

Research on the Ctrip Tourism Market Analysis and Marketing Strategy Optimization

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Abstract. This paper offers a thorough analysis of Ctrip's position in the tourism market, focusing on optimizing its marketing strategies to enhance its market presence. It begins by outlining the tourism industry's background and the pivotal role of online travel agencies like Ctrip in simplifying travel experiences. The literature review highlights current marketing practices and consumer behavior, identifying key gaps that shape the study's research questions and framework. The findings reveal that Ctrip faces significant challenges due to digital transformation, intense competition, and increasingly selective consumers. The paper discusses these challenges' implications for both Ctrip and the broader market, offering strategic recommendations to address them. Key strategies include leveraging emerging technologies, enhancing competitive differentiation, and improving customer retention. The insights provided aim not only to secure Ctrip's future success but also to offer guidance for other industry players navigating similar challenges. The key terms in this study include tourism market, marketing strategy, Ctrip, optimization, and analysis.

1 Introduction

1.1 Research background

The tourism industry is one of the most significant in the global economy due to its contribution to the gross domestic product, employment, and exchanges between cultures [1]. The World Travel and Tourism Council estimated that the global tourism industry's contribution to the world economy in 2019 was \$9.2 trillion. In China, tourism has become one of the necessary conditions for the growth of the national economy. The National Bureau of Statistics reported that the tourism industry contributed to over 5.7 trillion yuan in 2022. In such a way, the advances in the market are secured by Ctrip, an online travel agency that provides a broad range of services, innovative activity, and a huge market. The strategies of Ctrip and its strong market position are analyzed to show the changes in the market and directions for their implementation [2].

Since 1999, when Ctrip was established, its founders have utilized available technologies to develop the necessary services and create a comfortable traveling environment. Nowadays, it is possible to book a wide range of services through Ctrip, such as hotel reservations,

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transportation tickets, and tour packages. One of the reasons for the development of online travel agencies, such as Ctrip, is the increase in internet connectivity, more income for the average family, and the growing popularity of individually planned trips [3].

1.2 Literature review

The influence of digital marketing on consumer behavior in the tourism industry, the authors note that with the digitization of all walks of life, the tourism industry is no exception while deserving special attention due to the radical importance of the tourism market for the development of the economy. The growing reliance on online platforms for travel planning and booking has a significant impact on the strategies that tourism companies employ. The digital marketing strategies, which include social media advertising, search engine optimization, and content marketing, all significantly guide tourists through the interests of all decision-making processes. In terms of the booking funnel, this includes the following stages: awareness of the service's existence and the subsequent consideration of whether to use it during the planning process, followed by making a reservation on the upcoming visit to selected places [4].

Social media advertising allows tourism companies to interact with a wide audience and attract tourists to their websites. In this case, interactive campaigns and content help companies establish trust and credibility, which makes more tourists make bookings using an online platform. Lin found out that personalized marketing strategies have a significant impact on the increase in customer engagement and loyalty. For example, the recommendations of places of interest are consistent with the customer's interests, and even special offers draw more significant satisfaction from using the service and, in the future, help to re-book the same company. In their research, Lin noted that personalized emails and offers, as well as personalized ads, are of little difficulty for companies to create, but they carry a lot of value for customers in the form of content [5].

However, the recent findings by Chen are directed at increasing the effectiveness of using big data analytics to find interesting marketing solutions that can predict growing demand and customer behavior to attract more customers and influence profit. The research by Chen showed that big data analytics help to identify patterns in data obtained from different sources, including booking history, query search, or posts on social media. Since big data analytics can help track individual customer trends, tourism companies can benefit from understanding the promotion of more relevant and personalized travel, informing each client in advance about the upcoming offer [6]. Thus, the integration of digital platforms and big data analytics has a tremendous impact on increasing the satisfaction of the target audience and increasing loyalty due to new advantages in customer service. Big data usage can help identify upcoming trends and improve the automation of marketing processes, including pricing analysis and personalizing messages [7].

1.3 Research gap

Although the issue of digital marketing, as well as those of consumer behavior, have been tackled in many academic works, there is a lack of literature considering how such a giant as Ctrip is able to overcome competitive barriers. The problem is that the majority of the existing literature focuses on digital marketing as a phenomenon, enumerating its benefits, advantages, and potential drawbacks, but does not consider how exactly the issue can help leading companies in their particular cases. In light of the recent breakthroughs in the field, however, adopting a marketing strategy that would acknowledge the specifics of a rival's work and domesticate it to one's economic requirements and goals has become more feasible.

Conducting an overview of Ctrip and its marketing strategies, the proposed paper aims to provide the tools for acquiring an in-depth comprehension of the company's marketing experiences, therefore revealing the factors that can possibly help develop a successful marketing strategy for a rival company in its field [8].

1.4 Research framework

A structured approach will help answer the question posed. First, the industry will be analyzed since it will allow for an understanding of the context. Then, Ctrip's case history will be briefly described, focusing on its services, history, and place on the market. The analysis will help identify the key impacts and problems that the company has faced. The impacts that will be analyzed are the return to digital, the pressure of the market, and the changes in consumer behavior. The problem will include failure to react in terms of emerging technologies, market pressure, and customer retention. As for the academic part of the research, the knowledge provided by several industry reports, Ctrip's publications, and literature on the marketing strategies that are important for the tourism market are synthesized. The conclusion will be based on the developed framework, with the help of which appropriate recommendations will be drawn [9].

2 Case description

Ctrip is one of China's biggest online travel agencies, founded in 1999. The company's headquarters in Shanghai plays a significant part in its continuous growth and development by providing excellent networking opportunities and focusing on both domestic and international performances [10]. Providing accommodation bookings transportation services, specifically flights, trains, car rentals, vacation packages, corporation trips, and destination services such as tour guides and attraction tickets, gives a chance to address the needs of all categories of clients, from individual customers to big corporate agencies. A crucial part of the Ctrip strategy is the employment of innovative technologies to serve clients more efficiently and incorporate a more personalized approach to the provision of services. The user-friendly online platform, including an official webpage and a mobile app, simplifies the process of booking a ticket or finding a hotel by providing convenient search and comparison options [11]. The integration of AI and big data technologies also contributes to the personalization of the services and the development of optimally set prices for tickets and services. In addition to that, the company supported the international expansion by acquiring Skyscanner, a travel search site dominantly popular outside of China. Ctrip also formed partnerships with booking.com, TripAdvisor, and other travel destinations to offer more holiday services to the clients. Successful marketing strategies Successful marketing strategies have also facilitated Ctrip's rapid growth have also facilitated Ctrip's rapid growth. The heavy employment of digital marketing, mainly social media advertising and search engine optimization, often followed by timely localized campaigns and exclusive saving opportunities for the customers, helps attract tourists and boost sales. The customer-centric approach is further promoted by the wide range of services, including 24/7 customer service and the provision of various travel insurance packages. Hedging the growth on solid financial performance, as witnessed by the regular reports of the key financials and statistics and the analysis of the competitive advantages and weaknesses, the company can expect further development and market leadership in the observed conditions [12].

3 Analysis on the problem

3.1 Identified impacts

3.1.1 *Impact of digital transformation*

The increasingly rapid digital progression of the travel industry implied that for Ctrip to remain at the forefront, it had to continue improving its digital aspect. The usability of mobile apps and internet-based platforms for travel implies that customers now require that technological support is good enough to create a holistic infrastructure for them. With the increasing popularity of smart devices and the easy availability of data through mobile internet, consumers now expect that they should be able to quickly access necessary travel-related information, services, apps, and websites in real-time. For example, the company's investment in a well-performing, feature-rich, and user-friendly mobile app infrastructure is an excellent move as many features require real-time access, like recommendations or booking. Ctrip's endeavors to use cloud computing and AI are also positive, as big data analysis can improve efficiency, quality, and overall capability of usage for marketing and customer service purposes [13].

3.1.2 *Impact of market competition*

The dynamics of market competition were defined to a great extent by the competition within the travel industry markets at both domestic and international levels. Therefore, this situation implied that Ctrip had the potential to become a monopoly, for many of its competitors, such as those listed in the case, offered very similar or even identical services. Therefore, they all had experiences with understanding the competition of rivals and the need for innovation and differentiation. Using the latest technologies for their own benefit and having significant financial resources for substantial change or expansion, such travel agencies still form business entities that constitute Ctrip's primary competition force. For instance, Fliggy offers the benefits of Alibaba's conglomerate base, incorporating multiple e-commerce and payment systems into one, making it one of the most convenient alternatives for customers. Similarly, international travel agencies enjoy considerable brand recognition, operational experience, and market presence globally, posing a significant challenge to Ctrip's capacity to maintain an advantageous market position [14].

3.1.3 *Impact of consumer behavior changes*

When customer behavior changes, businesses must adjust their marketing strategies to suit the consumers' needs. As China's consumers increasingly prefer customized travel services, Ctrip has adopted various strategies to meet the demand. Contemporary Chinese travelers demand higher-than-average services than the most basic. They want a given level of hospitality and customization. To make this demand possible, some must have Anticipatory service as well as recognition. Further, the traveler must have a unique experience that is different from that of other travelers. For example, the traveler requires access to the local experts and secret spots. Moreover, the traveler also requires sustainable travel and luxury services. These needs are important to travelers as Ctrip has created sophisticated algorithms that can analyze the traveler's preferences and recommend the product to the traveler. With the rise of the internet, travelers can now rely on social media and peer reviews. Consequently, Ctrip has had to manage its online reputation and attitude.

3.2 Identified problems

3.2.1 Problem: adaptation to emerging technologies

The company is struggling with the adoption of various emerging technologies to deliver the right services to travelers and enhance their satisfaction. The use of technologies such as artificial intelligence, big data, and application programming interfaces has the potential to revolutionize customer service provision in the travel and tourism industry. For example, chat boxes and automated responses can be used to influence changes in the industry. However, the technologies necessitate the use of leading technological devices and infrastructure. Ctrip should build systems for collecting and storing big data and use algorithms to understand changes in customer services. Additionally, these technologies are labor-intensive in terms of maintenance and management. Ctrip must train its staff on an annual basis and upgrade the technological devices to ensure they fully adopt emerging technologies and capabilities.

3.2.2 Problem: competitive pressure

One of the problems associated with Ctrip's competitiveness is that there is a rising number of rival businesses that offer similar services. As such, both established travel businesses and startups are interested in copying the successful strategies employed by the Shanghai-based travel agency. At the same time, some of these new businesses, like Airbnb, devise truly innovative approaches to travel accommodation that open new opportunities for customers. Therefore, it is paramount for Ctrip not only to spot the not-yet exploited niches of the travel market, e.g., a particular category of service such as booking inns or tickets to regional events or geographical markets but also to establish exclusive partnerships and packages that are extremely hard to replicate for rival businesses.

3.2.3 Problem: customer retention

Even when Ctrip manages to appeal to its customers successfully, it also needs to tackle another challenge – ensuring that the retention rate is high. In other words, even if customers are loyal to the company, they might change their preferences due to any reason. In other words, there is the issue of fickle loyalty, which is a problem for Ctrip because the travel market is one of the best examples of a market with low switching costs. Accordingly, any travel agency's customers are always on the lookout for a better deal or a unique opportunity offered by a rival company. In order to solve this problem, Ctrip's management needs to expand its network and offer unique discounts and privileges to regular customers. Additionally, it is essential to monitor customer feedback continuously and establish an active social media presence to develop a loyal customer community [15].

4 Suggestions

4.1 Leveraging emerging technologies

Advanced AI and big data solutions can markedly help provide personalized travel recommendations and enhance the efficiency of customer services. Ctrip can use AI algorithms to analyze different types of data, ranging from customers' search patterns to their booking history and social media activity, and predict their preferences and market relevant products to them. Aggregated data analysis can also help to adjust prices in real-time

according to current market demand and the competitive landscape. AI-powered chatbots can provide continuous 24/7 online support, resolving simple issues and enabling human operators to focus on the most challenging cases. By utilizing big data analytics, Ctrip can spot emerging industry trends and adjust its range of services and products correspondingly. If Ctrip integrates these technologies, it will be able

4.2 Enhancing competitive differentiation

It is essential to develop unique travel packages and partnerships to differentiate Ctrip from the competition. In order to do so, Ctrip can establish cooperation with leading luxury hotel chains or airlines and lesser-known exclusive tourist attractions for maximum competitive advantage. For instance, a hotel conglomerate can allow Ctrip to offer its customers priority booking and additional services, such as free access to the spa, exquisite dining, and an assistant for each guest. Ctrip can also cooperate with different local tourist boards and lesser-known tourist venues and arrange wholly uncommon travel plans that highlight lesser-known local attractions and sites. Last but not least, Ctrip can focus on the least developed areas and niche markets, such as eco-tourism, culinary, hiking trips for adventurous travel, and detoxification tours. Such options will make them more appealing to the potential pool of customers who would like to experience such types of travel itineraries.

4.3 Improving customer retention

Customer loyalty programs and personalized recommendations, as integral components of a broader marketing campaign, can significantly enhance customer satisfaction. Kuczmariski asserts that no customer loyalty program can succeed without proper customer appreciation. The stagnation in recent travel experiences highlights the necessity of personalizing services rather than merely replicating past successes. Offering customer loyalty services based on a tiered system can further elevate engagement, where customers receive higher status as they book more. Such rewards may include priority booking, room upgrades, or discounts. Personalized interactions, such as birthday greetings, relevant tourist information, and strategically timed marketing communications and vouchers, can also contribute to a more satisfying experience. Finally, maintaining high-quality customer support is crucial for long-term success.

5 Conclusion

5.1 Key findings

The analysis opening the report illustrates that Ctrip faces a number of challenges and significant impacts. These include the emergence of the digital and internet industry, wage problems, saturation in the Chinese travel market, intense competition, changes in consumer behavior, and the effect of tourism. The proposed strategies for Ctrip are to make use of new technologies and concentrate on differentiable points in competitiveness and excellent customer retention ability.

5.2 Research significance

The research investigates the significance of strategic marketing efforts in the tourism and travel industry and how they have a high reliance on earlier identified challenges. The findings can thus be used to help Ctrip position itself in the market, gain a competitive

advantage, and help its growth, as well as that of other companies in the tourism and travel industry, with similar challenges.

5.3 Limitations

The major limitation of this report is that we relied solely on secondary data sources. For further understanding of the market situations, future reports should consider their research efforts gathering information through survey research and questionnaires. Additionally, this report could have also undertaken investigations into other external MSW and PEST effects, such as economic changes, including inflation, currency exchange government legislation, and fluctuation of demand, among other issues.

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