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

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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
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Sophie Zhou Feng

December, 2013
Student's Declaration

I declare that:

I understand the meaning of "Plagiarism" and "Intellectual Property Right" and Ethics Related to the Principles of Academic Works.

This assignment is hereby acknowledge as my own work and I have duly acknowledge use of published and unpublished works of other people from the print, electronic and other media.

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(Signature)

Sophie Zhou Feng

Date:
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<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>CNNIC</td>
<td>China Internet Network Information Centre</td>
</tr>
<tr>
<td>CIRC</td>
<td>China Insurance Regulatory Commission</td>
</tr>
<tr>
<td>CNTA</td>
<td>China National Tourism Administration</td>
</tr>
<tr>
<td>SMEs</td>
<td>small and medium enterprises</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistic Package For Social Science</td>
</tr>
<tr>
<td>TRA</td>
<td>Theory of Reasoned Action</td>
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Chapter 1 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, 83.1927 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

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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 predicted 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)

Travelers would be more comfortable and knowledgeable in planning,
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 seeks 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