Research on the Development of China's Tourism e-Business in the Web2.0 Era

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Abstract

In the contemporary e-business age, the advent of a brand new business pattern based on Web2.0 is reshuffling the entire tourism industry. In this paper, the status quo of China's tourism e-business is analyzed, by comparing the four major categories of tourism e-business, and the development strategies for China's tourism e-business are discussed with the method of SWOT analysis.

Keywords: Web2.0, tourism e-business, SWOT analysis

1. Tourism e-business in the Web2.0 era

Tourism e-business refers to the electronization of different links of tourism business activities on the basis of advanced Internet information technologies. It includes the following aspects: a. releasing and sharing basic and commercial tourism information, advertising and promoting tourism products and providing pre-sales and after-sales service electronically; b. Inquiring and ordering tourism products and making payments online; c. the electronization of the internal business processes of tourism enterprises and the application of the management information system.

The development of modern science and technology and information industry are facilitating tourism e-business, a brand new business pattern that is characterized by little space and time restriction, higher tourism transaction efficiency, reduced transaction costs and the maximum integration of domestic and overseas tourism information resources. This completely new mode of business is bound to reshuffle the entire tourism industry, where market opportunities of Internet-based tourism service will exist in all links of the tourism industry chains and where new types of e-business opportunities will exist in all factor markets.

2. Status quo of China's tourism e-business

In China the development of tourism e-business started quite late, but its momentum of growth is considerable. There are currently as many as over 5,000 tourism websites with moderate service capacities, which are able to provide information concerning 6 aspects of travel, namely catering, accommodation, transportation, sightseeing, shopping and entertainment. They also provide information of the relevant tourism enterprises.

In order to have a comprehensive insight of the operation of tourism e-business in China, so that we will have a further analysis and prediction of the future of China's tourism e-business, the major tourism e-business websites are classified in accordance to the main information and services that they provide.

The first category is websites of comprehensive information and services, such as the travel channels of Sina, Sohu and

NetEase. Their main service functions are releasing of travel information and marketing of tourism enterprises. These websites play important roles in the development of tourism e-business and serve as propellers pushing tourism e-business forward. These websites are run mainly by specialized Internet enterprises. Despite their great visitor volumes and widespread influences, their travel information is generally confined to tourists' exchanges of travel experiences and feelings. What's more, they seem inadequate due to the lack of support of professional resources, and they fall short of industrial management information.

The second category is websites developed by traditional tourism enterprises on their own, such as Qinglu Online (http://www.5i5u.com.cn) and Chunqiu Travel Website (http://www.springtour.com). These websites are representative of the perfect combinations of the traditional travel industry and Internet technologies. These are platforms where traditional tourism enterprises do business online, provide online travel information inquiries and reservations and promote their corporate images. Nonetheless, the majority of China's small and medium-sized tourism enterprises do not have the capability to create their own desirable websites at present.

The third is websites that provide support services, and their examples are Xiecheng Travel Website (http://www.ctrip.com) and Elong Website (http://www.elong.com), etc. These websites, mostly managed by local commercial ICPs (Internet Content Providers), support and enhance relevant travel services and make profits by directly participating in some links of the tourism services. Their information communications are efficient and the communication layers are fewer. They are able to provide free and personalized product combina-tions by virtue of their massive destination and hotel data bases. However, the coverage of their major business is small, and they mostly remain at the level of auxiliary activities.

The fourth is ASPs (application service providers) owned by the government, such as China Tourism Website (http://www.cthy.com) and websites of travel administrations and tourism associations of all levels. They regularly release industry news, statistics, research findings, etc, mainly for public administration and industrial research. From the viewpoint of government management, they provide e-business platforms for tourism enterprises and facilitate local tourism by making industrial standards.

According to the above analysis, China's tourism websites fail to provide satisfactory service functions, and their personalized customization services and online transaction functions have limited feasibility. They have a long way to go before they will have real tourism e-business in terms of contents, service modes and Internet technologies. Measured by the definition of tourism e-business, China's tourism e-business is still at the primary stage.

3. SWOT (strength, weakness, opportunity and threat) analysis of China's tourism e-business

China has rich tourism resources and an ever-expanding tourism market, which means great opportunities for the development of tourism e-business. To China's recovering tourism, the positive effects of tourism e-business are increasingly emerging. However, in China the conditions are not yet mature for the full-blown development of tourism e-business, and there are many problems and difficulties to deal with.

3.1. Analysis of strengths

The rapid development of China's information technologies and the expansion of Internet users provide solid material basis for the development of tourism e-business. According to *The 29th Statistical Report on China's Internet Development* recently issued by CNNIC （China Internet Network Information Center, by the end of December, 2011, the number of China's Internet users had added up to 500 million; the number of people making online payments had come up to 167 million; the number of people making travel reservations in China had reached 42.07 million people, a 16.5% annual increase. A highlight of the domestic tourism market is that the Internet users are going further in using tourism reservation services.

Tourism administrations of all levels in China are attaching Importance to tourism e-business and the central government is offering substantial support. As was stated in *The State Council's Notification on Accelerating the Development of Tourism*, tourism informatization must be pushed forward vigorously for the development of tourism e-business and all tourism reservation services must be improved.

3.2. Analysis of weaknesses

Generally speaking, China's tourism e-business is at a low level, there exist significant regional disparities and traditional tourism enterprises have not completely networked. Subject to traditional ways of thinking and business models, tourism enterprises do not have a clear idea of the significance of e-business and many of them are still waiting. A few of them use e-business, but are affected by many immature factors. Consequently, the functions of their e-business are mostly remaining at primary stages and this cannot be considered as online transactions in the true sense; they have difficulty in integrating the Internet with tourism in an effective manner.

When it comes to industrial structure, the domestic tourism e-business pays too much attention to low-level standardized service items and information service; the scales are small, the reforms of the tourism value chain are not powerful enough and the operation mechanism is faulty. As a result, different available resources of the industry cannot be effectively integrated in the process of tourism networking and positive interactions are insufficient.

Speaking of the development of tourism e-business websites themselves, they are not so mature. They pay excessive attention to techniques, but often ignore the deep research on profit models; they seek after vogue blindly and are out of line with traditional industries; they have such problems as repeated construction, inadequate contents, poor performances, and a lack of personalized services.

3.3. Analysis of opportunities

The global tourism e-business has been growing at the rate of over 35% for 5 successive years, and accounts for almost half of all e-business industries. Whereas, in China, the gross output value of cyber tourism is currently 4 to 5 billion Yuan, accounting for only 1% of the total value of its entire tourism. In other words, it is still in its infancy and there is much room for growth. In the context of cyber economy, mass customization-based production has become a reality, and in the future the Web2.0-based tourism e-business will be able to provide better and more personalized services and richer self-service travel information for tourists. Besides, China's entry into WTO is another opportunity for its tourism e-business, for the arrivals of foreign tourism enterprises brings mature e-business operation models and advanced tourism management ideas. All of these factors

will stimulate the development of domestic tourism e-business.

3.4. Analysis of threats

E-business operates in a virtual environment via the Internet, so its security depends on the security of the Internet itself. Because of the openness of its resources, the Internet easily becomes the target of hacker attacks. Their data systems may be intruded and the data may be altered maliciously. Once an enterprise is connected to the Internet, it may be subject to various attacks and risks, such as data tampering, secret divulging, identity pretending and disavowing. The security and privacy of online transactions are a major obstacle to the extensive use and rapid development of tourism e-business.

The inadequate laws and regulations for e-business also hinder the sound development of tourism e-business. Online transaction and payment platforms have not been established universally in China and the security of online payment is under question. In practice this leads to many problems and in turn causes a series of credit crises. In this case, the convenience and speediness of the Internet fail to come into play.

4. Strategies for the development of China's tourism e-business

Tourism e-business is the inevitable course for the development of China's tourism industry in the future. We must be well aware that China lags behind some other countries in tourism e-business and a sense of urgency is essential. Meanwhile, we must take into consideration the actual situation of the domestic tourism e-business and take corresponding measures to push forward the overall tourism e-business and enhance its competitiveness fundamentally.

4.1. The government plays the leading role in improving the macro-environment

The guidance and policy support of the government are essential to the development of tourism e-business. The government should be the organizer of tourism e-business, give various supports and enhance its macro-control over tourism e-business. The software, hardware and legal environment for tourism e-business must be improved.

4.2. Cultivating the public's new attitudes towards online consumption

Chinese consumers, who are used to face-to-face payments, do not have much faith in online payments and do not have a clear idea of tourism e-business, which is a new thing in their eyes. Therefore, to develop tourism e-business, consumers must be stimulated to participate. The government and enterprises should use mass media to adjust people's way of thinking in this regard.

4.3. Integrating tourism enterprises and sharing information and resources

The integrations and alliances of traditional tourism enterprises and burgeoning tourism websites are an irresistible trend, and are the common way out and new grow point for both China's tourism enterprises and e-business websites. Tourism enterprises should speed up the constructions of e-business platforms, strengthen online marketing, and expand the contents of online transactions. Online payment and customer support platforms must be established and standard systems for tourism e-business must be created.

4.4. Banks and enterprises joins hands to promote online payments

All major banks of China should fully understand the great benefits and growing

trend of e-business and provide credit guarantee for tourism enterprises. Tourism enterprises should try to cooperate with banks and promote modes of e-payments, such as credit cards, e-cash, e-checks, and make sure online payments will be safe, convenient, fast and efficient. Moreover, reliable and effective firewalls should be installed to prevent hacker attacks and ensure the privacy and property security of the cyber citizens, so as to gain their trust in Internet security.

4.5. Attaching importance to personnel training

Tourism e-business involves knowledge of various fields, such as e-business, tourism, information networking and marketing. In developing tourism e-business, it is essential to have inter-disciplinary talents who excel at e-business as well as tourism management and computer networking technologies. Accordingly, the cultivation and reserve of talents are a systematic long-term project for the future development of China's tourism e-business.

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