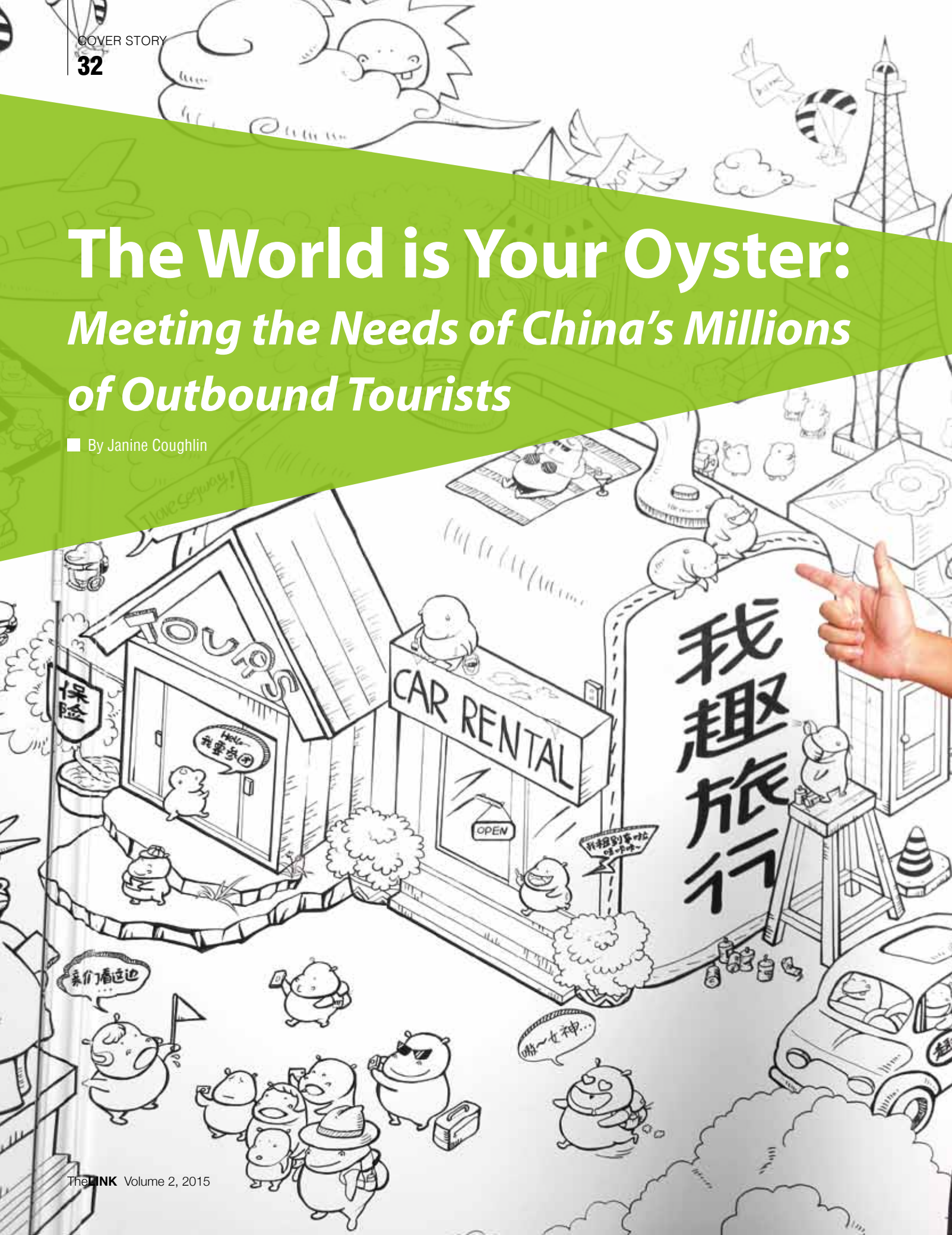


The World is Your Oyster: Meeting the Needs of China's Millions of Outbound Tourists

■ By Janine Coughlin





Ivan Huang, EMBA 2006, spent 10 years at the China Travel Service (HK) Group (CTS), where he saw first-hand the rapid growth and future potential of China's outbound tourism industry, and developed a passion for trying to solve the many 'pain points' faced by Chinese who try to book their travel abroad. Eventually, he decided to follow a long-time dream to start his own company and in late 2013 he launched woqu.com (*wo qu* means "I go" in English), an online travel platform which provides a wide variety of travel products and services for Chinese outbound tourists. *TheLINK* spoke with him about the many changes he has seen in China's rapidly developing tourism industry, the challenges he has faced as an entrepreneur, and the current trends among China's millions of outbound tourists.

***TheLINK:* What made you decide to become an entrepreneur and start woqu.com?**

The Chinese tourism industry has developed rapidly over the past decade. The rise of online travel platforms and the increasing demand for leisure travel has led to tremendous changes in the business model, as well as in supply and demand within the overall tourism market. I foresee enormous future opportunities for the Chinese outbound tourism market and believe the industry will undergo bold changes because, in many ways, customers' needs are still not being met.

After I joined CTS, I did question this career choice because I could see many of the challenges of the tourism industry. For example there was an extremely low barrier to entry; low margins – on average 5% to 8%; and among the tens of thousands of travel companies across China only very few saw a profit of over RMB10,000. There was poor quality of service and the industry, generally, was not attractive to many university students and professionals.

I gradually changed my attitude, and began to see the enormous potential and infinite possibilities that the industry has to offer: a large-scale mass market, and great potential for future development. I could still see there were many challenges: too many different products, complicated supply chains, extremely strict requirements for providing services, and high price-sensitivity. To some extent, the tourism industry is similar to the retail industry where, through integration

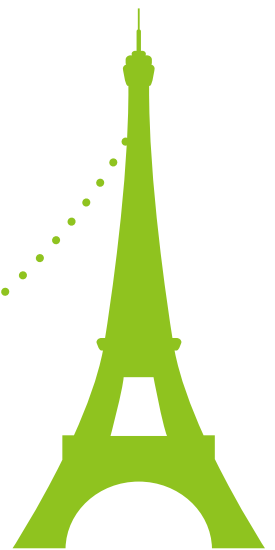
and innovation, retail giants like Wal-Mart and 7-11 eventually emerged. In the same way, by integrating the Internet with the tourism industry, there is the possibility for revolutionary changes in the existing structure of the business and supply chains. This will foster the development of industry giants. I wanted to develop a tourism product that could satisfy an independent traveller's needs and solve the inconveniences in outbound travel for Chinese customers.

TheLINK: Since you entered this industry there have been many advances in digital technology, such as smartphones, mobile internet, and big data analytics. How helpful were these tools when you were setting up woqu.com?

Yes, I've gone through the whole process from traditional tourism to online tourism, from the original call centre to the PC and then mobile devices, and I have seen Chinese

customers gradually change their consumption habits. At first it was hard for customers to get used to buying tourism products from their mobile devices, especially outbound tourism products. This is because of their high price point, delayed response time to customer queries, and security issues with payment systems. But online platforms that utilise H5 [web development technology], apps and even WeChat have been developed for the tourism industry and so they offer search, queries, interaction and product sales. These platforms have different personalities and provide different functionality on different devices.

For instance the increasing popularity of smartphones means more people browse the web on their phones, so we created a special mobile experience that utilises H5 touchscreen technology to optimise our official website for viewing on the smaller screens of mobile devices.



Paris

“When people see other travellers’ itineraries and photos of beautiful, exotic scenery, they get the urge to travel.”

We have two apps, woqu travel and a visa app. The woqu travel app features many online reservation services, including overseas hotels, car rental, motor homes, airport pick-up and drop-off service, outbound group tours, local sightseeing attractions, visa applications, insurance, and phone cards. It also has LBS positioning technology that can provide customers with location-based information about local cuisine and scenic spots. The visa app has been available through the Apple and Android App stores since March and early May of this year, respectively. This is the first visa application app that is tailor-made for the Chinese. Users can check their visa application materials and status, and complete applications and payments. It helps to simplify and solve the pain points of the complicated procedures of visa applications.

We also have an official WeChat account which has changed the way we interact with customers and has become an indispensable service tool for us. We push messages out to our fans about the latest, most popular and affordable tourist routes. Fans can contact our staff at any time via WeChat. This narrows the distance between us and our users. It makes our services more convenient.

TheLINK: There is now a trend towards Chinese going abroad without joining large package tours. What’s driving this trend?

The DIY (Do-it-Yourself) tour makes up a large part of the current outbound tourism market in Southeast Asia. This is an inevitable and irreversible trend; however package tours still have the majority of the market for travel to Europe and the US. There are many reasons for the rise of the DIY tour. Most of our customers belong to the post-80s and post-90s generations and they prefer freer, more personalised, in-depth and independent choices for their tours. Trips designed for the younger generations focus on experiences and feelings. Package tours, therefore, don’t meet their needs. The popularity of the DIY tour has also been accelerated by the negative perception of group tours that had been priced low because operators were earning revenue through commissions on shopping trips that they forced on tourists.

Secondly, the emergence of platforms (like qyer.com and mafengwo.cn) where travel enthusiasts may share and exchange information, solves problems of information asymmetry to some degree. When people see other

travellers’ itineraries and photos of beautiful, exotic scenery, they get the urge to travel. The tourism industry has also benefited from policy support streamlining visa applications. For example, now visas for Chinese going to the US and Canada are valid for 10 years, and the Australian visa is valid for three years. Visa application to these countries is no longer a pain point for Chinese people.

TheLINK: What services do you offer?

We initially focused on DIY tours to the US, and providing booking services for both full and partial DIY tours. The DIY tour includes products and services such as hotel reservations, self-drive car rental, motor homes, airport pick-up and drop-off service, local sightseeing attractions, visa application, insurance, phone card and portable Wi-Fi. Partial DIY tour service products are local package tours that allow customers flexibility in choosing the duration of the tour, from half a day up to 15 days. The partial DIY tour is suitable for those who are traveling abroad for the first time, and not good at planning on their own.

After we established our “American model”, we extended our business to 24 destinations, including Canada,



“ We are creating a new model
that looks to the future. ”



New York



Australia, New Zealand and Europe. We spent a year setting up a “supermarket of overseas DIY tours” that provides customisation by allowing users to book segments and services piece-by-piece.

TheLINK: Who is your biggest competitor?

I think our biggest competitor is ourselves. We are creating a new model that looks to the future and aims to solve Chinese travellers’ pain points. We hope that Chinese travellers can tour this beautiful world more freely and in their own way! We are just in the early stages. How can we better understand our customers’ needs, create better products and business models, and promote faster development? These are the questions we keep asking ourselves.

TheLINK: What has been your biggest challenge in starting your company?

The first challenge is to avoid getting

side-tracked and remain focused. This is easier said than done. In the early stages, we found the best target was to focus on DIY tour booking services for only one destination, the US. We stayed focused on this and by narrowing in on one destination, we were able to extend our products and services. The second challenge was establishing our team and attracting talent.

TheLINK: What have you learned since starting the company?

I used to be a senior executive at a large-scale enterprise, and led a team of almost 2,000 employees, but I never created a company. Now I can say proudly that I can establish a company from scratch! Secondly, our products and services have dramatically improved over the last year, making us a leader in the tourism industry.

We have developed an extensive range

of partners with whom we collaborate. Many overseas partners have made an effort to visit to our headquarters in Shenzhen and consult with us on the products offered, making us a bridge between Chinese travellers and the rest of the world. We have recruited many talented young professionals and our team has grown to over 200 people.

TheLINK: How did studying at CEIBS help you in starting your company?

CEIBS opened another door for me, and broadened both my vision and mind. I learned mature ways of business operation and management, gained friends, and I have held on tighter to my dream of starting a business. I’d like to express my heartfelt thanks to CEIBS. It’s like a big family: we all help each other, especially during the process of setting up a business. I’ve gained a lot of experience and inspiration from my schoolmates. I’m very grateful.