Hong Kong Community College

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CCN2265 E-Business

E-Business Start-up Plan

for Discover Columbiana Authority

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Part 1 - Executive Summary

This is the e-business start-up plan for the Discover Columbiana Authority. To increase the number of visitors and attract investment capital so that many of the unemployed residents can find jobs, it is the time the Discover Columbiana Authority has developed a new business on the Internet to introduce Columbiana's attractions and provide the most updated information of the Island. One of the quick and easy solutions is to set up a Web site on the Internet.

Internet is a network of networks that links millions of private, public, education, business, and government networks. With the advance of technology and an easier access to the Internet, most of the people will make comparisons and decisions after a thorough searching on the Internet if they spend their holiday on travelling to other countries. Therefore, there is a great potential setting up the Web site.

The e-business plan firstly gives a brief description of both the Columbiana and the Discover Columbiana Authority, discussing our Island's uniqueness. The next section is the marketing plans for setting up the Web site, including identifying our customers and hence preparing appropriate e-marketing strategies for the project. Next, the plan addresses the technical aspects of the e-business project, including research & development and operation. Then, the plan proposes suitable management teams for managing the e-business project. Next, the plan will define the major risks facing the proposed business. After these, a financial statement is prepared as a forecast of profitability or the social benefits. Lastly, the plan will lay out the steps it will make the proposal a reality.

Part 2 - Business Description

Many countries have set up their own official tourism Web sites in order to provide information of the country's tourist attractions, boost their local tourism industry and hence improve the country's economic development. For example, in Hong Kong, Hong Kong Tourism Board has set up the Web site named Discover Hong Kong. (香港旅遊發展局, 2014)

Columbiana is a small, independent island in the Caribbean. Although it is underdeveloped, it has a unique history and many historical buildings, forts, and other sites built during its centuries as a British colony. A few first-class hotels have been built along some of its beautiful white beaches, and less expensive accommodations are also available along beaches, several towns, and near several fishing villages. There are many tourist spots, such as rain forests, rivers, striking mountains and volcano cones. In addition, it has many restaurants that specialize in native dishes and fresh fish.

Discover Columbiana Authority is a government-subverted body tasked to market and promote Columbiana as a travel destination and to enhance visitors' experience once they arrive. The Authority should help exposure the Island to people all over the world and help improve the service quality by monitoring Caribbean's tourism industry.

By setting up the Web site, the Authority mainly aims to offer different kinds of the Island's information to people all over the world, including 1) the unique history of Columbiana, 2) tourist attractions, 3) daily boarding, 4) daily lodging, 5) cruise, and 6) practicalities. Furthermore, we hope to make announcements via the site. For example, we will provide the most updated information of the Island, such as the recent special activities or major festivals and corresponding celebration activities to be held in the near future. However, no business transactions will be conducted on the Web site. People browsing the site are not expected to make online payment.

Part 3 - Marketing Plan

This section will discuss our target market, identify our competitors and describe Web site advertising.

<u>1. Customers</u>

We have two types of target customers. The first type is consumers who really love the nature as our country have many natural attractions for them to visit. We have a big cruise terminal, which can provide four cruises to stay there at the same time. We also have some first-class hotels for them. Another type of customers is some inventors who want to invest in our country. We can work together with the other government agencies to coordinate policy on investment from foreigners.

<u>2. Competitors</u>

1. Australia

The Australia's official tourism website provides several travel guidelines for visitors to choose which best route available for themselves. There are birds, plants and animals found nowhere else, 15 World Heritage-listed wonders and more than 500 national parks in Australia, which attract a large number of visitors that love beautiful nature to come every year, for example, "Red Centre", "The Kimberley", "Great Barrier Reef", "Kangaroo Island", "Kakadu National Park", "Australia's Rainforests". For accommodation and arrangement, it also provides much information about hotels, motels, resorts, farm stays, in which visitors should pick out the best choice for themselves. As for promotions, from time to time tourism operators have special offers which help visitors plan their trips to Australia, for example, flying British Airways to Australia from £799. More importantly, for finding travel specialists and tours, it also provides online search services according to visitors' country or location. However, Australia's official tourism cannot directly offer tour package which covers air ticket, accommodation,

insurance service, so visitors need to go to travel agency to purchase by themselves. (Tourism Australia, 2014)

2. Korea

The Korea's official tourism website exhibits useful travel information to visitors, which consists of sightseeing, accommodation, transportation, shopping, etc. For each of items visitors looking for, it have already shown more detailed contents, for example, how and where to find an accommodation, transportation or shopping location. Besides, it also offers several special promotions such as season's travel theme. Compared with Australia, however, there are less national parks and natural resorts in Korea, where may not attract someone that has enthusiasm for nature. Instead, numerous shopping locations and Korean food are Korea's feature that would attract more young people to come to consume. For online search services, just like Australia, Korea also plays an intermediary role in providing travel specialists and tours information for visitors to enquiry. Regrettably, visitors cannot purchase a set of tour package directly from Korea's official tourism. (KOREA TOURISM ORGANIZATION, 2011)

3. SWOT model analysis

Strengths:

Since our tourism is new to tourists, we do not have existing brand in the short term, however, we have started to promote our unique travel features to be a new fast brand, introducing the Indian ruins with 800 years and many historical buildings, forts and other sites built during its centuries as a British colony, inexpensive accommodations, restaurants with native dishes to the tourists. It will be swiftly famous among new visitors. Besides, we still develop the existing customer base such as those who have interests in our unique historical buildings, hotels near beautiful white beaches, several fishing villages, striking mountains,

or volcano cone. These two points will be our potential strengths in the future. However, As we do no business transactions on the website, the existing distribution is not available.

Weaknesses:

Our brand perception is still developing, it is mostly possible that not many people are aware of our new attractions because tourism in our country is now developing recently. Furthermore, Building a famous brand perception across the world needs to spend us several years, the first thing we have to do to raise awareness of our new attractions for new visitors is further more promoting our brand to the global tourism market with the help of online tourism advertisement or cooperation with tour agencies in other countries. Next, we are a government - sponsored organization, we can use founds from government to collaborate with intermediary organizations, for example, sponsoring tour agencies can help us promote our tourism resources to their local people, and even give a discounted tour package for visitors. However, the founding is limited so that the intermediary use we expect will be less. As for the technology or skills, we need more founding to develop some new functions of website or update new computer hardware, but the founding is highly limited that we have to make good use of founding.

Opportunities:

For the tourism development, we have still several opportunities to increase tourism and attract investment capital, those are new markets, new services and alliances or co-branding. As we are developing new tourism resources, including rain forests, rivers, fishing villages, volcano cone that would be of interest to new tourists, it would attract someone who likes nature. Besides, we can provide new services, for example, providing our tourism information for tourists to search for,

locations, accommodation, transportation, tour theme, even tour agencies services. For the alliances or co-branding, we can collaborate with other official tourism websites or other agencies to promote our tourism products. for example, we can put local tour packages on the website each other to draw the locals' attention. Also, we can publish our tour advertisements on some agencies' website to help promotion.

Threats:

Customer choice, new entrants and new competitive products are our mostly threats. Customer choice is highly important for tourism development in a coutry, because it depends on a tourist's preference and hobby, if someone dislikes nature resources, it would lead to adverse impact that would be difficult to attract more tourists to come. Moreover, new entrants and competitive products from other countries would affect our tourism, if they develop the same resources and products as ours, for example, more inexpensive accommodations, more attractive historical buildings. It would be necessarily that seizes our part of tourist resource.

3. Advertising

- Pay-per-click Adverts

    By pay-per-click adverts, we can advertise our services on well-known search engines Google and Yahoo!. It is worthwhile adopting pay-per-click adverts since the advertisement fee is charged based on the number of users visited our website, assuming there is no malicious robot.

- Search Engine Optimization (SEO)

    We can increase the visibility of our website in search engines' searching results. Our aim is to increase our website's ranking when users entered relevant keywords in search engine. To achieve the goal, we can add our Web address to the databases of search engines. Furthermore, we can add relevant

keywords to each of our web page's Meta data, including the title tag (<title>) and Meta description (<meta>). This will tend to improve the relevancy of our site's search listings.

- Social Media Platforms

    We need to provide the recent development of the Authority and the Island on different social media platforms, such as FaceBook, Twitter and Instagram, to increase our brand presence, as well as monitor trends among our customers.

- Free Giveaways

    By making good use of the Internet, some free giveaways can be run on the Web site or the social media platforms. We can give away free gifts to active users after they recommend our Web site or social media platforms to others or finish the specific tasks which help attract more online or offline visitors.

- Link Exchange

    We can cooperate with other competitors providing similar services by registering our web site with a central unit. Then each of the sites registered should insert other members' links into their web sites. By doing so, we can increase the exposure of our web site.

Part 4 - Research & Development

<u>1. The Web Site</u>

At the very beginning, two research teams totalled 10 people have to be formed up in order to work on R&D. One of the teams (Team 1) is responsible for collecting materials for the Web site's contents and the social media platforms' contents, including the texts, graphics/photos, audios, videos and animations. For example, Team 1 can help collect details on special festival's celebration activities, such as taking photos, and produce relevant materials to be published online if applicable. Another team (Team 2) will be in charge of analysing users' behaviours and their feedbacks which can be collected on the Web site and the social media platforms. The team needs to make proposals for further improvement of the Web site or social media platforms based on the analysis.

On the Web site, some tools will be used to analyse user's actions. User's location can be determined: whether inside or outside Columbiana. We can distinguish the user is planning to come to Columbiana or having some problems when they travel around Columbiana.

To improve our application and tourist services, we will design a simple questionnaire on our Web site at a later stage in order to know what users or visitors want to know more about on our Web site and what kinds of improvements can be made on their trips. We will also do some research on the new trend, especially some new technologies. If it is appropriate, we may try to develop it, accompanying with the project.

Also, we should monitor comments on the social media platforms. Visitors can share their opinions on these social media site. They can also use the page to know our new functions and promotions.

<u>2. The Country</u>

When our new cruises terminal has been built, cruise's passengers will become one of our major sources of visitors to our country.

Thus, the government has promised to subsidy our tour agencies for the first three years. Therefore, the visitors can pay a lower price to join our trip than to other country. As more and more visitors come here, they may speed much in our country and the related industry may increase their profit. Our country's GDP and the profit tax revenue will also be increased. This helps our country to be more developed.

In the future, some new technology may help promote the tourism industry, such as Alternate Reality (AR) and Smart Glasses.

A mobile version of the website will set up. It should be mobile-friendly. it is because more and more people use mobile to surf the Internet   and   the version is not good to them.

Alternate Reality (AR) can help visitors to walk around our country by themselves. We can provide the information of each attraction. When they use their smartphone's camera to come to see the information of the attraction and also the visitors can also see more photos about it, such as some history photo. Also, we can also provide some interaction to the visitors. Some of the other city has started their project on AR. (LAgroup; 苗栗縣政府國際文化觀光局, 2014)

Wearing a pair of smart glasses to go to travel may be a trend in the future. They can help the visitors to walk around the country without a tourist guide. Also, we can provide some travel tips to them, such as where they can eat, how to go to the direction. Therefore, we can attract some bag-packers to use their glasses go around our country. (Tourism Radio, 2013; Hummba, 2013)

Part 5 - Operation & Manufacturing

For daily operations, we will purchase two servers for our own Web servers, one is regular web server and another is backup server, priced total $30,000. If we hire another company to offer Web servers for us, it will increase our daily costs because we have to pay for the services and maintenance regularly. Furthermore, we will employ two more Internet knowledgeable staff ($15,000 per month salary) to operate the Web site instead of training them in-house, if so, we do not need to spend time cost on training so that we can use it to do another work beneficial for business, and if they are not trained to be professionals successfully it does not only waste our time but also money.

As for physical location, as we can provide our own place for server rooms, thus there is no need to purchase or rent other place. Besides, since the data from website is much highly important for our business, in order to make sure those servers not to be suffered from damages, we have to employ a security staff to monitor and safeguard them, paid for $10,000 per month, and the employment is optional when we are in need indeed.

Part 6 - Management

The management team of the system will be grouped after the whole project launched. There are two different parts, which is management and information and technology.

For the Management part, they would be responsible for the main decision, such as how to promote. We may need to hire some new member for the marketing part. Other member of the management team will be grouped in our authority as we may need some people who have the experience on tourism.

For the information and technology part, they would be responsible for the technical problem. They will develop all the application. They can also try some new technologies for the tourism, and some have talked in the research and development part. They must be professional on the development of Internet application and provide these technical issues to management team.

We have a role to manage two teams. The final decision of the whole project will be made by us. Also, we will lead all other members of tourism to develop the tourism industry of the Columbiana. We will provide all the information for them to work on their own business.

Part 7 - Risks

The major risks we face are internal, external risks below:

For internal risks, as we initially open our new tourism market to visitors, it is mostly possible that not many visitors come to our country in the short term because they have less awareness of our new attractions, so the operation costs would not be recovered swiftly, it needs long time to return the overall costs that lead to a long-term cost overruns.

Another internal risk is computer problem that would be computer viruses or hacker intrusions. In fact, as long as our computers are connected to the Internet, there would be potential risks to cause attacks in our computers. Computer viruses and hacker intrusions are mostly able to damage our important data in computers or steal customers' personal information, therefore we have to upgrade antivirus software and strengthen firewall from time to time to ease these risks.

In addition, there are two external risks to be encountered in our regular operation, including downward industry trends, unexpected entry of competitors. When new similar competitors in other countries enter into the tourism market, they would seize part of our tourists' resource and income; it will produce an adverse impact on our tourism development. Also, in fact, if no special or new attractions drive more people to be willing to come, it would cause a downside on the travel industry throughout the country, so we must create some wonderful attractions to satisfy visitors' demands.

Part 8 - Financial

As a government agency, maximizing our authority's profitability is not the ultimate goal of the Authority. Instead, the Authority needs to serve the Caribbean residents (e.g. holding large-scale functions) and to fully utilize the subvention so as to promote the local economy.

When the project is launched, the Authority's expenses are estimated to be increased as follows:

Expenditure	Estimated Costs (HK$)
Advertising: Pay-per-click adverts on Google	1, 000 x 30 x 12 = 360, 000 / year
Advertising: Pay-per-click adverts on Yahoo!	750 x 30 x 12 = 270, 000 / year
Research & Development: 2 servers	30, 000 in the year 2014
Research & Development: 10 Research staff	15, 000 x 12 x 10 = 1, 800, 000 / year
Staff Costs: 2 Internet staff	15, 000 x 12 x 2 = 360, 000 / year
Staff Costs: 1 Security staff	10, 000 x 12 = 120, 000 / year
Other operating expenses: Domain name	300 / year
Total	Around 2, 726, 000 / year

For simplicity, the dollar unit is HK dollar.

As mentioned before, the Web site needs to be advertised on search engines Google and Yahoo!, we estimate there are five keyword phrases which need to be priced $25 each. The maximum budgets for advertising expenses on Google and Yahoo! are $1, 000 per day and $750 per day respectively.

Two servers will be purchased in 2014.

Ten more research staff is needed for conducting research and development of the project. They are responsible for collecting information and user feedbacks, and produce publishing contents and prepare proposals.

Since the Authority is not a profit-making organisation, there is no big difference on the source and amount of income after launching the project. We estimate there will be more sponsorship income from the society and more promotion and advertising income

from the travel agencies. Its revenue is estimated to be increased slightly as follows:

Revenue	Estimated Income (HK$)
Sponsorships	5, 000 / year
Promotion and advertising income	20, 000 / year
Total	Around 25, 000 / year

In addition, the project will bring many potential benefits to the Island:

Benefits	2015	2016	2017	2018	2019
Number of visitors	↑18, 000	↑21, 600	↑36, 000	↑43, 200	↑39, 600
Tourism Income	↑ 9 M	↑ 10.8 M	↑ 18 M	↑ 21.6 M	↑ 19.8 M
Investment Capital	↑ 0.05 M	↑ 0.12 M	↑ 0.25 M	↑ 0.4 M	↑ 0.3 M
Unemployment rate	↓ 0.1%	↓ 0.3%	↓ 0.4%	↓ 0.5%	↓ 0.3%

Base year: 2014

The number of visitors is estimated to be increased 50 daily and hence 18000 (50x30x12=18000) yearly in 2015. Estimations of daily visitors for the following years are 60, 100, 120, and 110.

We assume each visitor will spend HK$500 in our Island and therefore the tourism income equals the product of the number of visitors and 500.

Although the Authority's expenses are increased after launching the project, we expect the project will help promote local tourism industry. More and more people will spend their holiday in our Island. Our local residents will find jobs more easily and the unemployment rate will drop. More and more investors will set up their businesses in Columbiana and hence lead to an era of prosperity.

In summary, the e-business plan is worthwhile implementing.

Part 9 - Timeline

Currently, it is the April, 2014. After the plan is approved, an IT team will be set up as soon as possible in the following months, i.e. from May to September. After hiring the relevant IT staff, the Web site design duties will be carried out, which lasts for about three months. At the same time, we expect much more visitors will travel to our Island in the coming year; therefore, we should prepare more attractive local activities. We expect the Website authoring will be finished at the late December, 2014 and then testing can be conducted before the launch of the Web site. In the very beginning of 2015, the Web site is launched for beta test and it will be published online after a 3-month beta test. We have to conduct a mid-term review on the website around the late October, 2016 to the late March, 2017 in order to analyse the profitability and benefits the Web site bring to us or the society. After the project has launched for five years, we have to consider whether or not to end the project and start another project since more and more new technology exist.

The follow timeline graph is a graphical illustration summarising the above description:
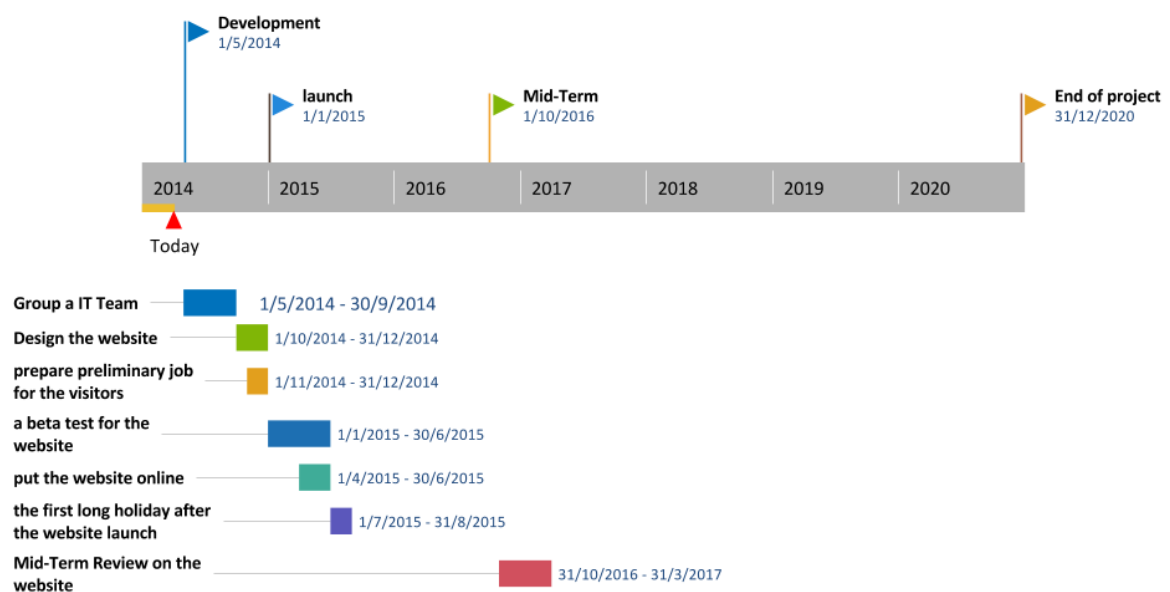
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