



China-FiveStar Online Travel Gateway

by
Mr. Kou Shilei

A Final Report of the Three-Credit Course
IC 6997 E-Commerce Practicum

Submitted in Partial Fulfillment
of the Requirements for the Degree of
Master of Science
in Internet and E-Commerce Technology
Assumption University

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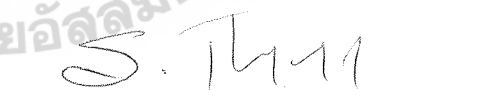
The Graduate School of Assumption University has approved this final report of the three-credit course, IC 6997 E-Commerce Practicum, submitted in partial fulfillment of the requirements for the degree of Master of Science in Internet and E-Commerce Technology.

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ABSTRACT

The Internet presents a great possibility for the tourism industry to sell and market their services online. The project China-FiveStar online Travel gateway website (China-fivestar.com) has set up a travel service website for serving the travelers who can access the Internet in English language. The main target group is foreign travelers who want to find and provide Tour, Accommodation and other information to be able to make purchase decision and increase distribution channel from the traditional way.

This project establishes an initial understanding of Tourism in China. Two specific objectives were fulfilled: a) to develop an understanding of the goals and operational procedures of current online travel, and b) to provide a contribution to make the technology more generally accepted and to build an E-commerce society.

The project has enhanced the existing travel company whose operations are manual with the computerized system and Internet which helps the company to increase the competitive advantages and provide more accurate and up-to-date information for customers, while lowering operating costs. In addition, the competitive analysis, break even point, rate of return and net present value has been done to support the management's decision making.

Besides, the creation and design of the web prototype that contains the site map and the layout to show our online service. We are sure that Internet will be very useful and powerful tool to make our business successful.

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I. INTRODUCTION

1.1 Introduction to This Project

Due to the rapid development of the Internet and Electronic Commerce, many businesses benefit from them. These businesses are such as wholesale, retail, distribution, supply chain, and so on. Then, many business models appeared, such as business-to-business (B2B), business-to-consumer (B2C) and consumer-to-consumer (C2C). Therefore, the Electronic Commerce is applied widely as a way to realize the objectives of organization in this competitive environment.

Nowadays more and more people want to enjoy their life. They would like to find suitable and comfortable place to go. Through observing China's Tourism Spots online, it makes me offer our country's tourism spots to our customers conveniently. We set everything online, for example, packaging tour and hotel reservation etc. People can get the digital ticket without going out. Moreover, it is a new channel to present Chinese Tourism Spots and to extend to the world.

With the use of Internet using, company, manufacture, physical agency, wholesaler and retailer can sell and buy their products or the material online. The cost and time are reduced due to the application of Internet. It makes our work more effective. Compared to the traditional way of travel service in China, China-FiveStar online gateway is very much more comfortable and faster. In traditional way, travel service must have physical office in the area crowded by foreigners. The travelers from abroad do not want to pay at walk-in rate at the hotel, or do not want to take the risks of rooms being unavailable

when arriving at the hotel-look for the travel service agent in order to have more alternatives of hotels. With travel service online, the customers can get all of those mentioned also.

The purpose of this project is to establish the online connection between China and Thailand, China and other countries, and to provide full process that how to build a management and with the uptake of e-commerce on the Internet. China-fivestar.com acts as an agent contacting to suppliers after receiving booking request from customers.

1.2 Objectives of the Project

The objective of this project is to develop a website, www.China-fivestar.com , for my existing Tourism spots with the goals as follows:

- (1) To show interesting tourism spots, “China-FiveStar” Online Travel Gateway.
- (2) To obtain larger market share in the growing tourism market.
- (3) To build customer loyalty and reputation.
- (4) To add a new market channel to satisfy the customers, and to expand the market to all over the world with the minimal cost.
- (5) To offer 24 hours, 7 days service to various customers at the different districts and countries of the world.
- (6) To reduce the cost and increase the profit.
- (7) To get more feedback from the customers in order to improve and serve

1.3 Scope of the Project

- (1) To apply the knowledge of the master of science in internet and

E-Commerce technology into the E-Commerce practicum project.

- (2) To cover E-Commerce strategies, marketing strategies, profit analysis, budget forecast, concept of well organized and database structure.
- (3) To demonstrate China Five-Star Travel named www.China-fivestar.com in this project.

1.4 Deliverables

- (1) The final project report in details covering the scope mentioned.
- (2) The complete and applicable E-Commerce Web Site consists of the tourism information and other advantages function.



II. LITERATURE REVIEW

2.1 Traditional Travel Agency

Many travel agent offices are situated anywhere the tourists or visitors are in China. Most of them are located in popular destinations, such as Beijing, Shanghai, Guangzhou and HongKong. Wherever we find the foreign tourists, there must be at least a travel agency.

Travel agents are used as a key communication channel with consumers. This occurs because consumers tend to have service for personal sources of information, especially when acquiring a complex service, such as a touring excursion. Through its sales force, travel agencies can constitute one of those personal sources. As which might be consumer's great performance other services firms do, tourism agencies might use their sales force to create a favorable image. Travel agents add value to the tourism industry in several ways. They are geographically close to the tourist and assist the customer by doing much of the searching on their behalf. They are also able to cater for the individual requirements of each tourist and can customize a holiday to suit each client. As the intermediary closest to the customer, they are in the best position to build relationships with customers.

Although, in general, the company is the most trustable organization type by the customers, in the service business sector, sole proprietorships are numerous. There are several advantages of this organization which are 1) ease of establishment 2) one's decision making 3) taxed at personal income rate tax, and 4) privacy: not need to reveal

the performance or plan to anyone. Except, when we need a loan from a bank and file tax returns, we must provide financial information.

To show the functions of traditional travel agency system, we may observe its three important steps which are: 1) the communication method 2) the payment method and 3) the confirmation method.

Three communication channels are available for the customer according to the survey, travel agency and supplier to contact during the transaction. The first one is face to face communication. This occurs when the tourist is in the same area with travel agency and she can reach the physical office easily. She is comfortable to go to the office and has a lot of time to wait for booking the transaction. The second one is by telephone which is most comfortable and fastest to get the information. However, the drawback is that it can not be reference since it is not the written form. The third one is by the facsimile which is the most popular since it is the written form and can be the reference. But it is expensive if it is the long distance, especially if it is between two countries or different continents.

The communication starts when the agency receives the booking request from the customers. Then the agency makes a reservation to supplier and asks for the confirmation. After receiving booking confirmation, the agency informs the customer and asks for the payment. If there is no payment within the deadline, the booking will be cancelled.

There are three common ways of payment for the traditional travel agency business. They are 1) cash 2) credit card and 3) money transfer. Normally, the customer

uses cash or credit card to pay for the service at the physical office. However, for some transactions which he can not reach the office easily, he sends the credit card details by fax and the agency charges by asking for authorization from the bank. On the other choice for those customers who stay far from the physical office, they go to the bank or ATM and make a money transfer from their account to the agency's account. Then they send the pay-in slip by fax to confirm their payment to the agency.

After the booking is paid, the agency provides the booking confirmation to the customer by one of these two communication channels which are face to face and by fax.

According to the traditional procedure, there are some problems that occur which are:

- (1) There are not enough brochures available for customers to review the hotels or other service information before making a decision of reservation.
- (2) The customers who come to the physical office and make a reservation have to spend a long time waiting before receiving the confirmation. Since the agency starts to ask for reservation of the hotel after learning customers' decision for booking at the office, the process takes a long time before getting the confirmation. Also, the confirmation-called voucher is made by hand writing or typing by the officer, the customers may have to spend or wait around 30 minutes or more for this preparation.
- (3) Although the payment is able to be made with credit card by sending the credit card detail to the agency via facsimile, it may be unclear and difficult to

read. Also, it is expensive for both the customers when sending the request and the agency when sending the confirmation.

- (4) If the physical office is located on unseen location by tourists, there may be the problem of marketing. Therefore, it is needed to find out the way or the channel that can contact or communicate with the target market at low price.
- (5) Because every transaction is recorded on paper, including product information, customer data, booking record, etc, it is difficult and takes long time to search or manage the data.

2.2 Combination of Internet and Tourism

2.2.1 The Internet

What is Internet? Where did it come from, and how did it support the growth of the World Wide Web? What are the Internet's most important operating principles?

The Internet is an interconnected network of thousands of network and millions computers (sometimes called host computer or just host) linking business, educational institutions, government agencies, and individuals together. The Internet provides around 400 million people around the world (and over 170 million people in the United States) with services such as e-mail, news groups, shopping, research, instant messaging, music, videos, and news. No particular organization controls the Internet or how it functions, nor is it owned by anybody, yet it has provided the infrastructure for a transformation in commerce, scientific research, and culture. The word Internet is derived from the word internetwork or the connecting together of two or more computer networks. The World Wide Web, or Web for short, is one of the Internet's most popular

services, providing access to over one billion Web pages, which are documents create in a programming language called HTML and which can contain text, graphics, audio, video, and other objects, as well as “hyperlinks” that permit user to jump easily from one page to another.

The internet is a strange phenomenon. It had its origins as a military project back in 1969. It was adopted by the research and academic community; became the tool (or toy) of computer nerds around the world and then, in the space of a couple of years, it became the engine that, it is claimed, is to propel the world into the information age and the twenty-first century.

The internet is also an interesting phenomenon because nobody owns it. It is unlike the railway, telegraph or telephone companies of the past that were owned by large private corporations or state monopolies. It is a pattern of usage of information and communications technologies that transcends any and all telecommunications infrastructure providers.

The internet is, at a technical level, defined not by the equipment but by its communications protocol, Transmission Control Protocol/Internet Protocol (TCP/IP).

The internet is, at another level, defined by the people who use it. The individuals, institutions and companies that make information available, send messages, access web sites and, in the case of e-Commerce, buying and selling.

The internet is not the only, or the first, national and international data network. Other data networks have been put together by multinational organizations, EDI VADS providers and public access network companies such as CompuServe. The internet has,

however, despite its simple planning and lack of formal control, evolved into the global network; possibly its 'success' is because of that absence of formal controls.

2.2.2 Internet and Tourism

In the tourism sector, the Internet has become an important source of information for consumers who are more and more demanding, and who become each day more familiarized with this emergent world of information. Tourism has historically been an early adopter of new technology. As in other service sectors, technological developments are altering the nature of the processes in the tourism sector. With the relatively widespread adoption of the Internet, tourism businesses of all sizes might expand and conquer new customers. The key to the tourist's decision is the existence of relevant information. With the Internet such information might be available and in a better way. This type of information will naturally help tourists to plan complex tourist activities, such as the planning of long trips. Therefore, one finds from the review of the literature and information exchange between tourism providers and tourists that there are two useful models that provide a foundation for this work, and relatively little reported work that expressly deals with the Internet and tourism.

E-Tourism has evolved dynamically over the past 5 years. A major impact is that ICT enables service providers to interact directly with customers, which puts enormous pressure on traditional intermediaries such as travel agencies and tour operators.

2.3 Current Online Travel

In order to solve those traditional problems mentioned, the travel agency on Internet should be set up. That is why China-fivestar.com website starts. The business

should run on the Internet and use the Internet as the main channel to find and contact the customers. Also, the Internet is useful for promoting the business with low expenditure and gain more profits. However, to be on the Internet and use the Internet technology, the computer system is needed.

In order to solve the problems that occur in the traditional way of this business, the system of travel agency website like China-fivestar.com should meet the requirements as follows:

- (1) Should be simple enough for the visitors and customers to look around the website for different products, without searching randomly.
- (2) Should be easy enough to create, update and delete information concerning the management request, such as old product information.
- (3) Website concerning all information about the service.
- (4) Secure for online shopping.
- (5) Database replacing the manual system to facilitate all the departments to systematically keep track of customer contact and solving problems taking place from the current manual system.
- (6) Staffs should be able to print requested reports, such as sales report, receipt, etc, rather than lettering them by hand.

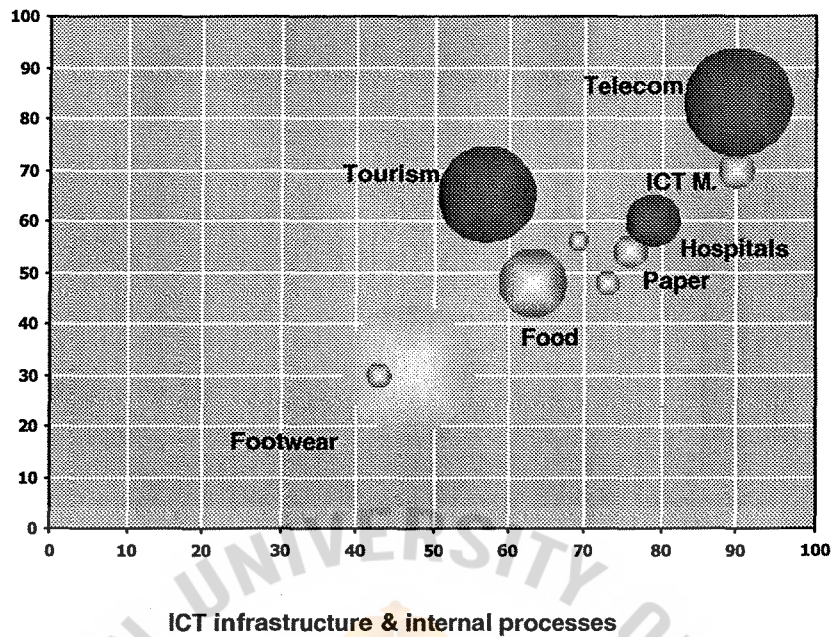


Figure 2.1. E-Business Scoreboard 2006

From this figure, we find e-tourism plays an important role in e-business with other online industry. That means if we invest in this industry, we still can take market share from this industry.

III. SITUATION ANALYSIS

3.1 Industry Analysis

Today, China has one of the world's largest domestic tourist markets and an outbound market growing at a rate unequalled anywhere. Tourism plays an important role in China's economy, society and political development.

Since 1986, Chinese government has established China Tourism Association(CTA) to obtain and manage the tourism industry with public and private sectors, tourism has become the country's leading income earner for China when compared with other exports.

Travel in China is fairly comfortable. The travel network is extensive and every place worth visiting is easily accessible. There are many places worth visiting, many sights to see, a multi-faceted culture to experience and it is all quite affordable by today's international travel standards. It would be preferable because of life style and the excellent nature: historic culture, lively arts, nightlife, a tradition of friendliness and hospitality to strangers.

Apart from the growth rate of technology, organizations and customers are searching for the information on the Internet. Everyone can take the benefit of the Internet as the way to reduce the costs to some extent.

The following is statistics of the foreign visitor arrivals in China from Year 2002-2006 and about International Tourism Receipts from Year 2002- 2006.

Table 3.1. Statistics of Foreign Visitor Arrivals Year 2002-2006

NATIONALITY	Year 2002	Year 2003	Year 2004	Year 2005	Year 2006
TOTAL	14,765,995	16,406,661	18,229,623	20,255,137	22,280,651
ASIA	9,117,094	10,130,105	11,255,672	12,506,302	13,756,932
JAPAN	2,471,293	2,745,881	3,050,978	3,389,976	3,728,974
KOREA	2,584,554	2,871,726	3,190,807	3,545,341	3,899,875
KOREA D.P. REP.	91,708	101,898	113,220	125,800	138,380
MONGOLIA	468,007	520,008	577,787	641,985	706,184
PHILIPPINES	476,766	529,740	588,600	654,000	719,400
THAILAND	427,389	474,876	527,640	586,267	644,894
SINGAPORE	551,039	612,265	680,295	755,883	831,471
INDONESIA	275,286	305,874	339,860	377,622	415,384
MALAYSIA	655,840	728,711	809,679	899,643	989,607
PAKISTAN	61,100	67,889	75,432	83,813	92,194
INDIA	259,859	288,733	320,814	356,460	392,106
NEPAL	21,153	23,503	26,114	29,016	31,918
SRI LANKA	17,103	19,003	21,115	23,461	25,807
KAZAKHSTAN	136,066	151,184	167,982	186,647	205,312
KYRGYZSTAN	27,313	30,347	33,719	37,466	41,213
OTHERS	592,620	658,467	731,630	812,922	894,214
AMERICA	1,564,258	1,738,064	1,931,182	2,145,758	2,360,334
U.S.A.	1,133,923	1,259,915	1,399,905	1,555,450	1,710,995
CANADA	313,313	348,125	386,806	429,784	472,762
MEXICO	22,820	25,355	28,173	31,303	34,433
EUROPE	3,488,218	3,875,798	4,306,442	4,784,936	5,263,430
U.K.	364,230	404,699	449,666	499,629	549,592
GERMANY	331,592	368,436	409,373	454,859	500,345
FRANCE	271,179	301,309	334,788	371,987	409,186
ITALY	129,025	143,361	159,290	176,989	194,688
RUSSIA	1,621,205	1,801,339	2,001,488	2,223,875	2,446,263
NETHERLANDS	106,305	118,117	131,241	145,823	160,405
OTHERS	322,311	358,124	397,915	442,128	486,341
OCEANIA	418,139	464,599	516,221	573,579	630,937
AUSTRALIA	352,084	391,204	434,671	482,968	531,265
NEW ZEALAND	57,128	63,476	70,529	78,365	86,202
OTHERS	8,927	9,919	11,021	12,246	13,471
AFRICA	173,536	192,817	214,241	238,046	261,851
OTHERS	4,750	5,278	5,864	6,516	7,168

Source: Ministry of Public Security of People's Republic of China

Table 3.2. International Tourism Receipts Year 2002-2006

YEAR	TOURISM RECEIPTS	INDICES	GROWTH(%)
	(100 Million US\$)	1978 = 100	
2002	203.85	7,750.95	14.6
2003	174.06	6,618.25	-14.61
2004	257.38	9,786.31	47.87
2005	292.96	11,138.77	13.82
2006	322.26	13,141.78	10.11

Source: Ministry of Public Security of People's Republic of China

Internet has become an ideal place to plan, explore, and arrange almost any trip. Potential savings are available through special sales and eliminate the agent by communicating directly from the provider. Services such as ticketing, hotel accommodation reservation, package tour (inbound and outbound tour) are provided online.

3.2 Company Background

China-fivestar travel Inc. was established in October, 2005. For our online travel company, we have sales, Operation, Ticket and news department that maintain the web developer.

Like sales department, it is responsible for selling products and services such as the package tour to customers.

For operation department, it is responsible for operating the after sales function and communicating with the agent and confirming the hotel accommodation.

For Ticket department, it is responsible for selling tickets for both domestic and international destinations.

News department: it is responsible for the company's web page, web design and the database security.

China-fivestar Travel Inc. provides a wide variety of tour services and special promotions in each season. We plan to make the organization well-known to the public and the tour business industry. We also plan to increase the distribution channel to sell and serve the customer with better service. Besides, we would try to establish the customer loyalty to the company.

3.3 Current Situation Analysis

Tourism industry makes more profits in many countries and the numbers of travelers are increasing.

According to the World Tourist and Travel Council(WTTC), China's travel industry may grow by 10.4 percent a year over the next 10 years, lifting China to fourth rank in terms of industry size.

Today, there are many travel companies in the world that have both the physical and online shops. However, in China, the online travel companies are not too many up to now.

3.4 Competitive Analysis

- (1) Current Direct Competitor: The website provides the web portal that connects the travel business and hotel accommodation. There will be not only an online shop but also a physical shop. Customers can find the information on special offers, hotels or flights available, and tour programs(inbound and

outbound). All current direct competitors have the same target market and physical shop in the near-by area.

There are the examples of some portal webs:

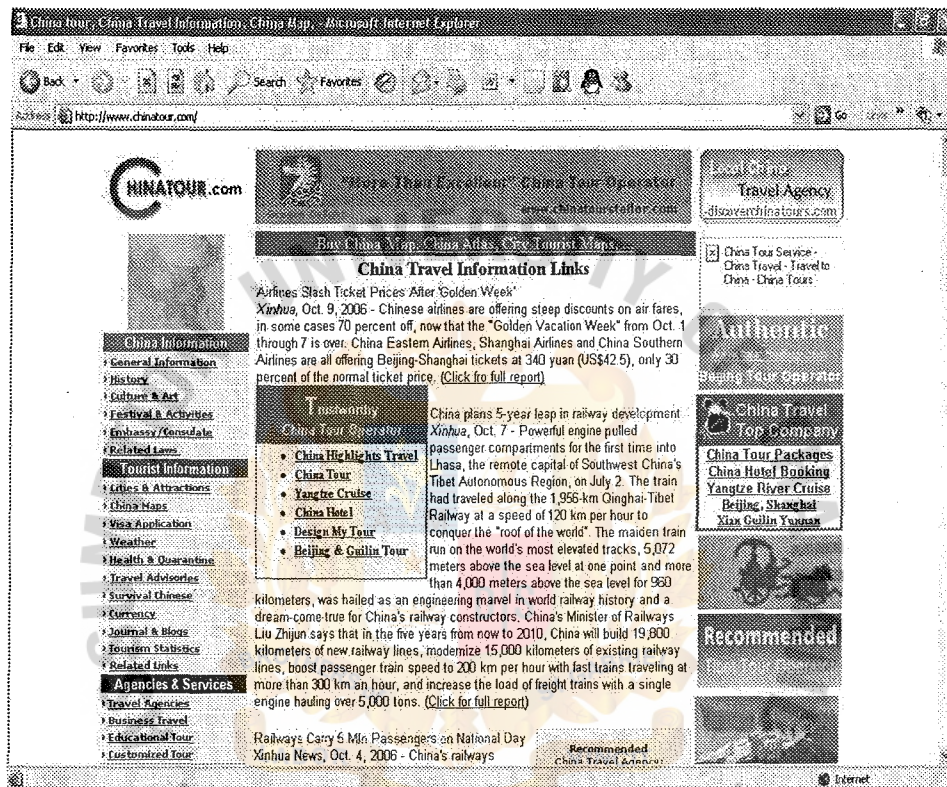


Figure 3.1. Chinatour website

Chinatour.com seems to have similar objectives like ours. They provided a lot of information about China's History, Famous Cities, People and etc. On the webs, there are some special package preferences and searching contents for tours and other accommodations as hotels, restaurants and transportation. They have a function of booking online with offline payment besides ability

of user to print our travel customer trips. But they lack ability of screen items related to customer check and screen by themselves. Importantly, customers only know activities or their interested ideal attitude as hill, beach, forest, or else.

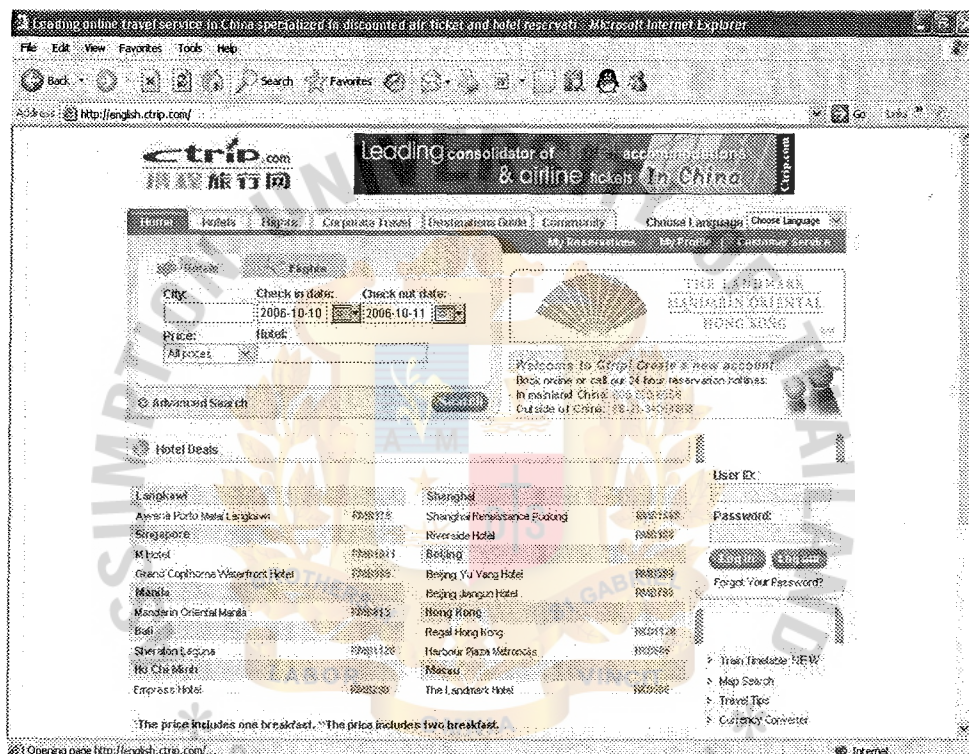


Figure 3.2. Ctrip website

www.ctrip.com

Ctrip.com provides the information on tour programs. This site offers customer reservation online service and membership to get the newsletter online. They classify their products in three groups: outbound, domestic and package tour.

(2) Current Indirect Competitor : The website has the online shop only. They have the revenue from the commission based on the case by case or product by product basic. They do not have the physical shop so they do not need to promote the image of the organization. However, they need to promote the web to raise customers' confidence in E-commerce because the customers have to buy the product online.

[illegible]

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This site intends to attract the foreigners who want to visit China and stay in China. This web site provides the package tour in China with hotel accommodation. They classify the website in terms of the regions in China: Beijing, Shanghai, Guangzhou, Xi'an and Others cities. Visitor can make reservation online and get information about services.

3.5 Current Problems

3.5.1 Many competitors in China and service website

Nowadays, there are many websites providing information on tour service. For this reason, tour service websites want to get more market share and increase the number of users to login. They always change the promotion strategy to attract the customer by promising low prices. Some websites join with airlines or hotels to offer a special price. In the high competitive situation, we have to create a new promotion strategy and deal with the supplier to give the user a special offer who access to the website.

3.5.2 Travel Industry Crisis in China

: Oil Crisis: The war in Iraq caused the oil crisis in the world. In the Middle East, there is a committee, namely GCC (Gulf Cooperation Council). This council reduced the volume of oil production. As a result, crude oil prices are soaring all around the world.

The travel industry is also affected by the crisis because travel industry involves with the transportation such as airplanes, buses, cars and other related businesses.

: Terrorism: People are concerned about their safety. Terrorism affects on largely travel industry. People avoid traveling to countries which are prone to terrorist attacks.

3.6 How to make revenues

3.6.1 Selling more products and providing more service of the organization

Revenue can be made from the company by selling more products and service form the website. The website provides the catalogs and information about new promotion online to attract the customer. Maybe the site does not make revenue directly because this site is the E-business not the E-commerce but the site is to promote the organization indirectly by providing tour programs and communicating with the customer to increase the organization's target sales.

3.6.2 Advertising banner

We can make revenue from the suppliers that want to post the logo on the web.

3.6.3 Customer Loyalty

From the database of the web, we can keep the record by using the CRM when the customers login and register to receive the newsletter to make the marketing plan for the web and increase target sale. Whenever they do, we use the website as an intermediary to communicate with the customer.

3.6.4 Commissions

We can get the revenues from commissions; for example, package tour, hotels and flights.

IV. MARKETING ANALYZE AND STRATEGY

4.1 Marketing objectives

- 4.1.1 To support new trend of web based travel gateway for traveler.
- 4.1.2 To provide a channels for express traveler to satisfy their needs and preferences.
- 4.1.3 To gain sale volume by 5% up from the sales volume of 2005.
- 4.1.4 To create China-Fivestar Travel brand awareness among passenger and traveler in the industry and business field.

4.2 Market Segmentation

Market consists of buyers and buyers differ from one or more aspects. They may differ from each other's regarding potential customers' wants, resources, geographical locations and the emotional and behavioral qualities. Any variables can be used to segment a market.

Increasing the chance of e-travel web in e-commerce form by capturing the targeting an important step in marketing effectively online is required. Therefore, we have segmented a market with these factors;

4.2.1 Geographic Region: All over the world

4.2.2 Demographic

Age: Young and Adult

Gender: Male and Female

Occupation: Anyone.

Education: Over high school (Have a background knowledge in computer, search on internet).

Employment: Both employed and unemployed.

4.2.3 Psychographic

Social class: Upper-middle class, lower-upper class, upper-upper class.

Lifestyle: Achievers, strivers.

Personality: Ambitious, enthusiastic, effort.

4.2.4 Behaviors

Benefit sought: Quality, services, effectiveness.

User status: Potential users, first time users, regular users.

Buyer-readiness stage: Aware, Consider, desirous, Intend to buy.

Attitude toward Tickets: Positive, different, new, well-organized system.

4.3 Target market

Our targets are those people who:

4.3.1. Want to travel outbound and domestic tour by using the web.

4.3.2. Like to visit China. The inbound tour includes the historical sites and culture programs.

4.3.3. Want to cooperate with China-FiveStar, such as airline company, ticket agency, show business, entertainment organization, and so on.

4.3.4. Want to make advertising on the web.

4.4 SWOT Analysis

4.4.1 Strength

- 1) We provide information about travel services in web for both domestic and foreign customers. Only serving before traveling in terms of booking and tickets will make us more professional. Customers leave a message for ordering online and we will do the rest to satisfy them as much as possible.
- 2) Our website provides the updated information to customers.
- 3) Low cost of E-Travel and services as well as a more favorable exchange rate helps attract visitors from other regions.
- 4) The online service allows customers to submit their requirement information any time from any places. Customers who stay at home can get the services easily.
- 5) Our website offers them 24 hours a day, 7 day a week of online sales.

4.4.2 Weakness

- 1) The website sees strong competition and lack of other E-Travel company.
- 2) The standard of E-Travel services may not meet customer's expectations.
- 3) Problems related to safety and security still exist.
- 4) A new website lacks of reputation, partners and regular customers and service experience.
- 5) The contents of the website are not sufficient for customers. So it needs more information.

- 6) Due to limited fund, there is a limitation for making on investments on varieties of business area.

4.4.3 Opportunity

- 1) Globalization and development of information and aviation technology make communications more convenient and accelerate the exchange of knowledge and culture.
- 2) Chinese government has a policy to support the traveling business in our country and encourages the foreigners to come to China.
- 3) The significance of E-Travel is well recognized as an economic and social development tool.
- 4) New niche E-Travel and services have become increasingly popular that can experience the ways of life of local people.
- 5) Internet is a big society, and there is a lot of internet users. So, online businesses can attract more customers than the traditional agents.

4.4.4 Threat

- 1) It is easy for someone to copy our website ideas.
- 2) It is quite risky to invest with the new business.
- 3) Many customers still do not trust online services and payment.
- 4) Website must have unique characteristics and styles for avoiding the elimination of the marketing.
- 5) Continuous economic crisis or terrorism resulted in less purchasing power in luxury goods as well as in travel business.

4.5 Decrease Customer Cost

If we want our business to be a success, we must understand how to reduce customer cost and how to increase customer value.

4.5.1 Monetary Cost

Genuine Spare parts from China-FiveStar Travel are cheaper than other traditional office and have no delivery charge.

4.5.2 Time Cost

Like other online business, users can purchase our online tickets any time and any places they want only they are in the place that can connect to the Internet.

4.5.3 Energy Cost

Users don't have to go outside their home to buy Travel services, but they can buy them in their own place wherever they want.

4.5.4 Psychic Costs

We guarantee our Travel services; if customer finds that the Travel service they purchase is useless or invalid they can change it to a new one.

4.6 Marketing Mix

To be successful in doing any business, every company has to plan and generate the effective and efficient marketing plan and strategy. For China-FiveStar Travel Office, we also have to make a marketing plan. It is very important to plan the suitable strategy for the market. The marketing strategies of China-FiveStar Office are the following marketing mix:

1) Product

- 2) Price
- 3) Place
- 4) Promotion

4.6.1 Product

All the products of us are varied travel service, such as package tour, ticket booking, hotels etc, with a high service reliability and performance for a wide range of tasks, such as famous tourism spots, leisure, musical events and festivals, etc. The company's products and service have been accepted as one of the standard services among other tourism associations of China. China-FiveStar provides the top class service and the most valuable package tours to all customers and in terms of tour guide our service offers high experienced guides to make the travelers satisfied.

We can classify our products and services as follows:

(1) Tour/Package tours - China-FiveStar specializes in travel business sector and selling tour packages to domestic and foreign travelers in China. Tour packages are divided into four categories: five star hotels accommodations, sightseeing and ticket. The clients can choose a tour or a tour package.

Tour packages to the following destination are provided.

- 1). Beijing
- 2). ShangHai
- 3). Xi'an
- 4). Guilin
- 5). Tibet
- 6). HongKong

7). Other cities.

(2) Air- Ticket - China-Fivestar sells both tickets for domestic and international flights from different airlines.

(3) Service support - Customer service is the key to our success and also the key to earn loyalty. China-FiveStar would make our customers happy, so they would come back again. Company would offer promotion on such occasion as New Yeas, Flower festivals, etc.

4.6.2 Price

Pricing is one of the marketing strategies that are very important in competing with competitors. Firstly, we use the competitive price strategy to setup price at market price and give percentage of discount when customer meets the target sales volume.

Secondly, price strategy depends on the competitors' pricing. Our product and service are equally priced or higher than that of competitor but we increase before and after sales services, provide good quality and service to our clients.

Thirdly, our prices depend on the sales volume. It means that the larger the sales volumes, the more profits to the company. On the other hand, the customer will get a great discount in return such as free transfer, sight-seeing, etc.

4.6.3 Place

www.china-fivestar.com

China-FiveStar is a cyber marketing business using reaction indirect marketing.

Therefore, the shop, to extend the market share, can receive the order through online

system and then distribute the travel services to customers without charging delivery cost. We offer the following method for service delivery:

- 1) Make a call
- 2) Send an Email
- 3) Fax

Online shop – Focus the new generation

Offline shop – The traditional shop

4.6.4 Promotion(Advertisement)

To do business online, URL name recognition is an important factor for surfers and e-shoppers. To promote China-FiveStar will have the following strongpoint:

Print URL in every type of document and Travel services.

- 1) Register in search engine such as yahoo.com, Google.com, Baidu.com, etc.
- 2) Banner exchange in the group concerning with ticketing business.
- 3) Provide the URL in the leaflet and distribute exporting events.
- 4) Use the e-mail and e-catalog to promote the Web Site.

In summary, China-FiveStar Travel will use both direct-action and indirect-action advertising techniques that are:

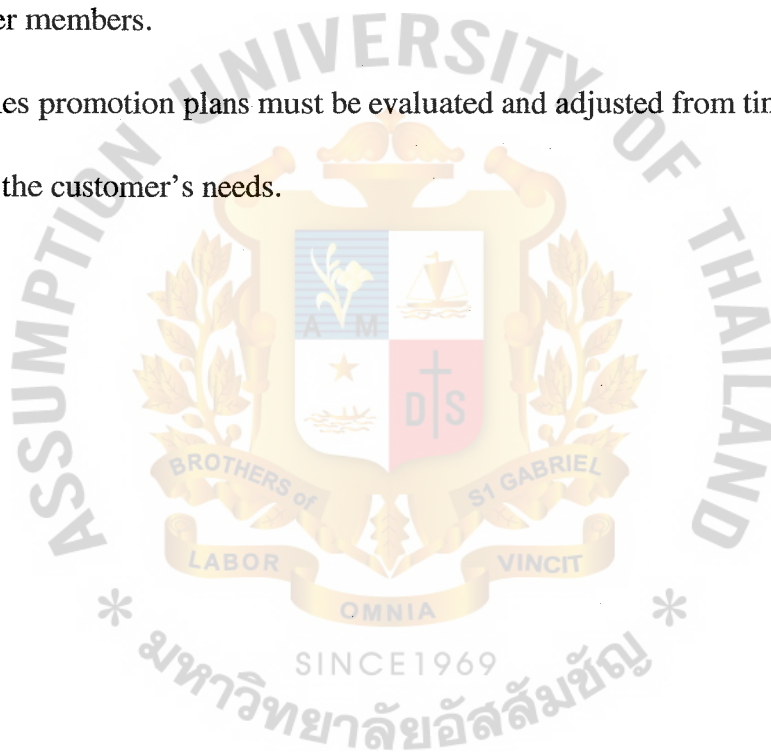
- 1) Direct-action advertising is an advertising technique trying to push a customer to buy Tickets immediately.
- 2) Indirect-action advertising is a long-term advertising, which tries to build a brand image and market familiarity with the customers.

Sales Promotion plan:

1) Special promotion tour/package for each person, with more discount and special condition such as Intensive group that have more than 15 persons, get one person free.

2) For the users who login via our website, it means they are our members, they can get special offer such as free download for the information and pictures that are posted by other members.

These sales promotion plans must be evaluated and adjusted from time to time in order to serve the customer's needs.



V. FINANCIAL STATEMENT

5.1 Financial Analysis

In this part, we will analyze the cost of investment and revenue for China-fivestar.com's website. Because from financial analysis, we would like to know how much we should invest and how much we can gain. At the same time, we would like to make forecasts of the future gain for our company. Next, we would like to make analysis in details.

5.2 Budget Analysis

Table 5.1. Expense Summary

Expense Summary					
Cost Items	1st Year	2nd Year	3rd Year	4th Year	5th Year
Start-up Cost (Fixed)					
Hardware	\$3,620				
Software	\$540				
Web Implement Cost					
Web Master	\$3,600	\$3,800	\$4,050	\$4,300	\$4,500
Domain Name and Hosting	\$150	\$150	\$150	\$150	\$150
Internet Service Charges	\$200	\$200	\$200	\$200	\$200
Customer Service	\$2,400	\$2,550	\$2,800	\$3,050	\$3,300
Setup	\$250				
utility	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400
Miscellaneous					
Maintenance	\$250	\$250	\$250	\$250	\$250
Office Supplies	\$400				
Office Rental	\$3,500	\$2,500	\$2,500	\$2,500	\$2,500
Advertising	\$500	\$500	\$500	\$500	\$500
Total Expense	\$16,810	\$11,350	\$11,850	\$12,350	\$12,800
Cumulative Expense	\$16,810	\$28,160	\$40,010	\$52,360	\$65,160

Table 5.2. Revenue Summary

Revenue summary

Benefit Description	1st Year	2nd Year	3rd Year	4th Year	5th Year
Tour	\$4,100	\$4,510	\$4,961	\$5,457	\$6,003
Hotel Commission	\$2,500	\$3,450	\$3,795	\$3,985	\$4,184
Airticket	\$3,000	\$4,500	\$4,950	\$5,198	\$5,457
Banner	\$1,500	\$2,000	\$2,100	\$2,205	\$2,315
Total Revenue	\$11,100	\$14,460	\$15,806	\$16,844	\$17,959
Cumulative Revenue	\$11,100	\$25,560	\$41,366	\$58,210	\$76,170

5.3 Break-Even Analysis

On the surface, break-even analysis is a tool to calculate at which sales volume the variable and fixed costs of producing your product will be recovered. Another way to look at it is that the break-even point is the point at which your product stops costing you money to produce and sell, and starts to generate a profit for your company.

Break-Even Analysis can be used to analyze the potential profitability of an expenditure in a sales-based business.

The break-even point is the period when funds go out and funds go in intersect exact at zero. The company anticipated investment cost in the first year to be more than revenue; the company incurred a net loss of \$5,710 of all operating income from figure 5.1 Revenue and Expense Comparison. However, for the company to break-even, we have to maintain equally total revenue to total expense. From the figure, we find that the company will make profit from the second year.

Cumulative Revenue and Expense Comparison

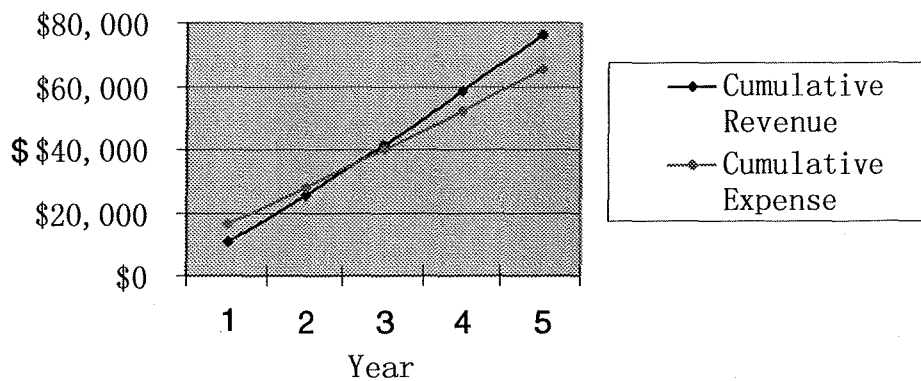


Figure 5.1. Breakeven of Cumulative Revenue and Expense

We guarantee our Travel services; if customer finds that the Travel service they purchase is useless or invalid they can change it to the new one.

5.4 Net Present Value

To obtain net present value of the company, the interest rate should be used to calculate for net present value for the next five years. Because the company forecasted that the ROI is one year within a fixed interest rate at 5%. Therefore, we can calculate the net present value as follows:

Net Present value of All Cost

1 st Present Value of Net Cost		\$16,810
2 nd Present Value of Net Cost	$\$11,350/1.05$	= \$10,800
3 rd Present Value of Net Cost	$\$11,850/1.05^2$	= \$10,750
4 th Present Value of Net Cost	$\$12,350/1.05^3$	= \$10,670

5th Present Value of Net Cost $\$12,800/1.05^4$ $=\$10,530$

Total Present Value of All cost = \$59,560

Net Present value of All Benefit

1st Present Value of Net Cost \$11,100

2nd Present Value of Net Cost $\$14,460/1.05$ $=\$13,771$

3rd Present Value of Net Cost $\$15,806/1.05^2$ $=\$14,336$

4th Present Value of Net Cost $\$16,844/1.05^3$ $=\$14,550$

5th Present Value of Net Cost $\$17,959/1.05^4$ $=\$14,774$

Total Net Present Value of All Benefit= \$68,531

As we know, Net Present Value = Present Value of All Benefit - Present Value of
All Cost

Net Present Value = \$68,531 - \$59,560 = \$8,971

According to NPV, we can observe the positive trends of investing in this industry;

In conclusion, we will experience the profit returns after the first year of investing.

VI. WEB DEVELOPMENT AND DESIGN

After marketing analysis and strategy, we would like to mention about China-fivestar webpage and design.

Main Objectives of the Site

- (1) To be guide to develop the traveling business industry.
- (2) To promote China as a beautiful place with a natural urban life style.
- (3) To assist customers to obtain the customized trip in a convenient way.

6.1 Goals of China-fivestar

1) Site's Goals

Short-term Goals:

- (1) To provide useful information about China
- (2) To introduce China-fivestar to the public minds
- (3) To assist customer to select suitable style

Long-term Goals:

- (1) To improve the potential of market share
- (2) To expand the target group

2) Web Design Criteria

To make the website reach the goals mentioned, the criteria fo the website should be defined. This part refers to the criteria used to create the web page in an effective way.

- (1) Easy to search the information

In the homepage, we classify the navigation bar in the different tour service that makes it easy to find the information. And each webpage has a menu bar on the left side and top part to select the topic and information.

(2) Using the attractive style and design

Reasonable colors are used for the image of the webpage.

(3) Matching color and layout

In the webpage, we put the same layout that makes the customer easy to use the navigation bar.

(4) Create the brand image

We use the logo on every webpage to make the customer remember our company in their mind.

6.2 Meaning of Logo



Figure 6.1. China-fivestar's Logo

The logo of China-fivestar travel is a world with five stars which represents the concept of China.

The blue color represents the sky. This logo means China will not separate from the world.

6.3 Layout Design

6.3.1 Lay Out Grids

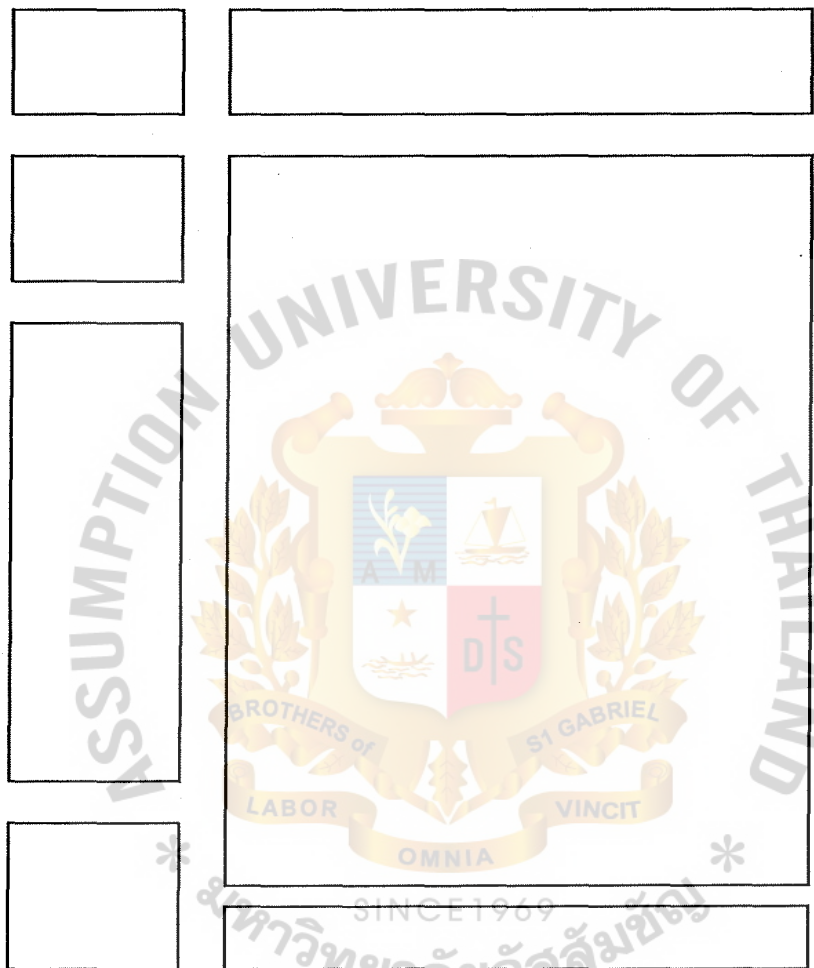


Figure 6.2. Lay Out Grids of www.china-fivestar.com

6.3.2 Lay Out Mock-up

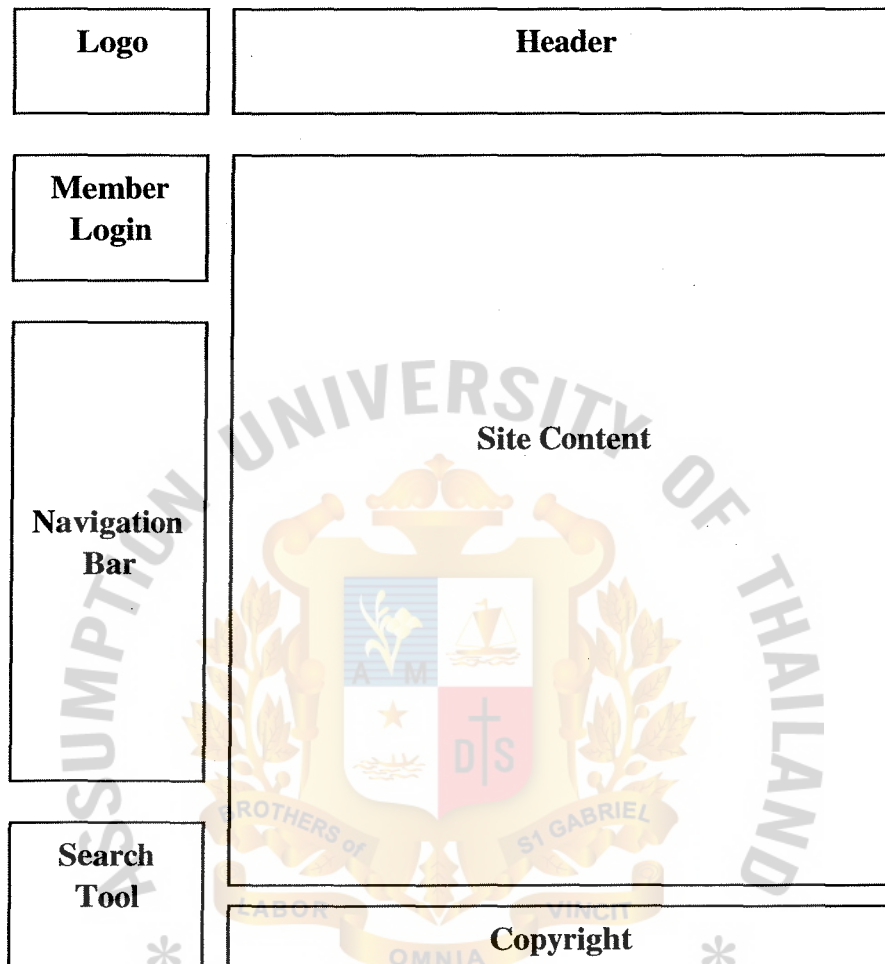


Figure 6.3. Page Mock-up of www.china-fivestar.com

6.4 Identify content and Plan web pages

(1) Home page

In the first page, we will show our navigation bars of the website. Every navigation link is designed for customer to use easily and to go to check the information quickly and directly. From the first page, you can have the full-scale understanding for our website.

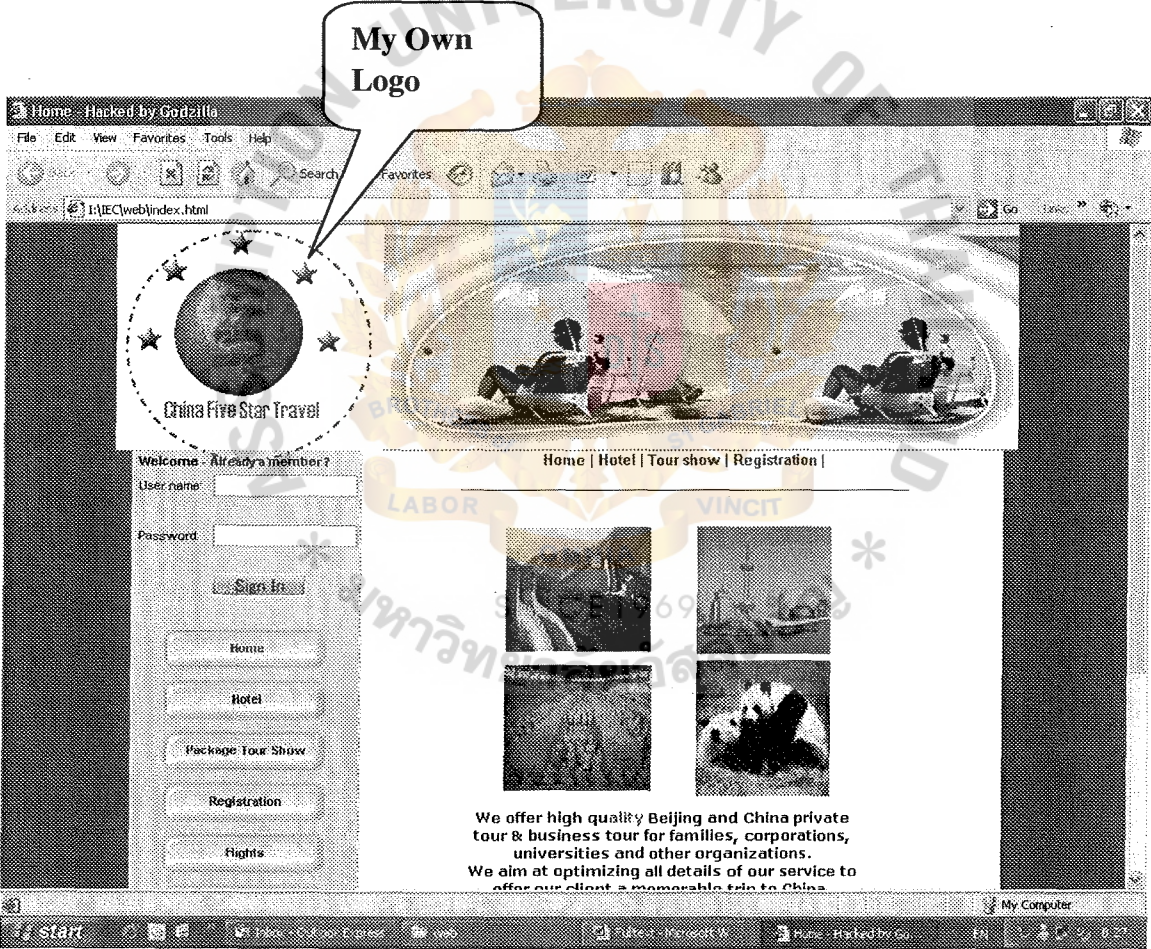


Figure 6.4. Homepage of www.china-fivestar.com

(2) Main Page

In the main page, we will show tour show. All the navigation bars such as Hotels, Flights, Tour Show, Flights, Privacy Policy and Contact Us.

Member Login: This provides for the existing customers who have already registered as a member of China-fivestar.com. The customers can log in any time what they want.

Search Tool: With this tool, the customers can search the information and go directly.

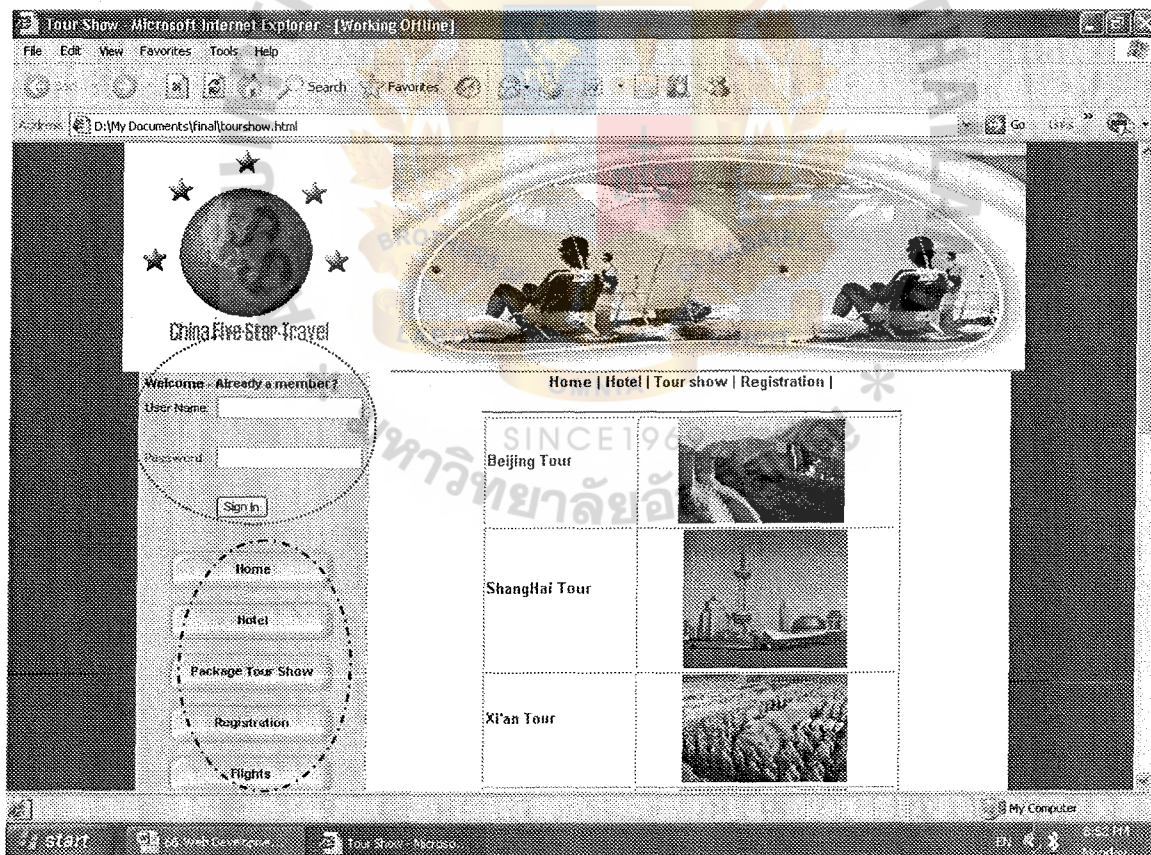


Figure 6.5. Main Page Of www.China-fivestar.com

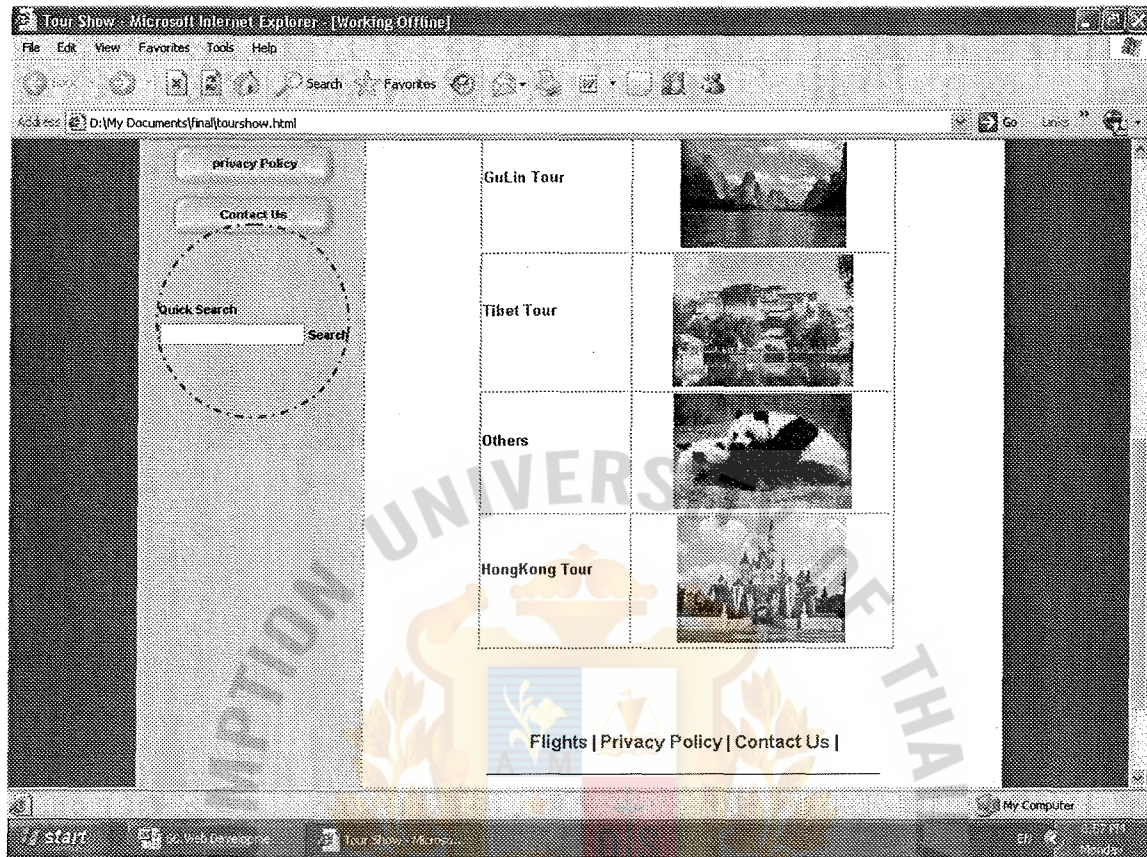


Figure 6.6. Continued Main Page Of www.China-fivestar.com

(3) About Us

It contains our company's profile and service goals that motivates our company to play an important role in E-tourism.

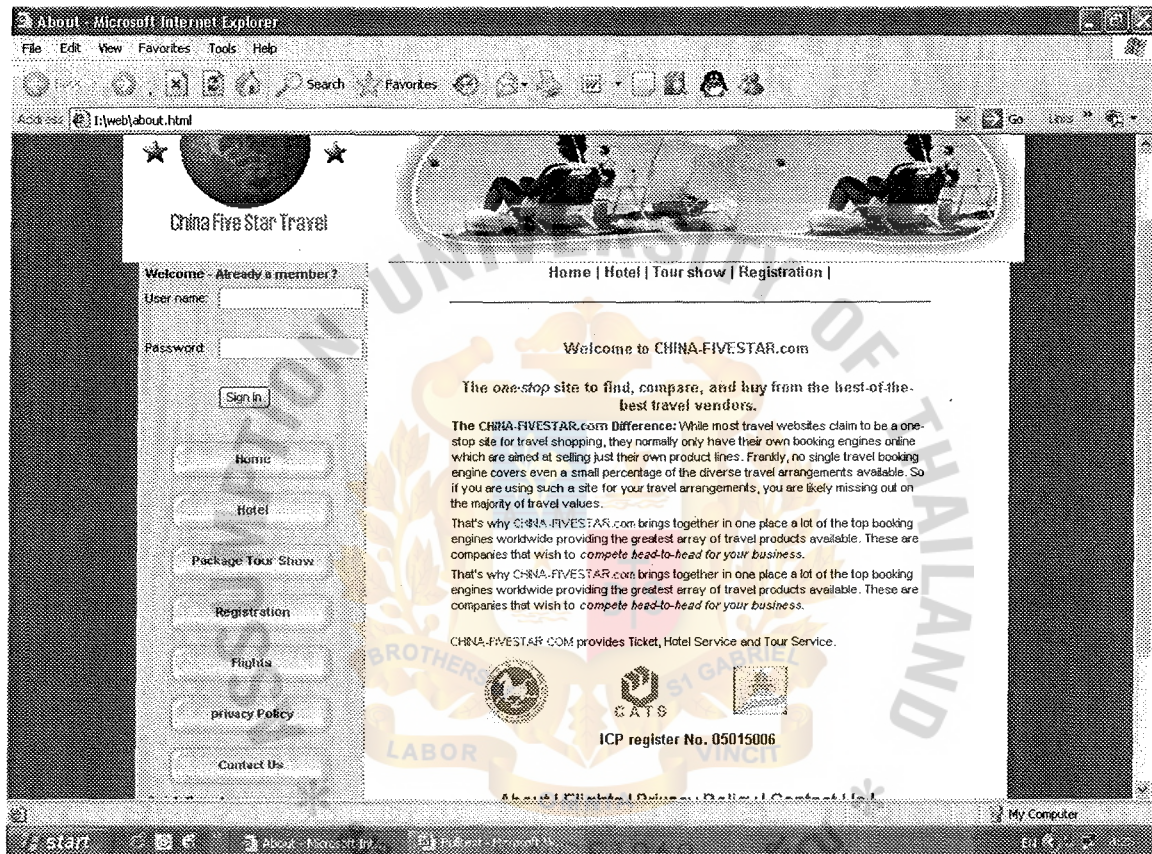


Figure 6.7. About Us Page of www.china-fivestar.com

(4) Tour / Package Tour

We classify our tour in cities: Beijing, ShangHai, Xi'an, Tibet. We provide both private tour and package tour.

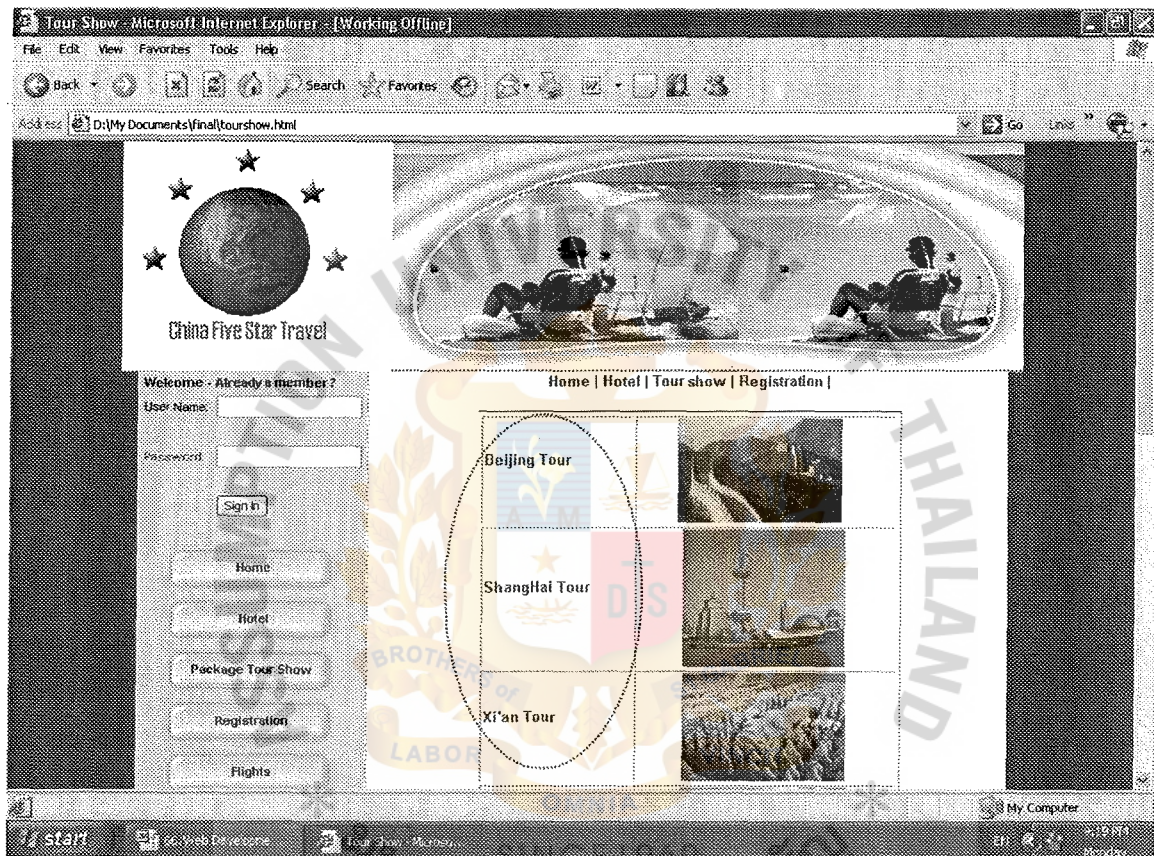


Figure 6.8. Tour / Package Tour Webpage of www.china-fivestar.com

- Private Tour:

We just show the traveler to play privately. For this private tour, if the time is short, we do not provide hotels. If the travel time is more than one day, we provide hotel services.

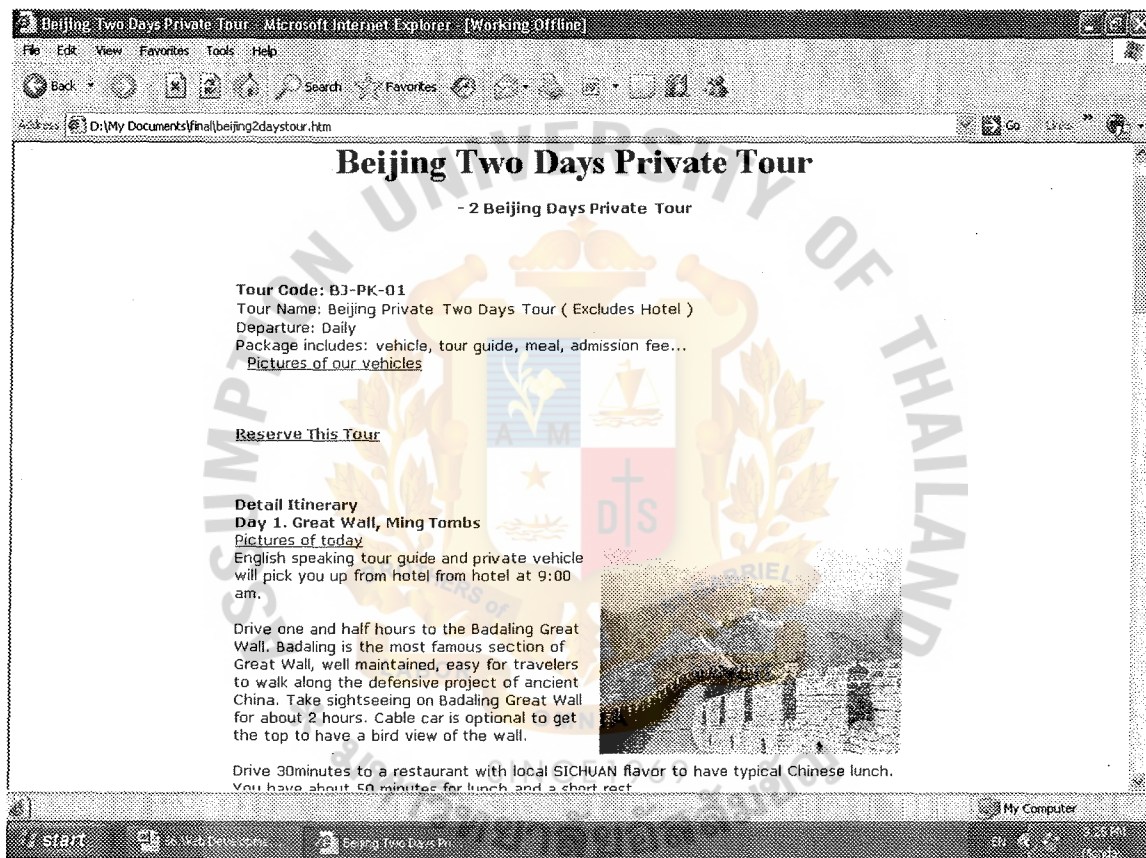


Figure 6.9. Private Tour Webpage of www.china-fivestar.com

- Package Tour

We set price for package tour according to the persons. At the same time, we provide hotel services.

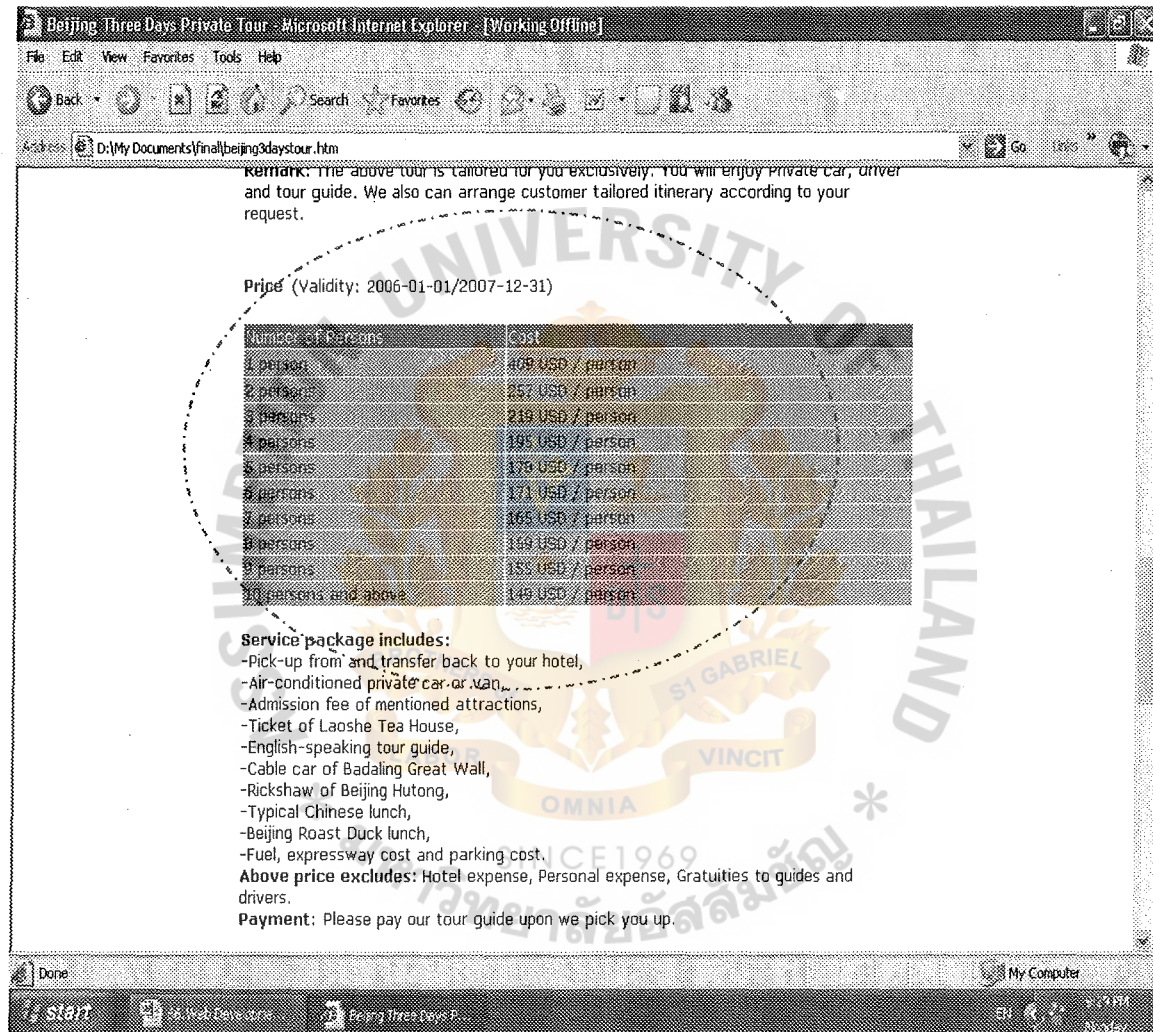


Figure 6.10. Package Tour Webpage of www.china-fivestar.com

(5) Hotel

On the hotel page, there are list of hotels. For our company, we provide different level hotels to customers. For examples, five-star, four star, three star and two star hotels. The customers can see the hotel name and the pictures of hotels.

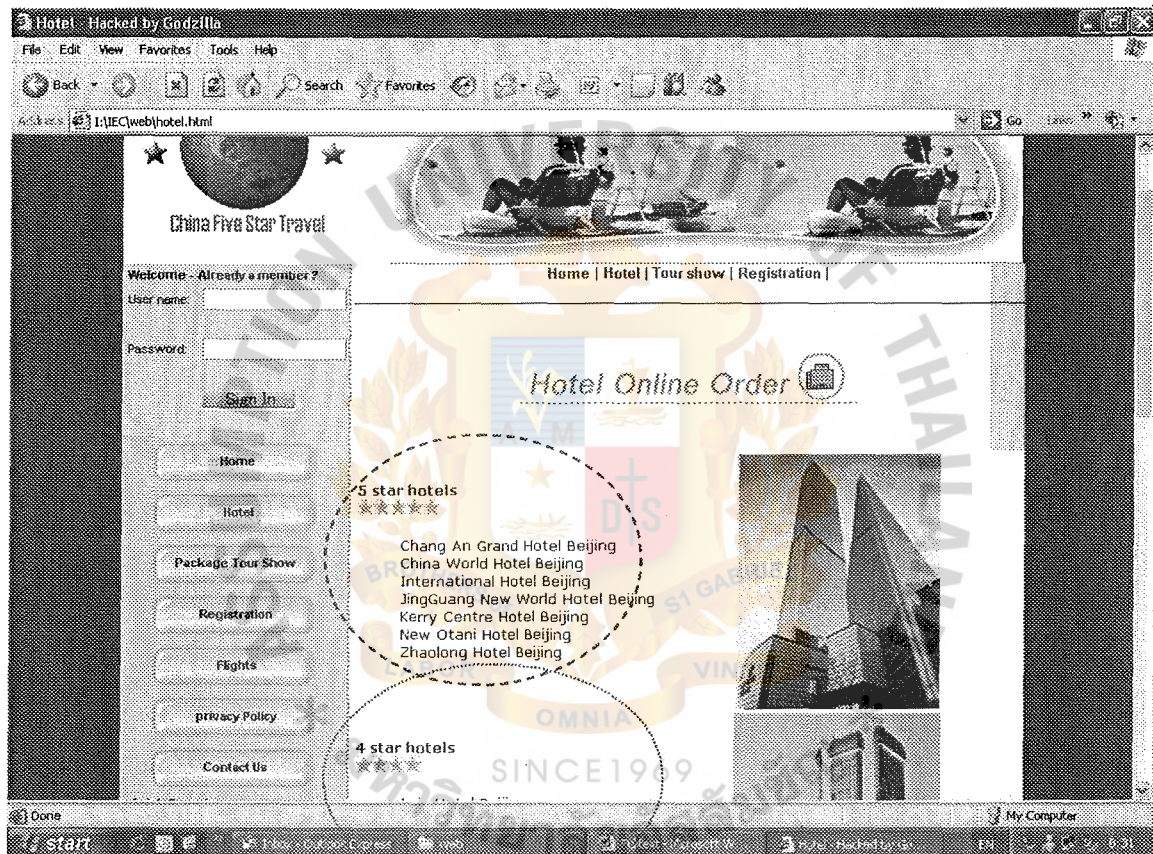


Figure 6.11. Hotel list Webpage of www.china-fivestar.com

(6) Air Ticket

Passenger can check the flight route: time of departure and arrival, and making booking.

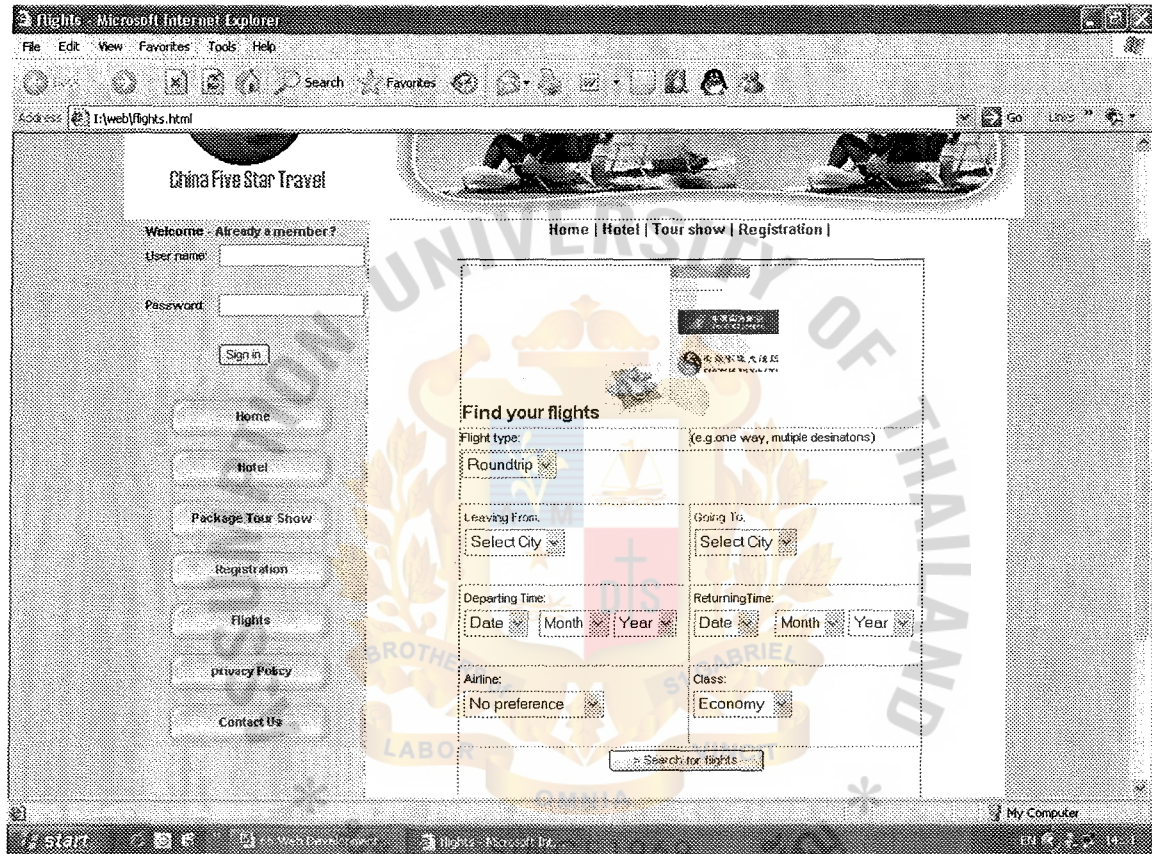


Figure 6.12. Air Ticket Search Page of www.china-fivestar.com

(7) Registration

On the registration site, we provide the form for customers to fill and make their payment online.

Registration - Hacked by Godzilla

File Edit View Favorites Tools Help

Back Forward Stop Reload Home Search Favorites

Address: http://www.china-fivestar.com/registration.html

China Five Star Travel

Welcome - Already a member?

User name:

Password:

Home | Hotel | Tour show | Registration |

Please complete all fields then press Submit

Name:

Address:

City:

State:

Zip code:

Telephone:

Credit Card Type:

Card Number:

Expiration Date:

Figure 6.13. Registration Webpage of www.china-fivestar.com

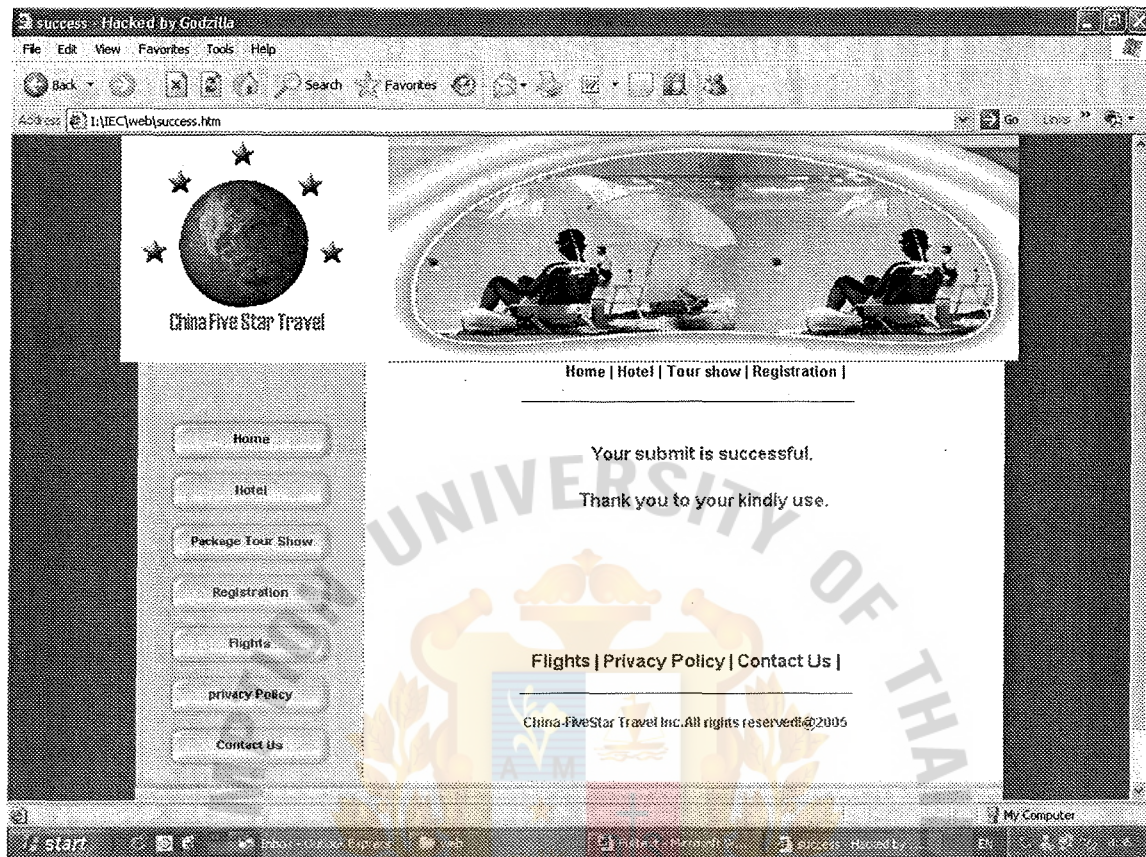


Figure 6.14. Continued Registration Webpage of www.china-fivestar.com

(8) Contact Us

This page provides the customers to communicate with the company. The company keeps the record of customers. As soon as the company gets the information, we will immediately response back to the customers by email. For more information please come to visit us.



Figure 6.15. Contact Us Webpage of www.china-fivestar.com

Site Structure

Simplicity and logic are essential in site construction, both for the creator as well as the user, who can't see the underlying structure. This enables easy editing and a logical hierarchy to navigation and within-site links. If the underlying structure makes sense, hopefully the site navigation will make sense to the user.

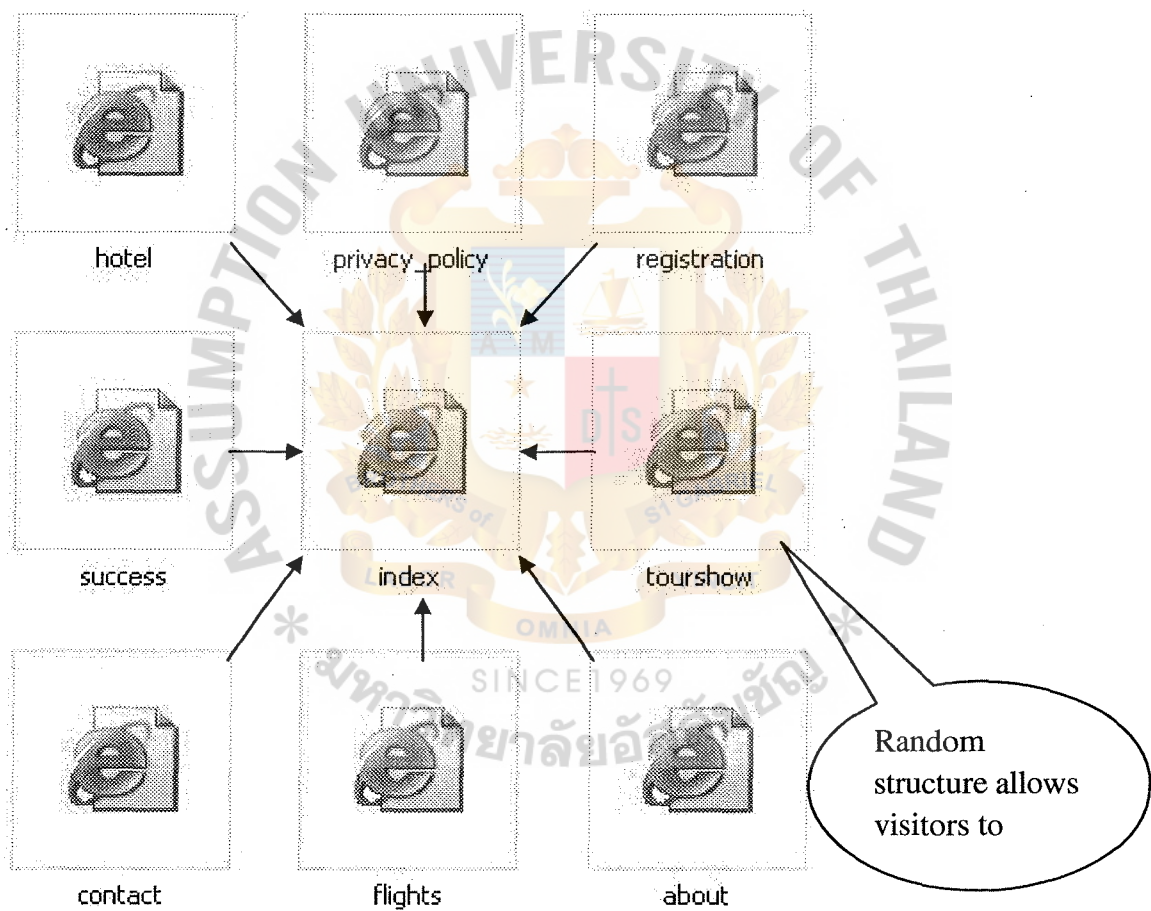


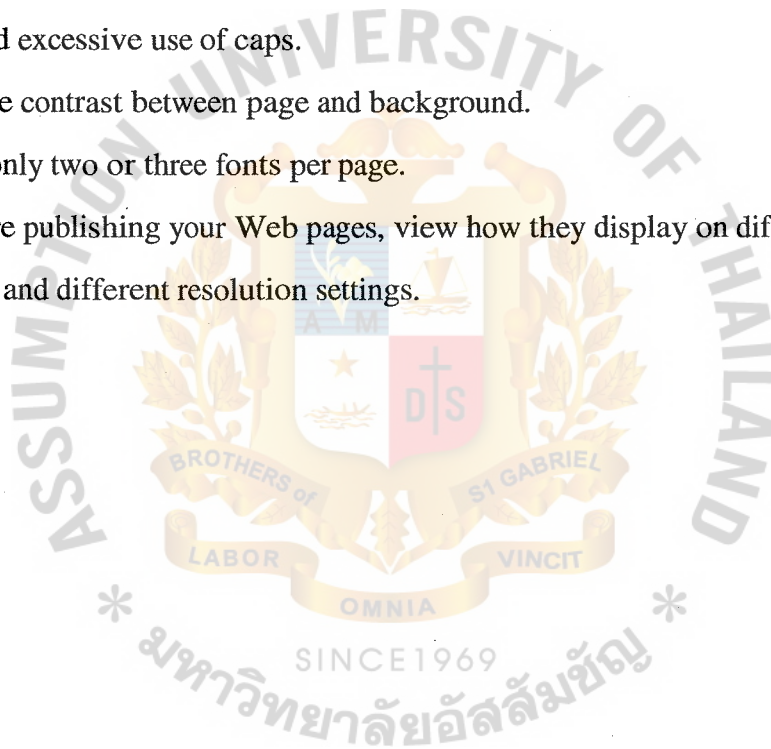
Figure 6.16. Site Structure

6.5 Creating Web Site

6.5.1 Typography

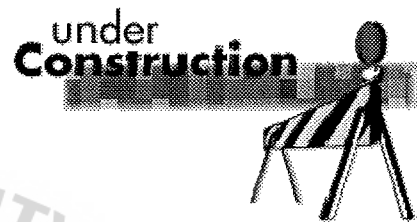
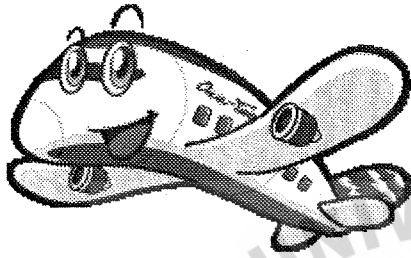
Typography the whole website by following these steps, they are;

1. Use a sans serif typeface for short paragraphs, headings, lists, and type on buttons.
2. Use serif type for large blocks of text and pages that are intended to be printed and then read.
3. Body type should be 10 to 14 points.
4. Avoid excessive use of caps.
5. Create contrast between page and background.
6. Use only two or three fonts per page.
7. Before publishing your Web pages, view how they display on different platforms and different resolution settings.



6.5.2 Graphics

1. Choose quality, relevant graphics to add value.
2. Graphics should match or complement the site's color scheme.



6.7 Marketing and promoting your website

Marketing is a crucial aspect of owning a website. The marketing techniques would be used to promote web site to the target audience eg.

- Edit Information Bulletin Board
- Printed newsletters
- Edit Views articles
- Promotional stickers or flyers

In order to let more and more target audience to find out Green Ticket, the following technique should be implement, they are;

- Use meaningful titles
- Use META elements
- Be careful with frames
- Use ALT text with images
- Submit your URL to different search engines



6.7 Maintaining and Updating Web Site

Web site is like a car: unless you look after it, it will 'break down'. And just as a car won't run forever with the fuel that is put three months ago, but web site will also require regular 'refueling' in the form of fresh information. Users will be irritated by out-of-date information, and will look elsewhere.

An example of our maintenance schedule is shown below.

Weekly	Monthly	Six Monthly/Half Yearly
# Check links	# Collection of new content # Publishing of new content # Removal and archiving of old content	# Identification of new or emerging intranet/Internet issues and opportunities # Review of existing content

Table 6.1. Maintenance Schedule

VII. Security System

Security concern is very important for Internet application. Besides that, the allowance to a large number of players accessing the server resource would raise security flaws, as payment online would try toward any purpose database from customers' database. Moreover, Internet browser could not protect the circumstance of re-enter or re-submit on particular pages and get duplicated process for increment amount.

To set measurable and attainable goals which are:

- To break even in the first year of site operation based upon profits generated from online orders
- To achieve 10 percent monthly traffic growth in the first six months of operation
- To start the Web site on time and on budget and to average 10,000 unique visitors per month within six months

Each of these benchmarks is measurable and can be used to determine the overall success or failure of this Web site project. As we become more comfortable with marketing the Web site and using it as a business tool, we can also add benchmarks for repeat business, order volume, and other performance categories.

7.1 Security Design

On the website of China-fivestar.com, this part is necessary for customer's information. Poor security system may cause a great loss or harm to the system, hence the security of both hardware and software should be taken into consideration.

(1) User ID and Password

The system database was designed to run on MySQL. The user has to apply for the user ID and corresponding Password to have the right access to the database. User name and Password must have at least eight alphabets together with a combination of capital letters.

(2) Firewall

A firewall works closely with a route program. It examines each network packet to determine whether to forward it toward its destination. A firewall also includes or works with a proxy server that makes network requests on behalf of the workstation users.

Firewalls have gained popularity as the ultimate Internet security. Internet firewalls are intended to keep the flames of Internet hell out of private LAN or to keep the numbers of LAN pure and simple.

(3) Anti-Virus Program

There must be an anti-virus program to protect the files and the programs. Checking virus should be done very often to protect program infected. It could be time consuming and accuracy problem occurred.

VIII. CONCLUSIONS AND RECOMMENDATIONS

8.1 Conclusions

China-fivestar.com is full functional travel business website. Target market for China-fivestar.com is B2C (Business to Customer) the customer who use our online travel service such as airline tickets sale, hotel accommodations, package tours and etc.

The Internet has opened up many exciting possibilities for business and creating a platform for buying and selling products and services of the company. Therefore, China-fivestar.com wants to create an online shop to expand the distribution channel for the offline shop and increase channels to communicate with the customer. China-fivestar.com serves the needs of customers with faster services in an easier way. To extend the market size of this business, the Internet is used as a tool for advertising and it is new channel to reach more people worldwide.

From Financial analysis part, NPV is positive and yields a large amount of revenue, the project should be accepted. Therefore the return on investment period is one year and 4 months. This project should be invested.

China-fivestar.com website is designed to attract people by making the style of the website look cool, easy to use, user friendly, by using our online travel service. Our website provides e-catalog, news and promotions of the month. The database is designed to collect customer information, when they make a request, we will respond with the information concerned which comes from each relevant database. And also, they can navigate our website easily as we do make it straightforward to explore or navigate.

8.2 Recommendations

Internet has transformed the way business is transacted in modern society. Electronic commerce and on-line travel are commonly-used terms to refer to commercial transactions performed over Internet.

The convenience of purchasing free from restraints concerning time or geographical location and, in many cases, at cheaper prices, has contributed to the constant growth of E-travel over recent years.

China-fivestar.com would like to take some suggestions for further research.

- (1) To improve the security system
- (2) Provide services and information in Chinese language.
- (3) Update the database quickly.



WORLD INTERNET USAGE AND POPULATION STATISTICS						
World Regions	Population (2005 Est.)	Population % of World	Internet Usage, Latest Data	Usage Growth 2000-2005	Penetration (% Population)	World Users %
Africa	900,465,411	14.0 %	12,937,100	186.6 %	1.4 %	1.6 %
Asia	3,612,363,165	56.3 %	266,742,420	133.4 %	7.4 %	32.6 %
Europe	730,991,138	11.4 %	230,923,361	124.0 %	31.6 %	28.3 %
Middle East	259,499,772	4.0 %	17,325,900	227.8 %	6.7 %	2.1 %
North America	328,387,059	5.1 %	218,400,380	102.0 %	66.5 %	26.7 %
Latin America/Caribbean	546,917,192	8.5 %	55,279,770	205.9 %	10.1 %	6.8 %
Oceania / Australia	33,443,448	0.5 %	15,838,216	107.9 %	47.4 %	1.9 %
WORLD TOTAL	6,412,067,185	100.0 %	817,447,147	126.4 %	12.7 %	100.0 %

NOTES: (1) Internet Usage and Population Statistics were updated on February 3, 2005. (2) For detailed regional data, click on each World Region. (3) Demographic (population) numbers are based on data contained in the web site gazetteer.de. (4) Internet usage information comes from data published by Nielsen/NetRatings, by International Telecommunications Union, by NICs and other reliable sources. (5) Data from this site may be cited, giving the due credit and establishing an active link back to InternetWorldStats.com. (6) For navigation help and definitions, see the Site Surfing Guide.

Figure A. 1. World Internet Users and Population Stats.

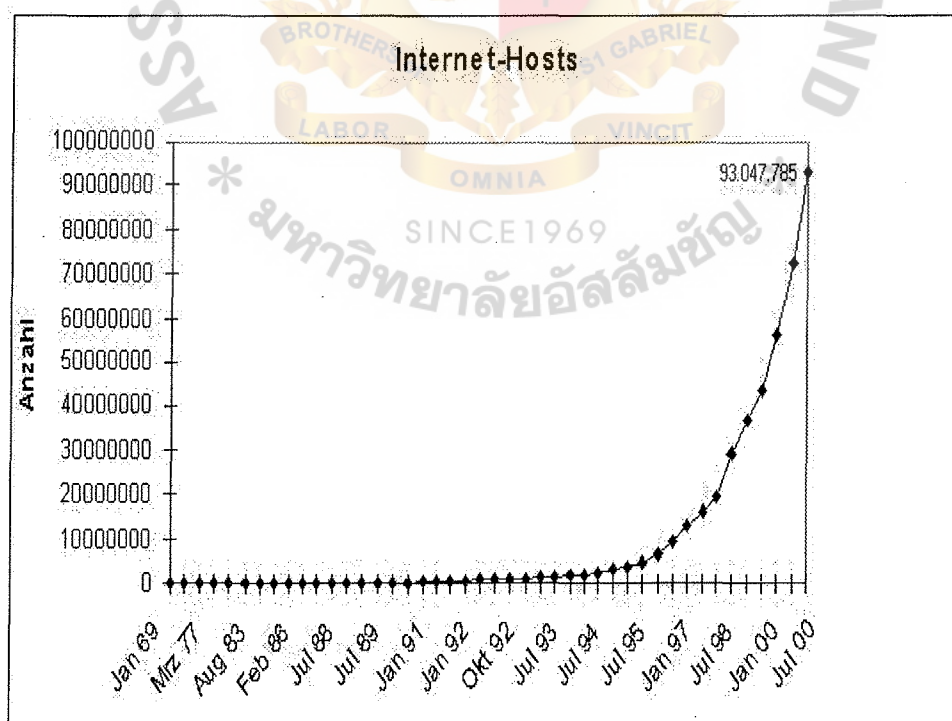


Figure A. 2. Growth Rate of Internet Host.

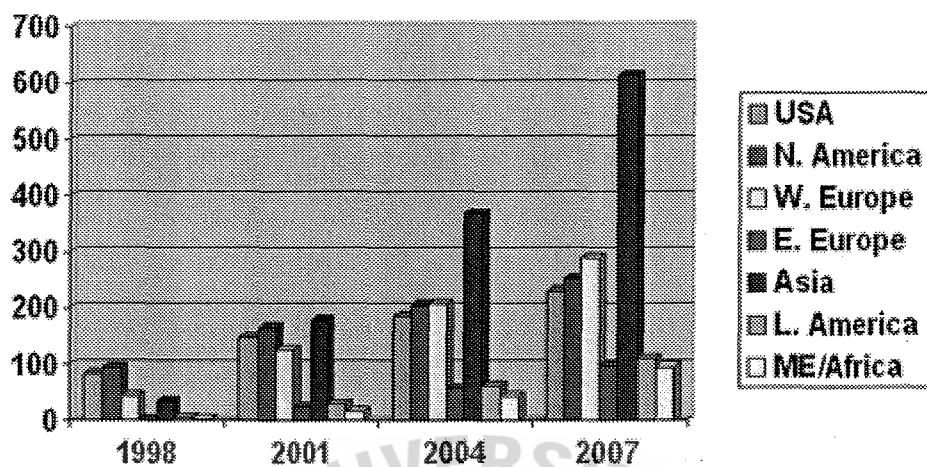


Figure A.3. Internet Users by Regions

	1985	1990	1995	2000	2002	2004	2007
US Internet Users (#M)	0.019	1.80	28.1	135	161	186	230
US Internet User share (%)	89.6	84.5	63.0	32.2	24.1	19.7	15.7
US Internet Users/1,000 People (#)	0.08	7.2	107	478	556	628	748
Worldwide Internet Users (#M)	0.021	2.13	44.6	418	666	945	1,466
Worldwide Internet Users/1,000 People (#)	0.004	0.40	7.87	68.9	106.9	148.0	221.9

Figure A.4. US and Worldwide Internet User Growth

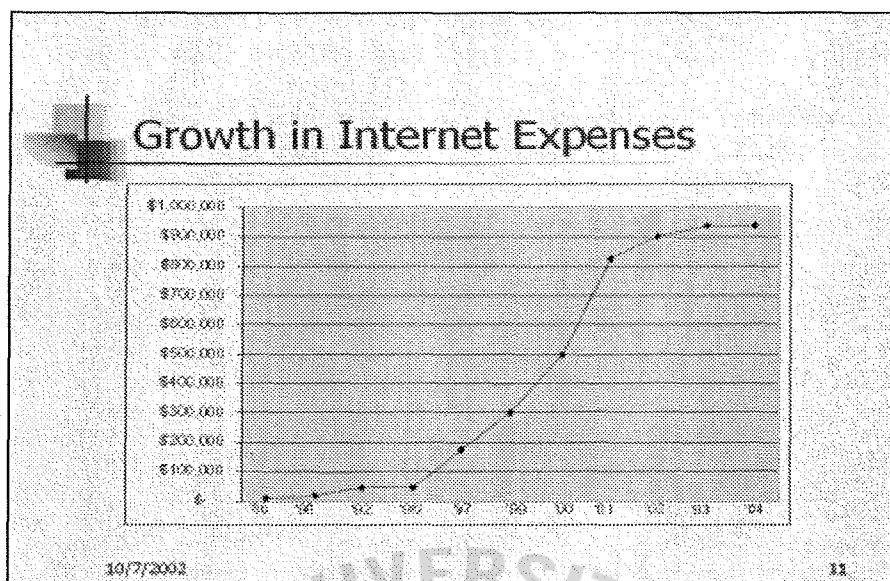


Figure A.5. The Growth of Internet Expenses.

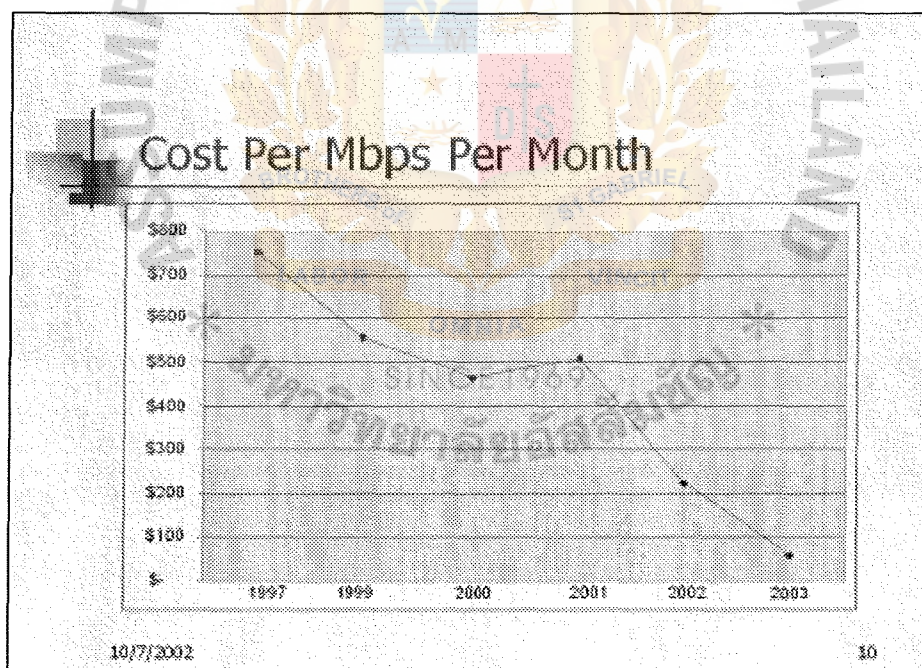


Figure A .6. Cost Charging per Mbps per Month.

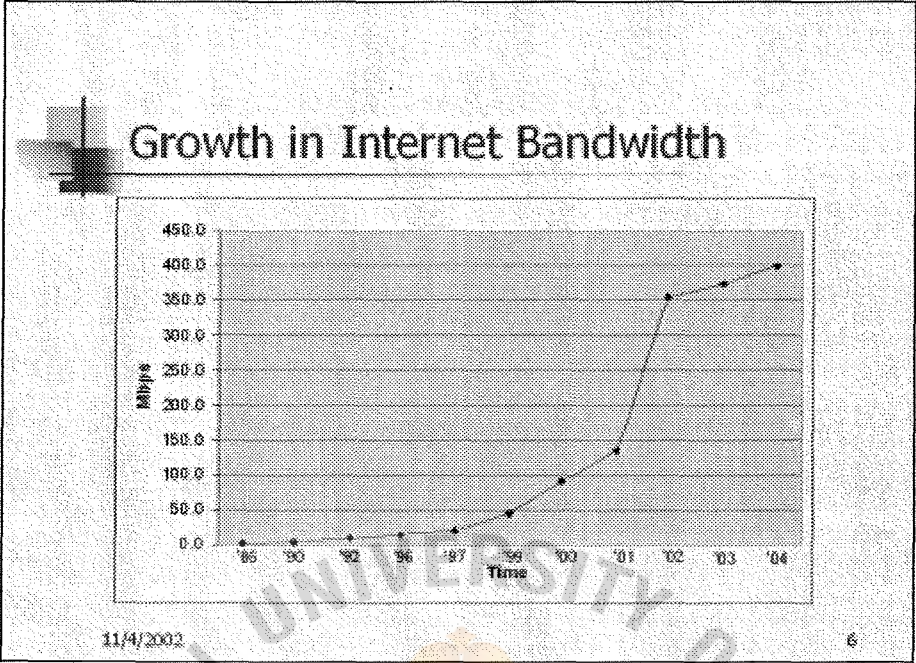


Figure A .7. The Growth of Internet Bandwidth.



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