Increasing Direct Booking in Hotels

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Abstract

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The aim of this study is to offer suggestions on how hoteliers can improve their processes to increase bookings made through hotel websites otherwise known as direct booking. The research discusses the impact of consumer behaviour, searching information from various sources, marketing channels and the impact of Online Travel Agencies on direct booking in hotels.

The research is a quantitative study. A survey that contained several questions about a traveller's accommodation booking preferences was used as the tool to gather data. There was a mix of both local Finnish participants and international participants. The survey was handed to the participants either offline, in paper form, or online through the internet. There was a total of 122 participants of which 66 were offline answers and 56 were online answers.

Competition is evident amongst travel company services. The presence of Online Travel Agencies has affected the statistics of accommodation booking in hotel websites. The results showed that there is a greater number of online hotel bookings made through Online Travel Agencies with 48% (Figure 12) of indirect bookings than hotel websites with only 20% (Figure 11) of direct booking. Therefore, hoteliers should consider understanding their consumers to make changes accordingly to increase direct booking statistics.

In conclusion, there is an urgent need for hoteliers to develop their booking services. They should understand the market to keep up with the competition. They should understand and consider implementing consumers' preferences and suggestions on accommodation booking to increase direct booking.

Keywords
Direct booking, OTA, accommodation, information search, consumer behaviour.

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1   Introduction

The world of travel and tourism has changed over the years (Sharpley 2006, 22). Development in innovation and wide array of information access have changed the way people travel (Pitoska 2013, 336). When it comes to booking accommodation in hotels, instead of making hotel bookings solely through one booking channel, customers have now access to multiple booking channels namely Online Travel Agency (OTA), Global Distribution Systems (GDS) such as Amadeus and Sabre, travel offices, a hotel's own website or over the phone. OTAs are "travel websites that provide online booking facilities for hotels, airlines, cars and other travel related services to users" (Sharma 2017). On the other hand, GDS is "the reservation tool travel agents use when making an air, hotel, car or other travel service booking" (Amadeus 2017). In addition, booking channels have stimulated competition and sparked various behaviours in customers.

There are two ways tourism products reach a customer namely direct or indirect distribution channels (Failte Ireland 2012, 34). Direct distribution such as through a website or phone is when a product or service leaves the producer and goes directly to the customer whereas indirect distribution is when intermediaries or middlemen are involved within the channel. For example, OTA and GDS are indirect distribution channels (West 2015, 16). Both direct and indirect distribution channels can be offline or online.

Direct booking is defined as an act related to direct distribution. It is when a product or service is purchased directly from the supplier, the hotel, without involving an intermediary in the process (Duryee 2011). It allows customization on a hotel property's products such as accommodation offers and gives opportunity to target diverse markets (EyeforTravel Ltd. 2013). Thus, direct booking has the potential to sell more suggesting higher booking and revenue yields for hotels than OTAs such as Expedia.com and Booking.com.

Competition is inevitable. A study shows a lower percentage of bookings made through a hotel's official website compared to a third-party website such as OTAs (Zhong et al. 2014, 344). According to Ang and Buttle (2006, 83), customer loyalty is vital to sustain a competitive advantage. People think that third party websites, OTAs, provide lower rates for hotel accommodation than hotel establishments themselves. It appears that consumers have a misperception of the benefits they acquire from either Online Travel Agencies or hotels. A report states, ". . . 51% of people asked say they think booking through an Online Travel Agent presents them with the best deal . . ." (Hotel Marketing, 2017). However, hotels in fact offer the lowest accommodation rates (Hotel Marketing, 2017). Understanding the factors that drive people to make purchasing decisions helps enhance the marketing

strategies of any business. According to Horner and Swarbrooke (2016, 3), "An understanding of consumer behaviour is therefore crucial to make marketing activity more successful". For example, budget travellers need to be convinced they get good value for money from their holiday package (Horner and Swarbrooke 2016, 139). Thus, understanding the complexities of behaviour patterns are essential to enhance businesses.

Competition is strong amongst booking accommodations. According to Sileo 2016, there is more indirect booking than there is direct booking (Sileo 2016). Therefore, development in services and beneficial changes related to direct booking must be taken into action to improve direct booking statics in the hotel industry.

The aim of this study is to offer suggestions on how hoteliers can improve their processes to increase direct booking. The paper will discuss the impact of consumer behaviour, searching information from various sources, marketing channels and the impact of Online Travel Agenices on direct booking in hotels.

The research is a quantitative study with results in the form of statistical data. The data collection tool used was a survey. The target population of the participants were ages fifteen and above from both Finland and abroad. Participants were voluntarily asked to participate in the research. In addition, the sample selection method used was opportunity sampling, since the participants were chosen from a convenient place (Crane and Hannibal 2009, 350). Ethical guidelines were prudently followed.

2 Booking accommodations

People come in different appearances and with varying personalities and preferences. Today, there is an endless amount of information present to most people. Understanding all these contribute to findings ways to increase direct booking in hotels.

2.1 Consumer behaviour

Before we can analyse what affects direct booking, it is important first to understand what affects a consumer when making bookings in the first place, whether direct bookings or through a medium, such as travel agencies. There are several platforms, namely travel agencies and recommendations from friends and family, used by travellers to seek information (Phelan et al. 2013, 155). However, the Internet has gained popularity, and usage amongst travellers searching for information has increased through it (Buhalis & Law 2008, 609). For example, social media websites can provide viewers with personal insight relevant for travel, making it more appealing for consumers to make an actual booking. According to a study by Coromina and Amprubi (2016, 83) the Internet is more commonly used as a channel for searching information by travellers who book hotels. Therefore, the Internet has shaped the way travel is planned and it plays a dominant role in a traveller's process of searching for information and making a booking.

Information is key. If consumers do not know what is available, how do they book? Sites catered to travel such as IgoUGo and TripAdvisor are gradually advancing as "primary online travel information sources" (Xiang and Gretzel 2009, 186). The reviews, for example on hotels and restaurants, posted on the sites are based on personal experiences which is enticing for any consumer looking for trustworthy information. As a result, it acts as a platform that influences decision making.

Due to individual differences and preferences, information search behaviour selection of information source varies. Studies indicate that gender, income and nationality, among others, have an impact on information search (Coromina and Camprubí 2016, 77). Money and Crotts (2003) found differences in information seeking behaviour between Germans and the Japanese (Coromina and Camprubí 2016, 77). Thus, a varying information search approach is applied depending on the individual – gender, nationality and income.

In addition, "gender and household income are related to information search preferences" (Luo et al. 2004, 22). The results are further supported by another study which suggests that the level of income affects the information sources chosen by people. Travelers with a

lower income were more likely to seek information from friends and family while higher income receivers got information from tourist offices (Coromina and Camprubí 2016, 77). This is further supported by Horner and Swarbrooke (2016, 137) who suggest that behaviour of individual consumers is influenced by determinants such as income. Furthermore, "familiarity with the destination influences both types and degree of information sources used" (Li et al. 2009, 45). Therefore, a user's behaviour on information search is shaken by both internal, one's characteristics, and external, environmental, factors.

Stimulus input   Communication Channels   Buyer characteristics   Purchase output and Motivation

Products marketed by the tourist industry

Advertising
Brochures
Personal selling

Learning → demographic, economic and social position

Perceptions → needs, wants and goals

Experience → attitudes

Product
Brand
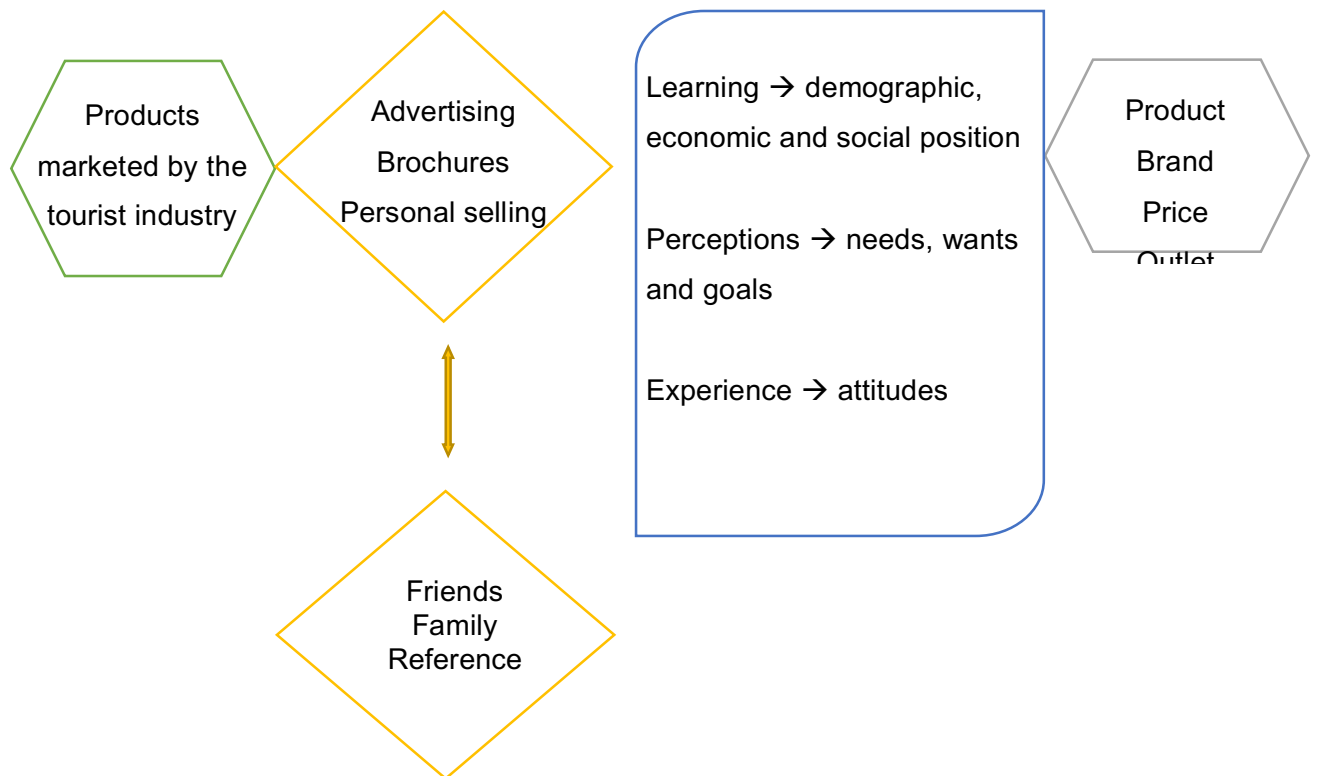Price
Outlet

Friends
Family
Reference

Figure 1. A stimulus-response model of buyer behaviour (Horner and Swarbrooke 2016, 51)

Figure 1 illustrates the consumer behaviour process. However, it is not as simplistic as the model suggests above. Thus, further research is required to understand it.

2.2 Information search

Information search is another vital factor in understanding consumer behaviour to increase direct booking. The widespread availability of data provides readers with multiple sources to search for information related to various subjects. According to Buhalis and Laws (2001, 7), "The globalisation of the industry intensifies the information required for all tourism transactions . . ." Therefore, to obtain sufficient information effective communication from travel service suppliers is vital.

Travel and Tourism is a continuous, growing industry (UNWTO, 2017). The availability of information is widely distributed among several sources such as the Internet. A lot of information is provided by distribution channels online, which will be discussed later in the paper (Buhalis and Laws 2001, 7).

In today's fast-paced growing digital age, the use of the Internet for searching information is inevitable (GBTA 2016). However, before the invention of advanced technology, consumers were limited to the information offered by professionals in the industry such as travel agents as well as print guides and word-of-mouth recommendations from friends and family (Ong 2012, 463). Technology has influenced the way people search for information regarding travel (Xiang and Gretzel 2009, 179). However, according to Coromina and Camprubí (2016, 79) advice from travel agencies is the source people resort to last when seeking information.

According to Bieger and Laesser (2004), "information search is a dynamic process" (Coromina and Camprubí 2016, 76). There are two ways to search information namely active and passive information search. Search engines, official websites, tourism blogs and brochures are a few examples of active information search channels while mass media and recommendation from friends and family are passive (Coromina and Camprubí 2016, 81). Although the length of stay is a weak influencer in active information search, travelers with shorter hotel stays tend to be more influenced by passive information search. In addition, first time travelers are likely to exercise active information search (Coromina and Camprubí 2016, 83). Therefore, it is important to understand consumer behavior during the search process as it is influenced by several factors such as traveller's preferences, motivation, information available to the user among others.

Length of stay, number of previous visits, purpose of the trip and type of accommodation are travel behavioural factors influencing a consumer's search for information (Gronflaten

2009, 230). For instance, familiarity with a destination affects the degree of information sources used (Li et al. 2009, 48). High information search and consulting travel agents is associated with longer trips (Coromina and Camprubí 2016, 77). Therefore, there is a relationship between travel behaviour and information search.

There is a range of devices with features and characteristics to best meet a consumer's preferences when scouting information. Findings indicate that people favor one device over another during the search process (Murphy et al. 2015, 47). On the other hand, when it comes to hotel bookings, a multi-device approach is applied (Cole and Sileo 2017, 14). Thus, information search on various devices is a vital part in travel particularly in the hotel industry. Understanding the reasons for selecting a device and ensuring seamless navigation of the information page within the device is essential to build a good marketing strategy to increase hotel bookings.

2.2.1 Device usage

Technology advancement is a driving factor for demanding consumer preferences. Gartner (2013) proposes that, "Consumers select the combination of devices that best meet their needs and wants" namely mobile phones, tablets, laptops and computers. (Murphy et al. 2015, 44) Thus, they have a preferred gadget to use when seeking information.

There is a significant difference between device users in terms of their favoured source of information. For instance, smartphone users tend to consult family and friends for information whereas tablet users confer with Online Travel Agents and search engines (Murphy et al. 2015, 47). Hence, there is a need for hotel managers to distribute their information across various sources which are accessible in differing devices.

Findings show that Personal Computers, PC, (90%) are the most used device followed by tablets (24%) and smartphones (26%) during a search process (Eriksson 2014, 17). Moreover, users of PCs tend to refuse usage of other devices while other users are more likely to engage with other devices (Murphy et al. 2015, 47). Consequently, nowadays multiple devices are used to engage the web (Lee 2013). The idea of solely using PCs to search for information is outdated.

2.2.2 Booking patterns

When it comes to information search behaviour on hotels, the search process and booking phase vary. Customers tend to employ different gadgets during the search process and resort to one gadget for the actual booking (Murphy et al. 2015, 48). This indicates the

importance of accessibility of information across several gadgets to cater to a wider consumer market. During the final booking, 74% use PCs while other gadgets like smartphones and tablets are used less (Murphy et al. 2015, 48).

2.2.3 Typologies of segmentation

Over the years, typologies of tourist behaviour have been altered. Scholars have conducted various research to identify different types of behavior expressed by tourists. According to Cohen (1972) there are four types of tourists namely organized mass tourist who purchase holiday packages, individual mass tourist who are more flexible in purchasing formal tourist packages, explorer who makes his own travel arrangements and drifter who has no planned itinerary (Horner and Swarbrooke 2016, 130). On the other hand, in more recent years, Wickens (2002) identifies tourists as cultural heritage tourists whose interest lies in history and culture, ravers who are attracted to nightlife, Shirley Valentines are women seeking romance, Heliolatrous and Lord Byrons who are repeat tourists at a destination and accommodation (Horner and Swarbrooke 2016, 134). However, these views have been criticized by scholars stating that, "there will never be one typology that reflects the behaviour of all tourists" and it fails to recognize autonomy since decisions are a result of a compromise between parties (Horner and Swarbrooke 2016, 137).

Dibb et al. (2005) defines market segmentation as, "The process of dividing a total market into groups of people with relatively similar product needs, for designing a marketing mix that precisely matches the needs of individuals in a segment" (Horner and Swarbrooke 2016, 139). Consumers can be subdivided into criteria based on geographic, demographic based on age, gender and religion, socioeconomic such as occupation, psychographic based on a person's lifestyle and attitude and behaviouristic segmentation which examines the relationship the person has with a certain product (Horner and Swarbrooke 2016, 141).

Although, alternative channels are used to make hotel bookings, a European study shows that direct bookings are increasingly used by business travellers specifically Germans, French and British corporate travelers (GBTA, 2017). They address their preference of booking directly with a supplier alongside a corporate online booking tool. In addition, luxury market segments that seek "learning, enrichment and great service" are becoming more demanding (Davies, 2017). Thus, it poses challenges for hoteliers to fulfil their motives in every possible way.

2.3 Decision-making process

Multiple factors influence and motivate the choice of any purchase. It can vary depending on the type of consumer (Fallows 2005). For example, free Wi-Fi and high speed internet are motivation factors for business travellers (Sampson 2016). Nowadays, advertisements displayed in various platforms also play an important role in influencing the decision-making process. According to a study, various factors influence travel decision-making namely travel editorials (5%), advertising (12%), online travel reviews (27%) and personal word of mouth recommendation (40%) (Jones, 2017). In addition, online reviews are a dominating factor influencing the decision-making process (Park and Allen, 2013, 64). It affects both sales and product choice (Zhu and Zhang, 2010, 133; Gupta and Harris, 2010, 1041). Hence, insight from friends and family plays a vital role in decisions on bookings which is also supported by other research findings (Litvin et al. 2008, 458). However, despite information from several sources, word of mouth recommendations still appears to dominate a traveller's decision when planning and booking.

3 Distribution and marketing channels

According to Buhalis and Law (2001, 7), "Distribution is becoming one of the most critical factors for the competitiveness of tourism organizations and destinations. Setting appropriate distribution channels effectively determines whether they can be included in the set of decision-making models of prospective consumers." Thus, they play a key role in influencing consumer behaviour and determining the competitiveness of suppliers.

A hotel's products and services which are made available to consumers are spread across various channels – distribution and marketing. Distribution channels act as an intermediary through which a product or services passes through before it reaches the customer (Investopedia 2017). On the other hand, a marketing channel's role is to present reliable information about a product or service to a customer and make it available for them to purchase (Boxberg et al. 2000, 90). However, both channels play a significant role in displaying a product or service to an audience increasing their visibility.

3.1 Why Intermediaries

Distributors are "a key link in the route to market for many sectors" (Dent 2011, 121). Their continuous presence in the business market indicates the importance of value they deliver. Buhalis and Law (2001, 8) state that, "In tourism the position of the distribution sector is much stronger than that of other trade intermediaries." Distribution channels have appeared to pose extreme effects on tourism organizations such as profitability (Buhalis and Law 2001, 7). Moreover, a new entrant in tourism might consider products and services to be widely distributed through distributors creating a demand for their products (Dent 2011, 119).

The evolution of trends along with product and service innovation creates changes and distinction in customer segments (Dent 2011, 9). Thus, multiple distribution channels are essential in reaching out products and services to differing demographics.

According to Dent (2011), "Many companies use a mix of distribution models to cover the market completely and to reach the different customer segments for which their range of products are intended" (15). Thus, to reach one's target market, control is necessary to market products and services through appropriate distribution channels.

Various channels can cause conflict between one another (Boone and Kurtz 2013, 426). According to Kiran et al. (2012), relational norms like trust and commitment are factors influenced by rational and emotional reasoning which in turn are the cause for channel

conflicts. For example, when there is conflict between two players of the consecutive level such as retailer vs manufacturer, then a horizontal channel conflict occurs (Bhasin 2017). This occurs when a delivery to a retailer is delayed by the manufacturer or one company is favored by a distributor such as proving faster delivery and discounts. Therefore, channel management and control is essential within any operating business to avoid conflict and rather establish competition.

3.2 Intermediaries in Tourism

With the help of technology, distribution of products and services has been made easy. Hotels can market their products and services through online channels such as hotel website and OTA which is a "travel website(s) that provides online booking facilities for hotels, airlines, cars and other travel related services to users" (Sharma 2017).

When products are distributed via a hotel's website it is called direct distribution. Direct distribution means a structure wherein "the supplier owns and manages all the resources in the value chain through to the customer" (Dent 2011, 11). On the other hand, distribution through an OTA is a form of one-tier distribution. It is defined by, "employing one set of intermediaries between the company and its customers to increase reach . . ." (Dent 2011, 12).

Analysing the channel's business model by identifying primary business measures, its performance and core strategy of the business, identifying one's assets, strengths and opportunities by helping the channel achieve its objectives and improve their position in the market are key to generating a good value proposition for intermediaries and customers (Dent 2011, 21). Some channels have an advantage over others. For example, a hotel's products and services are believed to be cheaper in a hotel's own website than in an OTA which signals an advantage for the direct distribution channel (Hotel Marketing, 2017). However, if customers are not aware of the value from purchasing through a certain distribution channel, detailed evaluation of it and appearance is necessary. Therefore, it is crucial to manage each distribution channel effectively.
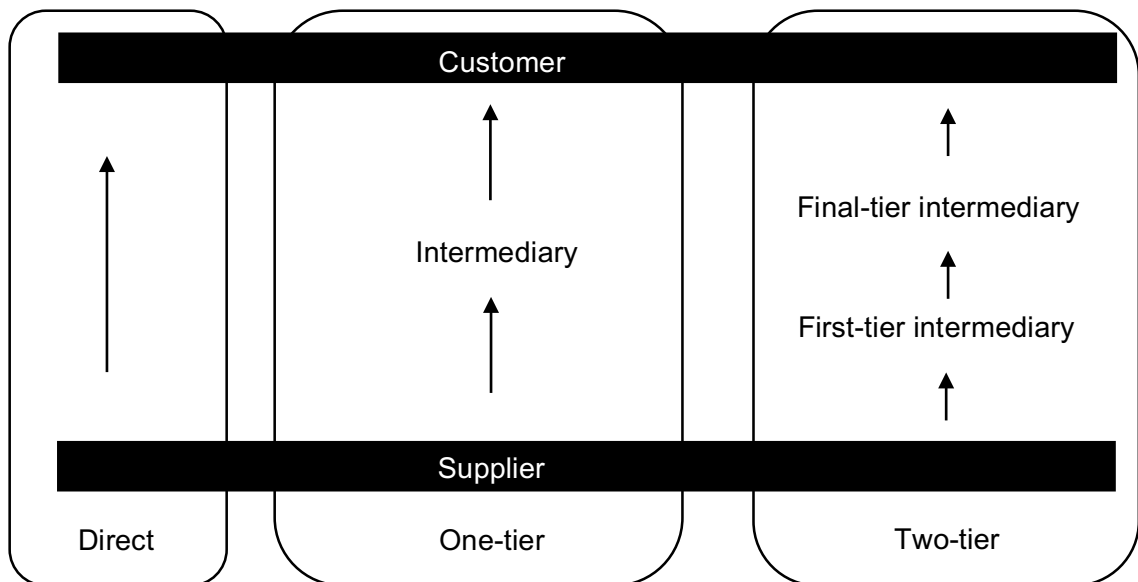
Figure 2. Distribution structures (Dent 2011, 12)

Figure 2 demonstrates the various methods a product or service is distributed to a customer. When a product reaches the customer directly, seen on the left-hand side, there is no middle person invloved in the process. The product is received by the customer personally from the supplier. In turn, it is fast and can develop closer business ties.

On the other hand, when the product is distuributed either one-tier or two-tier, the product goes through another company before it reaches the customer. On the downside, one-tier and two-tied methods appear to be more time-consuming and involves a commission from the supplier as the product goes through several stages before it reaches the customer. In the long-run, it appears to be a costlier alternative method to distribute a product or service for the supplier. Thus, hotels should consider investing on strategic planning on how to increase suppling their products and services directly to their customers instead of via one-tier or two-tier distribution methods such as involving an OTA as the intermediary.
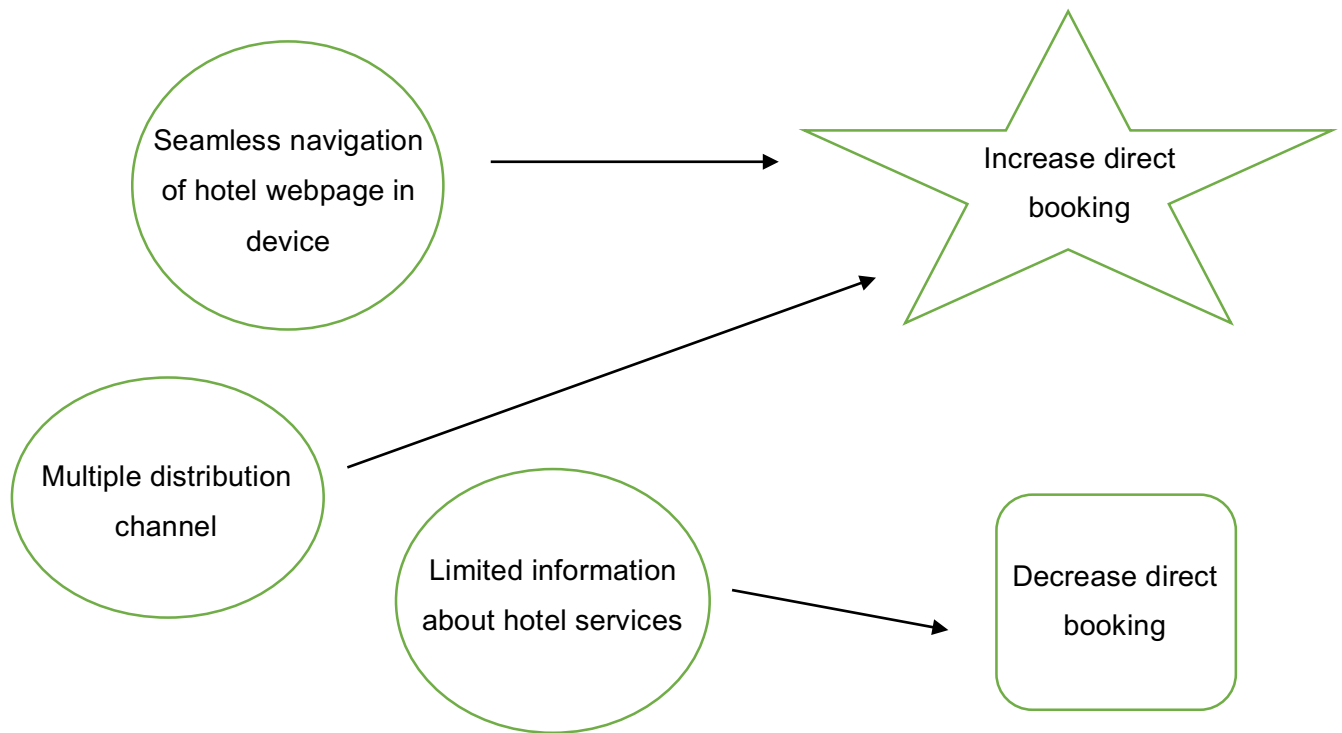
Figure 3. Researcher's example of product outcome

Figure 3 shows the researcher's understanding of how certain actions in a hotel's operations may result to either increase or decrease in outcomes of direct bookings based on research findings mentioned previously. The circles represent an action that results to either a positive, an increase, or negative, a decrease, outcome. For instance, according to Phelan et al. (2013), people use several platforms to gain sufficient information about the subject (155). Therefore, when information is limited it is more likely for consumers to miss out on direct bookings. As a result, as shown on the left-hand side of Figure 3, direct booking decreases when there is a lack of sufficient information about the hotel establishment.

3.3   Role of Online Travel Agents

Online Travel Agencies, otherwise known as OTAs, are "travel websites that provide online booking facilities for hotels, airlines, cars and other travel related services to users" (Sharma 2017). They have become some of the strongest players in the travel industry, with an estimated sales figure growing 12% annually, in the travel market providing consumers with multiple travel related services in one channel (Forbes 2015). They are responsible for the transactions on their websites providing an organised payment system (Lee and Morrison 2010, 50). Their income comes from transaction fees. For example, "OTAs will receive the fees as promised in the agreement made with the supplier when a customer uses a service

of a supplier and makes his or her payment by a credit card via online system" (Pakinee and Nopasit 2016, 65).

According to Marvel (2016), about 10% of large hotel chains total bookings are dependent on OTAs while an independent hotel's reliance on booking shoots up to 70% (55). In addition, OTAs "now represent the second-largest travel booking channel (after direct hotel channels) in the big- 3 EU countries of France, Germany and the UK" (Marvel 2016, 55). Thus, emphasizing its relevant, crucial role in the industry is vital as it is a strong competitor against hotels who strive to gain bookings directly from their own websites and not through OTAs. Furthermore, it decreases the chances of direct booking in hotels.

TripAdvisor.com, Expedia and Priceline Group are the current OTAs in the travel industry. Rovia is the world's leading OTA in the year 2016 while Booking.com is European's leading OTA in 2016 (World Travel Awards 2016). However, the biggest OTA player in the market is Priceline Group with $88 billion market capitalization and controlling 62% of the European market (Softinn 2017). Moreover, Expedia Inc. plays a significant role in the US market with 75% of the market control (Softinn 2017). Thus, Priceline Group and Expedia Inc. are the largest, dominating OTAs in the world.

Expedia Inc. has an extensive brand portfolio and owns other companies such as Hotel.com, Trivago, Travelocity, HomeAway and others (Rossini 2016). Similarly, Priceline Group is composed of other primary brands like Booking.com, Priceline, Agoda, Kayak and others operating in more than 220 countries (Priceline Group 2017).

The challenge OTAs pose to hotels is that hotels' brands are not being recognized by travellers since "OTA brand is so well-known and acknowledge by travellers because it gives them options to choose the accommodation that is most suited to them" (Softinn 2017). Because of this, it appears that OTAs have made booking simpler for travellers that it seems customers don't find the need too much to book directly from hotel websites with the presence of OTAs. In addition, they pose lower profit margins for hotels as OTAs gain commission for every hotel booking made through their website (Rondeau 2016). Hotels are faced with tenacious challenges. Therefore, it is critical to take on the challenges to better improve hotel direct booking statistics.

4   Methodology

This chapter discusses the type of study, its implementation, and tool used to gather and analyse the data for the research. It also examines the importance of the data findings to support the credibility of the research.

4.1   Research approach

This research is a quantitative study. It is in the form of numerical data which is essential for a statistical analysis (Crane and Hannibal 2009, 345). Also, it allows for generalization of data for large populations beyond the sample size. Thus, it is the preferred type of study for gaining insight into travellers', around the globe, perspective on hotel bookings.

4.2   Implementation

The research was conducted both online by the Webropol program (https://www.webropolsurveys.com/S/392AC79808327D63.par) and offline (21st, 29th and 30th of August 2017). There was a total of 66 offline answers and 56 online answers which were collected in the span of two weeks. A survey was the data collection tool used because it is suitable for examining people's opinions (Kananen 2013, 133). Thus, it is essential in measuring the effectiveness of changes in matters related to direct booking in hotels based on the participants' opinions.

The survey was composed of several variables such as gender and age, opinion, Likert scale and an open question (Appendix 1). It uses nominal, a classification scale like gender that can get different options, and ordinal scale, a scale of order placed according to a characteristic (Kananen 2013, 144). It was either physically handed to each participant or made available through a link which was provided online.

Participants were voluntarily asked to participate in the research (Appendix 2). They were asked to honestly answer each question in the survey related to their personal, travel experience and preferences.

Ethical guidelines were prudently followed. Participants were not harmed in any way in this research since it was completely voluntary. They were briefly informed about the nature of the research before answering the survey (Appendix 2). Also, all participants' identity remained anonymous.

4.3 Sample

A population is "the entire pool from which a statistical sample is drawn" (Investopedia 2017). The target population of the participants were ages fifteen and above from both Finland and abroad. The reason for the chosen target population is due to the researcher's interest in developing the country's, Finland's, hotel market. Hence, the use of local participants. In addition, the use of foreign migrants in Finland and others abroad who would add an international perspective to the findings.

In total, there were 122 participants who volunteered in the research. All participants were informed that their participation in the research is voluntary and their answers will solely be enclosed to the researcher (Appendix 2).

According to Fuller (2009, 2), "A sample is a subset of the elements." "Researchers gather information from a sample because of the difficulty of studying the entire population" (Investopedia 2017). Furthermore, it is a representation of the entire population and allows researcher to develop a hypothesis about the larger population (Investopedia 2017).

The sample selection method used was opportunity sampling, since the participants were chosen from a convenient place (Crane and Hannibal 2009, 350). They were mainly at a bus or train station and on a social media platform, Facebook, where it is easiest to gain participants due to its broad, available users. Participants were likely to have spare time while on the internet using Facebook or during their waiting time for their transport which also indicates that they are travellers. Thus, they were best suited for participating in the research.

4.4 Reliability and Validity

Reliability is a measurement of the quality of the research (Trochim 2006). It measures whether the study can be replicated and repeated several times to get similar results (Price et al. 2017). Thus, to enhance reliability, the research process was stated clearly for others to replicate. On the other hand, validity determines whether the research truly measures what it intends and how truthful the research results are (Price et al. 2017). Therefore, participants were asked to answer the survey as truthfully as possible to ensure high validity of the research.

An open question was asked at the end of the survey since researchers believe it to be the most accurate question format (Kananen 2013, 138). This increases the reliability of a

participant's response. The neutral option in the scale was not used to avoid researcher bias at it is open to several interpretations (Kananen 2013, 139). Additionally, variables such as gender and occupation were asked to gain characteristics out of them as variables are "the fundamental concept for a question research" (Kananen 2013,143).

5   Results

This chapter discusses and analyses the findings gathered from the survey (Appendix 1). There was a total of 122 participants wherein 56 were online answers and 66 were offline.

5.1   Background

The figures below show the basic information about the participants namely their gender, occupation, nationality and who they travel with. These variables are vital to guide the researcher in measuring and analysing the data.
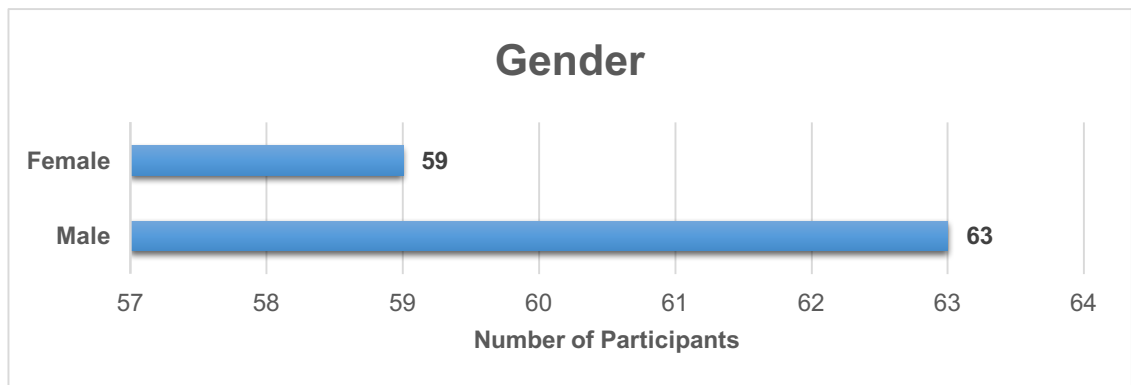

Figure 4. Statistics of Participant's Gender (n = 122)

Figure 4 indicates the number of male and female participants who participated in the research survey. There was a total of 122 participants wherein 52% were male and 48% were female.
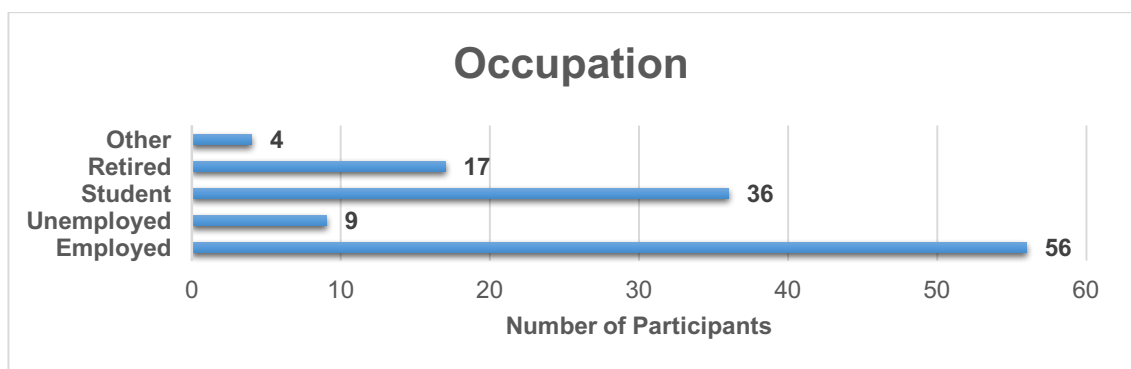

Figure 5. Statistics of Participant's Occupation (n = 122)

Figure 5 demonstrates the various occupation status of the participants. Majority of the participants, 56 of them, was in the working life while the rest were either done with it, searching for a job or about to enter the working life.
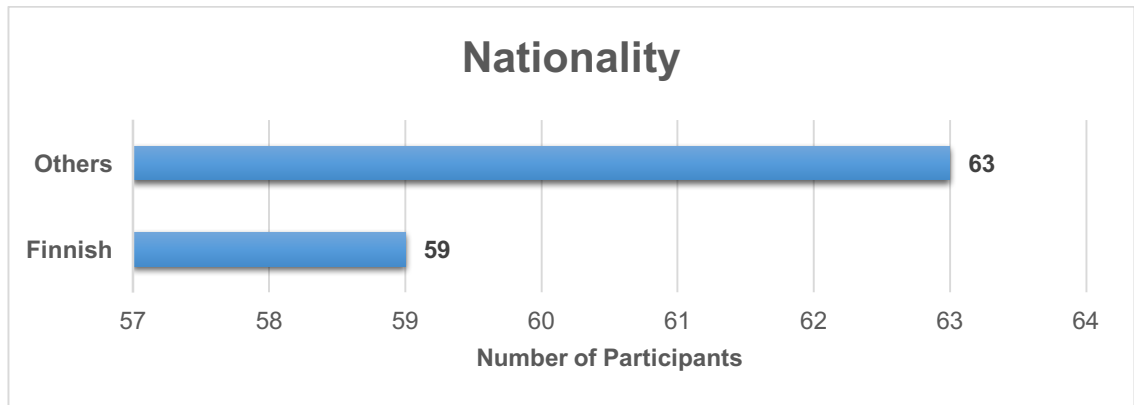

Figure 6. Statistics of Participants' Nationality (n = 122)

Figure 6 demonstrates the nationalities of the participants. There were slightly more foreign participants, 52%, compared to 48% of local Finnish people. Common nationalities were 10% Filipino, 6% German and 4% Vietnamese.
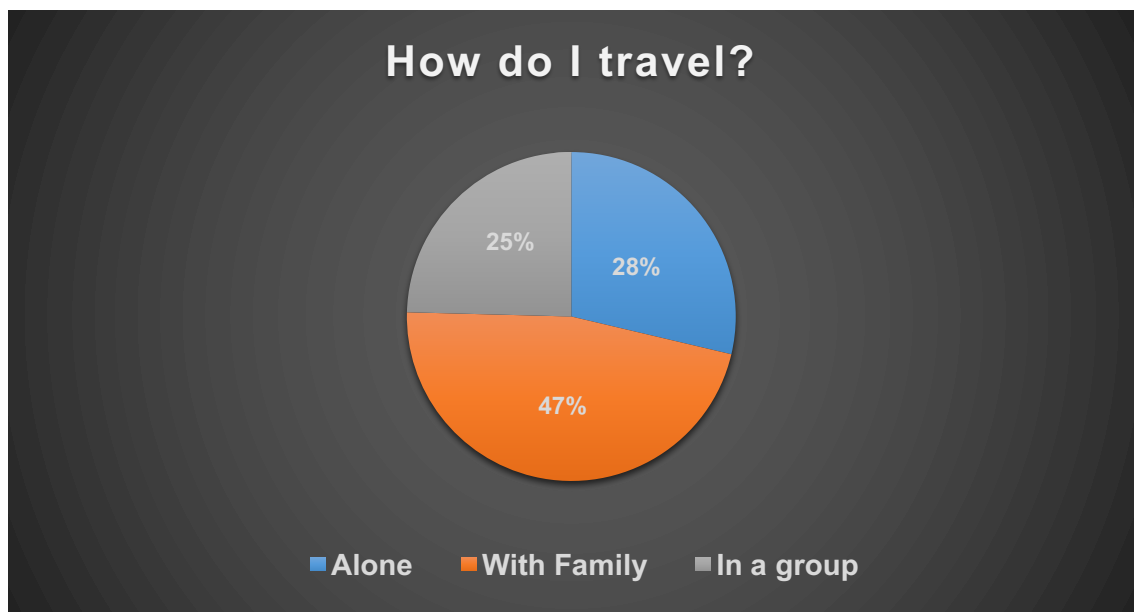

Figure 7. Participant's Travel Buddy (n = 122)

Figure 7 indicates that people are more likely to travel with a companion 72%, with family and in a group combined, than traveling alone 28%.

5.2 Online and offline booking habits

The statistics below clearly identify the differences of people's use of online and offline booking channels. It is essential to consider both ways of making a booking to assess which channel requires more visibility and attention in gaining direct bookers in hotels.
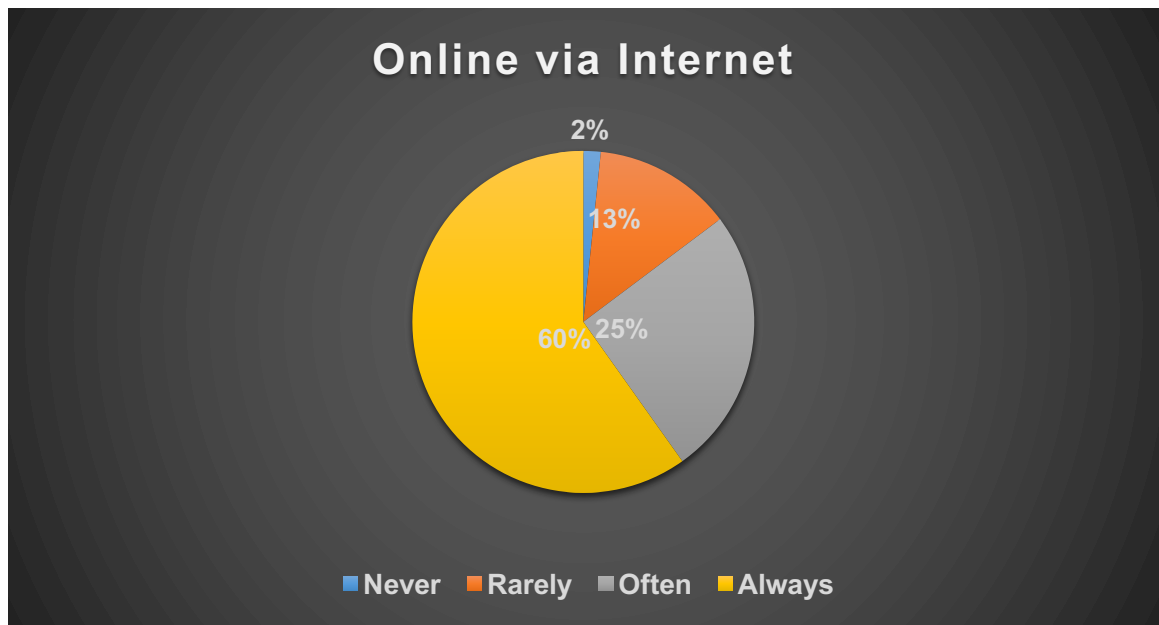

Figure 8. Hotel Bookings Made Online

Figure 8 shows a dominant answer stating that it is common for travellers to book their accommodation online. For instance, more than half of the total number of participants, 60%, answered that they always perform an online booking whereas only 2% stated they never make an online booking. This supports previous research stating that technology plays a major role in the way people search for information (Xiang and Gretzel 2009, 179). Thus, managing a hotel business' online pages and its presence in the internet is essential to increase direct booking.
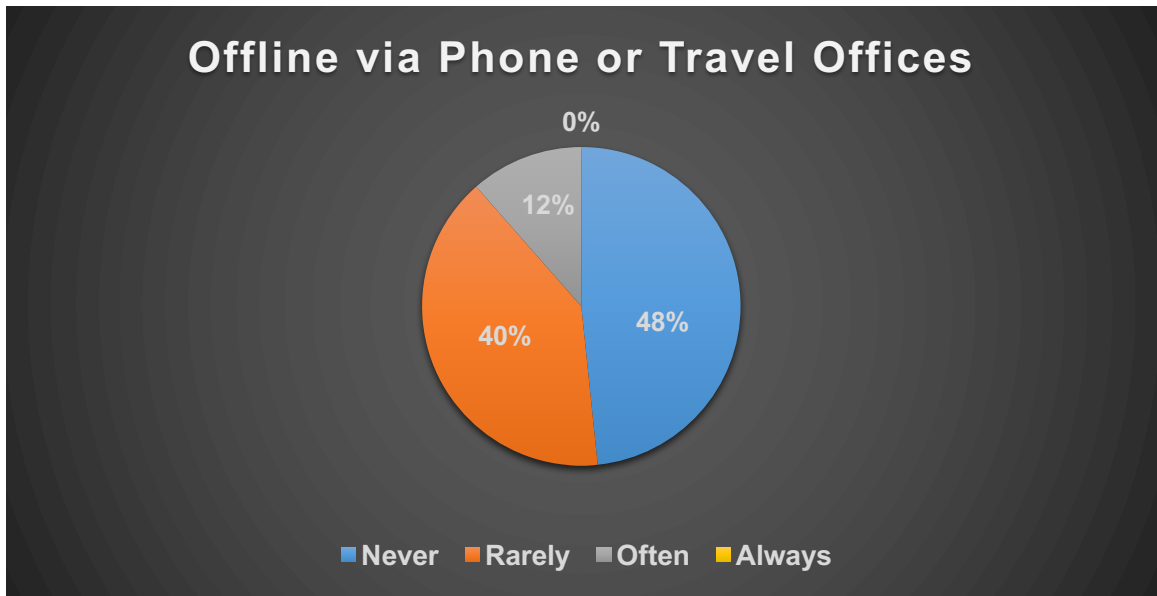
Figure 9. Hotel Bookings Made Offline

Figure 9 indicates that it is uncommon for travellers nowadays to book accommodation through offline bookings. 48% of the participants never make bookings offline whereas 60% of participants always perform online bookings according to Figure 8. Thus, highlighting the significant differences in the way people search for information and perform the final booking process. Moreover, emphasizing the importance of a hotel's clear presence in the Internet.

5.3   Differences between Finnish and International bookers

Due to cultural, ethnical and personal backgrounds, the possibility of varying preferences exists. The figures below study the comparison between the ways different nationalities namely Finnish, Filipinos, Germans, Vietnamese, British, Spanish, Italians and more make hotel bookings. There were a total of 58 Finns and 63 other nationalities.
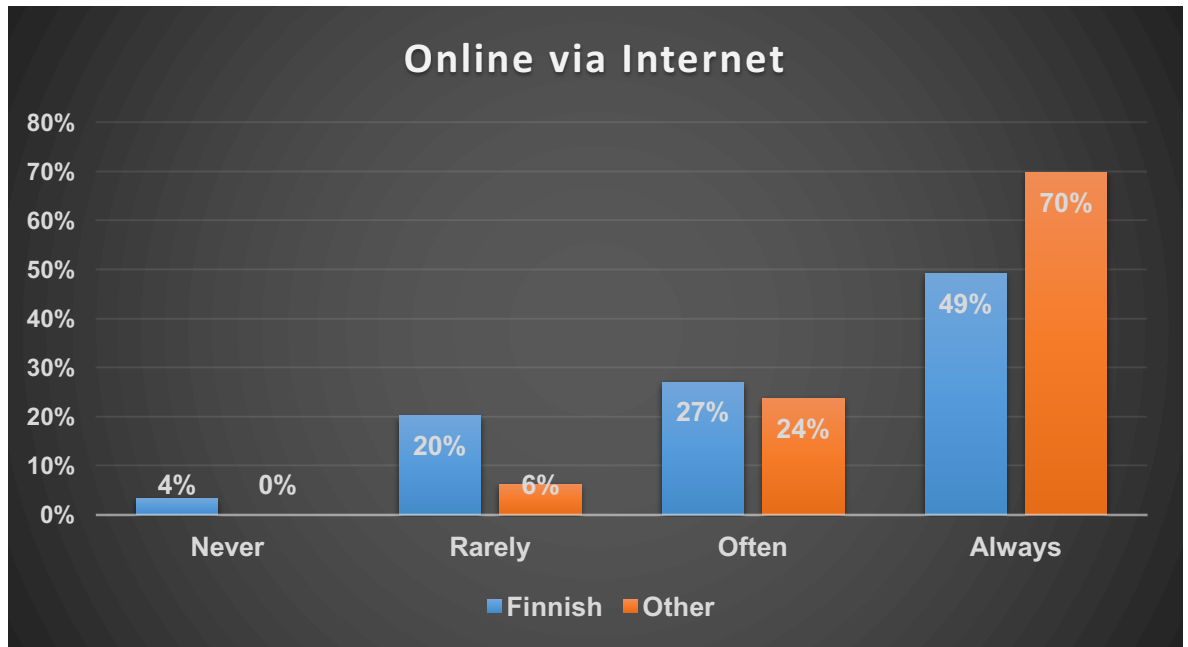
Figure 10. Finnish (n = 58) vs International's (n = 63) Online Booking

Figure 10 shows the differences in online booking between Finns and other nationalities. There is a slight difference between the two when looking at the "Always" response. This indicates that other nationalities perform more hotel bookings in the internet compared to Finns.

In addition, there is a significant difference wherein 20% of Finns make online bookings rarely whereas only 6% of other nationalities rarely do online bookings. This in lines with the previous finding that other ethnicities perform more online bookings than Finns.

Figure 11. Finnish (n = 58) vs International's (n = 63) Hotel Website Booking

Figure 11 shows the percentage of Finns' and nationalities' usage of direct booking meaning they make the hotel booking through the hotel's own website. Major differences amongst them are not evident. However, it appears that international travellers, 48% when combining "Always" and "Often" answers, tend to perform more direct booking than Finns 34%. In addition, Finns have a higher percentage of not considering direct booking at all 19% compared to 11% of internationals. Furthermore, the total "Always" direct booking answers from all nationalities is 20%.
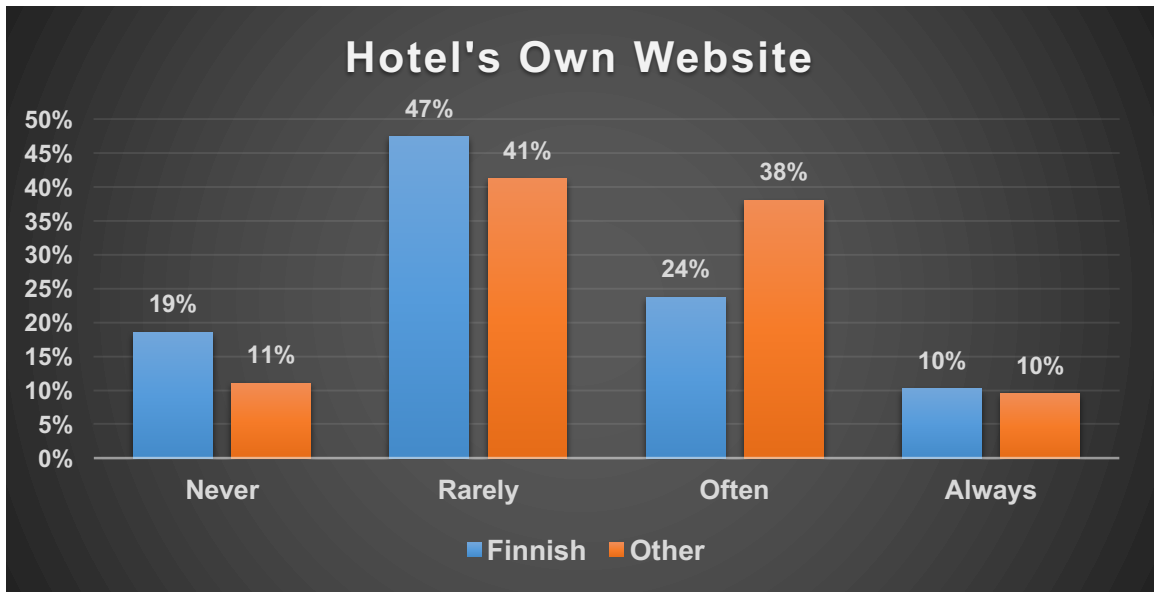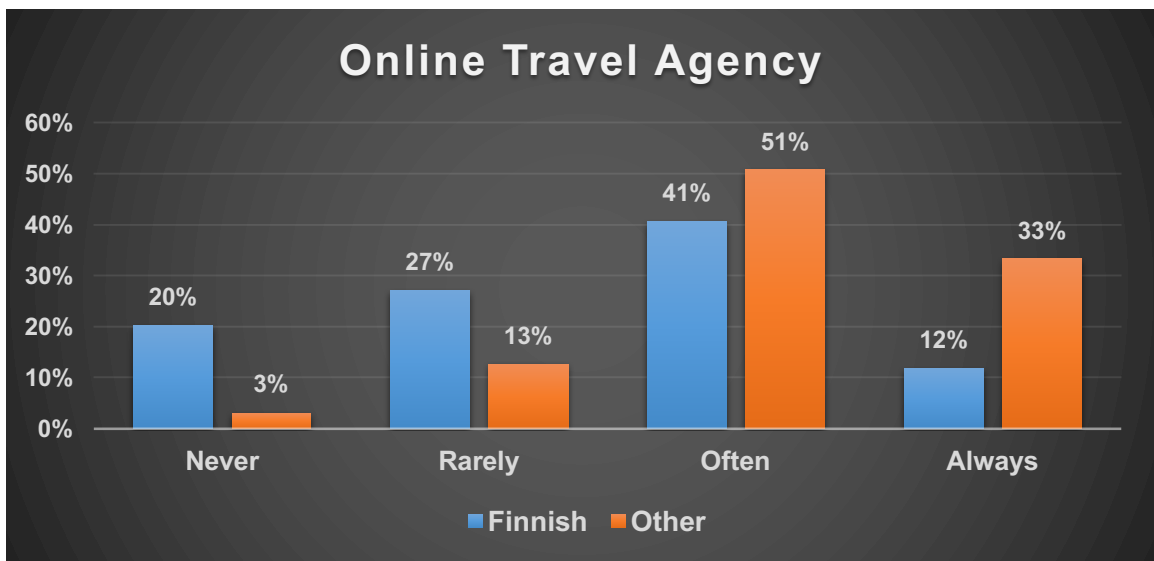

Figure 12. Finnish (n = 58) vs International's (n = 63) OTA Booking

Figure 12 indicates the percentage of Finns' and other nationalities' usage of indirect booking meaning hotel bookings made through an Online Travel Agency. Although, Figure 11 shows that internationals use direct booking slightly more than Finns, their "Always" answer in indirect booking percentage difference is larger when comparing Finns 12% and other nationalities 33%. In addition, 20% of Finns "Never" use Online Travel Agents to make hotel bookings whereas only 3% of other nationalities "Never" use it. This further supports the notion that other nationalities perform less direct booking through a hotel's own website than Finns. Furthermore, 45% of indirect booking is performed by all nationalities who answered that they "Always" book a hotel via an Online Travel Agency.

Figure 13. Participant's Rating (4 = fully convinced) on Various Factors

Figure 13 demonstrates what factor motivates the participant to book a hotel accommodation. It appears that Finns and other nationalities have a bigger preference difference on recommendation and reviews – Finns 21% whereas 40% others. This suggests that other's opinion on a hotel visit plays a more significant role for others.

When comparing the factors, the most important factor, with highest percentage, for Finns 56% and others 47% is location. Thus, they have the same view of what drives them to choose a hotel. When asked if there are other factors that convinces one to make a hotel booking, common answers from all nationalities was "cleanliness."
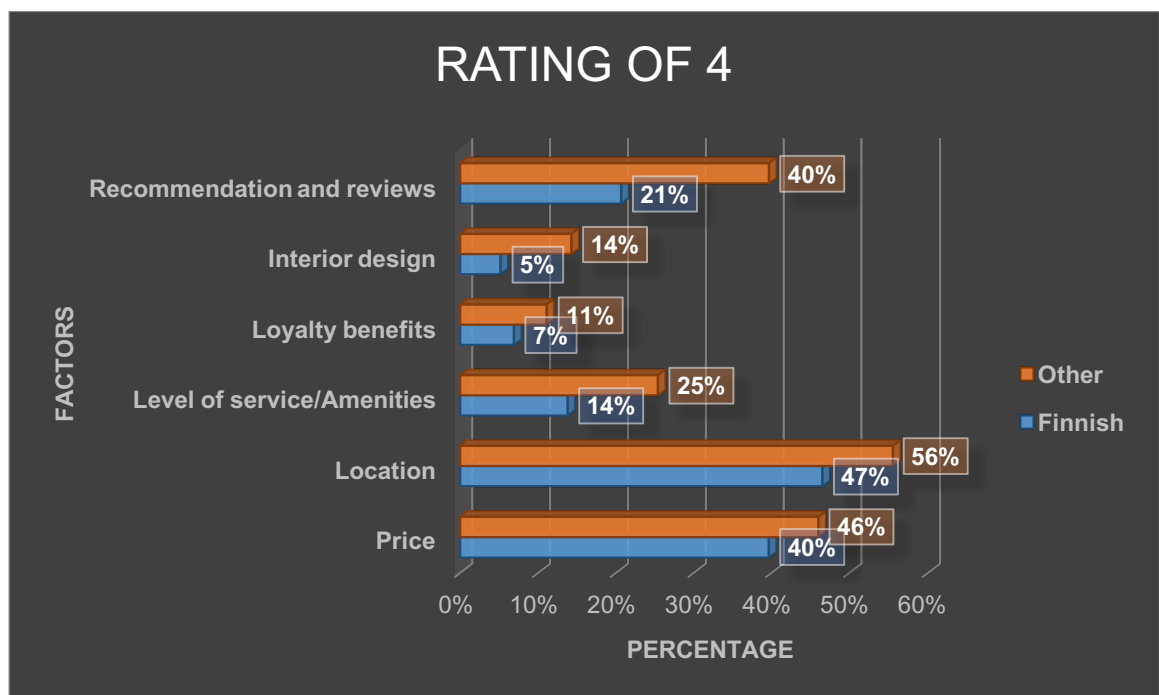
Figure 14. Participant's Rating (2 = somewhat convinced) on Various Factors

Figure 14 shows what factor motivates the participant to book a hotel accommodation. Interior design with 45% seems to be the least motivating factor for Finns whereas loyalty benefits and level of service with 35% are what least motivates other nationalities to choose a hotel.

Figure 15. Participant's Rating (4 = fully convinced) on Various Factors

Figure 15 shows which factor convinces a participant to make a booking directly from the hotel's website as opposed to an OTA. The results indicate that price, with the highest percentage, in comparison to other factors is the most important for Finns 59% and 51% for other nationalities. Clearly stated benefits on a hotel webpage is the next most important factor that convinces a traveller to make a booking directly from the hotel's website. This suggests that hotels should consider their rates and think of their benefits in hopes of increasing direct booking.

RATING OF 2

- Hotel loyalty card — Other 22%, Finnish 39%
- Price — Other 6%, Finnish 7%
- Visibility on search engine — Other 25%, Finnish 24%
- Easy navigation of webpage — Other 27%, Finnish 12%
- Clearly stated benefits on webpage — Other 13%, Finnish 17%

FACTORS / PERCENTAGE (0% 5% 10% 15% 20% 25% 30% 35% 40% 45%)

Legend: Other, Finnish
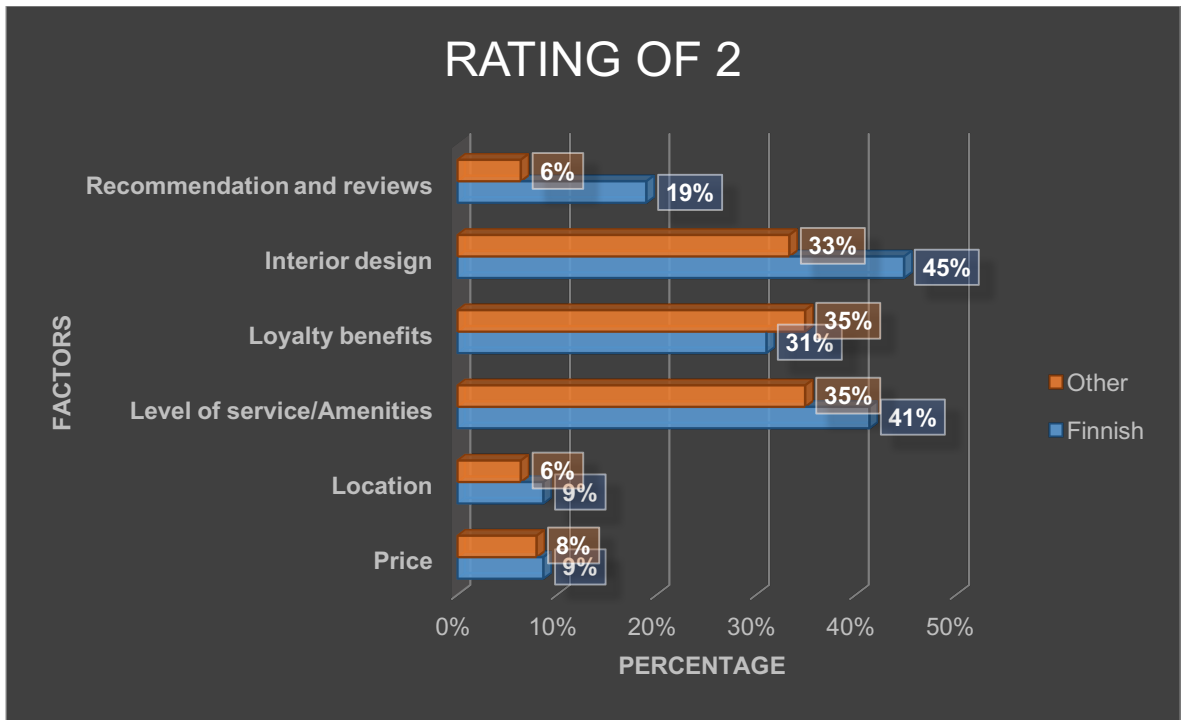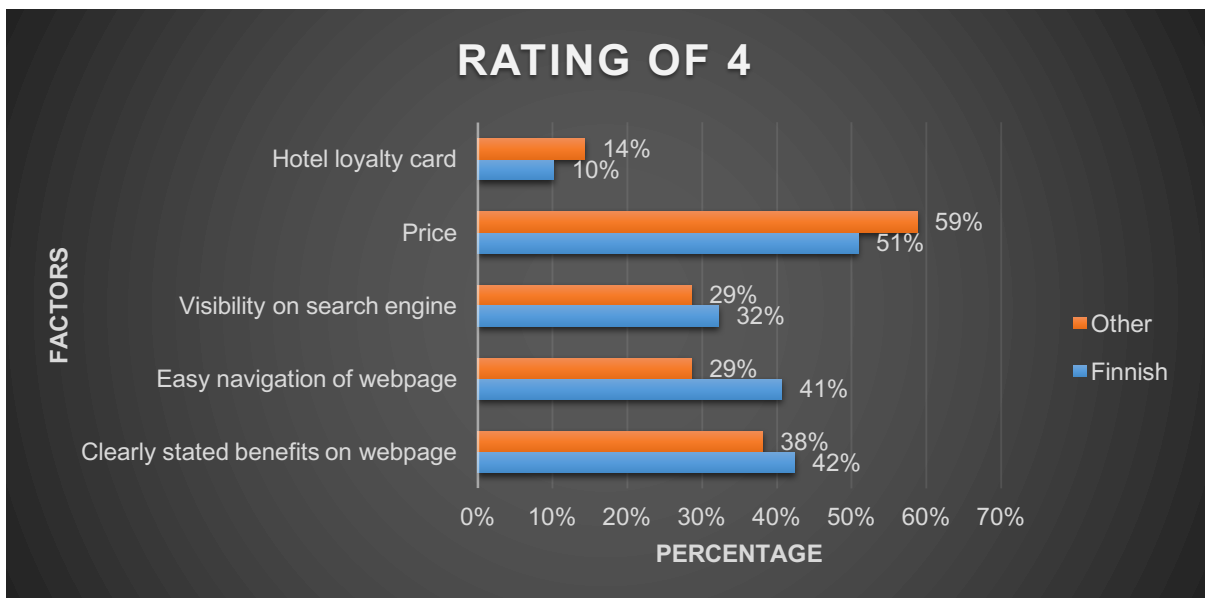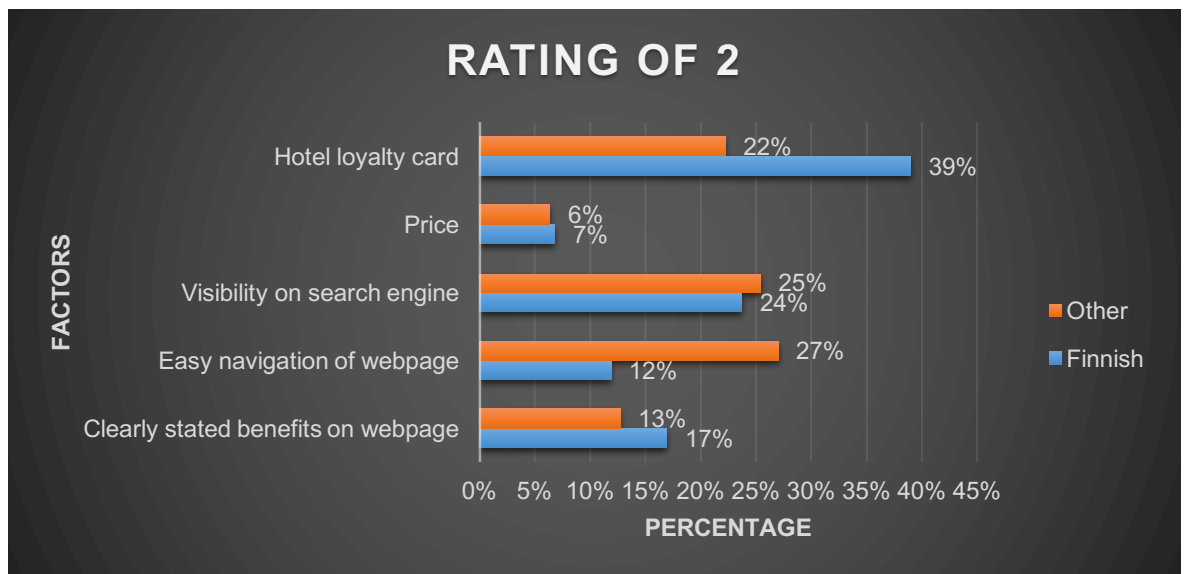
Figure 16. Participant's Rating (2 = somewhat convinced) on Various Factors

Figure 16 shows what factor least motivates them to make a booking directly from a hotel's website. The results indicate that a hotel's loyalty card, 39%, is the least motivating factor for a Finn meanwhile easy navigation of webpage 27% applies to other nationalities. In addition, easy navigation of webpage appears to have slightly greater percentage differences when comparing the two groups – Finns and others. Thus, other nationalities may be more tech savvy than Finns as they have a higher percentage, 27% vs 12%, of being least convinced about the matter.

5.4 Recommendations for the hotel industry

The main research finding is that when combining the results of all nationalities, there is more indirect bookings with 45% (Figure 12) who answered that they "Always" book hotels through an Online Travel Agency compared to direct bookings made by travellers from all nationalities with only 20% (Figure 11) who "Always" book a hotel through the hotel's own website. This supports the research problem that there is more indirect booking than there is direct booking (Sileo 2016). In addition, 60% (Figure 8) of the travellers "Always" make online bookings compared to 0% (Figure 9) who "Always" make offline bookings. Therefore, development in a hotel's services and beneficial changes related to online, direct booking must be taken into action to improve direct booking statistics in the hotel industry.

According to the results gathered from the survey, other nationalities perform more online and indirect bookings compared to Finns. Hence, hotels may want to consider adding multiple languages as options to read their website not only Finnish and English to address the needs of other nationalities such as German (6% of participants). In addition, very few answers were gotten from Russians and Spanish due to their inability to understand fluent Finnish nor English. Thus, Russian and Spanish may be considerable languages to add in a hotel's website. Moreover, it may increase the chances of direct booking as more nationalities feel valued and they are able to understand the content of the webpage which in turn increases their convenience.

The hotel website's main purpose is to generate direct sales (Boss 2017). Thus, it is crucial for hoteliers to keep in mind the primary objective of the tools they use when implementing its usage. Furthermore, investing in a website design is suggested (Boss 2017). It was mentioned in the data findings in Table 1 that customers appreciate good quality photos. Thus, it is crucial for the hotel staff to update the contents of the website such as photos, special offers, brochures and others on a regular basis.

Recommendations and reviews also play a significant role in customer decision-making as seen in Figure 13 with 40% of internationals and 21% of Finns stating they are fully convinced to book a hotel accommodation. This is further supported by Boss (2017) stating that, ". . . word of mouth and reputation is still one of the most important factors in hotel marketing." Therefore, it is suggested by researchers for bigger hotels to utilize a reputation management tool which allows commenting, monitoring of social media, sentiment analysis, connected to Guest Relationship Management tool and others as it is believed to be effective and time-saving (Boss 2017).

It is more likely for people to travel with a companion. Thus, hotels can consider benefits for those who travel with others to lure more interest to book direct. For example, "If you make a booking through our website, the fourth guest is always free of charge."

The results show that "price" and "clearly stated benefits on webpage" are the most important factors that convinces a traveller to make the accommodation booking through a hotel's webpage. Therefore, it is crucial for hotels to consider guaranteeing the best rates for their customers as well as highlight the benefits customers receive when they book directly through the hotel's website as opposed to an Online Travel Agency.

On the other hand, hotel loyalty card is the least motivating factor for travellers to book direct. Hotels might want to consider promoting the benefits of becoming a loyal member. For instance, briefly inform about it on their webpage as some people may be ignorant about its existence. Once they are aware about it, they may be more convinced to book direct. Furthermore, they may want to create an easy log in profile for bookers which in the future can speed up direct booking process since it does not require always filling in personal data and could also be a platform for loyal members.

"Easier to communicate needs directly with hotel" was another factor mentioned by participants that would motivate their choice to book directly from a hotel website. This suggests that hotels should improve the ease and level of communication with their customers to gain more direct bookers. For instance, having an online chat box in the hotel website may simplify the communication on the part of the customer so that the customer does not have to wait too long for an email response. However, it requires efficient management from the responsible hotel staff to keep up with the incoming messages to avoid unanswered queries or lose of customers due to long idleness of responses. Also, before completing the booking reservation there could be a question asking if there are additional needs required by a guest. For example, options for the guest to choose e.g. extra bed, surprise gift for couple, allergy room, pet feeding bowl and others can be displayed to make it more convenient for the guest to address their need quickly.

Since an Online Travel Agency is the preferred way to make bookings online, hotels may want to consider mirroring the way they display their services to better increase direct booking. For example, displaying a few reviews written by previous guests on their webpage and listing the rooms according to price from lowest to highest or best room deal listed first that is easily visible for the guest when they go to the hotel webpage may interest guests to book directly.

Service to be developed (based on participant's opinion)	Suggestion (researcher's opinion)
Recent reviews	Display monthly guest reviews on front page of a hotel's website
Flexible online reservation	Provide a certain period wherein guest can change or cancel a booking when they book directly from hotel's website
Good offers and promos; best price guaranteed	Clearly state that the hotel is providing the best rate; Provide occasional promos and find a way to display it before the customer clicks the link and once they click it, the offer is clearly and nicely visible
Airport and city shuttle	Provide shuttle services if the hotel is far from the city centre; make it visible in the webpage so customers can easily find out about the service
Unavailability of dates selected	If certain dates are unavailable, the system could automatically suggest the closest dates available to the customer's initial desired dates of booking
Activities to do	On the hotel's website, give recommendations and display a list of activities and things to do in the city or nearby area of the hotel's location and how to get there
Inclusions in room reservation and quality photos	Hotel should clearly state everything that is included in the price of the room perhaps a detailed description next to the good quality photo of the room; 360-degree image of room
Credit card payment	Providing a safe system wherein guests can pay the hotel reservation with a credit card
Cooperation with tour sites	Provide a link to a reliable tour site that provides tour packages

Table 1. Suggestions for Improvement of Hotel Services

Table 1 shows multiple opinions of partcipants on travel services that can still be improved. Based on the participants' feedback, suggestions on how to improve a service is provided by the researcher on the right column.

6 Conclusion

The aim of this research was to offer suggestions on how hoteliers can improve their operations to increase direct booking. Understanding consumer behaviour, how people search for information and how a hotel's services are marketed and distributed in the industry, followed by analysing the results gathered from the survey, suggestions on improving a hotel's booking operations is fulfilled.

The results showed that indirect booking is a significantly more common method of booking an accommodation as opposed to direct booking. There is a strong competition amongst travel service providers in the industry. Therefore, based on the participants' answers on the survey, recommendations and ideas on improving a hotel booking process to increase direct booking were presented.

Since participants were not bound to a survey contract, they were freely allowed to stop answering the survey when needed. No participants were harmed and they were given sufficient information about the study (Appendix 2). Thus, the research process was ethical.

Based on the research findings, some of the most crucial factors suggested to hoteliers to consider for implementation are investing in website design and its content, adding multiple languages to the hotel website, highlighting the benefits of directly booking in the hotel website such as best price guaranteed and complimentary breakfast and clearly stating them in the website to market and increase direct booking statistics. In addition,
some additions to the hotel website's services suggested by the participants is a list of activities to do around the location of the hotel and in the city centre as well as providing a shuttle service. Moreover, Online Travel Agencies appear to be the preferred booking channel. Therefore, hoteliers might want to consider mirroring the way they display their services to better increase direct booking.

In conclusion, investing to develop a hotel's booking process is essential to increase direct booking. Hoteliers should keep up with the competition. They should consider the vital factors impacting their business and act to increase direct booking statistics which will cut down commission costs from OTAs and improve their business' revenue.

The thesis process started on March by thinking of a topic and creating the subject analysis report. The topic was chosen because of the researcher's interest in the hotel industry. There was a stagnant period of almost three months from June to August due to the researcher's internship period. In total, the thesis process took almost 4 months to be completed which is within the ideal period of completing a thesis.

With a strict timeline set by the researcher to finish the research, it was a challenge to get a commissioner. However, given perhaps a less busy, more suitable time of the year other than the summer period, a commissioner would have been easier to find.

Overall, it was a somewhat smooth process without any major hurdles. Participants were easily located in either train stations or a famous tourist site, Helsinki Cathedral, in the capital of Finland. Also, there was a good amount of literary material accessible for the thesis topic.

Strengths	- Important topic in the travel industry - Convenient location to gain both local and international participants - Sufficient results gathered - Timeline of the thesis process was ideal
Weaknesses	- Limited literary resources about Online Travel Agencies - Content, analysis of results and recommendation for improvements is limited to one researcher's knowledge - possibility of researcher bias
Opportunities	- It is an on-going topic that is relevant for also future research
Threats	- Since it is an on-going topic today, varying and contradicting opinions may be evident

Table 2. SWOT Analysis of thesis process

Table 2 lists the strengths, weaknesses, opportunities and threats which the researcher faced during the thesis process.

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8 Appendices

8.1 Appendix 1. Survey on a person's booking accommodation preferences

Instructions: Kindly circle the answer of your choice. If your preference is not provided, please write it down. All data will remain confidential to the researcher.

Basic information

Gender: a. Male   b. Female

Nationality: a. Finnish   b. other:

Occupation: a. Employed   b. Unemployed   c. Student
              d. Retired   e. Other:

Age: a. 15-36   b. 37-58   c. 59-80

I travel: a. alone   b. with family   c. in a group   d. other:

Participant's preferences

1. **How do you book your hotel or hostel accommodation?**

   a. Online via internet   never   rarely   often   always

   b. Offline via phone or travel offices never   rarely   often   always

2. **Which channel do you use to book your accommodation?**

   a. Hotel's own website   never   rarely   often   always

   b. Online travel agents   never   rarely   often

   always

   (Booking.com, Expedia.com, etc.)

   c. Over the phone   never   rarely   often   always

   d. Other: never   rarely   often   always

3. **What gadget do you use to book your accommodation?
   (please select the most common)**

   a. Laptop/Computer   b. Tablet   c. Phone   e. Other:

4. On a scale of 4 to 1, what motivates your choice of hotel?

        4 = fully convinced   **3 = very convinced**

        2 = somewhat convinced   **1 = not convinced**

a. Price	4	3	2	1
b. Location	4	3	2	1
c. Level of service/amenities	4	3	2	1
d. Loyalty benefits	4	3	2	1
e. Interior design	4	3	2	1
f. Recommendation/reviews	4	3	2	1
g. Other:	4	3	2	1

5. On a scale of 4 to 1, what factor convinces you to make a booking directly from a hotel website instead of another booking website?

        4 = fully convinced   **3 = very convinced**

        2 = somewhat convinced   **1 = not convinced**

a. Clearly stated benefits on webpage	4	3	2	1
b. Easy navigation of webpage	4	3	2	1
c. Visibility on search engine	4	3	2	1
d. Convenience	4	3	2	1
e. Price	4	3	2	1
f. Hotel loyalty card	4	3	2	1
g. Other:	4	3	2	1

6. What kind of services could still be developed to easily find the right hotel online?

Thank you for your participation!

8.2 Appendix 2. Debriefing and Confidentiality

Dear Participant,

The purpose of this research is to be able to develop hotel booking services and increase hotel direct booking based on the findings. The survey is composed of several questions. Please answer truthfully.

Your participation in this research is voluntary and your answers will solely be enclosed to the researcher. The findings in this research will remain confidential.

Sincerely,
The researcher