

Research business concept outline



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Australia is home to many small and medium size businesses, particularly in the hospitality industry. Hotels, bed and breakfasts, restaurants, golfcourses, art museums,

theatres and many more are small enough that they could benefit greatly from increased

online exposure for prospective visitors from inside and outside of Australia.

As online

booking features already exists for many businesses, especially room accommodations,

restaurants and golf courses, I propose to operate a site where businesses in Australia

combine their services into vacation packages for online bidders, Similar to eBay, 1 Vacation Bay will be an online auction site offering vacation packages to visitors and tourists.

The goal of the vacation bidding site is to promote tourism in Australia.

Though tourism has increased “ 5% from June 2006 to May 2007” 2, it can still be enhanced

by new or unique promotional efforts. “ In 2005, the International Visitor Survey sample size was doubled so the survey now more accurately reflects the target population, delivering larger and more robust sample sizes for the smaller states and territories.” 3 This is an opportunity for diverse tourism businesses such as those that participate in Ecotourism Australia, “ developing and adopting standards for sustainable practices,” 4 to promote awareness and bring interested visitors.

With internet technology and online booking, small and medium sized business related to tourism and hospitality are able to gain much more

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exposure to visitors from farther away. Prospective vacation package bidders can view web sites of businesses included in each package, for selection of most appropriate packages. Online payment and reservations are simplified with this process, as dates for vacation packages are already determined and payment online is more secure today with encryption, just as other online stores. Fees for offering part of a tour or vacation package on Vacation Bay are similar to listing fees on eBay. Business will not invest more than a few dollars for each listing. Costs for running Vacation Bay include web hosting, programming, database management and marketing. Brochures and emails can be sent to all hotels, restaurants, historical sites, museums and tour operators. The largest costs for advertising come from search engine optimization activities.

Online auctions are widely accepted in Australia, so there are no legal concerns. There are consumer to consumer auctions such as Oztion⁵ and business to consumer auctions such as Grays.⁶ Businesses are required to include a Goods and services tax in their package portions. “ The GST is a 10 per cent tax on most goods and services. Businesses that are registered for the GST and that sell qualifying supplies include the GST component on their tax invoice.”⁷ An example of a vacation package in Queensland might include four nights at a B&B, two different restaurant dinners , two days of golf or art museum tours. Restaurants such as Fuse⁸ and Baguette⁹ already have websites with online reservations options. A restaurant such as Greeka,¹⁰ lacking an online reservations option, will benefit from exposure in offering a night or two at its restaurant as part of a package. Choice in packaging allows businesses to experiment with various images, by co-branding. Businesses are able to closely monitor success of different

packages.

The online travel auction site is a new concept in its introductory phase of the life cycle, though online auctions in general are in the growth phase. Specialized online auctions such as Japanese-made automobiles, Renaissance art and jewelry are among the newest. If successful, the online travel auction will likely trigger more interest and competition in the future. It is more likely other countries will develop vacation auction sites to promote tourism in their regions. Competition will be among destinations rather than among multiple auction sites within regions. Though the online auction will not likely reach the maturity phase for several years, this will be a time where competition is likely to be the toughest. The decline phase will occur when decline in travel interests occurs. Barring global disasters or military action in Australia, this phase is not likely to occur for at least a decade or two. Internet usage has not reached the maturity phase in most regions. It will not reach the decline phase for many decades, as many global businesses now rely on its speedy supply chain processes.

Strengths are the popularity of internet use and global exposure for the businesses listed on the auction site. There are many global vacation and travel sites, yet none are specifically set up as an auction. Auction sites are relatively simple for IT professionals to set up. Relatively low cost for listing is also a great benefit to all businesses who become involved. Bidders will check out all businesses in packages that appeal to them, creating more awareness. Costs for listing on the auction site are very reasonable, offering an affordable method of marketing for even the smallest of tour operators or travel related business. Database and site maintenance require less than full time efforts, so

operating costs are minimal. One weakness is lack of exposure to older travelers and vacationers, who are not as savvy with the internet. Another is the possible lack of interest from businesses within smaller territories to package with other local businesses, as there are fewer options or choices. If packages do not consistently receive higher than minimum bids, businesses may become frustrated with the auction site.

Opportunity exists for all businesses related to tourism in Australia to gain increased

global exposure, and therefore, increased revenue. Opportunity also exists in earning

increased revenue due to bidding wars. Some will not let anyone else take what they consider theirs, regardless of the cost. There is much potential for growth, as Vacation Bay gains increased exposure and popularity.

Competition from travel web sites, online hotel reservations and other online vacation bookings is a limited threat. A greater threat is the existence of online travel packages that offer some flexibility in options. Global Vacation Travel Packages offers limited Australian vacations such as Murray River cruise and a self-drive tour. 11 Considering the limitations of agencies in selling global travel packages, this is currently not a threat for the many travelers determined to take control of their vacation. Security issues exist with any online business, in the possible breach of database security. This can be minimized with an application that detects such breaches and sends a warning via email, cellular phone or another convenient method.

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