Table of Contents

TASK1

Investigate Hotel Castle's market potential for an e-Commerce opportunity. [3.1, M3]

Introduction: E-Commerce and Hotel Industries

E-commerce is a (business) transaction strategy that allows quicker and broader business via web. According to (Gilaninia et. al, 2011), e-commerce is the most efficient business strategy that is more productive and flexible. Any individual or company that can control the ability of information technology can achieve excellence.

Sigala (2003) writes, in the new information technology age hotel industries have took the advantage of technology, establishing their business expanding to tourism destinations. After the introduction of e-commerce in tourism sector, hotel industries are now using IT for expanding their business and achieving their business goals. Below in this paper, I have investigated the market potential of e-commerce opportunity in Hotel Castel.

Market Potential of E-commerce

The hotel industry is already started to recognize the great potential represented by E-Commerce. For example, hotel Hilton wanted to implement an aggressive e-commerce strategy which included performing 30 percent of their 1 billion annual procurements through internet (Wagner, 2000). This shows even large hotel industries has already began to find alternatives of traditional hotel business.

There are few important factors that can affect the market opportunity Hotel Castle can have after implementation of e-commerce. Those factors are; market needs, market growth, trends and culture.

Market Needs, Growth, Trend and Culture

There were only 3 million internet users in around 1991 and was very less opportunities for e-commerce. Nonetheless by late 90s, there was an massive development in the number of Internet users, and are reported to be approximately 250 million users were using Internet in which around 63 million users are involved in online trades, generating revenue of $110 billion(Long et al., 2001). This stat shows how much optimistic e-commerce implemented industries can be for market potentiality.

Culture, the ways of life of the society play an important role in Ecommerce Acceptance, it is considered as a critical factor. In contest of hotel castle, it is located in the Thamel, Kathmandu. Hotel castle can find new customers in different culture after implementing e-commerce. They can develop marketing strategies aimed for different cultures. There is also large number of customer which asks the company

to implement the e-commerce system.

According to Braswell (2013), quarter of all online marketing will be done through mobile; it's a new trend that is popular among adults as well as teen agers. Hotel Castel can take advantage of recent trends and attract large portion of youth customers. This is another factor that can affect market potential of e-commerce. Designing mobile supported web-page for the hotel to implement e-commerce can satisfy these mobiles lover's needs.

After investigation Hotel Castel's e-commerce for e-commerce, few main points came as result. Following are the outcome of the investigation:

- As the result of the growth of internet user globally, potential customers of hotel castle is increased.

- Nepal is multi-cultured country, it enables Hotel Castel to implement different e-commerce strategy and attract customers from different culture.

- As an effect of global trend, younger generation of Nepalese society also loves to use mobile and surf web pages though it. These members of society are other potential customers for hotel Castel.

- Customers nowadays hates to visits Hotel physically just to get information, they prefer to browse hotel's website for necessary details they want to know. After implementation of e-commerce, these individual are another potential customers for hotel Castle.

- Competitors of Hotel Castel like, Hotel Palace have already implemented e-commerce and that is affecting the customer base of Hotel Castel. Hence they need to find e-commerce solution to keep attracting their regular customers.

Summery

After investigating the market potential for e-commerce of Hotel Castel based on key factors that can affect adoption of e-commerce like growth of market, trends, needs and culture it shows there is good potential Hotel Castle. It is essential for a budget Hotel like Hotel Castel to maintain its share in virtual market (web market). By implementation of e-commerce Hotel Castle will be able to promote their products or services to large customer base and compete with larger hotel industries.

Task 2

Evaluate current e-Commerce systems in use by organizations. You need to evaluate the current e-Commerce systems in use by competitors of Hotel Castle. (3.2, D2)

Introduction

With hotel e-commerce, the scenery of the hotel industry is changed. Online sales are an important part of hotel business that can't be ignored. For example, Hotel Yak & Yeti is competitor of Hotel Castle and they have their own e-commerce system to attract the potential customers as well as make their business run smooth. In this report, e-commerce system by different hotel organizations as well as e-commerce system used by competitors of hotel castle is evaluated.

E-commerce System By different Hotel Industries

1. Online Reservation (By Shangri-La Hotel)

According to Check front (n.d.), "Over 60% of visitors to your website are there to check pricing, availability and make a booking". E-reservation is a reservation method for reserving rooms, tickets or other services by user through use of electronic media.

<p align="center">Figure 1 E-Reservation System</p>

Shangri-La Hotel is a big competitor fo hotel castel and located in kathmandu. They have implemented e-commerce system for hotel reservation and payment system. As shown in fig. 1 customers can check available rooms, prices and book rooms through hotel's website. They can also find information regarding additional fees like taxes, service charge, room categories etc. Implemenation of these type of

e-commerce system, hotel shangri-La attracts more customers who like to book hotel through online.

2. E-payment System (By Radisson Hotel)

Hotel Radisson is another competitor of Hotel castle. E-commerce system implemented by Hotel Radisson is e-payment system; customers can pay their bill or reserve room through e-payment. Hotel Radisson currently supports many e-payment methods such as master card, Visa Card, Club smart cards etc. According to Hord (2005), company can serve customers well with help of e-payment as customer can pay their bills from their home. Additionally, chances of Customer returning to same e-payment site higher as they have trust in that site. This way, hotel Radisson has more chance of retaining their customers.

3. Record Management system (Hotel Emea)

A records management system is a software solution for collecting and keeping business records. It commonly is used in several areas, including bookkeeping sales and marketing. Organized records management system provides frequent assistances to businesses.

Neil Kokemuller (n.d.) writes, records management solutions are much more efficient and user-friendly compared to the historical pen-and-paper filing systems. With help of record management system, enquiries are easier. Hotel Emea, another competitor for Hotel castle has implemented Record management system software. This help them in day to day record keeping process as this system is better than traditional pen and paper based record keeping system. This result better customer service, faster procedure, secure data saving etc.
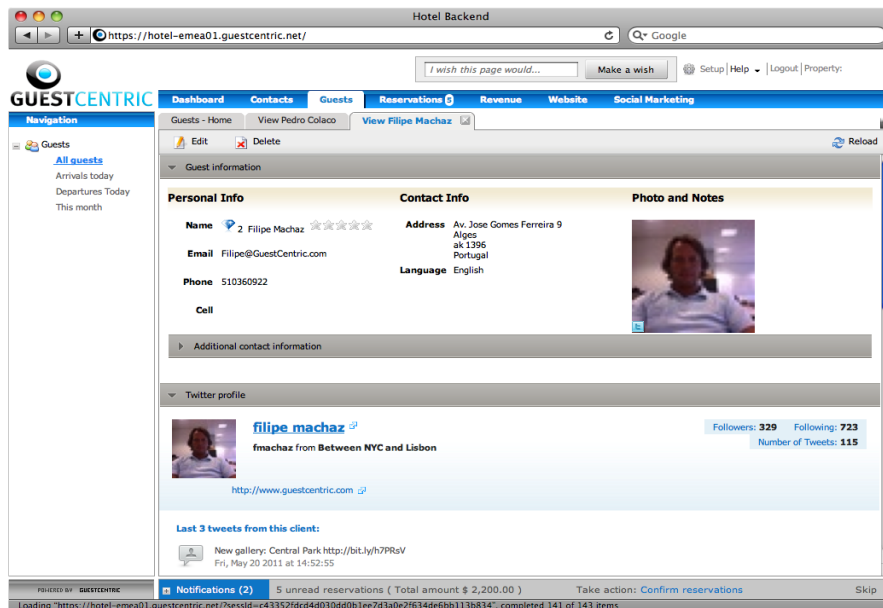
Figure 3Record Management System Emea Hotel

Conclusion

In summary, e-commerce system has become really popular among competitors of Hotel castle. There are several model of e-commerce system are implemented by those competitors. For example, Hotel Radisson has implemented e-payment system to boost their business and potential market. The whole evaluation of E-commerce in different competitors of Hotel castles shows, it is essential for hotel castle to establish their own e-commerce system in near future.

Task 3

Discuss the financial implications of an e-Commerce solution which may benefit the hotel financially compared to the part years. (3.3, M2)

Introduction:

Products or services on your website get exposure to the millions of visitors on the web. For example, if a company has a sport goods showroom, it can get visitor from around the city only (WEBWORLDEXPERTS, n.d.). On the contrary, if your products are showcased on a web, it attracts larger group of visitors through internet. Hence customers number increase that means increase in sale and profit.

Whether the size of your business is big or small, company can always make income by demonstrating products or services online, thus gaining an enormous quantity of potential Customers. Below in this report, financial benefits hotel castle can get after implementation of e-commerce is discussed.

Financial Benefits on Hotel Castle

Increase in Revenue

Carlson Rezidor Hotel Group, one of the world's biggest and supreme energetic hotel groups, publicized year-end growth successes (Yahoo Finance, 2014). Which reports system-wide revenue increased 4 percent to $7.5 billion in 2013 compared to past year. One of their hotels official website www.radissonblu.com was fully re-designed in 2009, followed shortly by the new-look. They have approached several e-marketing methods like search engine optimization and pay per click etc. According to official website Rezidor.com (n.d.), they have agreements with online travel agents and e-commerce partners enable them to attract larger number of customers hence increasing sales and revenue.
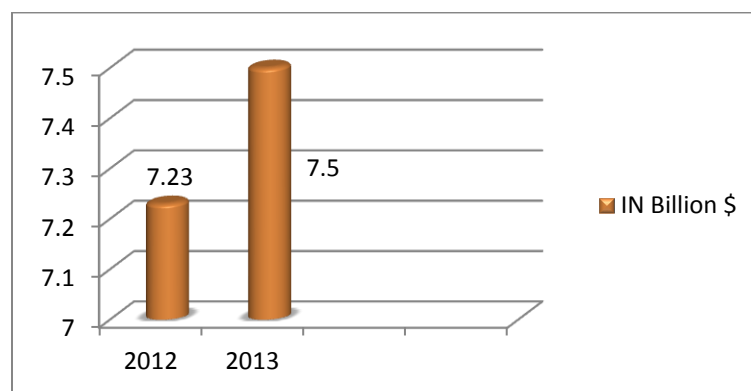

Figure 2 Revenue growth in Rezidor hotel group.

Similarly, implication of e-commerce in hotel castle means, there will be more potential customers through web; hence improved revenue due to increased sales is expected in future compared to past years.

Cost Effective

According to TRIUA (2014), the financial transactions becomes electronic, makes every transaction through e-commerce payment a lot cheaper. When a business company tries to advertise their business through traditional media such as audio-visual media, like radio or TV it is more expensive compared to the advertising website. This is because the cost of internet is cheaper than the cost of other audio video media.

In Millions of Dollars

	Print	Online	Total
2003	$44,939	$1,216	$46,155
2004	46,703	1,541	48,244
2005	47,408	2,027	49,435
2006	46,611	2,664	49,275
2007	42,209	3,166	45,375
2008	34,740	3,109	37,848
2009	24,821	2,743	27,564
2010	22,795	3,042	25,838
2011	20,692	3,249	23,941
2012	18,931	3,370	22,314

Source: Newspaper Association of America
PEW RESEARCH CENTER
2013 STATE OF THE NEWS MEDIA

Figure 2 Print Vs Online Advertisement (Source: http://stateofthemedia.org/)

Fig.2 above shows how the expense in print advertisement in decreasing and online advertisement is increasing. But the great fact is total expense on advertisement is ever decreasing thanks to effectiveness of online marketing. This shows hotel castle can implement e-commerce system for advertising and expect cut in expense compared to past year as it can cover more potential customers and larger geographical area. Additionally, it allows transaction without any extra investment on infrastructure.

Summary

In summary, the impact of implementation of e-commerce system in hotel castle seems positive. E-commerce will help hotel castle to attract more customers through web which help them to generate more revenue eventually. Additionally, e-commerce will make hotel castle more cost effective which will impact on organizational finance overall too. While it makes such positive impacts on finance, it also helps organization in long run. It helps them to compete with its competitors and help their overall growth.

Task 4

Design an e-Commerce solution for Hotel Castle by giving new creative ideas and suggestions for short and long term prospects. (3.4, D3)

Introduction

In recent years, there has been significant investment on IT to make e-commerce enabled. Manzoor (2010) writes there have been large investment on IT infrastructures to get advantages of e-commerce. Modern e-commerce market is very competitive and just a click away (walker, n.d.). To design new e-commerce system for any organization, it is necessary to be creative, innovative and at least need to be up to market standard.

In this report, e-commerce solution for hotel castle is designed and discussed some ideas for its short and long term prospects. This e-commerce model will be enable hotel castle compete with its competitors and take advantage of e-commerce.

Developing E-commerce For Hotel Castle

According to Toucher (2001), nowadays it is essential to have e-commerce site in business as much as we need phone. While developing e-commerce solution there are some key components need to be included to make successful e-commerce site. Not every component is needed in e-commerce solution for hotel castle; for example shopping cart is not necessarily needed but instead e-reservation system is required. Below, several key component of suggested e-commerce system for hotel castle is explained briefly.

Product Information

Suggested e-commerce site will provide short but detailed description about the services hotel provides. This information page will include attractive, clear and high quality images related to the hotel services/products. This will allow visitors to get information about the hotel's products/services and attractive looks gives positive feeling which can attract them to visit the hotel.

E-reservation and E-payment

Visitors of hotel castle website may want to reserve room or other services via web, if the like it after its details through website. For those customers, e-commerce site will have dedicated page of reserving rooms. Additionally, site will support e-payment system such as pay pal, money booker etc. which will enable customers to pay their booking bills directly via web.

Attractive Looks of website

According to cmsgeeks (n.d.), the looks of the website is vital not for just information, but displaying it efficiently to the target audience and make them appealing and easy to understand. This will make the reputation of site go higher, hence attracting more audiences. The idea is to design an e-commerce website for hotel castle that attracts largest possible visitors and increase potential customers.

Advertise via YouTube

This is very creative way to promote hotel. Upload high quality and attractive video of hotel castle in popular video site like YouTube. This will promote hotel for free and help in the growth of hotel's reputation. Fig.1 shows how YouTube helps Cambridge University to promote them.

Figure 3 Use of YouTube for Promotion

Security

Lots of online visitors fear about giving out credit card and personal details online. Customers must feel completely safe when they make online transaction. Site need to reassure customers at every stage transaction is reliable, safe and hacking proof.

A good idea can be getting trusted certificate from somewhere like Hacker Safe or VeriSign. This will help to assure customers that site is safe.

Suggestion to make Hotel's e-commerce site more efficient

E-mail Marketing

E-mail marketing is very effective modern marketing method using email service. Stream send (n.d.) suggests "Email marketing is a highly effective tool for building your brand, revenue, and more." In this method, people are sent email containing details about website, promotional offers and other information. E-mail Marketing can be used for enhancing relation with customers, awarding offers, for customer care purposes etc. This method can help Hotel castle in long prospect.

Why Hotel Castle Page

This is another good idea to enhance efficiency of site. Contents of this dedicated page should be about what is unique about hotel and what makes this hotel better than compared to its competitors. This section can contain critic's reviews, awards, extra facilities hotel offering. This will give positive feelings to customers about what are they expecting.

Attractive Offers

This method can be used for increasing web customers temporarily. An appealing offer can be very tempting for customers (fatcow, n.d.). They may like to utilize the offers provided and visit the hotel. Effective use of this tool not only increase customers number but also reputation of organization.

Update/Maintenance

This is very important step or tool that is needed to be done in regular basis. Website should be keep updating its contents, quality, codes in order to make it more secure and attractive.

Summary

E-commerce makes business activities computerized, non-paper based and digital with help of modern technologies such as internet, intranet, multimedia technologies etc. Implementation of e-commerce in hotel castle means it will make positive impacts in the overall organization. There can be lots of possibilities of how e-commerce should be designed. But some basic and key things need to be considered while developing solution.

E-commerce site always should be attractive and user friendly. Customers should be able to place reservation online and pay bills online securely. Additionally, customers should be able to get customer care through electronic media such as email. And At last but not the least, hotel castle should always keep updating its e-commerce system with modern technology in order to assure, e-commerce site is up to market standard, secure and attractive.

Task 5

Evaluate the suitability of an e-Commerce solution for Hotel industry. (3.5, M1)

Introduction: Suitability of e-Commerce Solution

Internet has become merged technology to perform communication, and has become a way to do business. Last decade showed rapid increase in internet user all over the world (Smirnov, 2011). This communication method (internet) has making impact on growth tourism industry. According to Umassd (2013), businesses nowadays are emerging with help of e-commerce as they globalize the product/services distribution and improvise business operation and supply chain.

Hotel industries have already started to realize the immense potential e-commerce carries. To evaluate suitability of e-commerce solution in hotel industry, E-commerce systems in some successful hotels are taken as example.

Marketing

Hotel industries using Web as marketing tool has enabled them to take some of advantages like; global market reach, web-site visiting customers are more interested than in traditional marketing tools, message are conveyed directly, two communication is also possible. Fig. 1 and fig.2 shows how hotel Hilton promotes and advertise their products/services via web. According to Hotel Hilton (n.d.), they have specialized e-commerce force to stay ahead and exploit new opportunities. Hotel Hilton is very successful industry thanks to its effective e-commerce implementation.
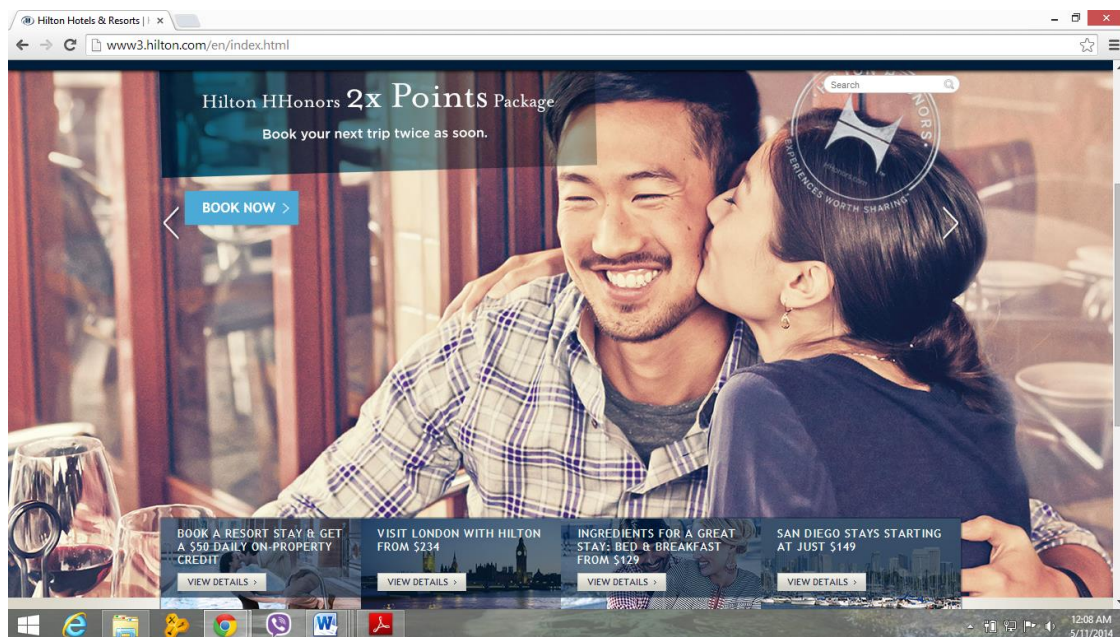

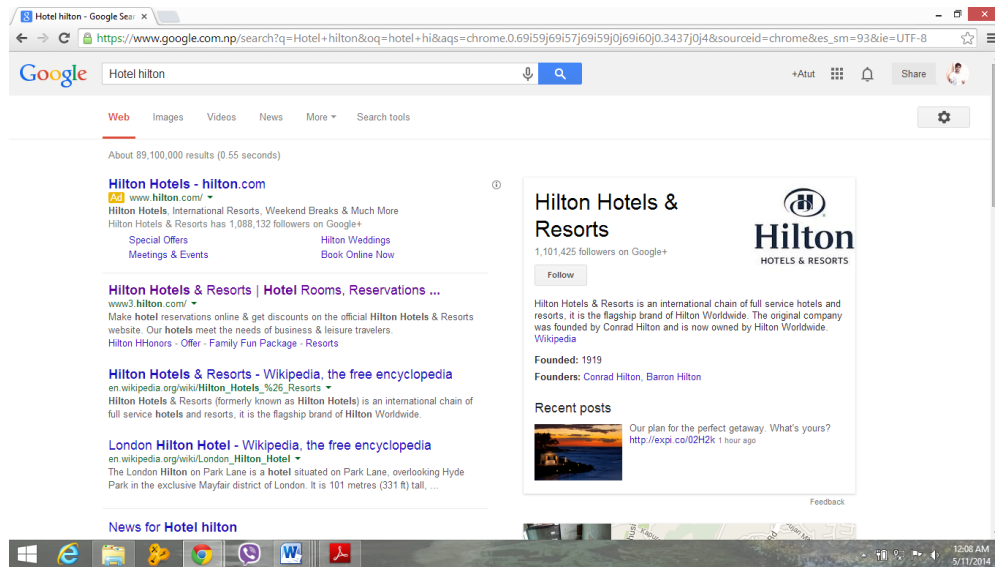Figure 4 Hotel Hilton Website, Promoting their Products/Services

Figure 5: Internet Marketing of Hotel Hilton

<u>Online Room Reservation</u>

Online reservation system is another e-commerce solution which has been showing great suitability since the time when hotel industries has started implanting e-commerce solution. Today, generally all big hotel brands have online reservation system where, customers can book room themselves using web service. Online room reservations are also useful for making last minute travel arrangements. Fig.3 demonstrates how hotel Shangri-La has implemented. Similarly, Fig.4 shows how online booking is suitable of hotel industries as 14% of total hotel booking in china has done through third-party online booking.
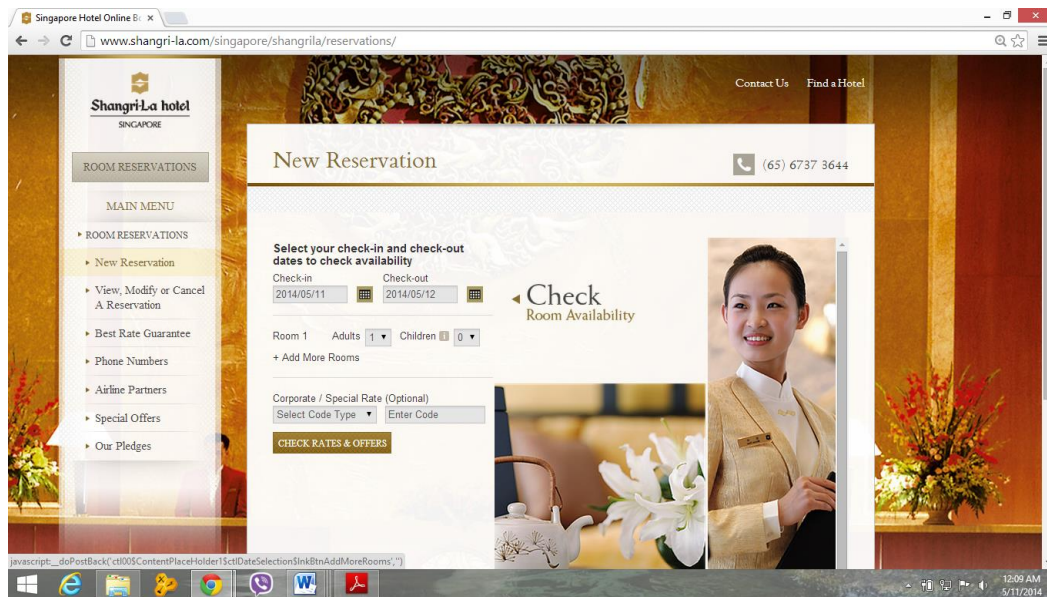

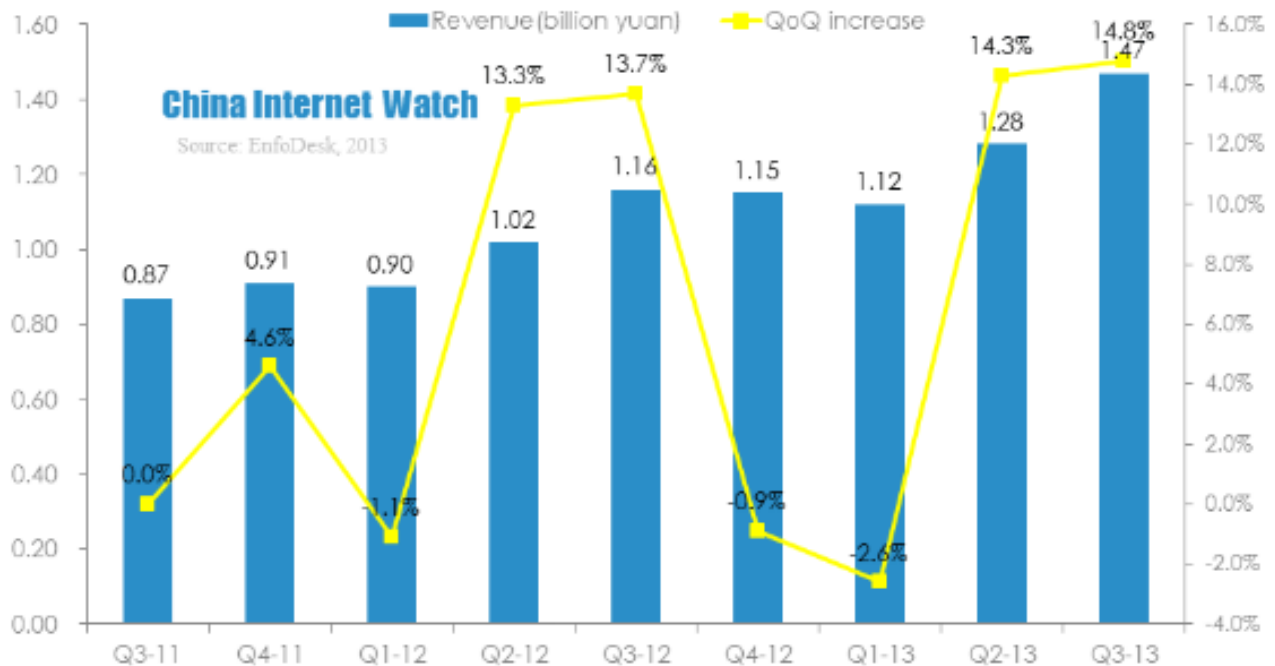**Figure 6: Online Room Reservation Hotel Shangri-La**

Figure 7 Online Reservation using third party site in China
(Source: http://img.chinainternetwatch.com/wp-content/uploads/china-third-party-online-hotel-booking-market-from-q3-2011-q3-2013.png)

Online Payment System

Online payment system has impressive suitability with hotel industries. Almost all of online room bookers want to pay their payment through online. Implementation of e-commerce system in organization's e-commerce site means they can attract customers who like to shop online. According to Hord (2013), online customers can get benefits such as discount offers, special offers, low price and other price benefits which is not possible though agent payment. Quirk, (2013) writes customers can get benefits of immediate feedback and online payment with e-commerce. These above facts shows e-payment system is very suitable for hotel industries.

Figure 8: E-payment System Hotel Taj

Summary

In this report, evaluation of how successful hotel organization has implemented e-commerce solution has been done. E-commerce has made positive impacts on both sales and marketing. E-commerce solutions like e-payment, e-booking or web marketing has been assisting hotel industries to make business process quicker, attractive and to attract more potential customers. In summary, if e-commerce system implemented properly, it as impressively suitable in hotel industries. Hotel castle should implement suggested e-commerce solution to take advantage of modern technology to grow its business and compete with its large number of competitors.

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