporting relationships, division of responsibilities in most cases under easy confusion, which results in an unstable organizational structure compared to traditional industries, with a weaker culture sense of team. With this fragile organizational structure, incumbents' recognition and loyalty to the team is reduced, plus the various The high degree of homogeneity of jobs among competitors makes it highly likely that there will be a constant turnover and loss of talent, with peer-to-peer competition for talent and The conflict is deepening. In the "post-epidemic" period, the decline in business volume has become an inevitable trend faced by OTA. From the perspective of the enterprise, it should streamline its staffing, optimize its organizational structure, and enhance its personnel's multi-business processing capabilities in order to play an effective control role [5]. The effect of labor costs. In addition, as mentioned earlier, the OTA industry is bound to become further concentrated after the epidemic, and after the disappearance of SMEs in some markets, the Its internal talent will also flow into the talent market, which is a good time for other companies to absorb new blood, so companies Increasing efforts on the talent acquisition side can also be a new strategic measure for its growth.

3.3. In-depth optimization of operational efficiency

Unlike with the retail industry e-commerce, although most domestic OTA platforms are also focused on online information collection and distribution, fewer it is involved in logistics and other entity fields. That is, the platform business is mainly to enter into cooperation with offline suppliers in various sectors, relying on online platform's traffic in the 2B or 2C field for the respective Offline providers to provide advertising and sales channel support. The almost OTA online business model places higher demands on operational efficiency for OTA, and as mentioned earlier The online rate increase mentioned is in line with the efforts made by these companies in optimizing their operational efficiency in recent years as seen in the annual reports of major listed OTAs. The effort. So even though the OTA platform suffered huge losses during the epidemic, it is still a good idea for the more well-funded OTA companies to An opportunity. The epidemic has provided a larger market to be expanded, and some scholars even believe that by the time the epidemic is over, the tourism market will emerge The phenomenon of retaliatory consumption[6]. Therefore, in-depth optimization of operational efficiency to cope with greater business pressures in the future will become a compulsory topic for OTA platforms. At the same time, given the recurrence of domestic epidemics and the development of overseas epidemics, for Internet companies with loss and risk aversion psychological characteristics, This year's practical experience in conducting cloud office work in China due to the epidemic is also of great importance,

relative to other Internet companies, more online-based OTAs may also be exploring a whole new path in the direction of cloud office to operate in the Efficiency and cost control deliver results.

3.4. Placement of emerging projects

For enterprises that are already at the head of the industry, the judgment of future industry trends is a crucial part of enterprise strategic management. The mobile internet era has been around for a decade. In the next decade, new concepts related to Internet development have been introduced into the industry[7]. In recent years, with the introduction of 5G and artificial intelligence concepts, OTA platforms have also made corresponding actions. For example, the OTA2ITA strategy explored by Tongcheng and eLong provides users with artificial intelligence algorithms to push OTA2ITA services with the user's personal behavior characteristics. The one-touch travel solution, or the virtual travel project based on the speed of 5G networks, which is being explored by Flying Pig, will be available in the post The "epidemic" period will hopefully become the new continent of future travel e-commerce[7].

4. CONCLUSION

After the baptism of the epidemic, the OTA industry has rich experience in dealing with the crisis. From the first online Canton Fair held by the state, we can see that online promotion will play a more important role in the "post-epidemic" period. This is both a challenge and an opportunity for the OTA platform, which takes online as its main business. While doing their own strategic management, they should keep up with the relevant policies and play a good role as an accelerant to help businesses in the industry's recovery period.

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