Chapter 4.16
Morethailand.com:
Online Travel Intermediary

Pongsak Hoontrakul
Sasin of Chulalongkorn University, Thailand

Sunil Sahadev
University of Sheffield, UK

ABSTRACT

The case study showcases 'morethailand.com' an e-intermediary in the tourism industry. Based out of Thailand, the firm is in the process of finding a niche for itself through innovative online and offline marketing strategies with the constraint of limited resources. The case study attempts to focus on the e-business challenges in the travel and tourism sector especially in a developing country like Thailand. It specifically highlights the clash between the traditional and modern form of intermediaries in the travel and tourism sector and how it is bound to evolve in the future. A comparison between different approaches to search engine marketing offers an interesting perspective to the literature pertaining to on line e-commerce. An economic view on the case is also presented.

MORETHAILAND.COM – ONLINE TRAVEL INTERMEDIARY

It was a challenging task - to grow by more than ten times a year. That was the objective set by Mrs. Nontana Thanabatchai, the founder and Managing Director of Morethailand.com for the coming two years. Morethailand.com was at a turning point in terms of its future performance. While the present increase in the visitor rate and enquiry conversion rate were quite creditable, to emerge as a dominant player in its field, a growth of over ten times a year was absolutely important. Yet it was achievable if the latest efforts in improving, dynamic pricing and searching engine optimization bears fruit.. The opportunities were immense, the need was to implement a coherent set of strategies that would attract more customers and generate a high transaction rate.

Morethailand.com is an online travel intermediary based in Bangkok, Thailand. The company acts as an intermediary that helps customers round the world to book rooms in Thailand hotels through the internet. Motherthailand.com was founded in the year 2002 after the need was felt for setting up a Thailand based on-line travel intermediary. The company has a clutch of interconnected websites that together provide potential travelers a means for searching for and booking hotel rooms in Thailand. These web-sites also enable potential tourists to book tour packages as well as airline tickets. The website displays a list of hotels which are part of the network. A potential tourist can enquire about the availability of rooms as well as to book accommodation in the hotels listed in the websites. Provision for tour packages, airline booking and travel related products are also available. The sites normally get around 5000 hits a day. Attachment-I gives a screenshot of the website.

Having established itself as a B2C site, morethailand.com is looking forward to strengthen its position in its primary line of activity ie. online travel intermediation. The primary area of focus was in increasing site traffic by attracting more and more potential tourists to its web-sites. The company was also keen to strengthen its supply side by forging partnerships with more and more IOO hotels in Thailand. This would in turn enable morethailand.com to offer rooms to its customers at more competitive rates than the off-line travel agents who presently occupy the dominant position in the market. The biggest challenge in this endeavor was to compete with large travel wholesalers in gaining acceptance and support from the hotels. This was an extremely difficult task as most of the hotels in Thailand presently depend heavily on large travel wholesalers or consolidators to sell their rooms in bulk. The offline intermediaries who are well entrenched in the market ensure a steady cash flow for the hotels through bulk buying. The travel wholesalers, in turn gain greater power and influence over the

hotels who would not like to risk themselves by aligning with a relatively new player like morethailand.com. However, hotels that depend on travel wholesalers have to sell their rooms at a heavy discount to the wholesalers. It is estimated that many hotels sell their rooms to travel wholesalers at almost 30% of their walk-in price. The hotels are compelled to offer such heavy discounts since the travel wholesalers are in a position to ensure high occupancy rates for the hotels. Morethailand.com, on the other hand, demand considerably less discounts from the hotels though it is presently not in a position to match the travel wholesalers in terms of the number of rooms sold. The critical success factor for morethailand.com is therefore about consistently ensuring higher occupancy rates to its partner hotels so as to gain their commitment and confidence. This in turn has to be achieved by attracting greater traffic to its websites and then converting these visitors to enquirers. The case study illustrates the operation of a small start up in the on-line travel industry and its efforts at capturing market share from much stronger and well entrenched off-line competitors through various e-commerce strategies. It is indeed a great challenge in the face of the turmoil that the Thai tourism industry is presently going through.

Technology Adoption for Travel and Tourism Marketing-a Theoretical Perspective

The importance of information and communications technology in the travel and tourism sector has been well acknowledged. In fact, technology has become the main source of sustainable competitive advantage and a strategic weapon, especially in the tourism and hospitality industries owing to the pivotal role information plays in the description, promotion, distribution, amalgamation, organization and delivery of tourism products (Poon, 1993; Sheldon, 1997). Within the larger ICT adoption, the adoption of internet and e-commerce in the travel and tourism industry has lead to wide

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