

Research on the Profit Model of Online Travel Websites -- Taking Ctrip as an Example

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Abstract: Tourism is one of the tertiary industries that promote the economic development of our country. At present, the development of tourism in our country is particularly rapid. The background of network informationization is in particular promoting the development of China's tourism towards the direction of network economy and e-commerce. Ctrip is one of the most successful online travel agencies. The company follows the trend of network economy, actively develops e-commerce, studies the profit model of online travel websites and has made great profits.

1. Introduction

Under the social background of network informationization, both people's lifestyle and production mode has changed a lot. For the tourism industry, it is also necessary to actively comply with the development trend of the new era, vigorously develop e-commerce with the help of the network, build the profit model of online travel website, and further promote the development of China's tourism industry.

2. The Profit Point of Ctrip

2.1 Online Advertising Fee

Ctrip takes the leading position in the tourism industry and has a wide range of resources and high visibility, which is one of the reasons why Ctrip has many customers. Therefore, a number of merchants hope to utilize Ctrip's popularity and put advertisements on it. Ctrip can earn money from the online advertising fees paid by those merchants. With its continuous development, Ctrip has gain more and more money from online advertising fees that shows a trend of increasing year by year. Many of its allied merchants have also got an consensus on drawing up relevant agreements to allow the users of Ctrip to directly shop in its allied merchants with their credit card and enjoy the corresponding discounts for Ctrip members. Ctrip can obtain corresponding profits from those allied merchants according to a certain proportion. With its profit point continuously increasing, this original provider of only business travel service has been transformed into an all-round leisure travel and holiday company.

2.2 Agency Fee of Flight Ticket Booking

In recent years, Ctrip's business of flight ticket booking has been developing very fast. At present, Ctrip has cooperated with major airlines at home and abroad, and has covered most relevant business. Ctrip members can log in to the website and check the flight information of their destinations. The flight ticket reservation system of Ctrip is very strong for it can realize the operation mode of "departure from different places, local booking and ticket collection", which provides great convenience for its members. In addition, Ctrip also provides free ticket delivery to your door for its members who are within the city together with other providers. Ctrip is the pioneer of ticket booking service, so it is also the first enterprise to make profit from the agency fee of flight ticket booking. Ctrip has also set electronic tickets in conjunction with major airlines. Customers can purchase tickets in the cities where the airlines provide electronic tickets by using credit card payment. By doing so, customers can go to the airport directly to check in without waiting for the

delivery of tickets, which makes their trip more convenient. Ctrip gets the ticket booking agency fee from the customer's booking fee, earning the price difference between the airline's ticket price and the customer's booking fee.

2.3 Agency Fee of Hotel Booking

One of the most important businesses of Ctrip is hotel reservation. Hotel reservation is also a crucial business for Ctrip's operation and development. Now there are more than 5000 hotels participating in cooperation with Ctrip and hotels in 34 countries all over the world cooperate with Ctrip, involving more than 350 cities. According to some relevant researches and investigations, there are more than 1000 hotels reserved for Ctrip every day in China, aiming at providing convenience for the members of Ctrip. One of the profit points of Ctrip is the agency fee of hotel booking. Traditional hotels can only accept payment at the front desk of the destination hotel, while Ctrip can apply the online payment, which is also an important reason why Ctrip can obtain agency fee of hotel booking, which is mainly achieved by the mode of some profit rebate from the hotel.

3. Analysis of Ctrip's Profit Leverage

3.1 Marketing Management of Ctrip

Ctrip's investment in marketing is also enormous. Ctrip is obviously different from those traditional travel websites in marketing. Ctrip adopts the marketing mode of combining distribution channels and promotion channels, such as issuing membership cards, publishing travel books series, recommending preferential hotels and flights to customers, and implementing bonus system. Based on comprehensive measurement of cost and income, Ctrip can obtain maximum economic profit. For example, Ctrip established cooperation with Microsoft in 2007, and established a Chinese website of MSN. Ctrip built a tourism channel with the help of the website. The tourism business in the channel realized a full range of docking with Ctrip. Ctrip's forward-looking development strategy leads to its rapid growth during which Ctrip also launched a number of new products and services, and constantly improved its travel facilities, so as to meet people's various needs in the Internet era ^[1].

3.2 Employee Performance Appraisal Management

Ctrip adopts the concept of fine management in its employee performance appraisal. For example, Ctrip applied balanced scorecard just two years after its establishment. Liu Jiangzhang, then CEO of Ctrip, designed the scorecard. Balanced scorecard makes the management tools no longer limited to the management personnel, but also gradually become a good helper for employees' self-discipline and self-management. Ctrip's human resources department pays more attention to the competency of the candidates in the recruitment of talents, and competency is also the main index of employee promotion and training assessment. Competency in Ctrip has different curriculum standards based on different abilities of employees, but all the training courses adhere to the principle of openness and transparency, so that the employees can have a better understanding of their future career.

3.3 Quality Management

High quality service is the core competitiveness of Ctrip. The most obvious difference between Ctrip and other travel industries is that it attaches great importance to customer service. The idea of high-quality travel service of Ctrip is more important than its marketing. Ctrip pays special attention to details in terms of quality management and believes that any tiny process could cause great problems. Ctrip strengthens to improve its service quality and subdivides the service process into several small links, such as attitude, response speed, etc., and comprehensively analyzes all aspects to improve Ctrip's service quality^[2].

4. Analysis of the Profit Barrier of Ctrip

4.1 Brand Advantages

At the beginning of its establishment, in order to attract a large number of customers, Ctrip issued membership cards to people free of charge in public places such as airports, hoping to improve its popularity. At that time, the membership cards issued by Ctrip was discarded in large quantities, and even some people doubted the authenticity of the membership cards. Nevertheless, Ctrip has attracted a number of customers to experience, among whom the business travel customers have the highest return rate. The strategy of free distribution of membership card has opened the door of Ctrip's development. After that, Ctrip gained its popularity in China and its brand status was much improved.

4.2 Customer Satisfaction

Ctrip attaches great importance to customer satisfaction and regards the improvement of customer satisfaction as its own development slogan. Ctrip focuses on improving customer satisfaction, which is mainly reflected in the following aspects: firstly, when members book independent travel products, the website will remind members whether to voluntarily order travel accident insurance. Secondly, for the members participating in free travel, Ctrip also provides 24-hour rescue call service. Once the members need rescue in case of emergency, they can make a rescue call. Ctrip will immediately contact the local travel agency, airlines and hotels to implement timely rescue for the members. Thirdly, Ctrip has set up a natural disaster guarantee fund for its members. Since the Indian Ocean Tsunami, Ctrip has announced the establishment of a natural disaster fund, which is used to make up the loss of tourists and implement corresponding economic compensation for tourists when unpredictable natural disasters occur. All of the above shows that Ctrip attaches great importance to the satisfaction of tourists, and always puts customer satisfaction at first place.^[3-4]

5. Successful Experience of Ctrip's Online Profit Model

The super financing capacity is the guarantee of success of Ctrip's online profit model, including the ability to communicate with foreign investors and financing techniques. It is those financing experts that drag out Ctrip from danger from time and time. Super financing capacity is an indispensable ability for managers. The close combination of traditional business and information technology is also an important factor for Ctrip's success in its online profit model. Managers of Ctrip have realized the convenience brought by Internet and information technology as early as its establishment. Although it takes a long time for the domestic customers to accept online booking, the senior managers of Ctrip clearly realize that the future of online booking is inevitable. As a result, Ctrip, after accomplishing some acquisitions of traditional distributors, has quickly constructed the central reservation mode, which has opened a chapter for the development of online tourism business. Scientific and reasonable acquisition strategy is also an important condition for Ctrip to achieve success. For example, its acquisitions of Beijing Modern Express Reservation Network and Beijing Coast Air ticket Agency Company, have laid a solid foundation for Ctrip's rapid growth in the future. Its unique promotion strategy makes Ctrip move to the top of the industry. The issuance of free membership card helps Ctrip to gain more partners and customers, which is also the key point for other companies to learn from^[5-6].

6. Conclusion

To sum up, China's tourism industry occupies a very important position in the world. According to the prediction of the World Tourism Organization, China will become the first traveling receiving country in the world this year. The above is the analysis of Ctrip online profit model in this paper, hoping to play a certain referential value for the development of other tourism industries.

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