STRATEGIC DIAGNOSES OF NEXTRAVEL: A SWOT ANALYSIS

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PROJECT: STRATEGIC DIAGNOSES OF NEXTRAVEL: A SWOT ANALYSIS

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ABSTRACT

As the economy is reviving, the travel industry becomes more competitive. The competitive environment in which the organizations operate is like a battle field for them to win the market. Travel agencies and local tour companies are all looking for new strategies to maintain the existing customers and attract more. SWOT analysis as a valuable self-assessment tool for management provides helpful information for matching resources and capabilities. This paper applies SWOT analysis for the company nexTravel, which has been a local tour company for years, for a better understanding of the company’s situation and additionally proper strategies. A qualitative interview has been conducted to identify the company’s internal strengths and weaknesses and external opportunities and threats. The findings include how the company can use its strengths to capitalize on opportunities, or to minimize the threats, and what actions the company should take to minimize weaknesses and avoid threats.

Keywords: SWOT analysis, strategy, management, travel industry, tour
# TABLE OF CONTENTS

SIGNATURE PAGE............................................................................................................................................... ii

ABSTRACT........................................................................................................................................................ iii

LIST OF TABLES................................................................................................................................................... vii

LIST OF FIGURES................................................................................................................................................ viii

CHAPTER ONE: INTRODUCTION ................................................................................................................................. 1

CHAPTER TWO: LITERATURE REVIEW ....................................................................................................................... 3

CHAPTER THREE: METHODOLOGY .............................................................................................................................. 6

Strengths.................................................................................................................................................................. 11

Highly Trained Staff............................................................................................................................................... 11

Bilingual (English and Mandarin) Speaking Staff................................................................................................. 11

Attractive Tour Packages .................................................................................................................................. 11

Good Reputation................................................................................................................................................... 12

The Original Business is Survivable ................................................................................................................... 12

Weaknesses............................................................................................................................................................. 13

Unnecessary Operating Costs ................................................................................................................................. 13

Lack of Sensitivity to Trends................................................................................................................................ 14

High Turnover..................................................................................................................................................... 14

Some Employees Do Not Support Change ........................................................................................................ 14
# LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 1</td>
<td>SWOT Analysis Matrix</td>
<td>7</td>
</tr>
<tr>
<td>Table 2</td>
<td>The Four Main Combinations of SWOT Analysis (Berg &amp; Pietersma, 2015)</td>
<td>9</td>
</tr>
<tr>
<td>Table 3</td>
<td>The SWOT Analysis Matrix for nexTravel</td>
<td>10</td>
</tr>
</tbody>
</table>
LIST OF FIGURES

Figure 1  TOWS analysis format (Watkins, 2007) ............................................. 8
Figure 2  The marketing format of wechat “share” function .............................. 26
CHAPTER ONE

INTRODUCTION

Nowadays, as the global tourism industry is growing, more travelers from all over the world are coming to the United States. The U.S. Department of Commerce released its 2014 report on International Visitation to the United States on June 1, 2015. The report shows that there were 75 million international visitors in 2014, which is 5 million more than 2013 (Office of Travel & Tourism Industries [OTTI], 2015). The Commerce Department released another report on June 11, 2015, forecasting international visitors will reach a record 77.6 million this year (OTTI, 2015). For the growing visitors and opportunities, managers need to capture a larger share of this growing market.

nexTravel is a traditional local tour company, cooperating with other local or international travel agencies which provide its customers. nexTravel has bus tours as its main product, receiving customers from other travel agencies. However, as more local tour companies enter the market, competition has become fierce. As travel agencies sense this change, they seek to negotiate more competitive rates from nexTravel. This has resulted in less profit of nexTravel. The customers are not easy, either, with current tour packages unable to satisfy those who are well-traveled. Customers in general seem to be more demanding. Now the manager of nexTravel, Mr. S, would like to change the method in which customers are obtained, seeking to target customers from the market directly. He said “We are seeking a way to keep the existing market and expand a new market for the potential customers from the world.” However, with the ongoing shrinking of profits and an increasing number of competitors, Mr. S realized that to find a proper strategic plan was necessary and urgent for the company.
SWOT, as a business-assessment tool, helps management analyze its strengths, weaknesses, opportunities and threats (Berg & Pietersma, 2015). Regardless of its limited merit, SWOT analyses are popularly applied in the reports of market research, stockbroker analysis, financial diligence reports, etc. (Evans, 2013). Specifically, “SWOT analysis provides helpful information for matching resources and capabilities to the competitive environment in which the organization operates.” (Berg & Pietersma, 2015). To help nexTravel better understand the competitive environment it operates in, this study will use a SWOT analysis to explore its internal strengths and weaknesses, and the external opportunities and threats, to provide alternatives in strategic planning.
CHAPTER TWO

LITERATURE REVIEW

SWOT analysis is widely and most frequently used as an analyzing tool for internal and external environments in order to obtain a comprehensive understanding of a strategic management situation (Glaister & Falshaw, 1999; Kolter, 1988; Wheelen & Hunger, 2007), and it has been recognized as a valuable tool by scholars since the 1960s (Dyson, 2004; Ghazinoory, Zadeh & Memariani, 2007; Hill & Westbrook, 1997). Piercy and Giles (1989) demonstrated that besides its underlying simplicity and usefulness in providing comprehensive information, SWOT analysis is accessible to managers independently with no requirement for computers or management scientists. Research by Hill and Westbrook (1997) states that SWOT analysis has been used by academics and organizations not only for its effective identification of the key issues concerning a strategy formulation, but also for its execution regarding entrepreneurs. Dyson (2004) further suggested SWOT analysis formulates effective strategies for a business in integrating internal and external environments. Other advantages of SWOT analysis scholars have commented on include but are not limited to: improving strategists’ understanding of the situation and factors affecting the companies’ performance (Pickton & Wright, 1998), directing strategic planning for the business (Pickton & Wright, 1998), and acting as preliminary research for further study (Collins-Kreiner & Wall, 2007).

The application of SWOT analysis is involved in all different kinds of fields. In the field of education, Lee et al. (2000) integrated SWOT analysis with balanced scorecard, QFD methodology and MBNQA education criteria to propose a strategy formulation framework for vocational education; Dyson (2004) also applied SWOT
analysis in the strategy formulation and a strategic development process for University of Warwick as a case study. As for the commercial enterprises area, Bernroider (2002) reports to look for differences in SWOT analysis attributes within micro, small-to-medium and large software enterprises. Moreover, there are also some papers related to environmental management. Srivastava et al. (2005) investigated a major problem of municipal solid waste and its management in Northern India using SWOT analysis. A year later, Ahmed et al. (2006) identifies the practice and critical success factors of total quality management implementation with the help of SWOT analysis in the case of Air China. Papers about environmental management also include a contribution for the environmental health after analyzing metabolomics approaches (Miller, 2007), a preparation and implementation of urban general and detailed planning schemes (Halla, 2007), and a strategic plan aiming at a major socioeconomic development of a southern Spanish region (Terrados, Almonacid, & Hontoria, 2007). All of them were processed under SWOT analysis. The medical sector is also covered by the researchers using SWOT analysis. Rizzo & Kim (2005) presented the analysis for the field of rehabilitation and therapy. Alappat et al. (2007) explored the roles of Canadian physical therapists in global health initiatives. In the same year, Leong & Leach (2007) analyzed the Internationalizing Counseling Psychology in the United States. Not much later, Ferrer et al. (2009) studied the strengths, weaknesses, opportunities and threats of population continuous modelling and Individual-based Modelling for future research of predictive microbiology.

Additionally, the practical values of SWOT analysis are also recognized in tourism studies. Kee and Ghosh (1990) suggested strategic planning of further
development with SWOT analysis for hotels in Singapore, while Simons and Namasivayam (1999) conducted the analysis for U.S.-based hotel owner/operators to help them understand the hotels’ threats and opportunities. Akca (2006) provided the internal and external situations for rural tourism in Turkey with SWOT. Not much later, Guzmán, Moreno, & Tejada (2008) used SWOT analysis to small-and medium-sized organizations in the tourism industry. Also, SWOT analysis was conducted to examine the tourism industry in Fiji (Narayan, 2000) and Oman (Subramoniam, Al-Essai, Al-Marashadi, & Al-Kindi, 2010).
CHAPTER THREE

METHODOLOGY

The original formulation of SWOT (strengths-weaknesses-opportunities-threats) analysis is designed by Kenneth R. Andrews of Harvard Business School. He was using it to distinguish the internal factors which people could influence and the external ones which people could not (Evans, 2013)

SWOT stands for companies’ internal strengths and weaknesses, and external opportunities and threats. “Strengths” is the attributes that a company can use for achieving goals. “Weaknesses” is the attributes that slow a company’s development. “Opportunities” refers to the external factors which benefit the company. On the other hand, “threats” refers to factors which may damage the company (Stacey, 1993). The analysis is popular for but not limited to its ease of use. As shown below, the analysis process can be listed in a 2*2 matrix, presenting the internal versus external factors and the positive versus negative factors (see Table 1).
Table 1

*SWOT Analysis Matrix*

<table>
<thead>
<tr>
<th></th>
<th>Positive</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal</td>
<td>Strengths</td>
<td>Weaknesses</td>
</tr>
<tr>
<td>External</td>
<td>Opportunities</td>
<td>Threats</td>
</tr>
</tbody>
</table>

The matrix indicates a philosophy that the employing strategies of a company are supposed to balance the external opportunities and threats with the companies’ strengths and weaknesses. Beer et al. (2005) found that this philosophy has been widely agreed upon as a fundamental principle of modern strategic management. With the help of SWOT, strategists are able to develop a systematic strategic planning that best copes with the situation. Strategic planning remains an essential role in gathering companies’ efforts, setting companies’ future directions, and improving companies’ performance (Greenley, 1994).
Some scholars prefer using TOWS instead of SWOT (see Figure 1). The difference between the two terms is the orders of discussions. The scholars that support TOWS claim that with the order of discussing external threats and opportunities first, teams are able to focus on and productively discuss about what are the internal weaknesses and strengths. But in this paper, the original theory will be used. At least, there was not any difficulty interviewing with Mr. S with the original order of SWOT.

It is a common mistake to engage SWOT as an easy analysis. SWOT analysis is not just putting the four features in a matrix. That is merely the beginning of an extremely complex process. The most important part is the demand of a systematic approach for
identifying the company’s direction and the means or the strategies along the way to that direction.

In this paper, SWOT analysis will be used to analyze the current situation of nexTravel, and organically put the four factors together. Then, there will be a detailed conclusion with suggested action plans. Four main kinds of suggestions will apply (Berg & Pietersma, 2015): strengths vs. opportunities (SO), weaknesses vs. opportunities (WO), strengths vs. threats (ST), and weaknesses vs. threats (WT) (see Table 2). Also, some extra combinations will be mixed together and discussed after the more traditional combinations.

Table 2

*The Four Main Combinations of SWOT Analysis (Berg & Pietersma, 2015)*

<table>
<thead>
<tr>
<th></th>
<th>Strengths (S)</th>
<th>Weaknesses (W)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunities (O)</strong></td>
<td>SO strategies</td>
<td>WO strategies</td>
</tr>
<tr>
<td></td>
<td>Use strengths to take advantage of opportunities</td>
<td>Take advantage of opportunities by overcoming weaknesses or making them relevant</td>
</tr>
<tr>
<td><strong>Threats (T)</strong></td>
<td>ST strategies</td>
<td>WT strategies</td>
</tr>
<tr>
<td></td>
<td>Use strengths to avoid threats</td>
<td>Minimize weaknesses and avoid threats</td>
</tr>
</tbody>
</table>

A qualitative interview with the manager will be conducted for the content of the four factors (see Table 3). The current situation, the predictions for the future and the alternative solutions will contribute to an in-depth analysis for nexTravel.
Table 3

*The SWOT Analysis Matrix for nexTravel*

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Highly trained staff</td>
<td>• Unnecessary operation cost</td>
</tr>
<tr>
<td>• Bilingual speaking (English and Mandarin) staff</td>
<td>• Lack of sensitivity to trends</td>
</tr>
<tr>
<td>• Attractive tour packages</td>
<td>• High turnover</td>
</tr>
<tr>
<td>• Good Reputation</td>
<td>• Some employees do not support change</td>
</tr>
<tr>
<td>• The original business is survivable</td>
<td>• Access to customers indirectly</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities:</th>
<th>Threats:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 10-year visa</td>
<td>• Rough competitiveness</td>
</tr>
<tr>
<td>• Economy is reviving</td>
<td>• Risk in the new market</td>
</tr>
<tr>
<td>• Increasing Chinese market</td>
<td>• Time urgent</td>
</tr>
<tr>
<td>• New market</td>
<td>• Unstable economy</td>
</tr>
<tr>
<td>• Social media marketing</td>
<td>• Terrorist</td>
</tr>
</tbody>
</table>
Strengths

Highly Trained Staff

As nexTravel has been operating as a local tour company for years, the core employees gained professional skills and experiences, enabling them to create hassle-free tours, solve daily problems, and deal with emergent situations. Customers claim that not only are the tour guides knowledgeable when explaining during the trip, but also the drivers are friendly and know a lot about the scenic spots that customers are visiting. It is rare for customers to complain about drivers being misleading or that they were not well taken care of by their guides. For emergencies like traffic or the sudden closure of some scenic spots, the staff from nexTravel always figure new ways to entertain the customers or find other scenic spots for replacement.

Bilingual (English and Mandarin) Speaking Staff

In recent years, with the Chinese market growing so rapidly, there has been more consideration for non-English-speaking Chinese customers. The company hired experienced English and Mandarin bilingual guides for their customers’ convenience. This addition has attracted more Chinese customers and expanded the market. The bilingual addition is still, and will be, an advantage of nexTravel for retaining and acquiring more customers.

Attractive Tour Packages

Attractiveness of the tour packages come from the diversity and the popularity.
The company contained different kinds of tours ranging from generally large bus tours, to small van tours inside the continental US and around the world. For example, this February, nexTravel manager and marketing clerks created a new tour route for
customers to see the aurora in Alaska. Although it was extremely cold, around -25F, the customers really enjoyed the knee-deep sparkling snow, the absolute silence and the life-changing, special opportunity to witness the miracle of the aurora. As long as the company has been active, tours have been removed and added. Classic tours have been kept, new and exciting tours have been added; all based on popularity.

**Good Reputation**

The company tries to do everything they promise for the customers. Even though sometimes things could not be done due to government regulation or weather concerns, the company always finds proper ways to compensate customers. For example, five years ago, an airline flight which carried 21 international customers of nexTravel was delayed a whole night, and nexTravel paid for the first night no-show penalty fee to the reserved lodging property and booked an additional night. It should not be the financial responsibility of nexTravel, and the lodging should be paid by the customers, as according to the travel contract. However, the manager Mr. S said “We promised a hassle-free journey to our friends, then we will offer one.” Sharing such grateful experiences with nexTravel, more and more people became loyal customers of it. This spirit also influences the employees who inherit the value of “customer comes first”.

**The Original Business is Survivable**

Bus tours, which are the staple business of nexTravel, will remain the same for now. It is modest to describe the original bus tour business as survivable but profitable. This staple, although relatively low-growth, remains profitable. Mr. S smiled and said, “Due to the survivable bus tours, the new department can be liberated from economic worry and purely focus on expanding the new market.”
Weaknesses

Unnecessary Operating Costs

The new market targets unique and sometimes extreme environments for the tour route. Thus, some situations occurred which nexTravel employees did not prepare for. For example, having customers apply for longer 10-year visas will allow for better repeat business with Chinese travelers. These travelers can travel to America a greater number of times and for longer travel durations. The negative effect of customers applying for longer visas is that less of these customers will successfully obtain a valid visa. The longer visa period not only requires a more rigorous interview process of the customer who is applying for the visa with the US Visa Officer, but it also results in a lower visa success rate. While having customers with longer valid visa durations is an opportunity for the company to expand the potential market, if too many visa applicants are unsuccessful in obtaining visas, it will quickly offset any positive benefit the longer average visa duration provides. It should also be noted that it potentially only takes a small number of declined visas to offset any longer average visa duration benefit.

Mr. S understands there is not only is there an emotional disappointment apparent from the customer perspective when their visa application is declined, but there is also an immediate negative financial effect as well, with the additional extra operating costs coming in the form of lodging cancellation fees. Some hotels in very popular places have strict cancellation policies. Even if the company canceled the rooms before the actual arriving date when customers could not come because of visa problems, the hotels still charge a certain portion of lodging rates.
Lack of Sensitivity to Trends

nexTravel has been a local tour company for four years. The existing employees with good experience and loyalty brought benefits for the company during these years. However, as the new generation has taken the stage, it seems that the existing employees cannot catch the market changing speed. New technologies and ideas keep coming up, but people in the company are unable to react quickly enough to emerging market trends.

High Turnover

High turnover has been a long-standing problem in the hospitality industry, especially in nexTravel. Low salaries, high density and intensity of labor, and decreasing company profit constitute the problem. High employee turnover makes training more frequent. This results in higher training costs, less experienced employees, and greater unknowns in the employee base as a whole. Moreover, given the new market which the company is still exploring, existing employees are not familiar with the new market, which makes it harder for them to recruit or train the new ones.

Some Employees Do Not Support Change

Like mentioned above, the existing employees are experienced and loyal to the company. They know the main market very well. However, since they are familiar and good at the existing market, they are afraid of significant changes. The manager of nexTravel Mr. S is hoping to find a right direction so that the company could do some changes to face the new world, while some employees do not support that and behave apathetically about any new market they can find. This weakens the idea of change, the needed change which would push the company to a better level.
Accessing Customers Indirectly

Being a local tour operator cooperating with travel agencies all over the world, nexTravel has to contact customers through those agencies requiring an inefficient and possibly error inducing secondary exchange of information. Service is the main product that travel industry provides for customers. However, indirect access to customers goes against the main characteristics of service, and causes a lot of customer complaints. There are four key features of service: intangibility, inseparability, variability and perishability (Regan, 1963; Rathmell, 1966; Shostack, 1977; and Zeithaml et al 1985), which emphasize the importance of the access to customers directly.

Intangibility means there is no tangible product that customers can purchase, that can be seen, tasted or touched (Palmer, 2000). Inseparability stands for the inability to separate the supply or production of the service from its consumption (Thomas, 1995). The company nexTravel could not wrap the service into small packages and delivered them to customers who could then try the service beforehand; and most of the travel agents directly coordinating customers travel plans have not joined the tours nor even come to America. So when a customer asks a travel agent about the experience of a certain tour, he or she who has not experienced the service oneself, they are unable to give specific examples and may not even answer correctly. This has been a source of many complaints. The customers complained about the unprofessionalism of the customer service and/or the inconsistency between the explanations before the tours and the actual tour experience.

The quality of a service may vary by who provides it, and where, when and how it is provided. This is called the variability of service. It is because of this factor that we
cannot judge or evaluate a tour package by one customer. Different guides or drivers, different customers and even different weather might vary the quality of service and the tour experience. Thus, it is essential to get customer reviews firsthand, instead of obtaining them from intermediaries with possible misunderstanding or ignorance. To know what is preferred by customers and what is not, is to improve the service quality. Addressing these issues should better enable the company and to gain customer loyalty, which brings more profit for the company.

Perishability as one of the key characteristics of service made a big trouble for nexTravel. When the international travel became a fashion, people from all over the world came to America. It left the company few choices but to rely on international travel agencies. However, because of the time difference between the company and the cooperating travel agencies, and the emerging work load of both sides, resulted in a delay of information exchanges, which happened frequently. Since it has been selling the service which is perishable, the company could not save the service waiting for a delayed flight or a reapplication of visa. The company wasted considerable capital covering customers’ penalties in order to keep a good reputation.

Opportunities

10-year Visa

As it stated in the website of United States of America-China Chamber of Commerce (2014) that “Starting on November 12, 2014, the United States and China will enact a new reciprocal visa agreement to increase the validity of short-term business and tourist visas and student and exchange visas to each other's citizens. Most U.S. passport holders eligible for Chinese short term business (M) and tourist (L) visas will be issued
multiple-entry visas valid for 10 years.” 10-year visa became an agreement between America and China. Chinese travelers have been itching to see the world of America. More and more international travelers are swarming into America, bringing nexTravel a big opportunity to attract more customers if they are able to. Since the visa allows travelers to travel back to America an unlimited number of times, attracting these customers might turn into loyal customers, has the direct potential to bring a greater and more consistent income.

**Economy is Reviving**

After 7 years from the last 2008 financial crisis, economies of all the countries that have been affected are reviving. Economy has a strong influence on the hospitality industry. During periods of economic contraction, people tend to objectively take care of the basic necessities, like simple food, drink, daily lodging, etc. After that if they still have extra money, they will go for education or things for fun, like traveling. Thus, the status of travel industry really depends on the condition of the world’s economy. Fortunately, the recent major financial crisis has passed, and everything is gradually striding toward normalcy. A reviving economy will bring a bright future for the travel industry, including the company nexTravel.

**Increasing Chinese Market**

Owing to the fast economic development of China, the living standards, purchasing power, and the whole concept of money with of Chinese people has improved. Chinese people are more willing to make purchases, especially on travel. The longer holidays the Chinese government has authorized additionally enables Chinese people to travel not only domestically but also internationally. In addition, younger
Chinese are more willing to due to their modern understanding of leisure compared to older generations. Since China is the world’s most populated country, with 1.3 billion people, this market increase is an enormous opportunity for the travel industry, and of course, to nexTravel.

**New Market**

There is a new travel format of tour rippling through the travel industry, that is the small private and customized tour. Americans and European people prefer backpacking rather than sit in a bus, sleeping when it drives and taking photos when it stops. Well most of the travels that the Chinese travelers did before were more or less like that. However, after an open gate for the Chinese travelers to the world during the 1990s, a bigger new trend is coming to the market under 10-year visa policy, reviving economy, fast development of China and all other conditions. Right now, the new market is raw and has not been developed very much. This is a good timing for nexTravel to engage this market and compete with other potential competitors. If the company could build up an organized and qualified team efficiently, the chances to have control in the market will be high. Given the years of running as a local tour company with experienced employees and the familiarity with the travel industry, it will not be too much challenge.

**Social Media Marketing**

As the Information Era came, social media masters the exchange of information among people, especially the new generations. There is a saying that to capture the new generation is to capture the new ruler of the world. So if the company desires to expand for more profit, to cater to the new generation’s habits and interests are essential. Marketing in social media is barely new. A lot of companies have found it very helpful.
Social media helps the marketing to reach people faster and at a wider spectrum. With all kinds of applications in the phones, marketing almost becomes free and efficient. Thus, if the company could manage to use the social media for marketing and does a good job on it, more potential customers will be reached and more revenue the company will make because of whom.

**Threats**

**Rough Competitive Market**

As people increase the amount they travel, more local tour companies and travel agencies are materializing. nexTravel is not the only company that senses this growing market competition, many other businesses in the travel industry have too. Therefore, nexTravel is in period of rough competition, with the necessity of providing very competitive pricing frequently being the most punishing part. Some price competitions result in truly low prices but poor quality. There are tour companies which are able to offer rock bottom prices to customers through a combination of cost cutting: lowering employees’ salaries, removing some attractions and operators expecting service tips. And for the take outs and changes, customers will always find out what the companies did and use social media to complain about it. If a tour package is totally different than what is expected, it is not surprising that the customers will be not only disappointed but irate. Some unscrupulous companies will even take some of the most basic tour features, which are normally and expected to be included in a tour, and switch them to in-tour options, merely to advertise an initial very low price to potential customers. These deceitful tactics used by other travel companies have recently taken a toll on nexTravel’s revenue. Since nexTravel’s manager and employees do not want to gain market share through such
methods, they feel it is increasingly difficult to maintain both a high level of service quality while being able to offer comparatively low prices.

**Risk in the New Market**

The new market which is mentioned in the opportunities part, targets customers who are interested in the small, customized tour. Neither customers with these new type of interests nor the company nexTravel is familiar with this new type of tour. Risk is accommodating this new burgeoning market by mixing it into an existing business structure. For example, for the operating cost calculations, the company might not be able to use the same format used in calculating the costs for previous tours. Since the customers are different, they might have different economic sensitivities. Other examples of possible risk would be not enough preparation for emergent situations. Given the fact that the company to the new market is like a baby to the world, vulnerable. At first, the company will face unexpected situations and even some failure with unprofitable tours, even though they were confident about the completed research and analysis they did beforehand.

**Time Urgent**

With the Information Era, everything is changing fast, along with the travel industry. One day we have to go to the local travel company to book a tour in person, the next day we are able to book hotels, rent cars, purchase a flight ticket all by a phone. If nexTravel still wants to have a position in the travel market in the future, it needs to move fast. The “move” concludes research, brainstorming, analysis, and decision-making. Otherwise, the company would be left behind outside of the market by new competitors.
quickly and easily, no matter how brilliant the strategy it finally used after a long-period of discussion.

**Unstable Environment**

Back to the late-2000s recession, tourism suffered as a result of a strong economic slowdown. Then between 2007 and 2008, an economic crisis heavily damaged the travel industry again. Not much later, an outbreak of the H1N1 influenza virus also negatively impacted the tourism business (World Tourism Organization, 2011). Even though the current economy is reviving, the future of the travel industry is indeterminate, historically shown by frequent fluctuation in demand. Since the hospitality business is highly sensitive to most kinds of crisis, an unstable environment is not one that benefits profits.

**Terrorist**

Weaver & Lawton (2006) claimed that leisure travel is of a discretionary nature, such that mass tourism markets tend to be risk aversion. Thus, it is not surprising terrorism is found to be of great threat for the tourism industry. Given the fact that Virginia and Pennsylvania had significant negative impacts from the terrorist attacks in the city of New York on September 11, 2001, it is safe to say that the existing terrorists all over the world will draw back the number of travelers, and additionally weaken the momentum of rising profits coming from the expanding tourism market.
CHAPTER FOUR
FINDINGS AND DISCUSSIONS

After documenting and categorizing the main strengths, weaknesses, opportunities and threats that the company nexTravel has, the picture of the company’s situation is clearer. Even though the company suffers from internal weaknesses like high operating costs, high turnover, human resource difficulties, and has several external threats like crises response, market competitiveness and risk through new market unknowns, nexTravel still has a lot of solid strengths and opportunities. If able to use the positive features right, to make up or minimize the negative features, the company will be like a shining star in the travel industry.

SO Strategies

The core problem found from the SWOT matrix is that the world is quickly changing, but nexTravel is not. So the first suggestion is to keep the original market and expand the company into a new market at the same time. From the opportunity part, nexTravel has found a new market which focuses on small and customized tours. The company could depend on the strength of profitable bus tours to explore the new market without too many economic concerns.

As the opportunity of growing Chinese market is expected, nexTravel should engage the existing bilingual (English and Chinese) employees and hire more if needed to support the new marketing and the sales team. Chinese travelers, who mostly do not speak English well would prefer to join a tour that has a Chinese speaking guide, which does not solve only the language problem but also the homesickness problem. If customers are provided with good service and exciting experienced coupled with the 10-
year visa, they might return to become loyal repeat customers. Once the travel tour routes have been set up and customers are coming, the company could send the bilingual guides and/or bilingual drivers to be responsible for the new team. Before the teams start working, they should be trained by the experienced employees to maintain nexTravel’s good reputation.

**WO Strategies**

The new market of small, customized tours might bring travelers with different economic philosophies which could help positively support the bad situation concerning the company’s current operating costs. Travelers who target this new market are probably looking for “unpopular” adventures. This term “unpopular” refers to interesting but not-known-by-most-people. This kind of customer is either enjoying the status of traveling, embracing raw nature or looking for some life-worth experiences. Money seldom concerns by this kind of customer, but it does concern the bus tour travelers. Thus, when setting the tour rate, the company might want to raise the price and focus on the exciting and breathtaking tours they could offer the customers, instead of winning the customers with low prices. In this case, customers are attracted and the revenue from these customers is increased which more easily covers the high operating cost.

Moreover, when the company has more young employees for the new market, it will solve the problems of “lack of sensitivity to trends” and “some employees do not support change” weaknesses. Young employees who are similar in age to potential customers will think more like those they are interacting with. Young employees are both energetic and sensitive to current trends. These newcomers will act to the company as fresh oxygen rich blood to the brain. New minds hit the old core value, producing
advanced ideas and numerous alternatives for the company’s future. Also when the young workers come, the new market could be distributed to them, and the existing employees who do not support changes can be left alone with the original business, with which they are more confident and comfortable. In case of the ratio of in-put and out-put, freshmen work more effectively but request less compensation. This circumstance also motivates existing employees to work harder and smarter, so that they will not be easily exceeded.

Importantly, the new market should be in a different marketing format. NexTravel should consider cutting off the intermediary from the new market and letting the company communicate with the customers directly. This way, the company could minimize or even avoid the problems caused by the travel agencies who are cooperating with nexTravel and have been communicating with customers on behalf of the company.

For example, if the company could get customer reviews for every tour, it will be able to tell the guides and the tour designers to improve the tours based on what the customers care about. After that, the customer satisfaction will be high and the profit will benefit from it, particularly in the new market, where the company is not familiar with and mess up easily. With the customer reviews, the company will be able to find the right direction effectively and efficiently. In addition, without the third party, the information intermediary, the real-time information exchange between the service supplier and the service receiver is going to lower the operation costs. The service of customers from the company contains the contact before tours, the experience during the tours and the reviews after the tours. This access to customers directly has been saving the company time, human resources, money and customer satisfaction. Also this action would gain a foothold in this emerging market resulting from the rapid increase in Chinese market.
We mentioned the problems caused when only having indirect access to customers in the weaknesses of nexTravel. As such, we understand there is a big opportunity for marketing, which is social media marketing. If nexTravel could use social media as a marketing tool, potential customers could be directly reached through computers, tablets or even mobile phones, which are with customers all the time. In China, there are many mobile applications that have marketing support functions. WeChat, as one of the most popular mobile applications, started public accounts recently. A public account provides the user with the ability for long posts and readers can interact with “like” and “share” functions (see Figure 2 for a better understanding of the “share” function). Thus, a lot of public accounts do not only share interesting or educational posts, but also operate the accounts as companies and market products on them.
Figure 2. The marketing format of wechat “share” function

The company nexTravel should assign young employees who are good at new techniques to do wechat marketing. When the company posts valuable content and customers share it with their friends, and their friends again, the information becomes more easily disseminated reaching numerous people, thereby saving a lot of marketing expense and thus helping to reduce nexTravel’s operating costs. If the readers like the posts of a company, they may “follow” the company’s public account. When the number
of “fans” has quantitatively improved, a promotional mix of marketing material and customer reviews will enable continuous access to thousands of customers for free.

**ST Strategies**

One of the biggest strengths in nexTravel is its continued good reputation, and the company wants to keep this reputation high enable to competing in the fierce travel industry. Price competition or even “faking” the tour rate on the surface maybe can attract customers once. However, when the customers figure out the truth, they will always go with the company which has the good reputation for high customer satisfaction.

Well trained employees are the result of nexTravel’s years of experience operating as a travel company. Existing employees have been trained by both profitable tours and unprofitable ones. They understand what a successful tour takes and what causes failure. While using the experiences of the well trained employees, the company would avoid some freshman mistakes and minimize the possible risk within the new market.

**WT Strategies**

Even though the economy is reviving for now, it is expected that there will again be another economic downturn in the future. Historically, the economy has been to shown to fluctuate with varying rates of expansion and punctuated with contractions. Because of these positive and negative economic cycles it is important that nexTravel be able to react accordingly. With the current state of the economy in recovery, it is important that nexTravel react quickly and make decisions accordingly that take advantage of this status, especially if after a time the economy may once again sour. A good immediate solution for nexTravel is to recruit more young employees, cut off third
party the travel agencies, and get direct access to the customers. This strategy will allow for an increase in tour profit margins while also allowing for enhanced tour quality.

Other Strategies

One of the reasons the hospitality industry has such a high turnover rate is that most of the customers do not treasure the hospitality suppliers’ work. In other words, people working in the hospitality industry have an unadmired reputation in society. If nexTravel could maintain or even raise the company reputation higher, the low occupational standing of the employees might be compensated. This way, with higher employee morale, the rate of company employee turnover would be slowed.
CHAPTER FIVE

CONCLUSION

In conclusion, the whole travel industry is facing a period of transformation, influenced by the reviving economy and the development of tourism. The company nexTravel should use the SWOT analysis and apply as a planning tool in the company at regular intervals. By understanding its strengths, weaknesses, opportunities and threats, the company will recognize its real status and situations and be able to choose the right direction.

There are some limitations in this paper that should be noted. First, the qualitative interview with the manager stands for the manager’s own opinion. There might be subjective expression or judgment misleading the audience. Second, there should be a monitor period after this analysis, which allows the manager to apply the strategies and then make a review. With the review and some modifications with the planning, actions will be more efficient and effective. Third, considering that the company may not represent other companies in the travel industry, a general research including all kinds of local tour companies and travel agencies is needed for the development of tourism.
REFERENCES


