

Business overview of reliance travel agency



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Reliance travel agency established since 1969 in the forefront of the Travel & Tourism business and is a leading Travel Management Company in Malaysia and is the first Tour and Travel Company listed on the KLSE (1993). Brand value for the company is Trust, Speed and Choice. They specialize in travel package around the globe with experience and quality service. Reliance travel network expand to more than 200 destinations in locally and overseas. They provided widest choice of travel destination with great service value such as independent tour bookings, flight reservations, airline ticketing, accommodation bookings, customized tour package and car hire. Reliance senior management team is composed of professional with extensive experience from all aspect in travel field. Besides, with excellent relationship with airlines and travel suppliers, they can provide quality standard service with pair pricing that satisfied their customers. For Reliance, customer satisfaction is the most valuable asset.

Vision

To be international well known travel agency brand by serve amazing journey destination and providing fun, leisure, holidays and vacations to customers (Reliance Travel, 2008-2010)

1. 1 PESTEL

Political Factors

Government Policies

Reliance has to obey policies of the government where they run their business activities. When nation or foreign company invest in Malaysia, Malaysia government will support them and welcomed their investment by

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provides many incentives for company that operating in Malaysia. Since the tourism industry is one of the top priorities, they have a bright future operating in Malaysia.

Political Stability

Political stability in Malaysia creates an opportunity for Reliance to expand their business worldwide. Reliance famous in many countries because of their brand value Trust, Speed and Choice. For political stability companies, represents an attractive expansion opportunity. With good brand value and political stability, this will help to increase profit of Reliance as well.

Economic Factor

Malaysia government provides many incentives to national and foreign companies to stimulate further economic growth. Besides, inflation in Malaysia is very low because government controlling the situation cautiously. The latest report of inflation rate is Malaysia was 1. 90%, reported in July 2010. The average inflation rate in Malaysia from 2005 until 2010 was 2. 77 percent reaching an historical high of 8. 50 percent in July of 2008 and a record low of -2. 40 percent in July of 2009.[1]

Year

Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

Dec

2010

1. 30

1. 20

1. 30

1. 50

1. 60

1. 70

1. 90

2009

3. 90

3. 70

3. 50

3. 00

2. 40

-1. 40

-2. 40

-2. 40

-2. 00

-1. 50

-0. 10

1. 10

2008

2. 30

2. 70

2. 80

3. 00

3. 80

7. 70

8. 50

8. 50

8. 20

7. 60

5. 70

4. 40

* The table above displays the monthly average Source: Trading Economic,
Inflation Rate 2010

If there is economic growth in the country and per capital income is increasing due to increase in GDP will create an opportunity for Reliance. This is because purchasing power of the people will increase and they can spend more on purchasing. There is a down fall in the economy of many countries. Growing inflation rate and unemployment rate has reduced the purchasing power of the people.

There are many benefits that tourism industry brings to our economy. First of all, when governments promote tourism industry in Malaysia, it will bring

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foreign currency and generate wealth for country. Besides, it also helps to provide job opportunities and helps economies at district levels, such as improving urban and rural areas which in turn stimulates new business enterprises and promotes a more positive image in an area. For an example, when tourist come to visit Malaysia, their will bring business to Malaysia. This will help to create job opportunities and governments also will develop more infrastructures such as leisure mall to attract more tourists.

Social Factor

Reliance must put a hard effort in doing research to understand customer's culture and trends to sketch a suitable travel plan to target customers. This creates an opportunity for them. There is always changing of customer demands. Changing of consumers preferences can create an opportunities to target them. Besides, economic crisis also affect consumers spending power. Therefore, Reliance tends to come out with good marketing plan to target consumers.

Tourism could create a great influence for the host societies in positive and negative side. Positive effect including developing friendships by understanding each culture and customs through positive attitudes towards each other. This can helps to reduces negative perceptions and stereotypes. In addition, when local culture can attracting tourist in traditional handcraft, it can avoid handcraft from extermination. For example in Malaysia, such state as Kelantan and Terengganu contribute significantly to the preservation of traditional handcrafting and handmade doll. In Melaka and Penang, there is preservation and maintenance of architectural historical

monuments. In Melaka, there are many museum opened to promote the national culture and traditions.

Technology Factors

Technology can help in research and development for a tourism company. Research and development is an important factor in the tourism field in order for the success in operating a company. A tourism company must have much focus on research and development. They need to use technology such as internet and others software programs to do research, statistics and agriculture. For example, Reliance cans understanding consumers' culture, needs and trend through technology information in order to target customer. Customers can get the travel information package that they want just by a call or drop an email to Reliance (Reliance, 2008-2010).

Environmental Factors

Temperature in Malaysia can affect tourism industry. Weather in Malaysia is too hot for some tourist such as tourist that comes from China or Korea may not suitable with the environment changes. Therefore, it becoming a significant issue for firms to consider, the major climate changes travel industries is affecting demand patterns and affects the business expanding.

Legal Factors

Legal law in nation or oversea countries can affect firms operating. In order to operate a business, there is very important to obey legal laws. In Malaysia, legal changes can affect tourism industry in firm's cost (example: when new system or procedures is developed) and demand (example: Malaysian cannot travel to Israel).

Below are the different categories of law:

Consumer laws are used to protect consumers against unfair practices such as misleading[2].

Competition law is used to protect small firms from bullying by larger firms and will not demoralize by other firms with monopoly power[3].

Health and safety legal ration is used to ensuring workplace is safe for practical using with appropriate provision of safety equipment[4].

1. 2 Micro Marketing Environment

Customers

Customer is the main source of funds/profits for Reliance Travel. From romantic trip to honey moon trip, from business trip to travel trip, Reliance Travel is meeting customer's needs (Reliance Travel, 2008-2010). Customers are easy to change their supplier and perceptions. Customers can take over the firm because they have negotiating power. They will easily switch when they find another provider that can give them more benefits. Reliance travel knows this point and always come out with excellent service with fair price. Therefore, they had come out with different travel package to target different customers. This can create customers satisfaction and create customers' loyalty.

Suppliers

It is very important for a company to have a good relationship with their supplier. Supplier provided products or services for a company to operate their business. Airline industry, hotel industry, and government are

considered as supplier. To keep all the supplier satisfied is usually the second goal of Reliance because they are the people who affect the company the most. Not only that, travel insurance company and website designer also is one of the suppliers that help Reliance serving its customers. Therefore, Reliance by maintain close relationship with their supplier, they could determine the quality and service for Reliance while travel is carried out.

Competitors

There are highly competitive in tourism industries in Malaysia. Consumers can easily found a several travel company at a same area. Therefore, this enable customer to compare the travel packages and prices. Reliance Travel is a well known travel company compare with Holidays Inn and Smart Holiday. The number of branches that it has in various countries makes consumers easier to find them. Reliance is classified as CASH COW in The Boston Group Approach. They have a large market in globalization compare with Holidays Inn and Smart Holidays. They just require little investment and can generate huge profits. Compare with Reliance Travel, Holidays Inn and Smart Holidays classified as STARS. They are small company and requires heavy investment of capital if want to compete with Reliance Travel. Most of them have very similar strategies to conquer the market. However, variety travel package of Reliance Travel had gained a huge advantage compare with its competitors.

Critical Success Factors of Reliance Travel

Reliance travel services provide unique value travel package to fulfill their customers' needs. They have widest choice of travel destination with

guarantee best value in nation and oversea countries. These are designed to enhance the travel experience delivered by their award winning company. They are focusing on experience service quality to customers to obtain their satisfaction. The feature that Reliance is different with other travel agency is Reliance has international and domestic air ticket on same value with special promotion fare to over 200 cities (Reliance, 2008-2010). Less for more strategy offer customer comparable service in a lower price attract customer to experience a memorable trip. In addition, Reliance is exciting new journey destination such as South America and Scandinavia to improve travel specifications. This is why Reliance can compete in today's competitive tourism market.

2. 0 Strategic Analysis for Reliance Travel

2. 1 Value Chain Analysis of Reliance Travel

Margin

Firm Infrastructure
Human Resource Management
Technology and System Development
Procurement
Transportation Service
Wholesale Marketing and Sales
Retail Distribution
Customer Service

Support

Activities

Margin

Primary

Activities

Source: The value chain, Dagmar Recklies

Value chain analysis can create and sustain Reliance operating performance by analyze their activities and link it to organizations competitive position to compete with other travel company and deliver superior service to its customers. Through value chain, Reliance can perform well organized management and can help in decrease cost, increase company profit.

Primary Activities

Transportation Service: Provide transportation from one destination to another destination. Besides, it is including transport scheduling, ticket booking and yield management.

Wholesaling: This part involved assembling in services. Pricing, commission, service developments will be negotiating among supplier and managers according to service aspect.

Marketing and Sales: Market research will be done to know consumers preferences and convince them to consume Reliance services. Advertising, public relations and method of distribution is an important strategy implementing the operations.

Retail Distribution: Reliance's service will distribute to the market through different location. There are too many choices of distribution channel, therefore company must choose the most appropriate ways to target customer's attention.

Customer Service: This activity is very important for service industry. Their activity included customer complaint management, management and monitoring customer satisfaction.

Support Activities

Firm infrastructure: It is consists of company general operating task such as planning, information system, finance and accounting to come out with quality management.

Human Resource management: It's about recruiting, hiring and training employees. Besides, it also comes out with reward and punishment to employees for high quality job performance.

Technology and System Development: Computerized reservation system is used in Reliance. Computer database system used to store and retrieve company transactions information and customer's information.

Procurement: This included company assets such as building, office equipment and machinery. Nerveless , it included services provided by supplier such as transport service, airline service and hotel service.

Source: The value chain, Dagmar Recklies.

2. 2 SWOT Analysis

SWOT Analysis

Descriptions

Strengths

Good network distribution

Reliance network coverage exceed 200 location locally and oversea.

Customers can get the information or consultant by visit the nearby Travel Retailers and preferred agent partners.

Good management

There is experience leaders in all aspects will assign jobs equally based on staff ability. Everyone is asking with efficient and speed service in today's busy society. With good leadership, job task can be done effectively and efficiency to reach customers satisfaction.

Excellent travel package

Reliance provides train services from tour bookings to accommodation bookings. They still come out different packages to meet different customers' needs.

Weaknesses

Imperfect of travel package information in internet

Although there is many travel package for Reliance travel Company, but in the internet, customers still cannot get the full information about the package they want. Besides not every package that Reliance Travel Company has is post on internet.

Opportunities

Expand to more countries/ new package

There are more competitors in today's tourism world. Therefore, Reliance is come out with new journey package such as to Greece, South America to

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expand their travel packages. This can help in expand their market by target more customers.

Internet technologies

Everyone is depends on technologies especially on internet. Internet becomes a good tool for Reliance to communicate with their customers. They can online and search the information about travelling package. That is more convenience compare to straight visit to travel agencies.

Threats

Economic recession

When economic downturn, everyone thinking is save more money for future. This will reduce the willingness on customers spending on travel. Directly, it will decrease company profits.

Competitors

There are too many competitors in Tourism field. Coupled with economic downturn, competitors come out with different promotions and tactics to attract customer's attention. Therefore, in order to survive in today competitive market, Reliance has to come out with more unique service.

2. 3 Resources and Capabilities for Reliance Travel

Strategic capability is very important for an organization in operating their business. Strategic capability can define as resources and capabilities.

Resources

Competences

Threshold capabilities

Threshold resources

Tangible

Intangible

Threshold competences

Capabilities for competitive advantage

Unique resources

Tangible

Intangible

Core competences

Source: Gerry. J, Kevan. S, Richard. W, 2010, p95.

2. 3. 1 Tangible Resources

Physical Resources

Reliance Travel Company had been established since 1969 and own 21 branches in Malaysia. The head quarter is located at Kuala Lumpur, Jalan Yap Kwan Seng. Other branches location included Penang, Seremban, Mallaca Johor Bahru, Kuching and others 15 branches is located at Selangor. To perform work tasks, machinery and office equipment is very important. Reliance Travel company has purchased office furniture fitting such as photocopy system, coffee machine, computers and etc. Moreover, Reliance Travel Company also has good computer systems which consist of hardware <https://assignbuster.com/business-overview-of-reliance-travel-agency/>

and software to store customer's information. Well categorized information helping company in segmenting and target customers. Not only that, with computerized many paper works can be done easily and more efficient. Lastly, Reliance Travel Company also has they own official website to provide travel information for customers. Internet usage penetration has increase, customers are able to interact with web by clicking the mouse for delivery service in formation. The webpage will display travel package, pricing, promotion and online ordering service number.

Human Resources

People are valuable asset for Reliance. Without employees, company cannot operate their business. Besides, it could affect Reliance reputation if employees not perform well in their duty task. With excellent management, employees can come out with good attitude and performance that link to company successful in future. In other words, right employees enable to develop a company and come out with quality services. Furthermore, with suitable arrangement in work task, employees will put more effort in their role and come out with quality services Thus, to come out with well organized company, human resource management should come out with good planning, organizing, leading and controlling in a company. Example, Reliance is recruiting new employees according to their education and previous working experiences. After that, training will be providing to them. Training will included computer system learning, travel package information and how to serve customers. The purpose of training is to increase their skills and enhance their contribution ability.

Financial Resources

Finance is the function in a business responsible for acquiring the firm, managing funds with the firm, and planning for the expenditure of funds on various assets. Any business has important financial concerns, and its success or failure depends in large part on the quality of its financial decisions. Every key decision made by a firm's managers has important financial implication. (R. Charles Moyer, et al.. 2007, p. 2). Thus, financial management plays the role of managing a company resources' in order to manage company financial position. Reliance Travel Company is a popular travel agency in Malaysia. They have loyalty customers to provide them stable income. Besides, they also have strong cash flows for them to investing their travel business. For example, financial manager need to make a report and recommendations to the company when they get the marketing plan from marketing department. Financial managers will use the data prepared by accountants to come out with capital budgeting to plan either there is enough fund to run the business.

2. 3. 2 Intangible Resources

Reputation Resources

Reliance built their reputation on brand values of Trust Speed and Choice. With employees, business partner and excellent relationship with airlines and travel suppliers, they come out with exclusive and great service in all aspects for customers. With leverage online, they can serve customers with high speed and convenient services. Lastly, they also provided lots of travel package to meet customer needs.

Information

We know that internet usage penetration has increase; it can be a good tool to distribute package travel information and promote services. Consumers are able to interact with Reliance travel information through the online service. The webpage is categorized with will travel package, pricing, promotion and online booking service number.

Knowledge

Knowledge is a powerful tool for Reliance Travel Company. With knowledge sharing, employees can gain more experience and create good relationships with the business market and communities. Moreover, sharing section also give employees to share their experiences, tourism knowledge, opinion and the latest tourism issue to enhance company improve the operating quality. Besides, this can help in build team work among employees.

2. 4 Reliance Travel Company Unique Services and Core Competences

Unique resources can emphasize competitive advantage established longer brand. Unique resources help Reliance provide excellent travel service to its customers. They had widest choice of travel destination with guarantee best value in nation and oversea countries. These are designed to enhance the travel experience delivered by their award winning company. They are focusing on experience service quality to customers to obtain their satisfaction. The feature that Reliance is different with other travel agency is Reliance has international and domestic air ticket on same value with special promotion fare to over 200 cities (Reliance, 2008-2010). With excellent marketing plan and co-operations from supplier, they can enhance their

travel business and create competitive competences to compete with other firms. Not only that, their business purpose is to satisfy their customers' needs. In today competitive business market, fulfill customers satisfaction is very important. Customer's satisfaction can determine company successful. Therefore, Reliance has very strong core competences that are they care for customer's feelings.

Below are the reasons why customers should chose Reliance:

1

Trust

There are more than million customers using Reliance service since 1969.

2

Speed

With the advanced technology, all the procedures can run in speed.

3

Choice

Many travel packages had been promote to meet customers' needs.

4

Simplicity

All the procedure can do in short period at the same place.

5

Consistent Quality

Reliance delivers travel products based on its quality standards 100% of the time.

6

Reliable delivery

100% delivery of our promised itinerary

7

Award Winning

Reliance gain lots of performance in sales and services award since 1969.

8

Travel Expertise

Have more than 40years experiences in travel field.

9

Accessible Travel Consultants

A nationwide network of over 20 Reliance Travel Centers and over 200 Travel Agent Partners ready to listen, share and serve.

10

Fair Pricing

Reliance is applying fair pricing strategy although there is increasing in spending cost.

Source: Reliance Travel, 2008-2010

3. 0 Strategic Fit Analysis

Most of the customers are seeking valuable travel plan to spend their precious moments with their love one. Reliance Travel has its own unique resources and unique service that can achieve competitive advantages and can compete with other competitors. Consequently, they come out with brand values that consist of Trust, Speed and Choice to target their customers. Reliance Travel has a good network coverage and excellent travel package to be their trademarks. Reliance network coverage exceed 200 location locally and oversea. Customers can get the information or consultant easily by visit the nearby Travel Retailers and preferred agent partners. Besides, Reliance not only has good company portfolio and reputation, they also provided many unique travel packages fulfill their needs and attract consumes to visit them. These brand values is to meet different customers' needs. Everyone hope to travel with relax mood and get an unforgettable experience. Therefore tourist guide play an important role to satisfied tourist requests and come out with excellent services to ensure tourists have joyful trip. Reliance Travel has advanced data bases system and professional employees to support and implement their strategy. They can use computer system's leverage to provide speed service to serve their customers. Professional employees can use their excellent skills to come out

with details package plan and friendly service to help company in earning profits.

However, there is this limitation in their company strategies. Reliance Travel used internet website as their communication tools to introduce their travel package. But there is lacks of link in search engine for the websites. Besides, there is not much of information customers can get from internet. Some information such as quality of hotels, places of environment and timetable was not shown in internet. In addition, marketing department must come out with good communications such as advertising to introduce company and travel package.

4. 0 Conclusion

Reliance become a successful company today because of they have excellent and successful marketing plan in managing the business. They had makes use of their employees, utilizing their unique skills to expand services, in the mean time also provides training to motivate to enhance their contribution ability. Therefore, to compete with competitors and expand Reliance business, excellent workers, strong financial support, advanced marketing plans and strategies is essential to enhance their level of performance and ensuring that they are committed to the company and accomplish the organizational objectives.