

INFORMATION MANAGEMENT IN CHINA'S TOURISM INDUSTRY

Tong Bisha and Zhang Hui

School of Economics and Management, Beijing Jiaotong University, Beijing, P.R. China

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Abstract: Information asymmetry widely exists in China's tourism industry, which severely disrupts the order of the Chinese tourism industry. By analyzing the causes of information asymmetry, this paper proposes some ideas to resolve the disorder problem of the China's tourism market caused by information asymmetry.

1 INTRODUCTION

Information asymmetry widely exists in various industries, which may be taken as an objective existence. However, for the Chinese tourism industry which is experiencing its transition period, certain historical and practical factors may further increase the scale of information asymmetry of the market. Under such circumstance, on the one hand, a tourist, who is the disadvantageous side of information asymmetry, is more likely to make the wrong travel decision, and hence his/her travel satisfaction will be lowered and his/her travel enthusiasm will be deduced, and as a result the demand of tourism market will be decreased; on the other hand, as for the information asymmetry of the tourism market, a tourist may only be willing to spend lower price to purchase a tourism product, therefore, some travel operators who provide high-quality products and services will make less profit or even suffer loss, and thus be forced to quit the market or turn to provide low-quality products, and finally the market will go into a vicious circle and the efficiency of tourism market will be very poor.

Hence, it is a very important precondition to deeply analyze the reasons for information asymmetry of the Chinese tourism market for resolving the disrupted order of the current Chinese tourism market. There are documents of relevant researches, but most of them just remained on the surface of the problem. Majorly from the aspect of operation mode of tourism market, this paper analyzes the deep-rooted reasons for information asymmetry of the Chinese tourism market based on a brand new point, and tries to propose the

corresponding policies.

2 INFORMATION ASYMMETRY IN CHINA'S TOURISM INDUSTRY

The development of the Chinese tourism market was first started with inbound tours and took the package tours as the main business; therefore, travel agencies occupied the heart part of the tourism market. Concerning the travel reception process, the organizing travel agencies decided the details of tour route, and the receiving travel agencies decided all the tour reception details of the tour destination, and thus the "Route Tourism" operation mode of the Chinese tourism industry led by travel agencies was formed, and went on and on till today. As the developing situation of the Chinese tourism economy keeps changing continuously, the "Route Tourism" operation mode turns to be more and more inadaptable to the new situation. Among which, the phenomenon that travel agencies deceive or blackmail tourists by using information asymmetry happens more and more frequently.

2.1 Falsified Qualification of Travel

With the benefits of tourism economy grows larger and larger, various operation main bodies, no matter qualified or disqualified, began to enter the tourism market one after another, and arouse the operator disorder of the tourism market in the following aspects: firstly, the disqualified incomers always

suffer problems of falsified registration capital or insufficient quality deposit; secondly, it is very common that some operators run business without certificates and business licenses, and black-hearted agencies and tour guides expand prominently; thirdly, the market is flooded with contracted or affiliated travel agencies, and under the cover of this, a huge amount of disqualified travel agencies appears, and consequently intensifies vicious competition of the Chinese tourism market.

2.2 Flooded Fake Tour Advertising

The fake tour advertising is flooded in the following aspects: the fake tour advertising that uses fraudulent and ambiguous words to deceive or mislead tourists has been prohibited for several times but still emerges occasionally. By taking advantage of the disadvantageous situation of customers in information asymmetry, the fake advertising attracts tourists with very cheap price even lower than the cost, and then squeezes tourists' money by adding view spots that are at tourists' expenses or going shopping. Such phenomenon is called "No-charge or Minus-charge Tour".

2.3 Serious Deception in Tourism Market Contracts

Tour contracts are full of deceiving conditions which use word play to deceive tourists, and thus damage the legal rights and interests of tourists; the tourism shopping market is glutted with fake and disqualified products, especially some souvenir goods sold at the appointed stores arranged by travel agencies, characterized by both extremely low quality assurance rate and astonishingly high price; the forced purchase is very common during the tour, and some tourists are forced to take part in sightseeing or shopping at their own expenses; and part of the travel agencies are running business beyond their license.

3 REASONS FOR INFORMATION ASYMMETRY IN CHINA'S TOURISM INDUSTRY

3.1 The Unequal Status of the Organizing Agencies and Receiving Agencies in "Route Tourism"

Concerning "Route Tourism", the organizing

agencies, who are closer to the tourist market and take the control of the cash flow of tour charges, are occupying the advantageous position in market business; and, the receiving agencies are taking the disadvantageous position, for they are not close to the tourist market and cannot control the cash flow, although they possess the sightseeing resources. Under such circumstance, the organizing agencies have the initiative to offer price and squeeze price, and unaffectedly have the advantages in the final profit distribution. As the competition of tourism market becomes white-hot, the advantages of the organizing agencies in profit distribution will be turned into the stakes to further squeeze the profit of the receiving agencies, and as a result, the receiving agencies have to take the unequal and abnormal business relations such as "No-Charge or Minus-Charge Tour".

There is also information asymmetry existing between tourists and travel agencies. With insufficient information, a tourist usually tries to get more information of tour product by cutting down the price, hoping to avoid the "blackmail" as much as possible. As the competition of tourism market becomes white-hot, some travel agencies are tending to make use of the disadvantages of tourists in information asymmetry again. On the one hand, they pretend ignorance of improper price cutting by tourists or even offer lower price to attract tourists, on the other hand, they "blackmail" tourists by adding sightseeing that are at tourists' expenses or going shopping during the tour. If we say that tourists' cutting down price is a kind of inevitable behavior to get more product information because of information asymmetry, travel agencies' offering lower price may be a long-planned blackmail behavior taking the advantage of information asymmetry. Tourists who are kept in the dark become accustomed to the lower and lower tour charge in the game of "No-Charge or Minus-Charge Tour" by travel agencies, and therefore tour products of good quality and high price have been ignored gradually. As a result of such games, the tourism market became flooded with "No-Charge or Minus-Charge Tour" products.

3.2 Uncertainties of Tour Activities are Increased in the "Route Tourism" Operation Mode

Concerning the "Route Tourism" operation mode, the business chain starts from tourists entrusting organizing agencies, then goes to organizing agencies entrusting receiving agencies and receiving agencies entrusting tour suppliers. Consequently,

two time differences are formed between tourists and organizing agencies: one is that the tour product is sold to tourists first but consumed later, the other is that the tour service promises are made first but committed later. These time differences will certainly bring uncertainties to tour activities. At the same time, the social labor division by many different tour organizers also brings forward an organizational isolation between the sales and consumption of tour products and the promises and commitments. This organizational isolation, again, increases the uncertainties of tour activities to a certain degree. With the increase of uncertainties of tour activities, the degree of tour information asymmetry is increased correspondingly, and hence the tour consumption risk of tourists and tour business risk also goes up.

3.3 Restraint of “Route Tourism” to the Competition Among Tour Suppliers

Located at the destination, the receiving agencies that take the full charge of local arrangement of dining, accommodation, vehicles, sightseeing, shopping and entertainment of tourists are controlling the local tour supply market. If tour suppliers want to gain profit from the tour market, they have to cooperate with the receiving agencies. In order to gain advantages in the competition, some tour suppliers lure the receiving agencies with high commission, and finally become the appointed reception units of various kind, all characterized by poor quality and high price. This shows that the arrangement solely made by the receiving agencies constrains the tourists' consumption only to those tour suppliers recommended by the receiving agencies on the one hand, and on the other hand, those truly high-quality and inexpensive tour suppliers are missing the competition opportunity because they haven't been admitted into the whole reception system. Therefore, the arrangement solely made by the receiving agencies may easily conceal large amount of fair-and-square information.

4 COUNTERMEASURES AND SUGGESTION

4.1 To change the Operation Mode from “Route Tourism” to “Destination Tourism”

The so-called “Destination Tourism” operation

mode refers to the economic system of which the main operators are the travel agents at tourists' origin and the individual tourist service system at the tour destination, and in which the resources of relevant travel services are effectively allocated. And, the travel agents at the tourists' origin mainly include various tickets agencies that provide transportation service, various travel intermediary organizations that provide hotel booking service, and agencies that provide comprehensive services using the internet as a platform. The individual tourist service system at the tour destination mainly include the tour information inquiry system, tour indication system, tour transportation system, tour accommodation and reception system, tour shopping and entertainment system, and tour complaint system, etc.

In the “Destination Tourism” system, no matter the travel agents or the individual tourists service centers, will take the information construction as the major task and try to enhance the market competitive power by providing more public and transparent information for tourists, so as to ensure that tourists take more initiative position in the market business. In respect of the current mainstream online travel operators in China, such as the websites of Ctrip and Elong, their remarkably rising business achievements are closely related to the huge amount of valid information provided on their websites. It can be concluded that the “Destination Tourism” operation mode that takes information construction as its core part will effectively relieve the current disorder of the Chinese tourism market caused by information asymmetry.

4.2 To Enhance the Integrity System Construction of Tourism Market Information

It is suggested that the administrative tourism authority of the government and the industry guilds together build the integrity system of the tourism market, information collection system of travel enterprises and individual tourists, integrity supervision and management system and the integrity breaching and punishment mechanism. The collection of integrity information shall be finished under the leadership of the administrative tourism authority of the government; at the beginning, the collecting work may be handled directly by the administrative tourism authority of the government, and commercial integrity collection firms may join in and operate according to the market rules when the collection develops into certain period. The integrity contents shall mainly include the information of loans and credits, tax payment,

contract fulfillment, tourist complaints, etc.; the system shall provide the basic information, good integrity information, noted integrity information and warned integrity information that has nothing to do with trade secrets and individual privacy. On the base of integrity information collection, the authenticity and completeness of integrity information shall be ensured through the corresponding supervision and management. It shall be legally punished to provide fake integrity information. For travel enterprises that do not keep promises, the conflict between the bilateral sides of the business shall be turned into the conflict between the integrity breaching side and the whole society through the integrity breaching and punishment mechanism, and consequently the integrity breaching side will suffer lower integrity and have less cooperators, and the cost of integrity breaching will go up.

4.3 To Build Well-developed Tourism Legal System

First of all, it is essential to formulate the Basic Tourism Law. The formulation of the Basic Tourism Law should be based on the developing rules of the market economy, and establish the economic status of the Chinese tourism industry through legislation measures, and adjust the legal relations among the tourism administrative organs, tour operators, tourists, citizens at the tour destinations and relevant departments. The formulation of the Basic Tourism Law will provide firm guarantee for the healthy and orderly development of the Chinese tourism industry.

Secondly, some currently existing laws and regulations shall be amended; those articles and rules that are not going along with the developing rules of the market economy shall be abolished to lessen the opportunities for some lawbreakers to exploit advantages of law in the business of the tourism market.

Thirdly, the legal enforcement and supervision shall be enhanced. It is suggested that all the working staff of the quality supervisory bureaus take trainings of legal knowledge and laws and take the post with certificates. Meanwhile, the service quality feedback system of quality supervisory bureaus shall be built. For renowned sightseeing places, special tourism enforcement departments shall be established if necessary, for instance, the tourism police, etc., in order to improve the timing and efficiency of disposal of travel disputes.

5 CONCLUSIONS

The "Route Tourism" operation mode led by travel agencies intensifies the degree of information asymmetry of the Chinese tourism market. It will radically change the current disorder of the Chinese tourism market caused by information asymmetry to change the current singular "Route Tourism" operation mode, build the "Destination Tourism" operation mode centered by information construction, and meanwhile supplement with the well-developed legal system and integrity system.

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