

It601-0903b-07
information
technology in
business
management - phase
2 discussion...



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Information Technology in Business Management - Phase 2 Discussion Board

Chosen Company: Orbitz Submitted by: XXXX XXXXX Number: XXXXXX 's

Name: XXXXXXXX

Subject: XXXXXXXX

Subject Code: XXXXXXXX

Date of Submission: XX - XX - 2009

1. Describe the company's primary business model, revenue model, and industry.

Orbitz is a travel company which operates directly from the internet. The main industry of focus here is the online travel services. This website has been formed on a business model when American, United, Northwest, Delta and Continental Airline came together to sell their tickets online. The revenue model used by the company is internet based sales. The revenues of this are relatively much higher than each of the companies having a separate website as this is good mode for the customers to compare the prices and buy tickets.

2. Who are the competitors? What makes the company stand out from its "pure play" Internet as well as brick-and-mortar counterparts? [specific USPs, strengths, and weaknesses]

Major Competitors of the company: Expedia, Galileo, Travelocity, Sabre, and Last Minute. The main competitive advantage that the company has over the others is the fact that it is started by companies that hold as much as 80% of the air travel industry. The biggest competitor however is Travelocity. The company has created a strong database for itself and gives the Orbitz as well as the companies a huge competition.

3. What are the benefits and limitations to the user? What's the value

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proposition?

This site is very beneficial to the users as it allows the users to get the lowest possible fares as well as allows users to book for hotels and complete vacation packages online itself. The website provides exceptional benefits to the users by providing offers and reasonable discounts. This site creates value since it allows the users to avoid the reservation fees that are generally charged by the other websites and hence it is very beneficial to the customers.

4. Is it the industry's online bellwether? How has it changed the industry and the way business was transacted in the industry?

Orbitz is definitely the industry's bellwether. The website provides the other websites with stiff competition because it has removed the reservation charges and the high costs of operations. This created a complete revolution to the online travel world and it has helped create a more fair deal for the customers and avoiding the operational costs of the website to be charged upon the customers. This website is more customer centric than any other.

5. Had the company's model failed before? If so, why and how did it turn around?

The company's business model has been through a number of issues in the past. It has been charged for creating a monopoly in the market and for creating a higher hand over other due to the backing of the five major companies. Also it has been accused of being under the antitrust act and also being a cartel. However the company was then recognised not to be a cartel and the growth of the company was justifiable.

6. What are the potential risks and challenges it faces now? Is it profitable?

The company now faces a number of risks as there are several newer
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companies and better facilities that are available by the other companies.

The company has already sold a part of the travel port to Blackstone Group for as much as \$4.3 billion.

7. What's in the future? [plans/goals]

Blackstone in turn of buying the company has made several improvements and has added a number of other airlines to the booking tool as well. These include both national as well international airlines. Also the growth seems to be continuous with aims of adding as many airlines as possible to the website.

8. What are your recommendations for competitive advantage/corporate strategy?

The company has been able to gain many new airlines to join in to the booking tool. The company now only requires improving its website to a great extent. The current website needs a complete remodelling and redesigning to make it more users friendly and also very interactive as well. The information is clustered and this in a way leads to higher customer bounce rate for the website. Hence this can prove to be a good strategy that the company can adopt to help increase the sales from the website.

9. In a brief capsule, what lesson did you learn?

Considering this as a website alone, I have understood the need of the website to be able to not push its own costs on to the customers and this is seen to be a success factor for the company. Considering the same in terms of the FYC, it is seen that FYC has a strong availability to improve its overall operations and to create a differentiation based on the website. The

company can develop a customer centric, well designed, interactive website

and can gain a competitive advantage by allowing the customers to design

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their own furniture which the company can deliver as custom made products. Similar to the Nike and Puma websites, which allow the customers to customers make their shoes online to their taste. This will help improve the overall operations of the websites and will allow the company to gain newer customers as well. Also it will allow the company to set a trend in its market group.

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