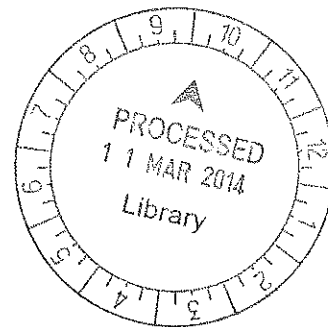


INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

Factors Affecting the Attitude of Travel Agents towards Use of the Web to Market Travel Insurance Products in China

FOR REFERENCE ONLY



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Submission Date : 10th, December, 2013
Ethics Number : BUS/PG/CP/00048
Final Word Count: 13935

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Abstract

In 2012, the total revenue contributed by tourism industry achieved 2.59 trillion Yuan with an increase of 15.2 percent over last year. The steady and stable development of tourism industry serves a solid foundation for the boost of travel insurance industry. Every insurance company and its partner in the distribution channel show their aggressiveness in exposing travel insurance products by use of marketing tools. Digital marketing has overarching advantages over the traditional marketing tools, but it is not prevalent in use as much as possible among travel agencies in China, who are the targets of this study.

This author aims to put an emphasis on travel agents and spares no efforts to seek the factors affecting their attitude toward marketing travel insurance products via Internet. A quantitative approach is used to explore the factors based on a return of 97 responses. According to data analysis, three variables out of seven variables constructing the hypotheses are supported. The research shows the Internet can be used as an extremely effective channel for marketing travel insurance products but this requires extensive knowledge pertaining to consumers.

Key Words: Digital marketing; travel insurance; travel agent; tourism industry

Acknowledgements

Though only my name appears on the cover of this dissertation, a great many people have contributed to its production. I owe my gratitude to all those people who have made this dissertation possible and because of whom my graduate experience has been one that I will cherish forever.

I would like to thank everyone who contributed and encouraged me all the way through my academic journey during my Master degree time. My sincere appreciation goes to my supervisor Prof. Too Shaw Warn who has been with me through every step of study, special thanks also goes to Mr. Arasu for his guidance in IRPP, and additional thanks is given to Dr. Wilson for his continuous encouragement and previous advice for lifetime study.

My special thanks flow to my family, especially my beloved husband, Giancarlo Scupino, for his companionship and financial support that made me successfully complete the research.

Lastly, great appreciation is made to INTI International University, Faculty of Business and Law that allows me to have the opportunity to conduct the research which has provided me with a better understanding in the area of my research.


Sophie Zhou Feng

December, 2013

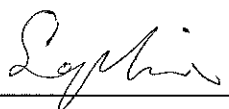
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Table of Contents

Abstract	I
Acknowledgement	II
Student's Declaration	III
List of Table	VIII
List of Figure	X
List of Abbreviations	XI
1. CHAPTER 1 INTRODUCTION.....	1
1.1 Study Background	1
1.2 Problem Statement	4
1.3 Research Questions	5
1.4 Research Objectives	6
1.5 Significance of Research	6
1.6 Limitations of Research.....	7
1.7 Scope of Research	8
1.8 Research Assumptions	8
1.9 Operational Definitions.....	9
2. CHAPTER 2 LITERATURE REVIEW.....	10
2.1 Introduction of Travel Insurance.....	10
2.1.1 Concept	10
2.1.2 Origin.....	10
2.1.3 Evolution.....	10
2.1.4 Analysis.....	14

2.2 Theories	16
2.2.1 Digital Marketing Theory.....	16
2.2.2 Theory of Reasoned Action.....	22
2.3 Conceptual Framework	23
2.3.1 Psychology	24
2.3.2 Economics	25
2.3.3 Customers.....	27
2.3.4 Internal Resources	29
2.3.5 Demographics	30
2.4 Theoretical Model.....	33
3. CHAPTER 3 RESEARCH METHODOLOGY	34
3.0 Chapter Summary	34
3.1 Research Design	35
3.2 Research Methodology.....	35
3.3 Questionnaire Framework.....	36
3.4 Validity and Reliability Tests.....	38
3.5 Study Population.....	39
3.6 Unit Of Analysis.....	39
3.7 Sampling Selection	39
3.8 Sampling Techniques	40
3.9 Pilot Study	40
3.10 Data Collection and Analysis Methods	40
4. CHAPTER 4 FINDING & DISCUSSION	42
4.0 Chapter Summary	42

4.1 Pilot Study(Reliability)	42
4.2 All Respondents (Reliability).....	43
4.2.1 Attitude	43
4.2.2 Psychology	43
4.2.3 Economics	44
4.2.4 Facilitative	44
4.2.5 Negative	44
4.2.6 Internal Resources	45
4.3 Descriptive Analysis	45
4.3.1 Gender	45
4.3.2 Age	46
4.3.3 Education	47
4.3.4 Company Size.....	48
4.3.5 Business Scope.....	48
4.4 Bivariate Correlation	50
4.4.1 Normality Test	50
4.4.2 Bivariate Correlation	51
4.5 Factor Analysis	52
4.6 Regression Analysis	54
5. CHAPTER 5 CONCLUSION, IMPLICATIONS, RECOMMENDATIONS, AND PERSONAL REFLECTION	59
5.0 Chapter summary	59
5.1 Conclusion	59
5.2 Implications	62
5.3 Recommendations	63

5.3.1 Academia	63
5.3.2 Government	63
5.3.3 Industry	64
5.4 Personal Reflection.....	64
6. REFERENCES	67
7. APPENDIXES	74
7.0 Initial Research Paper Proposal.....	74
7.1 Questionnaires	78
7.2 Project Log	81
7.3 Reliability of Pre – Test.....	86
7.4 Reliability of Final Data Collected.....	98
7.5 Normality Test	110
7.6 Bivariate Correlation.....	114
7.7 Factor Analysis.....	118
7.8 Multiple Regression	123
7.9 Ethics Forms	128
7.10 Confirmation Letter from UH.....	147
7.11 Turnitin Report	148

List of Table

Table 1 Reliability Analysis of Pilot Test	40
Table 2 Reliability Analysis of Attitude towards Web Marketing	41
Table 3 Reliability Analysis of Psychological Factor	41
Table 4 Reliability Analysis of Economic Factor	42
Table 5 Reliability Analysis of Facilitative Effect of Customer Factor	42
Table 6 Reliability Analysis of Negative Effect of Customer Factor	42
Table 7 Reliability Analysis of Factor of Internal Resources	42
Table 8 Descriptive Analysis of Gender	43
Table 9 Descriptive Analysis of Age.....	43
Table 10 Descriptive Analysis of Education	44
Table 11 Descriptive Analysis of Company Size	45
Table 12 Descriptive Analysis of Business Scope	46
Table 13 Normality Test.....	48
Table 14 Correlation Test	48
Table 15 KMO and Bartlett's Test of Factor Analysis	50
Table 16 Communalities of Factor Analysis	50
Table 17 Rotated Component Matrix of Factor Analysis	50
Table 18 Model Summary of Multiple Linear Regression.....	51

Table 19 ANOVAa of Multiple Linear Regression52

Table 20 Coefficientsa of Multiple Linear Regression52

List of Figure

Figure 1.1 Global Online Travel Market.....	3
Figure 1.2 China's Online Travel Market	3
Figure 2.1 Awareness of Travel Insurance.....	13
Figure 2.2 Tendency to Purchase Travel Insurance.....	13
Figure 2.3 Approaches to Purchase Travel Insurance.....	14
Figure 2.4 Motives to Purchase Travel Insurance.	14
Figure 2.5 Factors Affecting the Purchase of Travel Insurance.....	15
Figure 2.6 Theory of Reasoned Action.....	22
Figure 2.7 Education in Booking Online Travel Services.....	29
Figure 2.8 Mediums in Placement of Advertisement/Marketing Activities.....	30
Figure 2.9 Theoretical Model.....	32

List of Abbreviations

CNNIC	–	China Internet Network Information Centre
CIRC	–	China Insurance Regulatory Commission
CNTA	–	China National Tourism Administration
SMEs	–	small and medium enterprises
SPSS	–	Statistic Package For Social Science
TRA	–	Theory of Reasoned Action

Chapter I Introduction

1.1 Background

Tourism industry in China maintained steady and relatively fast growth in 2012. Domestic inbound tourism market continued to show fast growth and the number of outbound travelers climbed steadily in comparison to prior years. Throughout 2012, China received 2 billion and 57 million passenger trips from inbound tourists with earnings of 2.27 billion RMB, an increase of 12 percent and 17.6 percent respectively compared with 2011. The achievement of international tourism foreign currency income hit 50.028 billion USD rose by 3.2 percent while the trip visits of 132 million were reduced by 2.2 percent. It indicates the average travel expense per trip visit is increasing. Furthermore, 83.1827 million Chinese citizens travelled abroad what represents an increase of 18.4 percent over the previous year. The total revenue contributed by tourism industry has achieved 2.59 trillion Yuan for the year, with a total increase of 15.2 percent over 2011(CNTA, 2013).

The steady and stable development of tourism industry provides a solid foundation for the emergence and booming of insurance industry, moreover, it is a great opportunity for the greater development of travel insurance business. China ranked 2nd in the tourism consumer market. Referring to the insurance cycle in Western World, travel accident insurance premium has the potential to hit 10 billion Yuan in a context that the insurance take-up rate is up to 80 percent. (Yang and Liu, 2007)

Compared with the traditional insurance business, travel insurance possesses

special and unique characteristics, due to the widespread distribution of the target customers, dispersed risk spreading, and its vast and growing target base. All these factors enable travel insurance to be an indispensable product in any insurance company portfolio. With rising property insurance market competition, shrinking profit margins and the unprecedented challenges in traditional centralized insurance operations, travel insurance is an emergent new line of business which will optimize the structure of property insurance business, significantly improving its profitability.

China Internet Network Information Centre (CNNIC) announced recently that the number of internet users in China is growing rapidly and stably. The report said now 564 million internet users were active in surfing online by end of 2012, with an increase of 9.04% over 2011. The Internet penetration rate reached 42.1% in China, rising 3.8% over the previous year. However, the CNNIC results are disappointing on e-commerce, by the end of December 2012, the e-commerce application level of the interviewed SMEs still remained very low, with online sales accounting for 25.3% and online purchase accounting for 26.5%. (CNNIC, 2012)

It is of great significance to enhance SME e-commerce application level. SMEs, as a great contributor to China's economic and social development, accounting for more than 99 percent of the total number of Chinese enterprises has provided 80 percent of urban employment opportunities and the creation of 60 percent of GDP and 50 percent of tax revenues (Zhang and Morrison, 2007). For small and medium enterprises, application of e-commerce is of great importance for them to improve their management efficiency, the reduction of operating costs, and the extension of market opportunities and thus the enhancement of service levels.

Looking back to the history of China travel agencies, the number of China's travel service business units is growing from one in 1929, established by Shanghai Commercial Bank, and then renamed China Travel Agent at the same year, into 25,629 (CNTA, 2013). About 10 percent of the total were international travel agencies having the capability of operating inbound travel services, and the rest 90 percent were those SMEs, who were specialized in the domestic travel business (Zhang, 2004).

Tourism is the largest category of e-commerce. eMarketer (2012) released a report on the annual global online travel sales from 2010 to 2012, and predicated a continuous annual 10 per cent growth by 2015. According to the report, 309 billion USD was made in 2010 globally, taking up 35.9 per cent of the total global tourism revenue. In the following two years, 340 billion and 374 billion USD respectively were achieved. The proportion was raised up to 38.9 per cent in 2012. In this sector, Asia-Pacific Region contributed to 23 per cent of the total online travel sales worldwide, ranking 2nd following Latin America Region who was crowned with 38 per cent of the total. Trends of global online travel market and China's online travel market are shown in Figure 1 and Figure 2. (CNTA, 2012)

Figure 1-1: Global Online Travel Market

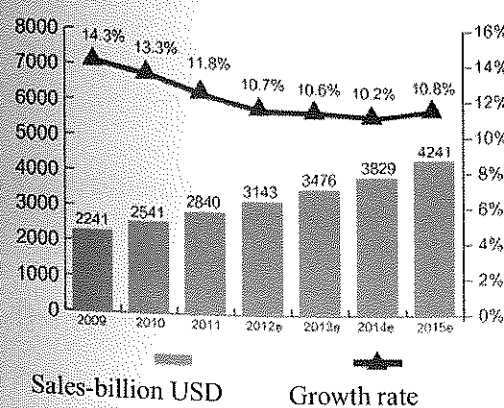
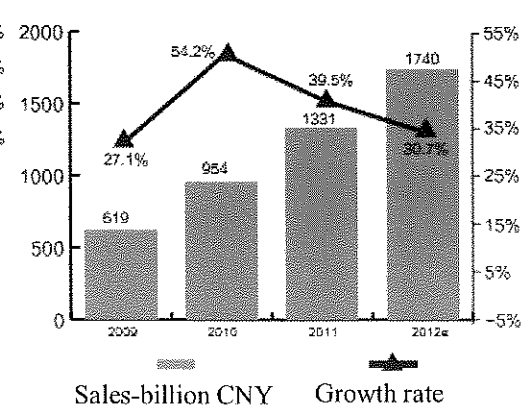


Figure 1-2: China's Online Travel Market



Travelers would be more comfortable and knowledgeable in planning,

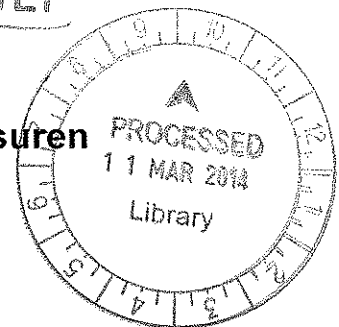
INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

IPO UNDERPRICING PHENOMENON: A STUDY OF THE MONGOLIAN
STOCK MARKET FROM 2003 TO 2012

FOR REFERENCE ONLY

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Supervisor : Chen Yin Foo
Submission date : 11 December 2013
Final Word Count : 16754



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ABSTRACT

The IPO underpricing phenomenon has long fascinated academicians in the effort of finding the rational for the anomaly. Extant literature broadly supports the view that IPOs are underpriced. IPO pricing is mostly argued from the point of view of listing gains/ losses. This research seek to investigate the first day return of 26 IPOs in Mongolia from 2003 to 2012. Researcher focus on the phenomenon known-as IPO underpricing which is the trend that IPO shares are usually offered to the public. It has attempted to prove or disprove a selection of testable underpricing theories in order to see if researcher can explain the phenomenon for the IPOs on the Mongolian Stock Exchange. The study find an average underpricing of 7% on the Mongolian Stock Exchange from 2003 to 2012, which is in line with the results of similar other studies.

Key word: IPO underpricing, phenomenon, Mongolian stock exchange