Analysis and Optimization of Problems in the Integration of Online and Offline Channels of Travel Agencies

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Abstract: The integration of online and offline channels of travel agencies in China has become the trend of the times. Based on the review of theoretical research on omni-channel retailing, this paper analyzes the causes, typical models and existing problems of online and offline channel integration of travel agencies in China, and proposes the optimization strategies for the development of online and offline channel integration of travel agencies. This paper expands the application scope of omni-channel retail theory and provides a certain reference for the sustainable and healthy development of online and offline travel agencies in China.

1. Introduction

With the rapid development of China's travel industry, both traditional travel agencies and online travel agencies (OTA) are in a high-speed development stage. In 2018, China's tourism influence rankings list shows that Ctrip, Tongcheng Yilong, Feizhu, and Lu Mama entered the top 10. However, the OTA still suffered different degrees of losses. The two OTAs such as Tuniu and Ctrip lost 539 million yuan and 1.6 billion yuan respectively in the first season of 2016. At the same time, traditional travel agencies also showed a downward trend in scale and operating profit. In this context, some large OTAs are laid out in the form of self-operated or franchised physical stores, while some traditional travel agencies use self-built websites and rely on third-party OTA retail platforms to speed up the "touching the net". The integration of online and offline channels of travel agencies has become the trend of the times.

In recent years, omni-channel retail and omni-channel marketing have become the research hotspot of marketing channel theory. However, the theoretical research on the omni-channel integration of travel agencies has not attracted the attention of scholars. The existing research results lack effective guidance for the channel integration of travel agencies. So, this paper will explore the reasons for the development of online and offline channel integration in China's travel agencies, summarize the typical integrated development model, analyze the problems in the process of integration, and propose some optimization strategies.

2. Research review

Mobile Internet technology has greatly changed the customer's shopping habits. The traditional retail model is no longer able to meet the all-weather, omni-channel and personalized shopping needs of tourists, and retailers must implement omni-channel retail with the help of Internet platform. Omni-channel retail requires retailers to deliver information and communicate to customers through offline stores, online platforms, mobile phones, social media and other channels. The interaction between retailers and customers is more comprehensive. Omni-channel retail will bring higher experiencing value to customers.[1]

Scholars have studied the impact of omni-channel marketing. Richard [2] pointed out that online marketing can effectively save costs, while offline marketing significance increases customer loyalty, and online and offline integration can lead to a win-win situation. Abraham [3] shows that online advertising and offline sales can interact with each other, and effective online and offline

integration can promote customer buying behaviours. Godfrey, et al. [4] pointed out that retail channel integration and new media spurt development can provide customers with richer and more multiple choices in communication interaction, retail service innovation, and retail service delivery.

In the field of tourism management, Liu, et al. [5] studied the optimal pricing strategy for hotels that establish online distribution channels through cooperation with OTA. Guo [6] pointed out that OTA and traditional travel agencies are either enemies or comrades. Wang, et al. [7] analyzed the advantages and disadvantages, opportunities and challenges of travel agency network marketing, and proposed the travel agency network marketing strategy. Zheng and Zhang [8]compared and analyzed the difference between traditional travel agencies and OTA under the "Internet + Tourism" model. It can be seen that although omni-channel retail and omni-channel marketing have become the hotspots of marketing channel theory theory, the theoretical research on the omni-channel integration of travel agencies has not yet attracted enough attention from scholars.

3. Reasons for the integration of online and offline channels in travel agencies

3.1 Reasons for the integration of traditional travel agencies into online channels

Common traditional travel agencies include group travel agencies, local reception travel agencies, professional product travel agencies, and comprehensive travel groups. With the development of network information technology, the travel advisory function of traditional travel agencies has disappeared. Tourists are more inclined to personalize the selection and planning of tourist routes according to the scope of consumption power. The consumption trend of individualized and in-depth experience tours is increasingly. At the same time, the rapid expansion of OTA has also squeezed the market share of traditional travel agencies. The transparency of OTA prices has led to extreme compression of travel routes, and traditional travel agencies have low margins. Based on this, some traditional travel agencies have integrated into online channels through various means.

3.2 Reasons for ota integration to offline channels

Common OTA's include a comprehensive OTA, a travel guide online community, an online review website, and a vertical price search OTA. OTA mainly provides online consultation, online booking, online payment, online commentary and online complaints. But all these services operation still depend on the service personnel of traditional travel agencies, which makes it difficult to guarantee the quality of travel services.

In recent years, the online travel market has basically formed a strong pattern and the competition is fierce. OTA's online products are heavily homogenized, which resulting in frequent "price wars" in order to acquire customers. The early online traffic peak period has passed, OTA's cost of acquiring customers has increased, and traffic growth has encountered bottlenecks. At the same time, the offline travel market still has a lot of room for development. The traditional travel agency customers are mostly from nearby residents, and the customer cost is about half of the OTA. Major OTA's have reassessed the value of offline stores to expand into offline stores by opening experiencing stores, service centres, or acquiring traditional travel agencies.

4. Modes and problems of traditional travel agencies' integration into online channels

4.1 The mode of integration of traditional travel agencies into online channels

(1) Self-built portal website. Some strong traditional travel agencies (such as Caesar Travel, etc.) choose to establish their own travel online portal to achieve travel services O2O. These traditional travel agencies have a large number of loyal customers, which can bring traffic to the website, and its strong abundant capital technology and other strengths also provide guarantee for the operation and promotion of the website. However, self-built portals website require a lot of human and financial support and are not suitable for most small and medium-sized traditional travel agencies.

(2) Borrowing a new media marketing platform. The new media marketing platform mainly refers to WeChat, Weibo and so on. By establishing an official Weibo account and a WeChat public

account, the traditional travel agency publishes travel service information to potential tourists, and communicates with them timely to establish a high-quality corporate image and good reputation. Since the potential tourists are actively paying attention to the Weibo or WeChat account of the travel agency, it is more effective to pay attention to the official information of the travel agency.

(3) Borrowing a third-party OTA retailer platform. Small and medium-sized traditional travel agencies will choose to enter the third-party retail platform of large OTA as a supplier to sell and promote products. The third-party retailer platform includes two types: (1)distribution platforms (such as Tuniu Travel Network) which can cooperate with traditional travel agencies to promote travel routes and scenic spots; (2) pure marketing platforms (such as going to travel) which are only used as a marketing and promotion platform for suppliers. The supplier is in contact with the tourists, and the platform is only responsible for the regulation and management of the merchant. Traditional travel agencies can take advantage of OTA's online operations and promotion to allow online booking services to be carried out simultaneously with offline services, improve the quality of service for scheduled and hospitality services, and provide a better travel experience for tourists.

4.2 Problems with the integration of traditional travel agencies into online channels

(1) The transformation of the traditional travel agency system is difficult. Traditional large-scale travel agencies are mostly state-owned enterprises, and the operating system is relatively rigid. At present, most travel agencies still rely on traditional DM magazines, telephones, QQ groups and so on. The effective integration of online and offline channels includes not only the division of business, but also the re-planning of store functions, as well as the integration of different cultures and requirements for employees.

(2) The level of informationization of traditional travel agencies is low. The traditional travel agency's awareness of the Internet needs to be improved. It often only regards the network platform as a way of marketing promotion. The portal website provides limited and single products, and the updating speed is slow, which cannot meet the diverse needs of tourists. Moreover, most small and medium-sized traditional travel agencies have low level of informationization and lack of a powerful data analysis system, so they cannot provide personalized travel routes and services.

(3) Traditional travel lacks composite talents. Traditional travel agencies have integrated online channels. Traditional travel agencies achieve online channel integration through building portals or borrowing new media marketing platforms such as Weibo and WeChat. However, they all lack composite travel service talents who understand marketing and travel. They often directly transfer the original store service staff to online channel operation. At the same time, due to the good development prospects of OTA, some traditional travel agency talents have also lost to OTA.

(4) It is difficult to effectively connect online and offline products. At present, travel agencies often package online products and services very well, but the implementation of online links is discounted, which makes it difficult to effectively connect online and offline channels, causing dissatisfaction among tourists. Some traditional travel agencies have not noticed that the online and offline channels are a closed-loop mode, which leads to the inability of the traveler's offline experience to be fed back to the traditional travel agency. Dissatisfied tourists cannot get timely service, which results in the loss of tourists.

5. OTA's mode of integration to offline channels and existing problems

5.1 OTA's mode of integration to offline channels

(1) OTA cooperates with traditional travel agencies. OTA cooperates with offline travel agencies in various forms such as direct chain, franchise chain, and travel agency listing. The advantage of the OTA direct chain mode is that the management is controllable, but the OTA needs to pay for operating costs such as software and hardware equipment costs, staff recruitment, store rental expenses, etc., and bear the profit and loss of the direct store; and the advantage of the franchise model is to join the combination of business and brand interests which facilitates rapid scale expansion and helps to seize the market faster, but it does not prevent franchisees from doing other

business activities through the brand's signboard. By cooperating with and holding the local travel, OTA can get the resources of the offline store and expand the offline sales channels.

(2) OTA + travel resource providers. The OTA establishes cooperative relationships with tourism authorities (Such as the local tourism bureau) or tourism resource operators to achieve online and offline channel integration. For example, Zhangjiajie + Ctrip, Shandong Tourism Bureau + Taishan Union and Tianjin Tourism Bureau + Ali to go. Because offline tourism resource operators also distribute their travel products through self-built portals, it is difficult for this model to truly achieve win-win cooperation.

(3) OTA + offline comprehensive resources. The masters of offline comprehensive resources are generally large-scale groups or resource-based listed companies. They achieve the effect of online and offline win-win through investment and mergers of the OTA. For example, Wanda Group + Tongcheng. Wanda Group has the ability to control resources and provide comprehensive service capabilities for offline channels, so that online and offline channels are closely integrated. Tongcheng has obvious advantages in the domestic tourist attractions ticket booking market, and the complementary advantages of Tongcheng and Wanda's offline travel business are obvious.

(4) Travel social application + local O2O. Some travel social applications (such as Ctrip's travel friend circle APP, Baidu's direct number APP, etc.) use the mobile Internet to enter the online travel industry. The travel social application integrates offline services and online travel product information to provide a localized, real-time one-stop O2O travel service. While the traveler shares the travel strategy or experience in the travel social application, the travel social application will recommend the travel product according to the tourist interest.

(5) UGC travel website to create travel O2O closed loop. After years of accumulation of users and information, UGC (User Generated Content) travel websites (such as Mafengwo) can transform ordinary travel notes into standardized strategies through the structuring of data. UGC travel websites know the traveler's estimated travel time, consumption preferences and other information according to the frequent search records of tourists. UGC travel websites can use big data analysis to discover the latest changes in demand and the existing mismatch between supply and demand, and through the channel to carry out targeted product sales, thus realizing data realization and creating a tourism O2O closed loop.

5.2 Problems with the integration of ota into offline channels

(1) It is more difficult to make the process completely online. Due to the fact that electronic card voucher technology, automatic ticket machines, and logistics distribution with online purchases are not yet fully popular, tourists need to take offline tickets for online ticket purchasing. Online reservations require offline queuing. Travel still needs to rely on labour. It is more difficult to fully achieve the onlineization of the travel service process, which brings inconvenience to tourists.

(2) The online and offline back-office system background has not been fully opened. The online and offline travel agencies can not connect directly, which has caused the tourists' online booking services can not be fulfilled at the destination, and the quality of the travel services cannot be guaranteed. All these problems result in the loss of customers. Therefore, the integration of OTA to offline channels needs to firstly solve the problems of online ordering, offline stores signing contracts, payment and receiving invoices.

(3) Lacking of performance appraisal system for online and offline employees. The performance of employees in offline stores largely requires offline orders from tourists. However, many tourists are accustomed to consulting online and then directly ordering and paying orders online, which affects the sales commission and performance appraisal of store employees and reducing achievement. Therefore, the integration of OTA to offline channels needs to solve the problem of designing the performance appraisal system for online and offline employees.

(4) Small and medium-sized traditional travel agencies are not willing to cooperate with OTA. The advantages of OTA are mainly concentrated on brand advantages, flow advantages and network technology advantages. After years of accumulation, traditional travel agencies still have absolute advantages in tourism product development, personnel services, loyal customers and

location. Although OTA relies on franchising, holding, and listing to cooperate with traditional travel agencies, some small and medium-sized traditional travel agencies are worried that after working with OTA, OTA will have more customers and store resources, and eventually merger them, so some small and medium-sized enterprises traditional travel agencies have a wait-and-see attitude with OTA and only want to use OTA as their own distribution platform.

6. Optimization strategies for online and offline channel integration of travel agencies

6.1 Optimization of traditional travel agencies' online channel integration

(1) Upgrade traditional travel agency stores. Traditional travel agencies should upgrade the offline stores in line with the travel preferences for local tourists. Traditional travel agencies should break through limited usage of the store as a tourist consultation point, and build an experiencing store or theme store that integrates displaying, experiencing, selling, cultural entertaining. Through the use of various media tools for the physical display of tourism services, the traditional travel agencies should strengthen the communication and interaction between the traveller and the store staff, enhance the experiencing of the traveller and ultimately facilitate the transaction.

(2) Upgrade the traditional store operating mode. Traditional travel agencies should upgrade the operating mode of the store, increase the investment rate in internet construction, and strengthen the technical application in the store. Stores need to be strengthened in their technical investment including customer relationship management, product information acquisition, mobile marketing, payment, electronic contract, and electronic invoice. The various service links can be coordinated, and the data can be unified and analyzed among customers and markets in online and offline channels.

(3) Create a high-quality professional travel service team. The management of traditional travel agencies should strengthen their training in management skills. Traditional travel agencies should increase the introduction of composite tourism talents with strong professional knowledge, and regularly train their professional skills to master the way how travel agencies operate in the new media environment.

(4) To achieve precision marketing. Traditional travel agencies need to improve the level of information, improve their internal information management systems, and establish a comprehensive customer database. Through utilizing the advantages of online channels, the information of tourists is analyzed. Traditional travel agencies can carry out in-depth mining of these data to achieve precision marketing toward tourists.

6.2 Optimization of ota to offline channel integration

(1) Improve the level of informatization. OTA should build an integrated database management system, and open up the online and offline channel systems. First, OTA must establish a business management database, integrate various resources, ensure the same source of products provided by offline stores and online channels, and solve the single limitation of traditional travel agency products. Secondly, OTA needs to establish and improve the customer relationship management system to ensure that the people who provide online services to customers are the same person as the offline service providers, so as to improve the service level and facilitate OTA's performance evaluation. Thirdly, OTA should open up the information sharing channel between upstream and downstream enterprises in the supply chain, simplify the process of information entry and release, achieve the coordinated operation of upstream and downstream enterprises.

(2) Rely on big data analytics to improve market insight. Through big data analysis technology, OTA can timely observe the changes in the tourism market, predict the demand of the tourism market, and promote the adjusting or upgrading of upstream resources. By improving positioning technology, procedures, security technology and management processes, stores can achieve precision marketing and improve transaction efficiency. Through data mining technology, OTA can analyze the consumption data of offline stores, carry out consumer behaviour portraits, and promote the design and development of customized tourism products. In addition, big data analytics

technology can also assist in pricing decisions during the new product development stage of tourism.

(3) Use the OTA advantage to empower offline stores. The effective integration of online and offline channels depends to a large extent on whether the two parties can promote the efficiency of store operations and the upgrading of offline travel products. OTA needs to take advantage of its own advantages to further empower offline stores. Specifically, OTA can use its own brand advantage to increase customer traffic for offline stores; OTA can take advantage of the rich advantages of online product lines to give offline stores abundant tourism products; OTA can enhance the efficiency of offline stores by protecting and support offline stores; OTA can provide professional training for offline store staff to create a professional travel service team.

7. Conclusion

This paper analyzes the reasons for the development of online and offline channel integration in China's travel agencies, the typical model and the problems in the process of integration, and proposes the optimization strategies for the channel integration of online travel agencies and offline travel agencies. This paper expands the application scope of omni-channel retail theory and provides a certain reference for the sustainable development of travel agencies in China.

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