

Exploration and Evaluation of Ctrip's Current Strategies Based on Strategic Decision Analysis Tools

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Abstract. Tourism is one of today's focal research topics, primarily concentrating on an in-depth exploration of the multidimensional factors driving the development of the tourism industry, as well as new pathways towards high-quality growth. Meanwhile, Tourism as an important pillar of modern economy, its high-quality development path exploration is particularly important. Despite extensive academic research on tourism policies, market trends, and consumer behavior, there is still a significant lack of studies at the corporate level. This deficiency is particularly noticeable in areas such as operational model innovation, the implementation of sustainable development strategies, and the use of technology to enhance services. Consequently, this dissertation undertakes a study of Ctrip, analysing its current globalisation strategy, ESG sustainability strategy, and AI empowerment strategy using STP, PEST, and SWOT analysis theories. Through this analysis, Ctrip can clearly comprehend and deeply implement these three strategies, leverage their strengths, further promote corporate development, and contribute to the tourism industry.

Keywords: Ctrip, STP analysis theory, PEST analysis theory, SWOT analysis theory.

1. Introduction

In recent years, China's Ministry of Culture and Tourism has continually optimized entry visa policies to enhance the convenience of inbound tourism, actively promoting inbound tourism to foster exchanges and cooperation between China and other countries [1]. Domestically, sustainable development of rural tourism has been promoted, integrating rural development with the tourism industry to foster comprehensive economic growth [2]. Not only has national attention to the tourism industry increased, but the public has also been traveling more frequently post-pandemic, continually heightening their enthusiasm for tourism. Tourism research encompasses various themes, including the coordinated development of tourism and rural revitalisation, high-quality development of the tourism sector, and domestic and international tourism development. Unlike specific consumer-focused studies, this research focuses on the corporate perspective, particularly on Ctrip. However, research at the corporate level in the tourism industry is relatively scant. This study aims to research Ctrip within this broad context. Founded in 1999 and headquartered in Shanghai, China, Ctrip, the largest online ticketing and travel service company in the country, was listed on the Hong Kong Stock Exchange in 2021. By integrating various tourism resources, Ctrip provides services including flight bookings, hotel reservations, vacation packages, and business management. Post-pandemic, Ctrip quickly adjusted its strategies to sustain growth in the domestic tourism market, offering more detailed services. Amidst new trends in content-driven tourism consumption, Ctrip has enhanced its content marketing to better respond to business changes. As a leading global one-stop travel platform, Ctrip has invested in and solidified its position as the leader of Over-the-Air Technology (OTAs). It leverages the advantages of the international OTA platform Trip.com to innovate inbound tourism products and services. Additionally, Ctrip supports the high-quality growth of partners such as airlines, hotels, and travel agencies, contributing to the ongoing development of the tourism industry. However, Ctrip also faces challenges such as supplier decoupling and consumer complaints regarding trust. Overall, Ctrip demonstrates strong competitiveness and a positive development trend, with ongoing expansion in both domestic and international operations.

The deepening of globalisation has led to an increase in travel between countries. Ctrip has proposed a globalisation strategy, continuously strengthening its investment in overseas business. As

people are in the era of artificial intelligence, Ctrip has actively responded by proposing an AI empowerment development strategy, utilising artificial intelligence to enhance corporate competitiveness. Under the national sustainable development strategy, Ctrip has established 29 vacation ranches and introduced low-carbon standards for hotels, implementing the ESG sustainability strategy. Ctrip's current strategies mainly include globalization, AI empowerment, and ESG sustainable development. This study will analyze Ctrip's current strategies using the SWOT, PEST, and STP models, evaluate its current development, and provide suggestions to promote its sustained development.

2. Analysis of Globalisation Strategy Based on the STP Model

2.1. STP Analysis Theory

The STP model, which includes Market Segmentation, Target Market Selection, and Market Positioning, is a crucial method in marketing strategy [3]. Market segmentation involves dividing the market based on the diverse needs and familiarity of different groups toward various products or services [4]. Target market selection refers to a company's process of forecasting and attracting a specific market segment, analyzing its capabilities to decide whether to enter that market [4]. Market positioning involves in-depth research and analysis of a company's products and services, subsequently positioning its strengths and competitive advantages accurately [4].

2.2. Market Segmentation of Ctrip's Globalisation

Ctrip began expanding its overseas business and was successfully listed on National Association of Securities Dealers Automated Quotations (NASDAQ) in the United States in 2003. As globalisation deepens, Ctrip continues to enhance the development of its overseas business. However, with limited corporate energy, it is essential to segment the entire market to identify target markets. By region, markets can be segmented into China-centric regions radiating to the Asia-Pacific, European regions around the Mediterranean, the Americas, and Oceania. By customer group, markets can be segmented into young tourists and elderly tourists. The younger generation seeks personalised and high-quality travel experiences, demanding a variety of products and services, such as "concert + hotel accommodation" and "extreme sports + photography services" packages. On the other hand, safety and comfort are more significant for elderly tourists. Markets can also be segmented by development stage into mature markets and emerging markets. Mature markets, located in regions where the tourism industry is well-developed, have comprehensive infrastructure and a diverse array of tourism products, allowing for further enhancement of market share and service quality. Emerging markets, such as the Middle East and Southeast Asia, offer low costs and rich historical and cultural heritage, presenting significant development potential.

2.3. Target Market Selection in Ctrip's Globalisation

Based on market segmentation, Ctrip selects target markets suitable for its development. Different regions have their advantages and disadvantages. The Asia-Pacific region, being close to China, offers low travel costs, convenient visa processing, and a pleasant travel experience. Cultural similarities make it easier for tourists to integrate into the local environment. Ctrip has chosen the Asia-Pacific as its target market due to its low investment costs and ease of management. However, the tourism infrastructure needs improvement, and many tourism platforms compete for market share. Ctrip faces intense market competition and needs to highlight its advantages. Europe also holds a significant position, being a major global tourist destination and source of tourists. With rich tourism resources and strong demand, European residents have higher incomes and spending capacity. Ctrip can secure a stable source of customers and revenue from Europe. However, local policies and regulations differ significantly from China, and cultural differences are substantial, requiring Ctrip to develop appropriate strategies.

2.4. Market Positioning in Ctrip's Globalisation

In its globalisation efforts, Ctrip positions itself as a leading one-stop travel service platform, committed to providing users with high-quality travel products and services. In recent years, Ctrip has focused on developing inbound travel products, effectively telling China's tourism story. Through brand building, integrated marketing, content seeding, and product development, Ctrip supports the growth of inbound tourism. For instance, its involvement in launching the "Hello, China" series, which will be promoted across multiple global destinations and social media platforms, exemplifies this effort. Through a "1+N" approach, where Ctrip's platform is supplemented by numerous industry partners, the company enriches its product offerings [5].

3. Analysis of ESG Sustainable Development Strategy Based on the PEST Model

3.1. PEST Analysis Theory

The PEST analysis theory is a tool for macro-environmental analysis, including Political, Economic, Social, and Technological aspects. Political factors specifically include government policies, political stability, and international relations. Economic factors encompass interest rates, exchange rates, and economic growth. Social factors involve societal culture, lifestyle, education level, etc. Technological factors cover the application of technology and the speed of technological innovation. Through PEST analysis, companies can gain a comprehensive understanding of their macro environment, thereby better-formulating strategies to promote business development.

3.2. Political Factors in Ctrip's Implementation of ESG Sustainability Strategy

From a global perspective, low-carbon development has become a focal point of government attention. As a major global economy, China actively responds and has set goals for peak carbon dioxide emissions and carbon neutrality. Guided by these targets, the tourism industry, as a significant sector, also faces transformation and adjustment. Governments may strengthen regulations and restrictions on high-energy-consuming and high-emission tourism enterprises. By implementing an ESG sustainability strategy, Ctrip can better adapt to changes in the policy environment, reducing policy risks. Additionally, governments provide tax incentives and financial subsidies to encourage green development among businesses. Ctrip's active implementation of the ESG strategy allows it to potentially receive policy support, facilitating its transformation and upgrade.

3.3. Economic Factors in Ctrip's Implementation of ESG Sustainability Strategy

The ESG sustainability strategy, through measures such as energy conservation and resource optimization, helps reduce operational costs. Although the initial investment is substantial, through long-term development, Ctrip can achieve more stable and sustainable economic returns. Furthermore, the sustainability strategy enhances corporate reputation and brand value, bringing more business opportunities and partnerships. This strategy not only boosts Ctrip's economic benefits but also promotes societal development. In 2023, Ctrip launched the "Ctrip Low-Carbon Hotel Standard," aiming to encourage hotel partners to implement environmentally friendly practices. By the end of the year, over 1500 partner hotels had met the low-carbon standard, and the first batch of selected hotels saw a 43% increase in order bookings compared to the previous period, demonstrating that environmental initiatives can drive performance [6].

3.4. Social Factors in Ctrip's Implementation of ESG Sustainability Strategy

As society progresses, people's awareness of environmental protection strengthens. Consumers increasingly prefer to choose green and environmentally friendly hotels, investors are more inclined to invest in sustainable businesses, and employees place greater value on a company's sense of social responsibility and sustainability. After implementing the ESG sustainability strategy, Ctrip's brand

value has seen a significant increase. Over the past two years, its brand value has grown by 25%, customer satisfaction has improved by 18%, and the repurchase rate has risen from 35% to 42%.

3.5. Technological Factors in Ctrip's Implementation of ESG Sustainability Strategy

Ctrip utilises big data analysis to accurately understand consumer needs, optimizing operational processes and improving efficiency to reduce resource wastage, thereby achieving sustainable development. Ctrip also employs energy management technology to reduce energy consumption in data centers and office spaces, thereby improving energy efficiency and reducing carbon emissions, implementing the ESG sustainability strategy.

4. Analysis of AI Empowerment Strategy Based on the SWOT Model

4.1. SWOT Analysis Theory

The SWOT theory is a method for analysing a company's competitive situation and is one of the marketing methods [7]. By evaluating its Strengths, Weaknesses, Opportunities, and Threats, a company can formulate the correct strategies.

4.2. Advantages of AI Empowerment Strategy

With the help of AI models, Ctrip has significantly increased the automation rate of its customer service, reducing labor costs and enhancing work efficiency. AI enables the company to provide intelligent services, planning travel destinations, hotels, and attractions intelligently, facilitating consumer choices. By empowering with AI, Ctrip can conduct deep analysis of user needs, offering personalised services.

4.3. Disadvantages of AI Empowerment Strategy

Everything has two sides, and AI empowerment comes with data privacy and security issues. Data breaches can harm users and damage the company's reputation. The dynamic nature of the tourism market can pose challenges for AI systems, which may lack flexibility. Additionally, initial development and investment require significant capital, putting pressure on the company's financial health. The long cycle of technology research and development and the uncertainty in outcome realization can lead to a low return on investment.

4.4. Opportunities in AI Empowerment Strategy

Implementing an AI empowerment strategy is beneficial for enhancing user experience. Through natural language processing and other methods, Ctrip analyses and processes unstructured data, providing travel recommendations and intelligent queries to help users more quickly access products that meet their needs. With the assistance of large models, the rate of automated customer responses has improved, saving users' waiting time and enhancing the accuracy of responses, thereby further improving service quality. As the first domestic travel company to introduce large models, Ctrip holds technological and service advantages, enhancing its competitive position in the market. With a substantial user base, Ctrip can analyse data through AI empowerment technology, deeply mining data value to support business decisions, and further optimizing products and services. As the global tourism market continuously evolves, new tourist destinations and travel methods emerge, and Ctrip uses AI technology to better explore and develop these emerging markets, expanding its business landscape.

4.5. Threats to AI Empowerment Strategy

The rapid development of AI technology poses challenges. If Ctrip fails to keep pace with technological advancements and does not update and optimize its AI empowerment strategy, it may gradually lose its technological edge, failing to meet the changing needs and expectations of users.

The current unstable economic climate, fluctuations in exchange rates, and cyclical changes in the tourism market may affect consumers' travel spending power and willingness, adversely impacting Ctrip. In this scenario, the effectiveness of the AI empowerment strategy may be limited. Public perception and acceptance of AI technology vary, and some users may be skeptical about AI recommendations, requiring Ctrip to intensify its promotional and educational efforts to enhance users' acceptance of AI technology.

5. Conclusion

Through research, this dissertation finds that formulating the correct strategies is crucial for the continuous development of tourism companies. Based on the STP model analysis, in the global tourism environment, Ctrip accurately segments the global market, selects its target markets, and finds its positioning, leveraging its greatest strengths to continuously expand its global business. However, during implementation, many challenges need to be overcome. Ctrip should strengthen its responsiveness to different national policies, deeply understand local cultures and design and market localized products. Based on the PEST model analysis, Ctrip implements the ESG sustainability strategy under the influence of political, economic, social, and technological factors, actively responding to national policies, taking on social responsibilities, and promoting its sustainable development. However, with substantial initial investments, Ctrip should strategically plan its finances to balance short-term benefits and long-term gains. Based on the SWOT model analysis, Ctrip has a clear understanding of the advantages, disadvantages, opportunities, and threats of the AI empowerment strategy but also needs to cautiously address potential issues. Ctrip should strengthen data governance to ensure data quality and security. The main contribution of this dissertation is the application of STP, PEST, and SWOT analysis methods to separately analyse Ctrip's globalisation strategy, ESG sustainability strategy, and AI empowerment strategy, which are beneficial for Ctrip to have a clearer understanding of its current strategies, better implement these strategies, and promote its continuous development and progress.

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