Seminar on Information Systems

Management

IS101 10-11I (G6)

Midterm Project

Title: Case on Commonwealth Travel Service Corporation Pte Ltd

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A) Company and Job Role

The Company
Commonwealth Travel Service Corporation Pte Ltd (CTC) is one of the largest travel agencies in Singapore. CTC was established in the year 1990 and is known to provide comfortable and secure journeys to its customers. The main aim of the company is to be the "First Choice for Clients, Staff, Investors and Business Partners". Its services such as online booking, flight status, new offers and tour packages are available through its official website, www.ctc.com.sg.1 The headquarters of CTC is located in Mosque Street, Singapore, and it has 2 other branches on the island.

The Industry
There is a huge availability of opportunities in the Singapore travel industry. Despite price competition being extremely intense in the travel industry where there are more than 500 travel agents, price wars are not common due to regulations by a national body - The National Association of Travel Agents Singapore (NATAS)2, which represents all travel agents that are licensed by the Singapore Tourism Board (STB). The STB also supports the industry very much, implementing an S$90 million initiative known as BOOST during the recent recession, and the “2009 Reasons to enjoy Singapore” campaign offering visitors discounted packages and promotions.3

The Job Role: Itinerary Planner
Part of the promotions department of the operations division of CTC, the itinerary planner is the main person in the company that helps to generate revenue by coming up with ideal itineraries to attract customers. Not only does the itinerary planner have to be well informed about the economic forces, he must also be equipped with the ability to foresee changes in consumer demands and trends, and the swiftness to act accordingly. The itinerary planner is also an ambassador for the company. He needs to form good working connections with many other tour agencies around the world and liaise accordingly in order to form an itinerary to suit consumers’ needs.

B) Business Processes

B1) Key Business Processes of an Itinerary Planner

- Conduct Market Research
  An itinerary planner would need to know exactly what is going on in the economy that would shape consumers’ demand for travel. For instance, if there were a recession, most consumers would cut cost on their travelling expenditure and choose to go for short haul trips. Consumers’ demand for travel can also be shaped by world events, such as riots, natural disasters or major conferences. The itinerary planner needs to be constantly on the ball, adding new packages or changing existing ones, so as to increase value for the customer and lower costs for the company.

- Providing for the Entire Tour Package
  One of the key roles of the itinerary planner is to assemble the component parts of a holiday, such as the means of travel, accommodation, facilities, transfers, sightseeing and admission to attractions. Through forming contacts and liaising with other travel agencies around the world, the main aim is for itinerary planners to use their bulk buying power to put together a vacation, package it and sell it to consumers at a price cheaper than if they put it together themselves.4 This would increase value for the customer, and aid the company in achieving its aim of a higher profit margin.

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1 http://b4tea.com/information/must-see-websites/ctc-com-sg-ctc-travel-agency-singapore
2 http://www.natas.travel/MembersInformation.aspx
3 http://www.euromonitor.com/Travel_And_Tourism_in_Singapore
4 http://madeinatlantis.com/travel/tour_operators.htm
**Customization of Tour Packages (when appropriate)**

Sometimes, consumers may have a rough idea of where they want to go to, and what activities they plan to undertake, but just do not have the means and time to plan for their holiday, thus seeking the help of tour agencies. The role of the itinerary planner is to help personalize individual packages to suit the unique needs of each customer (at a price slightly higher than that of standard tour packages already available). This can apply to couples going for honeymoon, or those going for pilgrimages.

B2) **Comparison to similar processes in other organizations**

<table>
<thead>
<tr>
<th>Processes</th>
<th>CTC Holidays</th>
<th>Other Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Conduct Market Research</td>
<td>One of the leading travel agencies in Singapore – trend setter in this area</td>
<td>Gogo.com.sg and takemetotravel.com – online travel agencies which receive consumer feedback on “hot spots” through Facebook, and plan their packages accordingly</td>
</tr>
<tr>
<td>2. Providing for the Entire Tour Package</td>
<td>Has subsidiaries such as Connections Tourism &amp; Event Management Co Ltd, based in Shanghai with links to travel agencies around the world</td>
<td>Transtar Travel – only provide coach services to nearby countries such as Malaysia. Do not include hotel reservation.</td>
</tr>
<tr>
<td>3. Customization of Tour Packages</td>
<td>Customize to suit consumers’ need - Muslim Tours (eg. sourcing for Halal dishes in Chinese country), Educational Tours and MICE events</td>
<td>NIL</td>
</tr>
<tr>
<td>* Catering to local flavour</td>
<td>NIL</td>
<td>Five Star Tours and SA Tours – Main selling point: tours to countries that are popular due to recent TV drama serials. A celebrity from the TV serial will also follow along as a “tour leader”</td>
</tr>
<tr>
<td>* Allowing comparison across airlines</td>
<td>Does not allow customers to choose which airline they wish to take as part of the tour package (unless they adopt customization)</td>
<td>Priceline Singapore – allows for the flexibility to compare prices and book tickets across different airlines. However, do not include hotel reservation.</td>
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</table>

Through the comparison, we can distinctly see that CTC is a market leader in the travel industry in Singapore. Unique to CTC, would be the ability for customers to customize their tour packages to suit their needs, as well as the relocation of it subsidiaries to Shanghai. These are competitive advantages of CTC, which allow for a greater consumer base, lower costs, and add to the efficiency of the company. However, being rigid in its selection of airlines, CTC would not capture the consumers who wish to compare prices and fly by the cheapest airline in the recent recession. To its disadvantage, would also be CTC not doing enough to ride on the drama serial craze.

B3) **Diagram of Main Steps in Business Process**

Business Process in Focus:

Providing for the Entire Tour Package

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5 http://www.connectstourism.com/en/about.html

6 http://www.transtar.com.sg/

7 Real life account from staff at CTC, “Eeka”.
**B4) Explanation of Main Steps in Business Process**

**Booking of Airlines**
In order for the itinerary planner of CTC to put together an entire tour package, one of the very first steps that he has to go through would be to use an internal global distribution system called General Distribution of Seats (GDS). This is a system unique to CTC that helps its staff check the availability of seats on all major aircrafts around the world in real time. GDS combines all global distribution systems in the world such as Amadeus (specializing in flights to Europe), Sabre (specializing in flights to USA) and Abacus (specializing in flights to Asia-Pacific), making it a one-stop portal for CTC staff to check for and reserve flight seats. This eliminates the action of logging on to different global distribution systems to check for seats availability, thus helping CTC save much time and effort, increasing its effectiveness in helping customers plan their holidays.

**Booking of Accommodation**
Considered a large organisation with branches overseas, CTC has contracts with hotels and motels that are renewed annually. These contracts state that CTC, at any point in time, will be able to secure a certain number of rooms in the particular hotel at a fixed price. This bulk buying procedure helps CTC to save cost and establish its reputation as a trustable travel agency.
C) Forces of Change

C1) Forces of Change

• Change in Economic Climate
The travel industry is very much affected by the cyclical nature of the economic climate around the world. As the health of the global economy is critical to travel and tourism flourishing, the economic recession in recent years inflicted an overall, multi-level decline in both volume and value terms of the travel industry in Singapore. As a result, there is an increase in the number of Singaporeans travelling to nearby destinations for leisure, resulting in short haul trips gaining more prominence. While premium travel and tourism providers such as legacy airlines and luxury hotels suffered a drastic decline in business, the low-cost operators emerged as one of the biggest winners of the recession as consumers became increasingly price-conscious. Market shifts due to the change in political climate (such as instability in Thailand) also saw a decline in the number of people travelling to affected areas. The increase in oil prices in recent years also saw the decrease in the demand for air travel.

• Rise in Medical Tourism
The World Health Organization ranked Singapore as having the 6th best health system in the world, much higher than that of United States and Canada. Singapore’s appeal lies in its world-class medical facilities, English-fluent staff and infrastructure familiar to westerners. While it is by no means as cheap as India or Thailand, medical staffs do invariably speak a high standard of English and the healthcare infrastructure is easily comparable with that of western countries. Singapore’s prices are around half of what US clinics charge for the same procedures, thus resulting in some 200,000 visitors flocking over every year in search of medical, cosmetic and dental treatment.

• New Tourist Attractions in Singapore
The tourism landscape in Singapore has been drastically changed and further entrenched as a lifestyle destination for tourists due to the opening of the Integrated Resorts. Casinos will also begin operations for the first time in Singapore, following the legalization of gambling. Growth will not only be observed in leisure arrivals but also in business arrivals as the Marina Bay Sands pitches itself and Singapore as a MICE destination. Universal Studios Singapore was also launched and named as one of the top tourist attractions in Singapore.

Impact on CTC and an Itinerary Planner
In order to secure a larger consumer base, CTC and the itinerary planner would have to come up with promotions, or change existing plans in accordance to the profile of their consumers – whether they travel for leisure, business or medical reasons. For leisure travellers, promotions and tie-up with budget airlines would be needed in order to draw price-conscious consumers during recessions. Also, the itinerary planner would have to foresee the market trend and decide on when to alter the company’s tie-up with luxury airlines. Depending on market trends, the itinerary planner might have to source for other modes of travel for consumers (e.g., if demand for air travel decreases, the itinerary planner might have to launch holidays on cruises). In order to attract travellers heading to Singapore on business, the itinerary planner could tie up with other travel agencies and introduce a leisure element (such as a day trip to Sentosa) to these travellers’ business trips, thus increasing the demand for Singapore’s new attractions. An increase in medical tourists would also positively affect the industry due to the influx of tourists in Singapore. This is a potential area that the itinerary planner could expand on, so as to increase the company’s consumer base.

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8 http://www.euromonitor.com/Travel_And_Tourism_in_Singapore
9 http://www.health-tourism.com/singapore-medical-tourism/
10 http://www.euromonitor.com/Travel_And_Tourism_in_Singapore
C2) Proposal

To: Manager, Promotions Department, CTC Holidays
Subject: Improvements to GDS System

Statement of Problem
CTC is one of the leaders in the travel industry in Singapore. With the ever-increasing tourist arrivals, CTC potentially faces a problem of their current IT systems becoming obsolete and unsuitable for their burgeoning consumer base.

Proposed Project and Purpose
CTC needs to constantly keep up to date with the changes in the economic landscape so as to effectively capture the ever-changing profile of tourists – tourists who come for leisure, business or medical purposes.
In order to counter the forces of change in the travel industry, we are looking at the possibility of upgrading the current GDS system accordingly through implementing technological solutions. With more interactive customer engagement methods, CTC and its agents would be better positioned to deal with clients who wish to utilise such personal means to customise their trips.
This non-price solution would ensure that CTC stay up to date with the current market trends and continue to be at the frontier as an industry leader.

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<thead>
<tr>
<th>Forces of Change</th>
<th>Action to address changes</th>
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<tbody>
<tr>
<td>Change in Economic Climate (Need to be constantly updated with latest happenings in the travel industry)</td>
<td>1. New section in GDS that caters to real time update of world events concerning travel industry</td>
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<td></td>
<td>2. Additional wing in GDS system specifically targeted at the “availability” of travel agents around the world</td>
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<tr>
<td>Rise in Medical Tourism</td>
<td>1. Separate public viewing of GDS system for overseas clients</td>
</tr>
<tr>
<td>New Tourist Attractions in Singapore</td>
<td>2. Real time instant messaging service for online clients to engage itinerary planners in CTC</td>
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Plan of activities with timeframe and estimated summary of resources needed

| Activities                                                      | Timeframe          | Resources Needed                                                                 |
|                                                               |                    |                                                                                   |
| Installation of RSS Feed of updates for the travel industry on a side bar in the GDS system | 1 week             | Subscription to Travel Industry Wire\textsuperscript{11} and NATAS E-news          |
| Beta testing phrase of the RSS Feed                           | 1 week             | Manpower from IT Department                                                       |
| New system similar to that of GDS that links up travel agents in the world (Phase 1 – Collaboration with NATAS, Phase 2 - Local agencies and travel agencies CTC already has links with, Phase 3 – Travel agencies CTC never worked with before) | Phase 1 - 2 weeks, Phase 2 – 2 weeks, Phase 3 – 2 months | - Database from and collaboration with NATAS, - Database from other travel guilds/associations around the world, - Extra bandwidth |
| Testing and integration of new travel agent system into GDS    | 2 months           | Possible outsource to IT solutions company such as Cisco,                          |
| Division of GDS into public viewing section, testing and running | 3 months           | Outsource to IT solutions company                                                 |
| Real time instant messaging service for GDS public viewing section, testing and running | 1 month            | Engage experts from MessageLabs Singapore                                          |

Evaluation

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<th>Benefits</th>
<th>Risks</th>
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<tbody>
<tr>
<td>1. Ability to capture larger consumer base</td>
<td>1. Possible breech of security due to outsourcing</td>
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<td>2. Greater profit margins</td>
<td>2. Might not have control over quality of technology received</td>
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<td>3. Decoupling in the value chain – lower cost</td>
<td>3. Time taken might be longer than expected</td>
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<td>4. Sustaining position as industry leader</td>
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\textsuperscript{11} http://www.travelindustrywire.com/