

# **The Influence of e-Commerce on Accommodation Industry**

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**Abstract:** The development of information technology and the increasingly growing information processing demand have promoted the extensive application of e-commerce technology in the hotel industry. The virtual business practices it brings have not only changed the trading methods and economic activities of the hotel industry, but also altered the operation patterns and concepts of hotel groups. For the traditional hotel industry, e-commerce has opened up new marketing channels, broadened the scope of the market, but also created new competitors, and put forward higher requirements. The development of e-commerce will bring prosperous vitality to the traditional industry. At the same time, it should also be alert to the undercurrent of the blossoming landscape. After analyzing the significance of e-commerce technology to the hotel industry, through the analysis of specific industry phenomena, the corresponding solutions are proposed as the basis for the hotel industry to solve the actual daily operation problems.

## **1. Introduction**

E-commerce refers to various business activities, trading activities, financial activities and related comprehensive service activities that are traded and completed in the whole world through the means of information circulation. It is the electronicization of business activities<sup>[1]</sup>. E-commerce technology allows hotels to publish hotel-related information through their official websites or third-party platforms, and to supplement their target audiences with multilingual copywriting, so as to realize the purpose of expanding the customer scope, enriching publication means and enhancing promotion effects, thus promoting the sales performance. As to the hotel industry, the integration of e-commerce and hotel operation is a direct reflection of the hotel industry's strategic choice to adapt to the information age and regard it as an effective way of achieving competitive advantage. Therefore, this paper expounds the impact of e-commerce on the hotel industry.

## **2. Facilitation of e-Commerce to the Development of the Hotel Industry**

### **2.1 Provide Support to the Hotel Operation**

#### **2.1.1 Convenient Internal Information Transmission**

E-commerce technology improves work efficiency in the daily operation of hotels. For example, Opera PMS is currently the most popular hotel reception operating system in the world, and it can quickly and efficiently handle the daily work of the hotel<sup>[2]</sup>. In addition, hotel operators can also timely understand the needs of hotel guests through the customer control system, and use the response systems such as Guestware to inform the demand information to the corresponding functioning department, thus shortening the response time to the needs of the guests, and improving the accommodation experience of customers.

#### **2.1.2 Network Marketing Drives the Growth**

Commerce technology provides a platform for the bilingual communication between enterprises and customers<sup>[3]</sup>. Through the official website of the hotel and the third-party distribution platform, the hotel can not only upload videos and pictures to introduce the hotel's business brands and featured products to potential consumers around the world, but also can communicate to the different consumer groups about the services could provide to them. Compared with the traditional

marketing means of the hotel groups, the channels of investing marketing information to the e-commerce platform are more diverse and targeted. The first *Consumer Travel Insight* (CTI) report of the US hotel investigation company STR shows that as the main target users of many travel brands, young travelers especially like third-party platforms, and the use rate reaches over 60%. In the entire online tourism industry chain, the third-party platforms represented by Feizhu and Ctrip are backed by the rich tourism resources provided by upstream hotel, scenic spot and other tourism product suppliers, directly facing the growing demand for spiritual and cultural consumers. Compared with the hotel group, the marketing information distribution channels of the third-party platform are more diverse and targeted. In addition, the third-party platform involves a wider range of business, transportation methods, scenic spots and so on are in their business scope. The single product promotion of the hotel can't have such a good effect. In addition to this, the e-commerce technology integrates the services provided by the hotel and the additional service information around the hotel and accesses them to the unified entrance, increasing the information symmetry between the hotel and the consumer, enabling them to select according to their own needs, so as to improve the marketing ability and promoting the sales of the hotel service products. Therefore, the cooperation between the hotel and the e-commerce platform will help the hotel group survive and take the lead in the competition.

### **2.1.3 Close Customer Relationship**

The traditional service industry represented by the hotel industry often adopts the marketing method of membership. In the past, the hotel sales staff would ask the tenants who applied for the membership card to fill out the basic information form, which shall then be summarized and saved by the sales staff of the hotel. Due to the huge amount of data, it is difficult for hotels to summarize them in time to have targeted marketing. As a result, the large amount of user information accumulated by the hotel will become worthless. The application of e-commerce technology has also made this traditional marketing tool a new form of expression. Major hotel brands have launched online membership loyalty programs, such as Marriott's "Marriott Travel Home" and Shangri-La Group's "VIP Golden Ring". The hotel group only requires users to fill out the electronic form on the web page and issue an electronic membership card, and bind it to the user's social account (such as WeChat, MicroBlog), and regularly use social media to push targeted marketing information. Such a measure would increase user loyalty by strengthening contact with users.

### **2.1.4 Decision Support**

The purpose of all business activities of the hotel is to create revenue and increase profitability. The application of e-commerce technology in the daily operation of the hotel allows the hotel to intuitively obtain multiple business data. According to the grasped data, on the basis of the quantitative analysis, it is able to carry out data positioning to the rental rate and revenue of the hotel, so that the future operation condition of the hotel can be predicated, thus being helpful for adjusting the hotel's expectation on staff configuration, time schedule, operation budget and financial return, which can act as the basis for the management layer of the hotel to make decisions.

## **2.2 Promote the Diversified Development of the Hotel Form**

The realization appeal of the upstream resources of the hotel industry has been promoted. The sharing economy is undergoing rapid development. The homestay mode has emerged into the Chinese hotel market. Residents have certain requirements for the use rate and fast realization of idle property resources. The developers hope to revitalize tourism real estate and commercial real estate, and continue to deepen it <sup>[4]</sup>. The wide application of e-commerce technology directly drives the development of the non-standard accommodation industry. For example, the popular "Airbnb" platform in foreign countries allows landlords to publish housing resources on their platforms. Consumers can search for local housing resources on the platform and contact the landlord directly. Because this accommodation option is often cheaper and more convenient, it has quickly gained favor from many consumers, especially young groups, and has seized a large market share. E-

commerce technology brings hotel groups not only an extension of traditional hotel operations, but also the possibility of turning concepts into reality.

### **3. Risk Analysis of the Hotel e-Commerce Business**

#### **3.1 Information Safety Risk**

With the technical support of e-commerce, all trading behaviors can be completed efficiently. However, this does not mean that e-commerce is the perfect solution for modern business. In recent years, the issue of information security has received more and more attention from the public. When consumers use e-commerce platforms to reserve hotels or travel projects, they will inevitably submit individual information and pay the appropriate amount. This individual information will be uploaded and stored in the database of the e-commerce platform and the internal system of each hotel. Once the information security is broken, it will cause the problem of disclosing the information of a large amount of users.

#### **3.2 Intensify Industrial Competition**

With the economic development, the consumption need of the public is changing accordingly. Therefore, the tertiary industry represented by the tourism industry pays more and more attention to the customized service. As a result, the public has a greater acceptance and willingness to consume in the non-standard accommodation industry represented by the homestay industry. Compared with traditional hotel, the homestay is often more competitive in price. In addition, compared to the similar decoration style of the traditional hotel, the room style of the homestay is often closer to the ordinary family, it is easy to make consumers feel intimate. For some consumers who prefer to try new things, the more personalized homestay has become a more ideal choice. As a result, high-end boutique homestay has also flourished and directly impacted the high-end hotel industry.

### **4. Suggestion**

#### **4.1 Lay Emphasis on the Cultivation of Hotel Information Talents**

The hotel group has to update its concept of information technology and lay emphasis on the cultivation of comprehensive talents for hotel information technology. Traditional hotel groups usually view information technology as a room sales and management platform, without paying attention to the operation procedure and maintaining means. Therefore, the importance of cultivating comprehensive talents in hotel information technology is evident. At the present state, China's information technology talents are rich in reserves. Most undergraduate colleges and junior colleges have computer-related majors, and the range of technical research involved is quite extensive. However, because of the particularity of the hotel industry, the technical requirements of hotel operation for technical talents are also more diverse. They not only have to deal with the faults of the hotel operation system, the technical problems encountered by the hotel guests are also within their work scopes. This means that the hotel has higher requirements for technicians and the range of technologies involved will be wider. In view of the increasing demand for technical support from business people, the hotel groups can consider to have special talent recruitment and development of information technology personnel training programs, so as to cope with the growing market demand.

#### **4.2 Strengthen the Hotel Channel Management**

Hotel groups have to emphasize online marketing channels and recognize the impact of social media in online marketing. As an up-rising star in the accommodation industry, the homestay industry has used e-commerce technology to gain mastery. The operation of the homestays is relatively independent. They don't have the strong marketing capabilities of large hotel groups, and their exposure in traditional media is far less than that of large hotel groups. The emergence of social media has provided a new marketing position for them. On social media, they can achieve a

relatively high exposure at a relatively low or even zero cost, go deep into people's heart through the "online celebrities effect". In contrast, most hotels only use the social media to communicate with users, but they tend to be conservative in marketing. They simply choose the traditional marketing methods such as sales visits and face-to-face meetings. How to utilize the user data and make full use the social media for marketing are urgent task for hotel groups. Hotels can invite users to join their member loyalty program, issue electronic membership cards and bind them with the user's social media, enable customers to focus on their official public account, and segment the user group according to the information provided by the user in reservation, thus completing the targeted online marketing process. In addition, the excessive reliance on third-party platforms is also an issue to be alerted by the hotel groups. The price marked on the official website of the hotel is often higher than that of the third-party platform, which makes many price-sensitive individual customers tend to make reservations on third-party platforms. As a result, the commission fee of the third-platform increases the operation cost of the hotel. To this end, the hotel can balance the distribution proportion, with emphasis on direct hotel marketing and supplemented by the sales of other channels, so as to increase contact with customers and cut off the cost at the same time<sup>[5]</sup>.

## 5. Conclusion

As a brand-new modern business format, e-commerce has completely changed the economic activities and business concepts of the accommodation industry by its vertical commercial operations, thus having an important impact on the classification and reconstruction of the accommodation industry in the new era. With the popularity of Internet technology, the information source is no longer limited to the practical material world around. The information exchange and interaction under the electronic space has greatly improved the convenience and reliability of trading activities. For the hotel, the significance of e-commerce technology applications not only lies in creating its own website, promoting and selling rooms online. Its more positive impact is that it provides a communication platform for each operation department of the hotel, integrating various operation departments into an organic entity, thereby improving the efficiency of hotel operations and increasing the revenue generated by the hotel. Nowadays, as the hotel pays more and more attention to "area-effectiveness" and "revenue management", e-commerce technology not only constitutes the operation foundation of modern hotels, but will also become the hotel development guide for a time. The non-standard accommodation industry represented by the homestay industry suddenly rises with the assistance of e-commerce technology, impacting the traditional hotel industry and eroding a certain market shares. In the foreseeable future, the homestay industry will continue to penetrate into the accommodation market because of its characteristics, such as wide coverage and price-friendliness. At the same time, the issue of online payment security brought about by the openness of e-commerce, user data leakage and other problems usually occur. This reminds consumers to strengthen the protection awareness of personal privacy on the one hand, and it also warns the employees of the accommodation industry to enhance the risk control of e-commerce so as to promote the sound development of e-commerce on the other hand.

In the future, the research directions of e-commerce should focus on the below two points:

It is required to focus on expanding the localized e-commerce service models with online and offline linkage. The revenue of the hotel is mainly constituted by the room sales and catering income. However, such an income structure is susceptible to various factors and becomes unstable. Most obviously, there are off-season and peak-season for the room sales. Therefore, actively integrating into the community, launching localized services, and making full use of hotel resources will become the next focus of the hotel. For example, the hotel can put forward the dry cleaning service to the outside. Customers can send the clothes to be cleaned to the hotel. After cleaning, the customer will be notified through the official account operated by the hotel and the payment will be made online. Ordinary dry cleaning shops generally cannot operate 24 hours a day, and customers need to take their clothes away at certain times. There are no such problem for hotels operating around the clock. This way not only fully utilizes the operation resources of the hotel, but also

improves the possibility of selling other hotel products potentially, thus increasing the revenue. The localized e-commerce service model with online and offline linkage helps to deepen the hotel's understanding of the consumption habits of local customers, thereby providing goods or services that better meet the needs of local customers, which is hard to be realized by the online platform.

It is required to pay attention to the use of the Internet of Things in the practical operation of the hotel. As the mobile communication technology is becoming maturer, the concept of the Internet of Things is being mentioned in an increasing number. The Internet of Things connects related items to the same network and allows data exchange among them. This technology will provide technical support for the hotel to provide customized personalized services to tenants. All equipment in the room, such as air conditioners, lights, curtains, and so on can be included in the Internet of Things. The hotel can set them up according to the different needs of customers. For example, if a guest takes a baby, the temperature of the air conditioner should not be set too low. If the tenant comes for a honeymoon, the room lighting can be set softer. It is foreseeable that with the implementation of the fifth-generation mobile communication technology, the network capacity is expanded. As a result, such services as self-service check-in, robot delivery will frequently appear in daily hotel operations. This will play a positive role in optimizing hotel resource allocation and improving service efficiency by the hotel.

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