

# Ctrip surfs China's homegrown travel wave

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Employees of China-based company Ctrip are pictured at the call center of their headquarters in Shanghai. The one-stop China travel service Ctrip.com specializes in discount hotel reservations, cheap airline tickets and package tours.

A crescendo of voices builds on a typically bustling day in the Shanghai headquarters of Ctrip.com as staff put together hundreds of tourist trips. It is the sound of China's travel boom.

Call after call comes in to Asia's largest travel call centre from mainly [Chinese consumers](#), but also international travellers booking flights, hotels and tour packages for anywhere from Hong Kong to Havana.

"You're getting calls from everywhere and they're going everywhere. If you listen in, you'll hear accents from anywhere from Hunan, Heilongjiang to India," Ctrip senior business development manager Coley Dale said.

Travel has become a booming business in China as its economic growth has lifted incomes and given people more opportunities for leisure activities.

China recorded more than 1.9 billion domestic tourist trips in 2009, up from 280 million in 1990, with increasing numbers booking online in a country with a world-leading 457 million Internet users.

Few companies tell the story of the country's travel surge better than Ctrip, China's biggest online travel company.

The company booked 100,000 hotel room nights in one month for the first time in March 2002. It took another 21 months to sell 100,000 air tickets in a month.

But in 2010, it had booked an average of about 1.7 million room nights and 2.5 million plane tickets a month. Its net profit for the year was one billion yuan (US\$159 million), up 59 percent on-year.

About 40 percent of bookings through the company are made via the Internet.

That number is constantly rising, though a lingering Chinese discomfort with Web transactions drives most Ctrip customers to make their final bookings with the company by phone.

Either way, business is surging. Ctrip joined the NASDAQ-100 -- the index of the New York exchange's largest listed non-financial companies -- alongside rival Internet travel giant Expedia.

Its 7,000 employees at the Shanghai call centre have outgrown the site and Ctrip is moving staff to a new facility north of the city, Dale said.

With room for 12,000-15,000 employees, the new facility has been described as the world's biggest travel call centre by San Jose, California-based Force10, which supplied the sites's switches and data network.

Ctrip was established in 1999 -- at a time when the number of domestic Chinese trips was growing by more than 20 million a year -- by a group of China travel industry veterans and Silicon Valley executives.

The firm has been a key driver of industry growth by reaching out to hotels across the country and adding them to its database. Its network has grown to 17,000 hotels from 9,800 at the end of 2009.

The good times are expected to keep rolling. China's latest five-year economic plan calls for tourism revenues to rise 10 percent annually to 2.3 trillion yuan by 2015, up from 1.44 trillion yuan last year.

"Such an increase will assure a golden age for the travel industry," Ctrip chairman James Liang, who left Oracle Corporation to co-found the company, said last month.

And the selection of Chinese travel destinations is seen growing as the country expands its infrastructure to make remote spots easier to reach, Liang said.

Projects like Shanghai's planned Disney theme park, expected to be completed in 2015, also promise a travel bonanza, Ctrip says.

In January, Ctrip launched Lyping.com, a hotel review and travel forum site similar to Expedia's TripAdvisor.com.

Last year it invested in Dining Secretary China, a free Shanghai-based online restaurant booking service that has more than 10,000 daily customers.

Yet Ctrip has only scratched the market's surface so far, analysts say.

It now accounts for nine to ten percent of air ticket distribution in China, up from about half of that amount just three years ago, according to Morgan Stanley."

Fewer than eight percent of China's Internet users have booked travel services, and despite its dominance, less than three percent of Internet users have used Ctrip, it added.

But Ctrip also faces tough competition from Expedia, which operates Chinese booking site eLong.com. Chief executive Dara Khosrowshahi said he wants China to be the "anchor" for Expedia's Asian strategy.

The competition does not faze Ctrip Chief Executive Min Fan, who headed the Shanghai Travel Service Company, a leading domestic [travel](#) agency, before co-founding Ctrip.

Customer service -- such as providing the option of booking over the phone -- is the key to holding onto Ctrip's lead and finding new categories of consumers, he told analysts last month.

"We will try to double or even triple the major growth of the industry," he said.

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