Research on the Profit Model of Online Tourism Enterprises in the Post-Epidemic Era

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Abstract: The outbreak of the New Crown Pneumonia epidemic has dealt a huge blow to the high quality of China's tourism industry, bringing all sectors related to tourism to a near standstill. Online travel companies are under immense pressure as they seek to find hope for corporate profitability in a travel industry that has suffered a major trauma. As the epidemic gradually improves, new situations and characteristics emerge in the development of the online travel industry, which offer potential business opportunities and strategic directions for online travel companies. In this paper, through a brief analysis and discussion of the original profit model, combined with the new situation of online tourism development in the post-epidemic era, we study new profit models for the sustainable development of online tourism, providing ideas and references for enhancing the market competitiveness of enterprises and maintaining their sustainable operation.

Keywords: Online Tourism; Profit Model; Tourism Industry

1. Introduction

With the continuous improvement of people's living standard and the increase of leisure time, going out for travel and leisure has become an important way of daily life for people. China's economic transformation and the optimization and upgrading of its industrial structure have led to the rapid development of the service industry represented by the tourism industry and its rising status in the national economy. However, the sudden outbreak of the New Crown Pneumonia epidemic in 2020 has hit the booming tourism industry hard, causing an annual loss of over RMB 4 trillion in total domestic tourism revenue in both 2020 and 2021, with annual losses accounting for around 60%. Online travel companies are struggling to survive the epidemic, with companies taking urgent steps to achieve self-help and the travel industry is gradually recovering.

2. Online tourism industry chain

Online tourism is where travel consumers book travel products or services from travel service providers through the internet and complete transactions in the form of online payment or offline payment to achieve web-based product marketing or product sales.[1] Involving hotels, tickets, travel agencies, scenic spots and other consumer content, online tourism enterprises use the Internet to efficiently disseminate and promote product information, enhancing the overall operational efficiency of the industry chain by solving the asymmetry of upstream and downstream information. The upper reaches of the online tourism industry chain are tourism goods and service providers, and different product and service entities accommodate various types of tourism resources, including hotels and lodges, scenic spots and airlines, and other resource producers. The midstream of the industry chain is the online service platform, which mainly includes online agents, traffic platforms, distributors, third-party platforms, content platforms and self-owned websites. Upstream suppliers pay commission fees to the midstream online service platform, which effectively integrates and allocates the tourism resources provided by the upstream to meet consumers' tourism needs through a combination of online and offline distribution. Downstream is the consumer sector, and consumers can place orders through mobile or personal computer terminals to complete the direct sales model of the industry chain, or follow the traditional travel model across the midstream online service platform to meet

their own consumption needs. The online travel industry chain has matured, with industry clusters not only covering numerous sectors, but also a gradual increase in the number of travel companies. The arrival of the post-epidemic era offers hope for online travel companies, driving them to look for profitable business opportunities in the new economic landscape.[2]
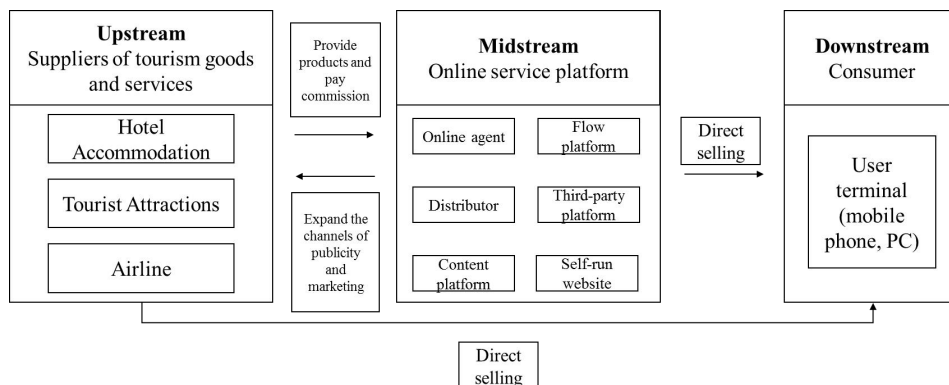

Figure 1 Online tourism industry chain

3. New trends in online tourism development in the post-epidemic era

Online tourism has obvious digital characteristics. Along with the changes in technology under the influence of the epidemic, 5G, artificial intelligence, big data and robotics have been widely explored and applied in the tourism industry, providing more possibilities for the development of online tourism enterprises. Scenic VR real-world navigation and AR-based interactive landscapes to enhance consumer experience can allow consumers to experience scenarios before travel, allowing them to make scientific decisions and rationalize their travel. Technological means are driving the construction of digital platforms for online tourism enterprises and building digital scenario services, and it can be said that the flourishing digital development is the technological support for tourism innovation.

Supply-side and demand-side developments are changing. On the demand side, digital experiences penetrate deeply into consumers' lives, the environmental scenario of digital technology expands the scale of consumer demand and enhances consumer motivation to travel, consumer demand upgrades put higher demands on quality-oriented tourism, and consumer demand upgrades drive the iteration of tourism products and services. Consumers have cognitive demand, quality demand and sharing demand for tourism products and services. At the supply level, both internal management and external services have higher requirements for digitalization. The continuous integration of technology has enhanced the efficiency of production and services in the online travel industry, and digital application technology has greatly enriched the type and experience of travel products, allowing companies to pay more attention to the control and analysis of user traffic, and lean towards private domain traffic layout and operation. While the travel market was stable before the epidemic and travel resources were distributed among travel platforms, the upstream travel products and suppliers faced tremendous pressure after the epidemic, and travel resources were fully utilized by other traffic platforms in addition to continuing to be available to online travel companies. The supply side and the demand side contributed to each other's changes in the development of the tourism industry.[3]

The pace of tourism product innovation has accelerated. Real-time changes in market demand orientation drove continuous innovation in online tourism products and services, with tourism products moving from traditional natural and humanistic environments, pioneering digitally empowered tourism, enriching smart AI tours and other tourism products, and broadening the boundaries of travel products. The epidemic has led to changes in travelers' travel intentions, travel motivations and concerns, with a clear trend towards casual travel, a greater tendency towards free-riding, self-driving and recreational nature tours, and a marked increase in concern for travel safety. Demand has given rise to deeply customized tourism products, allowing for greater traveller participation and great satisfaction of travel needs. At the same time high quality tourism product innovation permeates all aspects of the supply chain, content and traveller experience. Transforming and innovating quality tourism products is beneficial in establishing a good market reputation and enhancing the competitiveness of Online tourism enterprises.

Digitalization and diversification of marketing channels. The development of social media and short videos has provided more

platforms for travel marketing, and companies are relying on digital technology and channels to achieve more accurate marketing, keep up with popular trends, make timely adjustments to marketing campaign strategies, and push out deeply personalized advertising and services. New technology is being used to organize marketing campaigns, with technology-enabled marketing methods and tools that are more interesting and engaging than the same old marketing approach. Enterprises pay more attention to content marketing, the travel industry content operation method gradually showed the development trend from graphic to video, compared to graphic, short video and live content marketing channels are easier to achieve traffic cash, for online tourism platform strong flow.

4. The profit model of online tourism enterprises in the new situation

4.1 Traditional online tourism profit model

The profit model of Chinese online tourism enterprises is gradually maturing, and is divided into agency and wholesale models according to the profit source channel of the industry chain. The agency model, also known as the commission model, is the most traditional and commonly used model for online tourism enterprises. By providing intermediary services to upstream suppliers and downstream consumers, the agency model is different from selling goods to customers, in that it provides services to customers while charging commissions to upstream suppliers. The price of the travel product is basically determined by the upstream supplier, and the online travel business only provides a trading platform. The wholesale model is where the online travel company purchases travel products in bulk from upstream suppliers in advance at a wholesale price and then sells them to users at a higher price, earning a difference in price.

Based on these two basic online travel profit models, various other models have evolved depending on the platform services and the variety of travel products offered by online travel. For example, the platform model involves online travel businesses providing an online platform, which is responsible for maintaining the order of the transaction and the seller is responsible for selling goods or services online. Online travel businesses make a profit by charging advertising fees, ranking fees and transaction commissions, and the more active the transactions on the platform, the greater the profit the platform makes. The advertising model, by charging commissions on advertising fees or providing online services such as advertising and marketing, leverages the platform's internet marketing benefits to continuously promote and provide access to tourism products. Search comparison model, and it uses the powerful information processing technology and capabilities of online travel companies to provide data support for users to search for travel products and services, and to push the best and most appropriate travel products for users as a way to obtain click revenue.

4.2 New online tourism profit model

The online travel industry in the new situation users tend to be younger, travel product models are diversified, and users' demand for innovation and empowerment of travel products increases. Under the influence of the epidemic, user behaviour has changed, showing a trend towards everyday, leisure and outdoor, and they favour live streaming, short videos and graphic sharing of content distribution, and Online tourism enterprises are constantly optimizing their profit models in line with user habits. Summed up here as the content model, the content model is with the help of digital technology means through the Internet of Things, 5G, VR, AR, etc., relying on a variety of content platform channels to attract traffic. The core of the content model is tourism product innovation and empowerment of tourism products. Tourism companies maintain the ability to innovate dynamically and combine the changing trends of consumer demand to improve the capability and quality of tourism products and services. Through the layout and operation of private domain traffic, enterprises achieve efficient user pulling, user retention and user repurchase.

The content model can charge marketing fees based on the length of content, frequency of clicks and sales results. The content model focuses on content sharing and social sharing to obtain a variety of traffic, generating travel scenarios through short videos, travel photography and live interaction, and providing a marketing and promotion platform for users. Advertising revenue in the content model is one of the sources of profit, in addition to the main revenue of its tourism products, there will be savings in corporate marketing costs, and more and more travel users participate in the content operation. The content model effectively unites the traffic side, content side and client, and it not only has a profitable income, but also has a continuous source of potential users, which can add value to the various tourism products on the online travel platform.

5. Conclusion

China's tourism market is gradually recovering in the post-epidemic era, and tourism development is beginning to shift from high-speed tourism growth to quality development. The State attaches great importance to tourism development and has formulated a series of policies to encourage and support tourism development, providing a good policy environment for online tourism enterprises. Online tourism enterprises have gradually overcome the tourism crisis by combining national policies and independent strategies, actively maintaining and expanding their tourism market share, they are constantly focusing on tourism consumption hotspots and accurately grasping consumer demand, and these enterprises are following the development trend of the times, using digital technology to empower tourism products and making full use of traffic platforms to actively market. Online tourism enterprises are gradually trying to develop profit points rapidly, constantly optimizing their profit models, giving full play to the superiority of their profit models and ultimately achieving sustainable development.

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