

Ctrip Group Japan

Chinese company Ctrip (Trip.com) established a Japanese subsidiary in Tokyo in 2014. In 2017, it established two new subsidiaries, one in Osaka and the other in Tokyo, to form Ctrip Group Japan. The group also opened four local branches, and has started to utilize rich local tourism resources by collaborating with local governments and supporting accommodation facilities. The group will collaborate with Japanese companies regarding big data usage and acquire Japanese human resources from now on. We interviewed Junda Su, CEO of Ctrip Group Japan, about their business.

Providing a platform for trips

Mr. Su, CEO of Ctrip Group Japan said, "Our strength is that we provide all travel-related services, including pre-trip preparation, provision of restaurant information during stays and after-trip services."

Ctrip (Trip.com) is an online travel agency founded in Shanghai, China, in 1999. Its website provides everything necessary for trips, such as airline tickets and hotel reservation services, help in obtaining visas, currency exchange, the purchase of admission tickets to local facilities, a service that allows customers to buy souvenirs before their departure and receive them at their destinations and the Ctrip Gourmet List—an online service for restaurant search and lists of recommended restaurants.

In 2014, to cater to the needs of Chinese tourists who want to visit Japan, Ctrip established a Japanese subsidiary, CTRIP JAPAN, in Tokyo. In 2017, with business expansion in the country, Ctrip separated the hotel business from CTRIP JAPAN, and established Ctrip International Travel Japan. Afterwards, the company first expanded its transportation

business division into the Japanese market and established Ctrip Air Ticketing Japan. Then Ctrip Group Japan was formed, consisting of three companies, including CTRIP JAPAN (see the table). Ctrip International Travel Japan opened four local branches and procured more local hotel rooms to meet the needs of visitors in local areas other than Tokyo. CTRIP JAPAN only had five employees in 2014, but now Ctrip Group Japan has 84.



Utilizing rich local tourism resources

Mr. Su explained the charm of Japan as a tourist destination as follows:

"Japan is close to China in proximity, rich in tourism resources and provides high-quality services, resulting in repeat customers. In China, more families now make trips during long vacations, for example around the Lunar New Year. In particular, July and August, the summer vacation period for children, are the peak months for our business. Currently, Chinese people who take consecutive holidays and visit Japan are increasing. In Japan, there are many family theme parks, and the food, based on the same rice culture as China, is easily acceptable even to children. These also make Japan a popular tourist destination."

Table: 3 companies consisting Ctrip Group Japan

Company	Headquarter	Offices	Business	Number of Employees
CTRIP JAPAN	Tokyo		Buying group tour and local experience products	8
Ctrip International Travel Japan	Osaka	Sapporo, Tokyo, Nagoya, Fukuoka, Naha	Buying hotel rooms	69 (including Osaka 20)
Ctrip Air Ticketing Japan	Tokyo		Buying air tickets	7

According to Mr. Su, "Local areas in Japan have more distinct features compared to those in other countries. They are attractive because they have traditional cultures and offer many experience-based activities. There are still many tourist destinations with which people who have visited Japan before **are unfamiliar.**"

Mr. Su said, "To fulfill the needs of Chinese tourists all around Japan, we want to provide them with newer, higher-quality service in alliance with more local governments." He is motivated to expand into the local markets.

Specifically speaking, in 2017, Ctrip International Travel Japan held an explanatory meeting for accommodation and commercial facilities in Tochigi Prefecture. Nikko, home to a World Heritage Site, is a famous tourist destination in Tochigi that is relatively close to Tokyo and a frequent destination for daytrips. So providing information on attractive tourism resources other than Nikko is needed to encourage travelers to extend their stay for one or two nights in Tochigi.

Ctrip Group Japan has already featured local amusement parks on its website and provided discount and tax-free shopping information in collaboration with hotels, restaurants and souvenir shops in Tochigi. To provide travelers with more beneficial information simultaneously, it is indispensable to receive information and cooperation from local governments and tourism-related companies. In addition, the deployment of social network service (SNS) applications used in China plays a key role in the spreading of information. Wechat and Weibo have been used to showcase Tochigi Prefecture.

Ctrip Group Japan also aims to expand its business further into local areas that do not receive many Chinese tourists. In 2017, the group conducted a campaign together with the Japan National Tourism Organization (JNTO) to draw tourists to the Tohoku region. Mr. Su said, "We plan to conduct the Tohoku campaign again this year as well. If possible, to cover the

Tohoku area, for which we do not have a base, we would like to establish a presence in the area of Sendai."

Support for both travelers and hotels

Even when local areas succeed in drawing tourists from China, they are not always able to provide adequate services due to a shortage in human resources and language barriers. Ctrip has a call center with 17,000 staff members in China, while Ctrip International Travel Japan responds to inquiries in Chinese over the phone for hotels and other facilities that do not have Chinese-speaking staff. This has made it easier for local facilities to enter into hotel room agreements with Ctrip Group Japan with peace of mind.



Ctrip provides tourists with not only credit card payment services when booking or at destinations, but also with virtual card payment services. (A virtual card is a non-physical card that can only be used for online transactions both at home and abroad with a passcode.) Users can pay at the end of the month, twice a month, or every week. They can also pay part of the travel fee in advance and pay the rest later. Flexible payment methods are important for attracting Chinese tourists, and it is necessary for local companies to understand this. Thus, Ctrip supports Japan in drawing international tourists through a large variety of ways.

Aiming to collaborate with Japanese companies and acquire Japanese human resources

Mr. Su said, "We want to collaborate with travel-related companies and Japanese

companies with big data analysis technology in promoting our brand overseas. The collaboration must be based on each company's strengths to create a wide range of business and new business models."

According to him, surprisingly, approximately 50% of Chinese tourists in Japan, which is about 7.36 million people (2017), have used Ctrip Group Japan. Through analyzing the immense amount of customer information it possesses, the group can provide customized information for each tourist in an appropriate and timely manner.

Now, thanks to promotional activities in collaboration with relevant local governments and companies, customers who have booked a hotel room receive an email containing information on discounts three days before departure, while those planning to visit a local region receive an email with information about the area one month before. Customers who have traveled first class or business class receive information about special upper-class discounts. And those who have visited Kyushu before receive updated information about the region.

The group does not simply secure technology in Japan. To further improve their services in the country, they plan to raise the profile of Ctrip across a wide range of industries and increase the number of Japanese employees. The ratio of Japanese managers to Chinese managers is now 4:6 in Ctrip Group Japan, and they aim to increase employment of Japanese by focusing on advertising. Currently, to recruit new graduates, they are actively implementing internship programs by working with universities. Training programs are already implemented for newly hired graduates at headquarters in China. Mr. Su intends to launch them in Japan too.

Newly launched Trip.com going global

In November 2017, to grow itself as a global brand, Ctrip changed its website name from "Ctrip.com" to "Trip.com" in all areas excluding China. Ctrip has a dominant share in China, but still has potential for growth in the number of its non-Chinese tourists. Currently, they only provide reservations for airline tickets, hotel rooms and train tickets to non-Chinese tourists. They are planning to deploy new services and strive to also attract Japanese customers. To do this, they are preparing to open a call center with Japanese-speaking staff in Tokyo within this year. Mr. Su said that in Japan they want to provide telephone services in Japanese to address any needs or challenges faced by Japanese tourists. He expressed enthusiasm for the call center in Japan. In China, since 2017, Ctrip has been introducing its products at its offline stores and providing solutions for problems. They aim to provide services that cannot be accessed online, including short-time baggage keeping services for tourists. He said, "We are preparing to open offline stores in Tokyo and Osaka in Japan. We would also like to open offline stores at airports and tourist attraction sites in the future to provide face-to-face services, answer customers' inquiries and meet their needs."

"Both Ctrip International Travel Japan and Trip.com have just started. We will actively advertise Trip.com to raise its profile as a global company," he said.



Trip.com website (homepage of the Japanese website)

JETRO's support

JETRO has supported CTRIP JAPAN since its foundation in 2014. JETRO provided temporary office space and consultation when CTRIP JAPAN established its Osaka branch in 2016, and when Ctrip International Travel Japan established its local bases in 2017. Mr. Su said, "We viewed real estate, accompanied by local JETRO staff, when we established each base, and they also introduced us to tourism-related companies. We faced many difficulties when opening the Osaka branch, our first local expansion. However, JETRO provided us with very meticulous support. The Osaka branch's

performance is now outgrowing that of any other base in Japan."



Mr. Junda Su, CEO of Ctrip Group Japan

(Interviewed July 2018)

Company history

1999	Start of Ctrip's operations in China. Boasts largest number of hotel bookings in China by October.
2003	Listed on NASDAQ (American stock exchange)
2014	Establishment of CTRIP JAPAN.
2016	Opening of Osaka Office
January 2017	Unbundling of hotel division from CTRIP JAPAN. Establishment of Ctrip International Travel Japan in Osaka
June 2017	Expansion of transportation division in Japan. Establishment of Ctrip Air Ticketing Japan in Tokyo
November 2017	Change of global brand from "Ctrip.com" to "Trip.com"

Ctrip International Travel Japan

Establishment:	2017
Business overview:	Procurement of hotel rooms to offer travel-related services via internet and apps
Parent company:	Ctrip(携程旅行网)(China)
Address:	2-4-9 Shinsaibashisuji, Chuo-ku, Osakashi, Osaka 542-0085
URL	https://jp.trip.com/

Ctrip Air Ticketing Japan

Establishment:	2017
Business overview:	Procurement of airline tickets to offer travel-related services via internet and apps
Parent company:	Ctrip(携程旅行网)(China)
Address:	2-6-2 Otemachi, Chiyoda-ku, Tokyo 100-8228
URL	https://jp.trip.com/

Support from JETRO

- Provision of temporary offices
- Provision of consultation services