

# Expedia – marketing assignment

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Political Stability Stability relates to the chances of drastic changes in government and policies occurring as well as the possibility of violence and terrorism. For an example the civil war in Sri Lanka had a big impact on tourism. Expedite would not be able to list inventories from these areas. II. Rule of Law Exhibit 2 Rule of Law in Asia Pacific (Justice, 2013) Rule of Law for international business is based upon measures of Judicial independence from public and private influence.

The protection of property rights, the effectiveness of contract enforcement, and the capacity of the legal system to settle business disputes. Investments in China has to be of great concern to Expedite as the external influences on the Judiciary by The Communist Party, Local Government and People Congress has punitive repercussions on international business relations. As we can see from exhibit 2, China has low rating in the rule of law (Brown, n. D. ) III.

Openness to International Trade & Business Openness to International Trade & Business relates to government attitudes towards international businesses entering and operating in domestic markets. Consideration is given to the treatment of international investors, the treatment of international acquisitions, capital controls, and the openness of the economy to foreign goods and services. A classic example is e-long. Com, the foreign investment policies in China only limits the establishment of a direct electronic point of sale in China.

Expedite has to integrate with a local Chinese partner to offer their inventories there. Direct brand marketing would be limited in China in this

case. From exhibit 3, we can see that China, although with their big GAP performance is not the easiest of places to do business in. They are ranked number twelve in Asia Pacific by the World Bank Exhibit 3 - Ease of Doing Business (World, n. D. ) IV. Taxation Taxation assesses the tax environment in terms of the administrative transparency and efficiency in tax collection, along with local taxation rates in particularly the reporter tax rate.

Having a low tax policy certainly brings in corporate business, and that is why Expedites headquarters in Asia pacific is located in Hong Kong. Hong Kong has the lowest corporate tax rate at 17. 5 percent in 2006. V.

Corruption Exhibit 4 - Corruption Perception Index (Red: High Levels of Corruption) (Transparency, 2014) The abuse of entrusted power for personal gain in the public and private sectors, including both petty and grand forms of corruption.

Research papers published in 2007 examined the economic consequences of corruption perception, as defined by the Corruption Perception Index (ICP). The researchers found a correlation between a higher ICP and higher long-term economic growth as well as an increase in GAP growth of 1 . 7% for every unit increase in a country's ICP score. (Boris Bodkin, 2007). From the exhibit 4, it can be noted that although some nations have high growths but the corruption perceptions has an inverse relationship as the rule of law, governance is seriously compromised and cost of doing business increases. VI.

Fiscal & Monetary Administration Fiscal & Monetary Administration assesses the management of state finances and monetary regulation that encourage

economic growth and stability. It provides an assessment of both inflation and price controls which distort market activity, as well as a measurement of the stability of the macroeconomic environment by assessing government budget balance, national savings rate, and the country credit rating. Highly inflationary and volatile goods and services prices will effect Expedites ability to offer value to its customers and to maintain its competitive advantage.

Impact of a nations' Economy on Expedites Asia Pacific Expansion The biggest impact on Expedite growth overall in North America and Europe has been the influx of Globalization on every sphere of business and how this phenomenon as affected the consumer behavior throughout the globe. As such the limitation of globalization especially in countries which has not embraced the technological revolution for an example, Pakistan and Afghanistan, limits Expedites growth opportunities and expansion strategies. Exhibit 5 – Asia Pacific Ranking Investment Climate 2014 (Varies, n. D. Macro and Micro environments management of a highly successful economy ( exhibit 5) such as Singapore, New Zealand and Hong Kong will aid to open up markets for Expedite as these high growth economies have the propensity to have stable monetary policies which will include high disposable income, good purchasing power and low inflation, Good Domestic Infrastructures and delivery systems which will be a boon in establishing first class Airports, Ports, Transportation, Hotels and other tourism related developments. Note the top three airports in the World are housed in Asia.

Singapore Changi Airport and South Koreans Incheon were named the best airports in the world for the year 2014 while the Low Cost Carrier Terminal (ELECT) in Malaysia was voted as the biggest low budget airline Airport in the <https://assignbuster.com/expedia-marketing-assignment/>

world. Answer for Question 1 Part 2 What role does GAP per Capita play?

Gross domestic product (GAP) is the market value of all officially recognized final goods and services produced within a country in a year, or over a given period of time. GAP per capita is often used as an indicator of a country's material standard of living. GAP per capita is the total sum of the output of a nation divided by the total population. (Www. Investigated. Com) Formulae c

$$\text{GAP} = \text{Consumption} + \text{Investments} + \text{Government} + (\text{Exports} - \text{Imports})$$

Source: www. Investigated. Com The role is the GAP is a very important barometer in determining the level of institution, investments, government expenditure and trade balances of a nation. In determining the Expedite investment preference in Asia Pacific, it is worthy to note that Expedite has to make preference in investing in countries that has a high GAP per capita as all the parameters mentioned above  $\{C + I + G + (X - M)\}$  would be registering high levels of investment grade figures.

For example, consumption figures which are high would mean that disposable income would be good thus enabling the consumers in the nation to be able to afford outbound travel and naturally there may be high instances of online sales in the country. High investment figures would mean that private investment initiatives would be healthy and investors may invest heavily in the tourism industry and this would also increase public spending in infrastructure such as airports, transportation, railway, ports and other tourism related activities.

High net exports (X-M) would also encourage a health balance of payments and this would make the nation's foreign exchange to remain stable thus reducing inflationary pressures on prices. High net exports has the

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propensity to encourage outbound business travelers as entrepreneurs would be able to make business trips regularly. Overall, Expedites investments in Asia Pacific should target nations which have high gross domestic per capita levels. Understanding Social factors to assist Expedites Asia Pacific Expansion Social factors relate to pattern of behavior, tastes, and lifestyles.

A major component of this is a change in consumer behavior resulting from changes in fashions and styles. The age structure of the population also alters over time (currently we have an ageing population). An understanding of social change gives business a better feel for the future market situation. Demography is the most important external factor that will shape the future of the ours. Current demographic trends will change the demand for tourism and the available workforces, which will fundamentally impact on how the industries are structured, how they operate, and how they develop in a sustainable manner.

The tourism industry has to know how, why, when and what will occur, the consequences for the industry, and the strategies that need to be put in place now to combat this change. Some of the defining demographic changes in Asia are:- population growth, declining fertility rates, increased longevity, and immigration and labor migration While demographic change occurs slowly, it shapes workforce structure, levels of disposal income, retirement, and motivational drivers of different consumption patterns.

Critically, part of the social development is the levels of human capital development in nations across Asia Pacific is crucial for the development of

Expedites expansion program as human resource will be the backbone of their back end operations. Highly literate countries such as Singapore, Australia and India will be drivers of the technological human capital markets in the future and Expedite is ready to tap into the high skilled manpower markets in these regions to spur their expansion programs.

Technological Factors affecting Expedites expansion in Asia Pacific The birth of information technology has dramatically changed consumer buying patterns especially influencing our decision making in arranging the way in which we make our travel plans. Online sales of travels and tours over the last decade has seen double digit growth numbers as e-commerce websites offering travel and tours are able to dislodge the traditional role of the travel agent and encourage interactive “business to customer” engagement to enhance sales. This disintermediation led to increased competition and added value to the information provided to the customers.

Cost, differentiation and focused strategies employed by online travel establishment is a direct result of the technological improvements that has taken place in the industry. Expedite investments in technology is fuelled by the need to have a differentiated strategy to ensure that competitors were always kept at arms length and ensure that their cost structure remained low. Expedite has a long tradition of technological innovation, which it considers a key area for future development. The company is building a service-orientated technology platform that covers all brands. This is expected to deliver faster innovation and better flexibility.

The transition should enable better site merchandising, improved search and browse facilities, better search engine indexing and increase the personalization features available. But all these types of technology is within the control of Expedite. Other industry related technology affecting Expedites expansion programs are a nations' ability in delivering viable internet connectivity among its population. Internet penetration, or the percentage of a population with internet or mobile broadband access, varies considerably across the Asia-Pacific region and has increased rapidly over the past decade. (TIT, n. D. ) According to the International Telecommunications Union (ITU), more than 31 percent of individuals and 32 percent of households in the Asia-Pacific region had internet access in 2013. While these penetration rates may appear low in comparison to Europe (77 and 75 percent) and the Americas (60 and 61 percent), the Asia-Pacific region's sizeable population means the total number of individuals actively using the internet last year was 1.27 billion people exceeded the Americas and Europe combined (1.05 billion) by a significant margin.

This number is especially impressive when viewed in the context of penetration growth the region recorded 344 million internet users in 2005, and more than 999 million just six years later. Skyrocketing internet penetration rates across the region are being partly driven by an increase in mobile broadband subscriptions. (TIT, n. D. ) With due considerations, without the enhancement of technological inputs within Expedite and the global village per SE, their entire marketing strategies which includes that market mix, segmentation, target and positioning would be at risk. Legal issues impacting Expedites expansion in Asia Pacific.



The Internet has diminished geographic boundaries requiring organizations to conduct extensive research and planning to enter the e-commerce arena. E- Marketing tools used by the online travel industry have enabled consumers to purchase travel services from the comforts of their living room. However, many businesses and consumers are still wary of conducting extensive business over the Internet because of the lack of a predictable legal environment governing orientations. E-commerce businesses must implement diverse contingencies to ensure compliance with both domestic and foreign tax requirements regarding the sale of products and services.

Expedites is very concerned with security and privacy of its customers.

According to Expedites privacy policy, the company states “ We understand that making purchases online involves a great deal of trust on your part; we take this trust very seriously, and make it our highest priority to ensure the security and confidentiality of the personally identifiable information you provide us” (Expedites, 2006). Most of all Asia pacific countries have enacted “ Data Protection Act” and “ Security and Privacy law’ which is not enforceable international.

As such, Expedites legal ramification would be exacerbated if a consumer takes legal action against them in their country of domicile. Then, Expedites is subjected to the law of the domicile nation and this could be tricky. The global marketplace has provided web-based firms with a larger customer community. However, charting the diverse domestic and international regulatory requirements will remain a challenge as independent nations develop legislation to rub excessive exploitation by foreign based companies.

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In a region rife with opportunity for growth in online retail and other forms of e-commerce, the greatest impediments to expansion remain rules and regulations that limit or restrict foreign investment in e-commerce. As discussed, some of the most promising markets for foreign investment in e-commerce remain off-limits to foreign companies, such as in India or significant barriers to market entry such as the requirement that companies establish a physical retail shop before establishing an online store, as in China.

Consideration of these limitations and barriers is critical when evaluating opportunities for investment in e-commerce worldwide. Environment Issues Impacting Expedite Asia Pacific expansion Environmental impact poses the least impediment on Expedites expansion in Asia as these are “ Acts of God” which is beyond their control. Natural disasters and Climate changes are events which may trigger “ Force Measure clauses” in any business agreement but the price or losses in this case would be invaluable.

As such, trying to avoid countries with Tsunami and Earthquake track records would not do a thing. Tourism may take a dent for a period but the human endeavourer will continue. Just like the case in Tsunami hit Packet. Tourist stayed away for a period of time but business is back to usual in the later years. Expedites concerns on environment impact should not be barrier for investing in Asia Pacific. In Conclusion After analyzing Expedites expansion strategy in Asia pacific through the use of a PESTLE Analysis.

We are in the opinion that the investment in Asia Pacific should prove to be highly lucrative in the near future. In terms political and economic impact,

Asia Pacific has been resilient over the last decade although there were lattice upheaval in Europe and the Middle East and economic turbulence in United States. Technological advancement in Asia Pacific will outstrip major nations in the globe and we expect social culture which will rival the major cities of the western nation within the next decade which will improve the marketing mix, segmentation, targets and positioning of Expedite. Mom. Affluent and young consumer clusters will ensure consumption patterns remain steadfast via the introduction of m-commerce and this will ensure Expedites differentiation approach undertaken in Northern America and Europe to remain a core investment endeavourer in Asia Pacific. Question The Establishment of an Electronic Point of Sale The establishment of an electronic point of sale (eposes) which is essentially, the gateway encompassing the tracking, recording and execution of an e-commerce purchase and sale transaction with payment.

Accessed via terminals and using authorized vendors credit cards, debit cards and pay pal accounts, remains an integral part of online travel e-commerce business websites' development strategies. Expedite foray in Asia Pacific has to incorporate a sound eposes strategy as the varied evils of business needs surrounding its incorporation within their websites in Asia Pacific would determine the effectiveness of their marketing strategies.

The priority in establishing eposes is some markets ahead of others, predominantly relates to market size of the tourism industry in a particular country and the accessibility and growth of e-commerce transactions within the Asia Pacific region. Online Tourism Market Size Kindly refer to the exhibits 1 and 2 for total market size Exhibit 1 International Tourist Arrival <https://assignbuster.com/expedia-marketing-assignment/>

Asia Pacific 2011-2012 (Wick, 2012) Exhibit 2 Top 10 World International Tourism Receipts (Wick, 2012) The two exhibit above, sums up the importance of Asia Pacific for the growth of Expedites electronic point of sale.

As we can see from exhibit no 1, the top country in Asia pacific is China recording total tourist arrivals of 57 million for the year ended 2012 with inbound receipts (revenue) as per exhibit 2 amount to USED 50 billion. Taking this model as our ranking preference in the establishment of electronic point of sales for Expedite, it is of our opinion that Expedite should base eposes establishments on the total amount arrival visa a visa revenue to ensure that the receive the maximum amount in brand exposure and inventory listing opportunities to maximize the sales.

E-commerce Market Size Asia Pacific Majority of the world's business to consumer commerce sales have originated from North America. But times are changing and new contenders have since emerged for the title of world commerce leader. North America has a mature and well-developed commerce market, therefore its level of commerce has stabilized and its part of the worldwide total is starting to decline. In fact, according to recent estimates from marketer, the U. S. And Canada accounted for 33. % of all online sales in 2012; down from 35. % in 2011 and 38. 1% in 2010. In Western Europe, sales as a portion of the worldwide total are also decreasing, as many countries have relatively mature commerce markets. Asia-Pacific is the region now taking centre stage in the world commerce market. The region's rise has been caused by contributing factors such as increased internet access and the burgeoning middle class. This combination

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has caused an commerce explosion in some countries in the region, especially in China.

In 2013, marketer predicts, 34% of all commerce sales will come from Asia-Pacific, surpassing both North America and Europe (marketer). Pacific region, with sales in China and Indonesia growing especially quickly, up 65% and 71% respectively (musketry 2013). For the Online sales perspective, it is very evident that high growth nations such as China and India with good internet adoption rates have emerged as huge online business to consumer shoppers.

Expedites should make this as another priority as the establishment of eposes would very much depend on the ability of the consumer to access online travel sites and making purchases online. The counties listed above must a priority in the establishment of eposes. Other minor factors which pose some halogens in the endeavouner to establish eposes would be government policies and banking and financial regulation acts which may impede payments in transaction across their platform.

But these issues are manageable and should not be challenges which disrupts avenues to increase sales in the Asia Pacific region. In conclusion for the arguments presented, priorities should be accorded to countries such as China, India and Indonesia due to high level of tourism arrivals and revenue attained against a country like Manner which has lower tourism arrivals and nominal e-commerce sales transactions to support Expedites business expansion and he establishment of electronic points of sale.

Question No 3 According to Expedite operation elaboration in their 2005 annual report, the business strategy are (1) leverage their portfolio of travel brands, (2) innovate on behalf of travelers and supplier partners, (3) expand their international and corporate travel businesses, and (4) marketing and promotions strategy. (Expedite Inc. , 2006): 1 . Leverage Their Portfolio of Travel Brands. Expedite appealed to the Mass Marketing from providing broadest possible range of travelers and suppliers through their collection of industry-leading brands.

By using Diversity Marketing they target several different demographics, from the value- conscious traveler through their Hotelier brand to luxury travelers seeking a high- touch, customized vacation package through their Scarcity Marketing on Classic Vacations brand. Their Hotels. Com site and its international versions target travelers with premium content about lodging properties, and generally appeal to travelers with shorter booking windows who prefer to drive to their destination.

Replication factor : Asian market will need the same business strategy at this point of IEE, as diversify group of consumer will need the branding awareness with the mass marketing implementation and diverse into all category segmentation of travelers. Segmentation of travelers will need to target from their country macro economy position as well as go into the micro of types of traveler's disposable income level.

Expedite will have to replicate the strategy to introduce diversify brand such as Hotelier. Com, Hotel. Com, and Agencies. Com (Corporate Traveler's). For travel service provider Expedite, multi-brand strategy to implement in Asia

Pacific is to serve the needs of one segment that cannot be stretch to others. Expedite already collect increasing amount of data about their customer, but they will need to earn the trust of travelers by using it to make tailored and intelligent offerings.

Risk factor: The competition from local travel agency is stiffed, customized tour packages have more target positioning consumer loyalty at those less English literate language country such as Korea, Japan, and China. These country tourist have high dependency on tour guide to assist them on tour organization. Whereas Expedite inventory and service are more target at free-and-easy traveler who only need flights and hotel reservation services. Somehow budget airline promotion with hotel packages direct to their consumer, encourage travelers to book directly from their website.

Expedite will have to get better negotiate term with these hotel and airline companies for better price for them to sell in Expedite website, or provide affiliate system support to these airlines company for Expedite BIB expansion as last resort . 2. Innovate on Behalf of Travelers and Supplier Partners.

Expedite promote Relationship Marketing by introduces the Best Fare Search and dynamic packaging technologies to more recent innovations such as traveler views, Personal Trip Guides, Expedite Corporate Traveler's Transcriptional software and their Airspeed e-mail campaign.

They increase their travelers' confidence and their likelihood of purchase by assuring them that their pricing is competitive. If travelers find a better price online for the same trip within 24 hours, they refund the difference and they give them a \$50 travel coupon towards their next qualifying trip, subject to

certain restrictions. Transactional Marketing has been used from the travel coupon given. They also intend to continue innovating on behalf of their suppliers with Affinity Marketing strategy.

As an example, they have developed proprietary, supplier- oriented technology that streamlines the interaction between some of their websites and hotel central reservation systems, making it easier and more cost-effective for hotels to manage reservations made through their brands. Through this “ direct connect” technology, hotels can upload information about available products and services and rates directly from their central reservation systems into their websites, as well as automatically confirm hotel reservations made by their travelers.