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An exploration of the impact of information technology on China's hotel industry:

A case study of Hanting Inn

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With the rapid development of information technology, digital technology and e-commerce are playing an important role in the tourism industry, and modern information systems represent a major future direction for tourism development. Given this situation, the hotel industry in the 21st century is likely to undergo great change in the face of a common trend.

Based on this trend, network marketing has become an important marketing tool for the hotel industry. Network marketing uses the Internet as a platform to lower marketing costs and to achieve more effective marketing. For the hotel industry, and especially for economy hotels, in this information age adopting the advanced marketing model of network marketing has become the choice for its development through effective online marketing channels, from publicity, sales and service to a new economic growth point.

By analysing the marketing environment and the marketing situation of Hanting Inn in Chengdu, Sichuan Province of China, the objective of this research is to improve both the online services and the network facilities of Hanting Inn, especially from the network marketing perspective. The case study starts from implementation of network marketing services, and then gives the results of the implementation which are analysed to verify the effect of these services.

Key words information technology, hospitality industry, network marketing, services

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1 Introduction

Since China joined the World Trade Organization (WTO), its hotel industry has become increasingly competitive. The competition for tourists between hotels also became more and more intense, coupled with the shrink in profit margins for room sales, has meant that hotel information management needs to use a more effective means of coping with the expansion of business space to further reduce operating costs (Yu 2005). The application of advanced information technology to hotel management, not only can effectively improve service quality and service efficiency, improve the hotel decision-making, the hotel's management efficiency and economic benefits, but also is an important means to lower management costs and enhance customer satisfaction, which will help make the hotel more competitive.

1.1 Research background

With the development of the economy, living standards have rapidly improved. This has led to an increase in holiday consumption and tour consumption as more and more people pursue leisure and a healthy lifestyle. Many countries regard tourism as one of the most important sectors for supporting the local economy. Tourism provides an opportunity to accelerate the healthy operation of the economy, increases job opportunities, and can also balance regional economic development and contribute to the promotion of national culture protection and development. Therefore, the tourism industry has been developed by many countries with great effort.

The development of tourism helps to promote relevant economic sectors and industries, and the hospitality industry is typical of the industries which have benefited greatly from it. Travellers from one city to another or from one country to another, and especially overnight tourists, need a place to stay. Also, future trends of tourism are likely to involve fewer sightseeing tours and more vacation tours (Jafari 2003). The increasing number of tourists and business guests will boost the demand for hotels. Therefore, more and more estate investors are becoming interested in the hotel industry, which is experiencing growth in many countries. Due to the increase in the number of hotels, the competition is fierce among the industry. To satisfy customer demand and become more competitive in this market, hotels need to improve their service diversification.

The modernized hotels are not only a place for guests to sleep, they integrate various kinds of facilities and services which include the guest room, food and beverage, entertainment, commercial culture and so on. There are so many service items within the hotel, resulting in

a significant amount of information that needs to be controlled and well managed in the daily management process.

With the development of information technology, manual management cannot meet the needs of the rapid development, computers and network play a crucial role in hotel management. Timely and accurately receive information relevant to customers' needs is often the key to satisfied tourist demand (Buhalis 1998). Through the adoption of new technology, hotel can deal with a large number of information and better arrange the service to the customer which helps manage their daily work at a lower cost, improve the hotel's service quality, and improve employee's productive and management level.

1.2 Purpose

Purpose of the thesis is to study general information technologies used in China's hotel industry and how they improve the services, and to get detailed understanding of information technologies used in E-commerce and Intelligent Management the two most important system functions in hotel services. Case study will be Hanting Inn, from network marketing perspective, describing and analyzing some online services Hanting Inn offered and sums up the theory and application of information technology experience in the hotel, according to the research data, in the end of the thesis, the author will offer some suggestions to Hanting Inn to make its online services more complete.

1.3 Research objective

The objectives of this research is to improve the online services as well as hardware environment of Hanting Inn, especially from network marketing perspective, because as far as I am concerned, there are several main problems in Hanting's network marketing services.

Firstly, Hanting Inn simply regards network as a tool to introduce hotel services, but not extend their customer relationship management, and customer service to the Internet. Hanting Inn relied heavily on third-party agent website but not spent time constructing its own booking services, it lost a lot of customers. In 2010, more than 45% of the hotels rely on online booking(Merrill Lynch, 2007). But according to data of Chinese Hotel lists, only 7% of Chinese hotels have a self-built website and developed service processes.

Secondly, the online booking service is seriously disjoint to front desk service. Many customers cannot find their reservation information at the front desk when they complete online booking. (Ctrip hotel reservation online forum, 2012)

Moreover, even though the website of Hanting Inn is beautifully designed, besides general browsing and booking functions, the platform does not have a forum to directly communicate with customers, so that customers cannot fully trust the services of the hotel.

Also, according to discussion in China Travels Forum, in terms of information technology hardware in hotels, Hanting Inn just consider customers' basic internet demand and basic requirements of internal office network, there is only ADSL broadband access in hotel and it directly uses low-end fast switch to connect in rooms' broadband network and office network, what caused internet connection is unstable, even many computers virus caused loss of important information. This caused direct result of the loss of customers.

At the end of this research give proper advices by writing some hints to Hanting inn to make online services more complete.

1.4 Research methods

1. Study general IT used in Chinese hotel industry, especially in e-commerce and intelligent management, from the public literature. Now I found some books referring these topics, like E-commerce. New age international by Goel, R, Network information system application in hospitality industry. China Academic Journal Electronic Publishing House by Kou, W. and Hao, W and Information and tourism development by Qian Yu, etc.
2. Study quality of Hanting Inn's online services by public forum on websites and some data collected by Hotels authorities online, like Chinese Hotel List and Ctrip hotel reservation online forum, Guang Zhou Hotel Association website. These forums and authorities collect the achievements of the adoption of information technologies in Chinese hotels in latest five years, points out some problems and also gives some suggestions appropriate.
3. Study other hotels' online services that Hanting does not have or have not constructed completely from website of professional institution data, like China Tourism Hotel Association (CTHA), Guang Zhou Hotel Association, etc. These institutions always provide problems in different hotel information services as well as corresponding solutions.

2 Literature Review

2.1 Relevant concept

2.1.1 Concept of IT/IS

According to Pizam (2005) an information system (IS) is a computer-based system; it can collect and allocate data resources and then translate those resources into useful information to provide users with an instruction which guide them accomplish an activity.

Chen (2006) explains that information is the basis of decision-making in business management, correct decision determine a company's future destiny. The premise of correct decision is access information comprehensively, timely, and accurately. Information is a means to improve a company's competitiveness and economic efficiency. To enhance the competitiveness of an enterprise, it is important to enhance the competitiveness of information. The major management tool in an organization is using computer processing power, company's senior decision-making is also provided by computer information. It is provide information to support decision making and optimally control a business process in the organization, also help managers and staff to analyze and solve the complex problem and create new products or services.

According to Ma and Buhalis (2003) 'Technology itself cannot bring values to any company. However, the strategic and efficient implementation of technology within a business can reduce operational costs and support the delivery of better products or services to customers'. He concluded that to survive in the new economy, companies should implementation and manages information system properly in their organizations.

2.1.2 Concept of network marketing

Network marketing concept was first originated in some trading companies, whose background is: the development of network technology and enterprise cost reduction make the enterprises easier to complete a series of marketing through the Internet link, which brings new business opportunities, and then proposed a similar concept of traditional marketing (Croft 1996). Because it is based on the Internet, it is called network marketing.

More stringent definition of network marketing is the process by the using the Internet for better and faster to meet customer needs. It is the marketing activity to be carried out relying on online resources through the network tools and is a new marketing method combining the traditional marketing and Internet-specific interactive features, which includes three levels (Berry 1997): first, network marketing activities to carry out online virtual market, followed by the marketing activities based on the service to carry out the traditional physical

market, and finally include the marketing activities carried out under the traditional means of serving the virtual market.

Internet marketing generated in the development of technology and Internet applications. It is promoted and developed under the factors of consumer values change and the intensification of business competition (Luceri 2002). With the development and application of modern communication technology and electronic technology, as well as the quickly rise of Internet in the network platform, it is rich in resources, information sharing, and provides an implementation for online transaction basis.

2.2 The application status of information technology in hotels

Application of information technology is closely related with the hotel's own characteristics, different types and sizes of the hotels will use different information technology strategies, which is the problem that must be first studied by the hotel at the beginning of the use of information technology. Kim and Ham (2004) divided the application of information technology into four categories, namely the front system, back-office system, restaurant and banquet management system, and the application of information technology that directly contacts with customers. According to the objectives achieved by the information technology in the hotel, Namasivayam et al (2000) divided the used hotel's information technology (voice mail system, interactive TV navigation, e-mail, dial-up rooms, room broadband, in-room fax, online booking, teleconferencing, mobile phone rental, automatic teller machine) into three categories: First is the information technology to help improve efficiency and employee productivity, such information technology can more effectively deal with customer information and accelerate the transmission of information between departments, improve the efficiency of customer service; second is the information technology to improve the quality of service, through the use of such information technology customers can get information and services they need to improve satisfaction with the services of the hotel; third is the information technology that directly increases revenue, such information technology can not only lower management costs, but can also become the source of income. Hotel in the application of information technology, its performance will gain additional growth.

Namasivayam et al (2000) carried out the survey of the application of ten kinds of information technology in various grades of hotels. In the surveyed 4520 hotels, the number of hotels that did not use any one technology accounted for 12.2%, and these hotels are called non-technical hotels; the number of hotels that used one to three technologies accounted for 57.4%, they are known as the low technology hotels; the number of hotels that used four to six technologies accounted for 26.9%, they are known as the general technical hotels; the number of hotels that used more than seven to ten technologies accounted for 3.5%, they are

known as high technical hotels. The survey results showed that: most of the hotels are not very active in applications of information technology, they accounted for 70% of the total number of surveyed hotels.

Law and Jogaratnam (2005) through empirical analysis pointed out that information technology in the hotel not only replaced the old paper system, but also improved customer service levels, improved management efficiency. But his research showed that hotel decision makers did not realize that the important role of information technology in the development strategy of hotels, and there are very few hotels in the use of information technology to help make decisions.

According to Iacovou et al. cited by O'Connor and Murphy (2008) 'Technology adoption is affected by experienced advantages from a specific technology, financial and organizational resources targeted to technology projects and by external impact stemming from competitors and customers' requirement'.

Nowadays, the business environment is highly competitive, as a service industry, a hotel to improve operation and service efficiency without adoption of new technology could be extremely difficult especially while Information technology has become 'an essential source of sustainable competitive advantage and a strategic weapon for an organization' in the information society (Lam et al. 2005).

Rutherford and O'Fallon (2007) stated that with the adoption of information system, hotels can collect customers' data to consolidated, manipulated, and analyzed on an unprecedented scale, and that will help hotel managers to clearly understanding their business status and market position which can assist them to plan, organize, direct and control operation. This leads to the increased operational efficiency and decreased operation cost. This also raises customer service quality, resulting in a gain of competitive advantages as guest encounter is a crucial factor to guest satisfaction in hospitality (Olsen and Zhao 2008).

'Hospitality information systems are mechanisms that deliver processed data to management to facilitate the decision making process' (Jafari 2003). For a hotel, information is not only a tool, a means, but also a service, service level directly impact on economic efficiency and competitiveness of the hotel. Thousands of data information conducts with the hotel's daily operation. With information systems' assists, hotel managers can know the information about their business status immediately and accurately.

As Qi (2009) said that customers are core of hotel sales, hotel should understand the customer's needs and analyze target market, room and services are the hotel's core product, key of

effectiveness sales is sold out the room at the corresponding time with reasonable price. But with the competition between hotels are intensified, profit margins on room selling are getting smaller and smaller as competition for customers becomes fiercer between hotels. To become profitable, hotels need to use more effective approaches, such as information driven management. Adoption of a network information management system will improve hotel management efficiency and several aspects of service level to provide comprehensive and accurate data information for sales which will help hotels expanding business space, reduce operation costs.

2.3 How the information technologies help improve services

With the new technology's popularity and application in hotel industry, information system has become more widely used in hotels and, hotel management has entered a new development period.

2.3.1 E-commerce

Goel (2007) defined e-commerce as 'a modern business methodology that based on organizations, merchants and customers' needs to cuts costs while improving the goods and services' quality and increasing the speed of service delivery by using internet.

With the rapid worldwide growth and popularity of internet, the benefit of information technology is gradually penetrated into people's socio-life and production. Electronic commence as a new trading tools and business model, are also at an unpredictable rate enter into all business areas including tourism and hospitality (Qian 2001). Online booking is one aspect of e-commerce, hotel online booking is no longer a novelty, for the survival and development of hotel, hotel online booking has become an inevitable trend (Yao 2008).

As the popularity of internet, online booking is fast and convenient; hotel can introduce its current situation, each guest room, information about spare rooms, location and map direction on their website. Guests check booking conditions can follow steps to fill up the booking form and credit card number easily and directly.

2.3.2 Intelligent Management

Xu (2009) describe that the intelligent management system implemented within the hotel, is a system that to provide customers with all aspects of excellent quality of service. The traditional way of management and service are all manual, with the involvement of information

technology, hotel can take advantage of automation intelligent technology provide service faster and efficiently to meet customer's satisfaction.

Hotel intelligent management as a comprehensive concept brings a great change in operational management to hotel industry. This change go through constant construction and development, gradually form information database which covered data acquisition, information preservation, information processing and transmission control. This database will be an important foundation of hotel's information management (Kou and Hao 2008).

3 Case Study - Hanting Inn

3.1 Hanting Inn profile

Hanting Inn was founded in early 2006, located in the most prosperous commercial center Chun Xi Road Pedestrian Street in Chengdu, Sichuang Province. It has a total of 60 hotel rooms, belongs to a small hotel (Hotel website).

Hanting Inn mainly focuses on the tourists in Chengdu and the consumer groups for short-term travel. Since the establishment, it is through the local print media, such as Chengdu Commercial Daily to do publicity, due to its better location, it gradually accumulates a certain amount of resources to customers, and the hotel's occupancy rate is above 60% basically.

However, with a variety of foreign hotel chains such as Home Inns, Seven Days, Jinjiang Inns entered Chengdu, Hanting Inn faced the increasing threat. In front of a huge threat, Hanting Inn will have to retain the existing customers, and actively develop new markets and new customers, increases customer satisfaction, and increase brand awareness and reputation. With the maturity of the network environment and the building of tourist city of Chengdu Municipal Government, use of advanced online marketing tools to develop an effective Internet marketing strategy is one of the most important management strategies to adapt to these development needs.

3.2 Network marketing analysis in Hanting Inn

Through the environmental analysis of network marketing in Hanting Inn, Hanting's network marketing is a blank, specific performance is as follows:

First: website building and management are too simple.

Website planning has no design and construction, it only created a simple website, which is provided by the internal management of the hotel manufacturers, it is a very common tem-

plate style website, there are only six site directories of Hanting inns website, including the Front page, the Introduction of Hanting Inns, the Rooms types of Hanting Inns, the Pricing Promotions, the Branches' Information as well as the Contacts of Hanting inns.



Figure 1: Hanting Inns' site directories.(source: Hanting Inns Website)

Website only has two or three hotel room pictures display, and they are extremely common, cannot achieve any publicity. As it presents below, there are only three room types on the website, it is obviously that latest website construction would be a long time ago.



Figure 2: Room types.(source: Hanting Inns Website)

Website content is not up to date, the contents have no changes. According to many travelers' descriptions in the travels forum, the website is never changed since several years ago.

Second: the promotion and publicity are not in place, in addition, to the Hanting Inn, is printed in business cards, and there is no more publicity and promotion.

Third: do not pay attention to network marketing, many internal staffs do not know their company's Website, but is not always to visit and promote their company's Website.

For these reasons, it results in almost no online orders; all guests are scheduled through the door way of booking or by phone.

3.3 Online services Hanting Inn offered

3.3.1 Website information

Hanting Inn for successful implementation of product strategy must build a brand website and takes the brand website as a carrier for the implementation of network marketing products. First, it should design a good domain name, and take it as Hanting's online brand. In the process of building the network, it should do the following aspects of work:

1. Website planning

Website as the most important basis for business network marketing should first conduct a comprehensive planning. Therefore, Hanting Inn must prepare early Website planning, according to its features, it can create a showcase, pre-type characteristics website.

2. Website location

Hanting Inn is for its ultimate customers, should provide a detailed description of the hotel, many companies often do not know what to show content on the website, let the production company website filter the data, and web production company has little knowledge of marketing and market planning, so only a standardized format is used to manipulate it, simply cannot reflect the company's personalized content and services, ultimately leading to the site to be stereotyped. Hanting Inn in the past template-style website is no clear planning and positioning, and interaction form is too single, site update has slow speed, and cannot attract more website visitors. Hanting Inn as a small local native Inn, the site target should be with feature of the corporate Website, rather than portal-based business site.

3. Website design

Reasonable for corporate website must be designed from the perspective of Web surfers, according to corporate marketing programs to rationalize the design. Hanting Inn as a feature hotel, the site must not adopt a common template design, but cannot use the Flash that users are slow to open it, colors should be for the company's brand image.

4. Website content

Hanting Inn is for its own end-user groups, specifically, a group of young tourist, business people and even college students, so their website content should be done in a friendly, easy-going and young way as follows:

First, a unique introduction of Hanting Inn: an introduction including the birth of the hotel, the origin, development, characteristics to attract users to visit, and add some keywords in these presentations, such as Chengdu hotel, Chengdu Inns, easy to search engines, allowing users to quickly to be a good understanding for Hanting Inn.

Second, a beautiful display of the room pictures: This is the very core of the website. Before the consumers do not see the company's product, many people will not just make decisions, and the core product of the hotel is to sell the rooms, consumers in the choice of the hotel, most care about the room facilities and equipment, so the production of room content is focused on the construction site content, it is the process to make the reality product into networking products. In Hanting Inn product content production, first it could use a lot of pictures and even 360-degree panorama of the room on display at the same time, the use of images as large as possible can do can click to enlarge, so that site visitors can be more detailed and real to see every corner of the room, the room just has immersive an experience as specific.

Third, the provision of online counseling and online booking functions: the purpose to create a Website is to sell hotel rooms on the web, but the ultimate goal of sales is to achieve online booking, the premise of the successful reservation is the customer has generated interest and intends to purchase, or there will be some questions want to consult. Answer questions there are many ways, it can create an FAQ interface that tells the guests how to place an order, or answers to frequently asked questions, but if it can provide online question and answer, then make the guests feel more at home feeling. If employees participated in online counseling can be with a good, quick answer to questions, the guest will be faster for the order.

Fourth, the provision of the place for the guests comment: the comments given by a third party often have a great effect on the guests, such as on a website dedicated to open messages and comments area, so guests will say good or bad, on one hand it will attract more guests to view, the other hand, it also gives the old guests a chance to live in again.

Fifth, the provision of supporting information surrounding: Hanting's customer bases are more short-term travel for tourism and business travelers, they are considerable concern for eat, drink, and be able to provide the relevant information on Hanting Inn website will speed up the room reservations.

3.3.2 Pricing Service

Hanting Inn pricing strategy should follow three "differential pricing" strategies as follows:

The following is a daily budget statistics for business guests' costs from the Chinese economy hotel network in 2012, according to the statistics showed that the guests with a daily budget cost between 100-200 yuan accounted for 60% and this interval coincides with the reference standard by Hanting Inn.

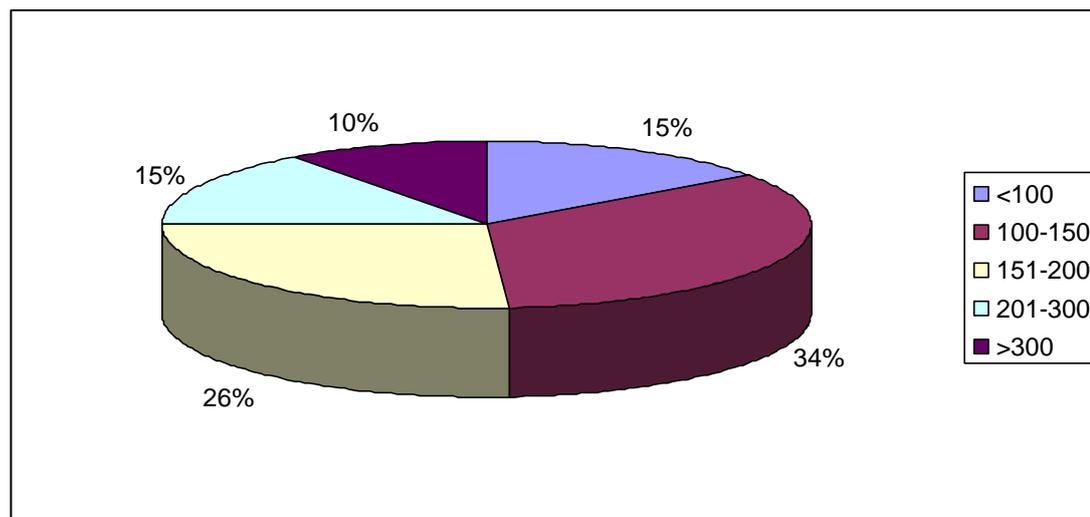


Figure 3: The daily budget of customer self-service business travel accommodation
(source: China Internet Development Statistics Report 2012)

1) Differential pricing strategy for room price

Hanting Inn has a variety of room types, can meet single people, couples, business partners, and family needs, it is able to fit the needs of different customer groups. The implementation of different types of room pricing makes part of rooms maintain the market price, when customers compare prices in the network, it could play a significant role in attraction. Generally low-cost strategies are summarized as follows:

a) Direct low-cost pricing

The direct low-cost pricing is to use cost plus profit to develop the price range so that such low price products are always lower than similar products, even can be maintained on the lowest level in the same industry (Hill 1988). This premise of hotel pricing is that the hotel through the adjustment of marketing strategy has been greatly reduced on the basis of marketing costs, so the keys to its implementation are: first, strictly determine the range of low-priced products, the website must be specifically set directly low pricing, product display pages and the corresponding content; second, do good management of the marketing of such products, with particular attention to such products, market positioning, and make cost-approved; third, the product marketing strategy should highlight products' cost-effective, and must state the reasons for a low price, dispel the doubts generated by customers to low price products. For example, in Hanting Inn various types of rooms, the smaller facilities and equipment rooms can be set somewhat less than the same type of similar products and even lower the price of the hotel's strategy to attract customers' attention.

According to the price of similar hotels surrounding Hanting Inn on December 1, 2012, it showed as follows.

No.	Hotel	Special price Room	Big Bed Room	Standard Room	Business Room
1	Seven Days	129	159	179	179
2	Home Inns	170	189	189	189
3	Jinjiang Inns	-	149	169	189
4	Kempinski hotel	118	158	168	198

Table 1: source: official website of the types of hotels

The special economic house price in Seven Days Inn is 129 Yuan, the economic house price in Kempinski is 118 Yuan, so the especial room price in Hanting Inn can be set at 118 Yuan. Based on cost plus a profit method Hanting's price can be positioned between 98-108 Yuan. This will greatly attract the attention of the guests.

b) Discount pricing

Discount pricing is pricing based on the original price discounts. The advantage of this pricing allows customers to understand the original price of the product to facilitate customers to buy after the rate cut prices in order. In the implementation process, it should note the following points: first, a good grasp of the discount rate to key products, the discount must take specific reasons expounded; second, the size of the discount, on a timely basis, should be able to adjust according to the marketing needs, the adjustment can be convenient; third, determine the range of discounted products and ensure release of information security (Viswanathan and Wang 2003). In discount pricing strategy implementation, Hanting Inn uses the network to define the registered members discount pricing of products and consumers.

For example, the marked price and the discounted price, all registered members are to enjoy the discounted price, such as the special room price in Hanting Inn is 158 Yuan, while the discounted price is 108 Yuan, so that it can give customers a strong price discount, and becomes more for reservations.

c) Low-cost promotional pricing

Often the price of the product after the publication will maintain long-term change on the Website, which will lose its freshness and competitiveness. This time may need to timely use of temporary online promotional pricing strategy. Promotional pricing implementation has a certain time-bound. For example, later on Sunday or holiday period Hanting Inn will be met

with availability, so in this special period, it could be with the low-cost implementation of time-limited promotional strategy. Specific operation in Hanting's official website is to set up bulletin boards, or pop-up ads to promote low-cost will be implemented. The different font color in pop-up ads or bulletin boards can be very striking and prominent to remind consumers to click on the site, to stimulate consumption, to ensure the promotion of effective implementation.

d) Differential pricing strategy with time and environmental changes

Network marketing can monitor the dynamic implementation process to all aspects of marketing, which is its great advantage, can grasp the effect of marketing and get feedback. This advantage is much suitable for the network marketing products in the hotel industry. The rooms in the hotel industry are greatly affected by the seasonal products, market environment and competitive environment. So the dynamic pricing strategy for the time and environmental changes in the hotel product is essential.

In the implementation of this pricing strategy, Hanting Inn must note the following aspects: First, do better the research work the market environment and competitive environment before the implementation of pricing, and accurately grasp the corresponding price in each time period. In the technology operation, it must have the collection and analysis of related historical data, Hanting Inn should be very clear understanding of the seasonal period, such as the conferences in Chengdu, the general adjustment is 50-100 yuan per room, such as the Golden Week period, the room supply and demand imbalance, and sometimes it is even hard to find a room, room price could be adjusted 50-80 yuan.

3.3.3 Promotional services

After establishing a good on-line product, most importantly, is how this "product" is to be sold. So Hanting Inn in the development of promotional strategies should focus on search engines, word of mouth marketing and free internet advertising strategies. The Hanting Inn promotion strategies focus on doing the following:

1) Promotion and implementation of the search engine

Search engine promotion is a method by the use of search engines, classified directories with online search function web-based tools for website promotion (Sen 2005). The basic form of search engine can be divided into network spider search engine, and directory-based search engine, so the form of search engine promotion is also accordingly divided into methods based search engine and categories, the former includes search engine optimization, keyword advertising, PPC, fixed position, content-targeted advertising and other forms, the latter mainly login in the appropriate category for website.

Adding the website into major search engines such as Google, Baidu, Sogou, so that guests in the search "Hanting Inn" can quickly find its official website. Hanting Inn should to do good a search engine promotion from the following aspects:

Do a better search engine optimization (SEO). Studies have shown that: in the search engine query results, the top 10 web pages will have 70% of access, ranked 11-20 will receive 20% of visits while after the top 21 in all the pages only t shares 10% of visits. How to make Hanting Inn site in the top surface of various types of keyword search, is the key to search engine promotion.

According to the "2012 China Search Engine User Behavior Study" released by China Internet Network Information Center, the user's preferred search engine rankings are shown below:

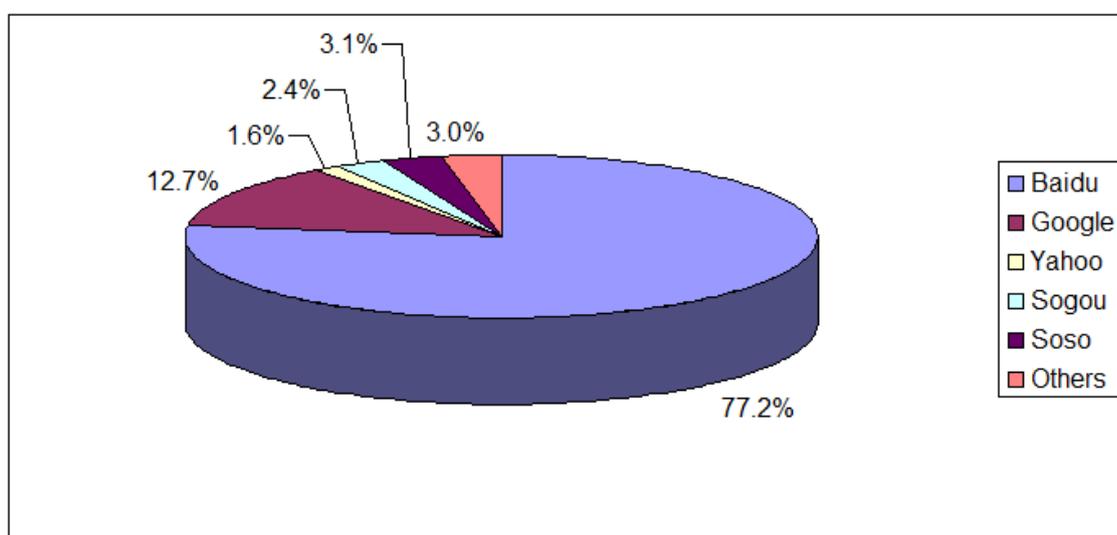


Figure 3 Chinese user's preferred search engine rankings in 2012

(source: China Internet Network Information Center)

According to the chart, the shared rankings of preferred search brands were as follows: Baidu (77.2%)> Google (12.7%)> Soso (3.1%)> Sogou (2.4%)> Yahoo (1.6%).

Clearly, the ratio of using Baidu in domestic users is the biggest, followed by Google, so Hanting Inn should be with the key consideration of these two search engine promotion. Baidu is the largest search engine in China, its search results are the use of the PPC approach, selling keywords, and the hotel can choose the appropriate keywords in the Baidu search engine for ranking promotion. If Hanting Inn wants to improve its site traffic and ranking in a short time, can choose to buy Baidu PPC ads promotion to pay for Baidu, and ensure that the relevant keywords ranked in the homepage, and let more users aware of and improve the success rate of online booking.

Baidu PPC cost can be controlled flexible, for example, it can set a daily spending amount of clicking, for Hanting Inn, and it can be according to its ability to do this type of promotion with the corresponding cost control.

Google is the world's largest search engine, sometimes to varying degrees will attract foreign customers. The search results are the justified search results, the impact factors for Google rankings there are many as 300 species as follows: site structure; label design; PageRank; traffic; make use of static pages and so on. So in order to search for all kinds of related keywords, Hanting Inn site can be ranked in the first page of Google search results, so Hanting Inn should be concerned about the above, and does the relevant optimization. Because Hanting Inn has no relevant technical staff, so it can use the outsourcing to the professional company for completion.

2) Implementation of network word of mouth marketing strategy

The emergence of computers and the Internet provides a new interpersonal communication approach, there has been the interpersonal communication of CMC (Computer Mediated Communication), that is, through a non-face information exchange activities of computers and the Internet. The emergence of the Internet re-built an indirect interpersonal communication by virtue of Internet media, which conducted a thorough subversion of the traditional face to face interpersonal communication. Nowadays, consumers are more accustomed to the Internet to obtain information about the product's reputation. Geth and Johnson (1995) pointed out that the communication and exchange of information through the Internet is a form of the word of mouth, "network word of mouth."

3.3.4 Personnel and management services

All the successful implementation of network marketing strategies is inseparable from the "people" involved, even the best policies need to be right "person" to complete, so an important guarantee for network marketing strategy in Hanting Inn is to develop and use the right people. It should do the following two points:

Hanting Inn predecessor did not correlate with the network and technical staff, now it should be to recruit and select the type of thinkers who understand the technology, marketing, and with strong service awareness.

Establish the related systems of network marketing, how to ensure the proper implementation of network marketing, including website development, search engine promotion, website maintenance and post maintenance of network-related information.

4 Conclusion

4.1 Existing problems in Hanting's network marketing services

1) Lack of awareness of network marketing

At the early foundation of Hanting Inn, with the geographical advantage of the most prosperous commercial street in Chunxi Road, it is ahead of its competitors, therefore, management layer in concepts and consciousness did not realize the importance of network marketing, and did not recruit more related personnel to build up appropriate organizational structure responsible for the management and implementation of network marketing.

a) No developing online marketing strategies

Because Hanting Inn has been with the traditional marketing methods to maintain existing market, so it lacks the awareness of network marketing, and did not develop the network marketing strategies and tactics.

b) Single and imperfect network marketing channels

Network marketing channel construction is an important core of network marketing, Hanting Inn management awareness is not strong for network marketing, so they set up a simple web-site, the site's natural search alone advertise, and did not establish a system of promotion channels.

4.2 Existing problems in Hanting's network hardware facilities.

“ In terms of information technology hardware in hotels, Hanting Inn just consider customers' basic internet demand and basic requirements of internal office network, there is only ADSL broadband access in the hotel and it directly uses low-end fast switch to connect in rooms' broadband network and office network, what caused internet connection is unstable, even many computers virus caused loss of important information.”, this is a valuable comment from China Travels Forum(2012), which pointed out that network hardware facilities are extremely backward, in the ear of everyone has two or more computers and smart phones, these facilities have been completely unable to meet basic travelers, not to mention business travel group which needs to use encrypted network to work.

In terms of existing problems in Hanting's network marketing services, in order to solve the existing problems, market segmentation can be implemented in network marketing services. First of all, Hanting Inn could focus on finding the most core target audience as the effective marketing strategy. Secondly, in order to meet the needs of the target market, it must do the following two aspects for market segmentation: first, to quickly and accurately meet the cus-

tomer needs and requirements and to seize market opportunities faster and better; second, to clearly and accurately see the competitors' market share and competitive situation in all market segments, so as to choose the most effective for its target market, play to the competitive advantage.

For specific target customers, it can create differentiated value market segments to receive better benefits, but if the segmented market appears the small market, target consumer group's consumption will be not enough to support the profits of business development, then such segmentation is a failure. Therefore, any brand of market segmentation is necessary to pursue its accuracy, and it also must maintain certain flexibility in space. When the competitive market environment takes place the changes, companies in pursuit of a bigger market, better returns can be principles of market segmentation within the allowable range, or extend the related products to its moderate brand to gain more customers.

The differentiated segmentation for the tourist market of Hanting Inn could be suggested. Hanting Inn is an economy hotel in Chengdu, its main customer groups are tourism and business travelers, who can be divided into group market and FIT market. In terms of the scale on Hanting Inn, the FIT market should be the main direction of development.

As the hotel industry becomes increasingly competitive market, the target market of Hanting Inn cannot be changed. With the changes in target markets, customer base will also change, which requires re-market segmentation. This change develops high demands for the hotel marketing strategy. The reason for Hanting Inn to use network marketing as a means of marketing is inextricably linked with this requirement because the network marketing can make a real-time dynamic monitoring of changes in the market, and can change in a timely manner to customer groups for adjustment, and adapt development of market segments.

4.3 Impact of a complete network marketing on sales increase of Hanting Inn

It is reported that in the second half of 2012, the sales increased by 38.5%, but the ratio of advertising expenses to sales declined by 1.6%, so the increase in network marketing sales on one hand had a direct effect on the sales increase, the other hand the advertising costs were controlled, which played a role in cost savings. Through the above analysis it obtained: after the implementation of network marketing services in Hanting Inn, the sales and occupancy rates have been greatly improved, and this was directly related to the correct network marketing strategy:

- 1) The traditional advertising input has no growth, but appeared the decline while the sales and occupancy rate increased, indicating for Hanting Inn, traditional advertising input was negatively correlated with the sales.
- 2) The investment in network marketing increased and its sales also increased, indicating that for Hanting Inn, website marketing investment was positively correlated with the sales.
- 3) Hanting's overall ad spending (including traditional advertising and network marketing) did not increase, while the ratio of advertising costs to income has declined, indicating the implementation of network marketing strategy and control of traditional advertising input are the correct and successful strategies for the business of Hanting Inn.

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Figures

Figure 1: Room types.

(source: Hanting Inns Website), Page 13

Figure 2: The daily budget of customer self-service business travel accommodation

(Source: China Internet Development Statistics Report 2012), Page 16

Figure 3: Chinese user's preferred search engine rankings in 2012

(Source: China Internet Network Information Center, Page 19)

Tables

Table: The price of similar hotels surrounding Hanting Inn, Page 1

