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How Do Consumers Book Their Hotel Reservations? A Pilot Study

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How Do Consumers Book Their Hotel Reservations?

A Pilot Study

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Abstract

Given the variety of options of methods available today, the pilot study is examining just computer, smartphone app, or telephone. Respondents also have the option of making a reservation directly with the brand hotel that they wish to stay with or making the reservation through other means. Originally hypothesized that respondents would make their reservations through an online travel agency using their smartphone app; over all respondents prefer to book directly with the hotel using a web browser. This study does indicate that there is potential for future study to take the survey a step further to ask more of the why do you book directly with the brand and not with an online travel agency. Any future studies should be more than a convenience sampling and try to address more of a wide range of income and ages.

Keywords: hotel reservations, consumers, brand loyalty, hotel rewards

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How Do Consumers Book Their Hotel Reservations?

A Pilot Study

Technology is always evolving and with it are consumer demographics and preferences – especially for location and type of service rendered. Thirty years ago, to book a reservation one needed to open the phone book and be willing to make as many calls as it took to find the right hotel with the right amenities for the right price. Today, there are a multitude of channels through which to make a reservation, both offline and online. The following study examines how travel accommodations are booked and the methods most often used by modern travelers to do so. Those hotel brands most preferred by the study’s participants were also considered. Lastly, the travel agencies most preferred by participants who book online were recorded.

Problem Statement

The internet has created a multitude of channels through which consumers can now book their hotel reservations, including direct booking and the online travel agency. To this point, many major hotels and airlines recently announced their renegotiations with Expedia, one of the largest online travel agencies in the world, which they hope will manage their guest reservations. For instance, when Marriott International wanted a lower commission rate, the hotel made arrangements with Expedia to help with its packaging platform and handle its last-minute guests (Lucus, 2019). The question that arises here is how the consumer will fare amid all the changes being made in the industry. Further, how will they fare given that so many reward and/or loyalty plans now require that reservations be booked directly through their corresponding hotels? Before these questions can be considered, how consumers are currently booking their reservations needs to be explored.

Research Question

The following pilot study was conducted specifically in response to two questions: (1) Are consumers booking directly through an app on their smartphone? (2) If a consumer is a member of a hotel rewards program, is s/he booking directly with that brand?

Literature Review

This study was designed to compare two channels through which hotel reservations can be made: direct booking through the Internet and an online travel agency. An examination of how online travel agencies influence the strategies used by the hotel industry to attract guests further assisted in the interpretation of survey results. To build the survey that was distributed to participants, an examination of previous research was performed and any issues with bias unearthed.

Online Travel Agencies

In 2015, Zhang, Guillet, and Kucukusta conducted a study to show how online travel agencies affect hotel markets. In China, where the study was conducted, online travel agencies have become strongholds, giving hotels little freedom to manage their own reservations. In fact, employees of online travel agencies in China often become agents who also serve as principals at various hotels. In other words, they look out for the best interests of the online travel agency, and not necessarily the best interests of the hotel (Zhang, Guillet, & Kucukusta, 2015). They have become an industry in China that determines the pricing of the inventory without consideration of how much revenue needs to come in to operate the hotel (Zhang, Guillet, & Kucukusta, 2015). However, the study does show that because of the online travel

agencies' technological "upper hand," travelers can book their hotel without making a long distance or international – and expensive – phone call (Zhang, Guillet, & Kucukusta, 2015).

Within the United States, many hotel brands pay a commission to online travel agencies as a supplement to their own efforts to reach full occupancy (Zhang, Guillet, & Kucukusta, 2015). With the recent agreement between the Marriott and Expedia, the hotel has managed to lower its commission rate (Lucus, 2019). However, as in China, the question remains of whether such a move will ultimately have the same effect on the Marriott chain in the U.S. as it has with the hotel's China locations. Zhang, Guillet, and Kucukusta's (2015) study did not examine this issue from the perspective of the consumer, however. Moreover, there are not many studies conducted within the U.S. market with regard to consumer behaviors that are shared publicly.

Gender

Studies have also been conducted on the differences in preference between men and women when it comes to booking reservations. When booking close to their arrival dates, both genders will often book hotels that are of less monetary value but whose staff are exceptional (Kim, Kim, & Kim, 2018). If the reservation is being made well in advance, women are more likely to book the reservation than their male counterparts (Kim, Kim, & Kim, 2018). In terms of pricing and securing the best deal, men are shown to prefer accumulating loyalty reward points or gift cards whereas women prefer monetary reductions, including coupons, rate reductions, or zero booking fees (Chen, Phelan, & Jai, 2016). When a search was conducted specifically with regard to the booking preferences of the transgender population, zero studies were returned.

Marketing Strategies

It is the hotel's general manager who is responsible for ensuring that the hotel is marketed appropriately through both online and offline distribution channels that reach the appropriate, targeted consumer (Masiero & Law, 2015). Online booking has its own set of drawbacks, just as offline does (Masiero & Law, 2015). Offline booking does not offer as many choices as online; however, online booking means that a consumer is working with an automated system, and not a human being, unless an active chat feature exists on the site. A study conducted by Masiero and Law (2015) showed that most consumers prefer to book directly through a hotel's website or call center rather than through an online travel agency's distribution channel (Masiero & Law, 2015). When the consumer intends a stay that is longer than seven days, however, online channels are preferred (Masiero & Law, 2015).

Methodology

The pilot study discussed below utilized convenience sampling and reached respondents through social media platforms and email addresses. The data from the pilot survey were used to measure how respondents book their hotel rooms based on their age, gender, income, and reason for travel (business or leisure). The data were also be used to measure how many respondents prefer a specific hotel brand, online travel agency, and brand loyalty rewards program. Lastly, the data were used to measure how respondents book their hotel reservations and for how many nights. There was no way to calculate how many respondents received/ opened the survey and chose not to participate or fully complete the survey.

The method used to collect data was a short survey created through Google Forms. From there, the survey was sent to select personal contacts and two social media sites, which makes this a convenience sampling. There was no reposting or advertising of the survey once the

original post was made to social media platforms. In the email, however, the re-posting request was made and if the survey was actually re-posted on social media, then it was done so by the respondents. To prevent multiple responses from the same person, a Google login was required.

The survey link was active for two weeks and the deadline communicated to everyone. Brand, rewards program, and travel-partner preferences questions were fill-in-the-blank, in order that no hotel or reward plan was inadvertently left out of the options. The same went for the questions regarding preferences for specific online travel agencies. There are simply too many brands, online travel agencies, and hotel reward programs in existence to ensure that all are listed as options for the respondents to choose.

Demographics

To account for participant demographics, there was a question asking for income as well as gender and age. Zip codes were not included as part of the question because there is a possibility that this survey could be emailed outside side of the United States. Demographics section did not require an answer to the questions. This was to allow for those respondents that want to participate but do not wish to disclose one of the demographic answers. Income was a fill in the blank, rather than a category

Gender category was multiple choice, with “other” being an option to just to see if anyone wishes to be identified as something else outside of male and female, based on the previous studies of that not being an option.

Exclusions

Responses from anyone under the age of 18 were removed from the results, as those individuals could not have gained parental consent prior to the study, as federal law requires of minors. Next, anyone who worked for a hotel, travel agency, or online travel agency was excluded as well, due to the possibility of bias. Lastly, anyone who had not traveled in the last five years was excluded, given how much the travel industry has changed during that time period (Kim, Kim, & Kim, 2018). Only five surveys (11.1%) were excluded for respondents not traveling within the last five years, resulting in 88.9% survey completion from start to finish. No one else who participated was excluded for the reasons listed above.

Analysis**Variables**

The independent variable for this study is how consumers are booking their reservations. The dependent variable is the method in which they are booking. To measure brand preference and brand rewards program membership, those who selected multiple, were given a fraction of a whole response. For example, if they were members of four rewards programs, then each one listed was given a value of 0.25. Any respondent that works for a travel agency, online travel agency, or a hotel will be disqualified from the survey. Also, since we are examining current method consumers book hotel reservations, anyone that has not made a hotel reservation in the past five years will be disqualified as well.

Disqualifications

This study is looking at respondents that have made a hotel reservation recently which the time frame is defined by the last five years. Five of the 45 surveys were excluded due to not having met this requirement to participate. Furthermore, some of the questions to the survey

were unresponsive by various respondents. They were unresponsive because they chose not to answer a question and left it blank or provided an answer that was not what the question asked.

Demographic Analysis

Due to enabling respondents to manually input a few of their income, this resulted in three responses having to be manually categorized due to two responses putting a + symbol at the end of their income and one saying greater than a numeric figure. Out of the surveys completed, only six respondents chose not to answer the question about income and two chose not to answer the question regarding their age. Out of the forty responses to the survey, nineteen were men, twenty-one were woman. No one selected the other option for their gender. Please see chart one for a visual representation of gender.

Income results were skewed to 45% of the responders making over \$100,000 annually. According to Investopedia (2019), that puts the bulk of respondents as upper middle class or upper class for income (Frankenfield, 2019). Of the respondents making over \$100,000 annually, 89% of the eighteen respondents made over the United States income threshold of \$122,000 to be classified as upper class (Frankenfield, 2019). Many of those respondents qualified to be considered to be in the top 20% of wage earners of the population of wage earners (Frankenfield, 2019).

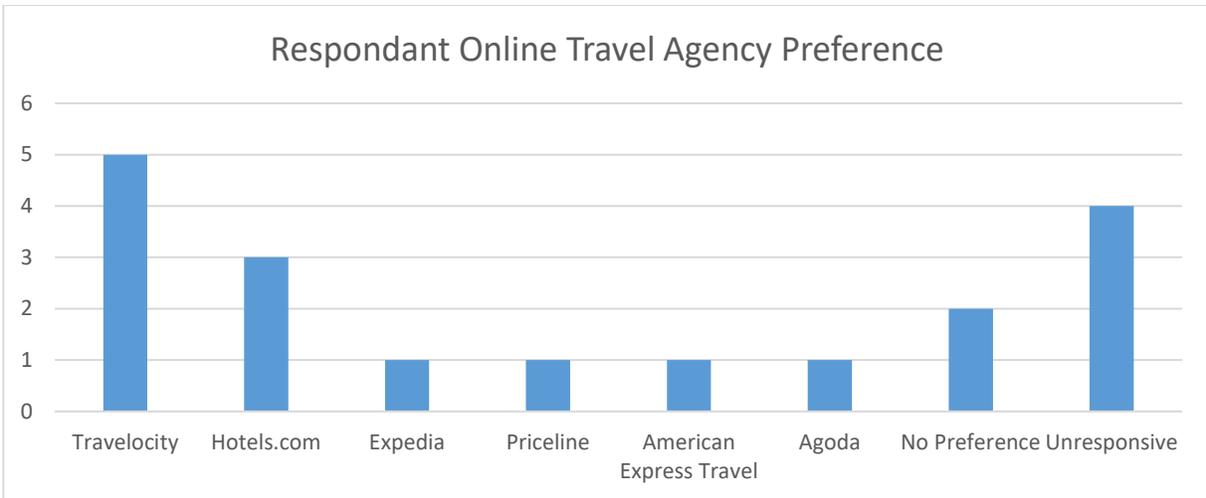
Lastly, the ages were vastly spread apart, ranging from 19 years of age to 75 years of age. The age median was 46 years of age with a 13.5 standard deviation. 30% of the respondents were between the ages of 39 and 49 with 28% being between 29 and 39 years of age. 17% were between the ages of 49 and 59 with the next largest population of respondents falling into

the category of 68 to 78 years of age. This gave a wide range of age, but given the income range, the respondents of the survey are mostly upper class.

Results

Overall, the sample collected was not what was anticipated for income. The age range and gender return seemed to result in a balanced non-biased sampling. The income median being at \$80,000 with a standard deviation of \$97,459.25 indicates that the survey results came from one income tier primarily and not all levels, as originally hoped for. However, with a total of 45 surveys returned and five excluded, an indication could be drawn as to how the upper class makes its reservations.

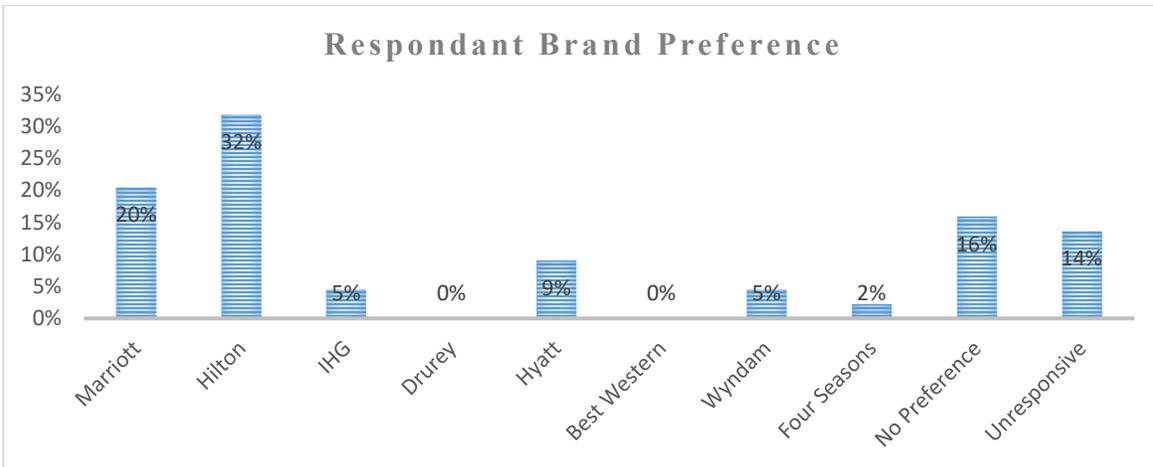
As stated before, five surveys were removed due to the respondent not having traveled in the past five years. No one who partook in the survey worked for a travel agency, hotel, or online travel agency. Out of 40 respondents, 22 booked directly with the hotel. One respondent was required to use a preferred partner for business travel. Of the other 17, 14 used a travel agency to make their reservation. Please see graph 1 for a breakdown of travel agencies the respondents chose. Two of the respondents stated that they did not have a preference for travel agencies. Three respondents indicated that they used a traditional phone or in-person travel agency.



Graph 2

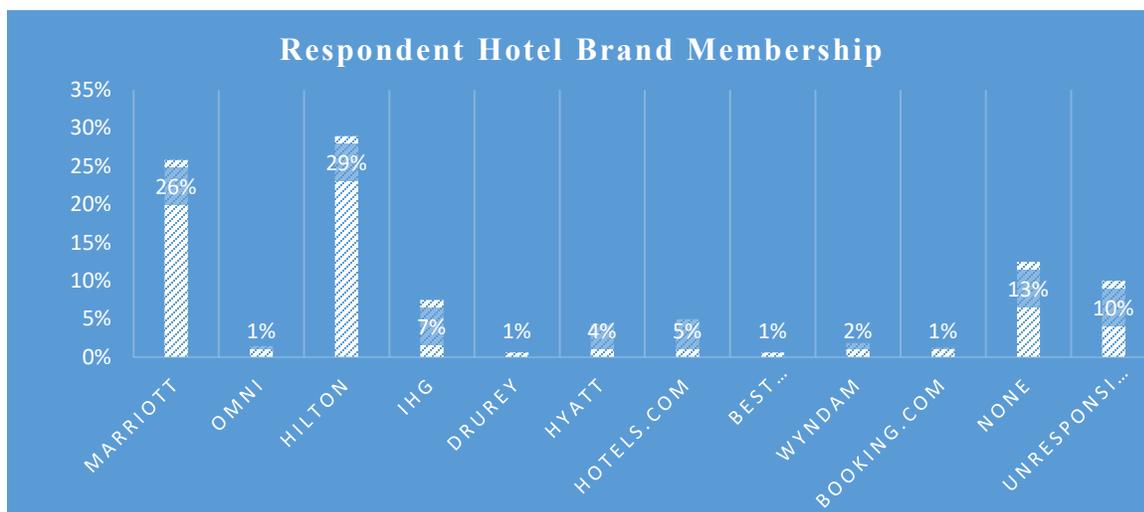
When questioned if the respondents knew if the online travel agency has rewards program, 29% did not know if their preference had one. The same percentage said no, while 43% knew that their preference offered a reward program. The survey did fail to ask if the respondents used a web browser or a smartphone app to make their reservations when using an online travel agency. The one respondent that used a preferred partner, uses a web browser to make their reservation. The respondents that preferred to make their hotel reservations directly with the hotel, only two respondents used a smartphone app. The remaining 90% used a web browser to make their reservations.

All respondents that had traveled in the past five years were asked what brand hotel they prefer. Hilton properties were the top choice respondents. Marriott following at 20%. Interestingly, 16% had no preference and 18% were unresponsive out of the 40 respondents questioned. Please see Graph 3 for the overall breakdown of brand preference.



Graph3

With rewards programs members, 38% of the respondents were members of multiple brand rewards programs, with 29% of the 40 belonging to Hilton Honors program and 26% belonging to Marriott Rewards. Again, 13% did not belong to a rewards program and 11% were unresponsive to the question. Please see Graph 4 for the overall breakdown of respondent hotel loyalty reward program membership.



Graph 4

Limitations

Google Forms also does not allow for the back-button option to be removed, which will enable respondents to be able to go back and select a different option if they choose. This could lead to respondents changing their answers at the beginning of the survey rather than hitting submit. Furthermore, once the link to the survey was posted and active, there was no longer control of who took the survey. Requiring a login into a Google account limited survey respondents to those who only had a Google account. This requirement may have excluded those respondents with a privacy concern. Also, by not requiring a city that the respondent was living in, this prevents an analysis of where the surveys came from, only an analysis based on gender, income, and age. Lastly, due to the method of using a convenience sampling, this prevents tracking of how many people actually received the link and chose not to fill it out. Google Forms does not offer a way to track who clicked on the link and did not fill out the survey at this time.

Overall, the study was inconclusive. There is not enough of a difference between online travel agency bookings and direct books to conclusively say this is how consumers are booking their reservations. There were not enough respondents in other income brackets to indicate all consumers. Furthermore, this raises another question of: Do the lower income classes use online travel agencies because they think it will save them money? This study should be conducted again to really understand the mindset of why people book the way they do and how they are booking. Multiple sampling methods should be used, not just a convenience or snowball method. Collecting data using email, social media, as well as face to face should be used to ensure that a more rounded group of respondents is interviewed. Including zip code or city where the respondents live will also help ensure that demographics is more accurate.

Asking users to elaborate on their choices will return more insightful results than that found in this study. This may require using a more advance survey tool to customize the survey to the required degree. A better survey tool would allow for anonymous responses, multiple choices with fill in responses, and more sophisticated branching logic.

Discussion of Implications

Responses will indicate reservations through an online travel agency using a smartphone app as the primary method. To the second question, responses will show a preference to book through the online travel agency regardless of reward loyalty programs. While the primary question posed was, “*Are consumers booking directly with hotel through a smartphone app?*” the results were not what was hypothesized: *Booking through Expedia using a smartphone app*. With 55% of the respondents booking directly with the hotel, and only one percent of all of the surveys booking with Expedia, this disproved. The other question posed was, *If a consumer is a member of a hotel brand reward club, are they booking directly with the brand?*. The hypotheses of: *They will still use an online travel agency regardless of rewards program* was proven to be true for this study. This is considered to be true because 77% of the respondents were rewards members and of that 77%, 45% booked through an online travel agency.

Overall, the results pose a new question: *Do hotel brand loyalty programs provide enough value to offset the price reduction of online travel agencies?* Being that most of the respondents fell into a bracket that was over \$100,000 annual income, it also poses the question of: *Do the lower income classes book differently than those of the upper middle and upper class income levels?* Any future studies will have to be done in a more control environment

where a balance of demographics can be found to determine how people are booking their reservations.

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Appendix A: Hotel Reservation Survey**Section One: Hotel Reservation Survey * Required**

Do you work for a hotel, travel agency, or online travel agency? *

Mark only one oval.

- Yes (*Skip to section 2.*)
- No (*Skip to section 3.*)

Section Two: Thank you for your participation.

We are looking for consumer that are currently not working in the hospitality industry to participate. Thank you for your participation today.

Stop here.

Section Three: Hotel Reservation Survey * Required

Have you made a hotel reservation within the last five years? *

Mark only one oval.

- Yes (*Skip to section 5.*)
- No (*Skip to section 4.*)

Section Four: Thank you for your participation.

We are looking for consumer that have made a hotel reservation within the last five years.

Thank you for your participation today.

Stop here.

Section Five: Hotel Reservation Survey * Required

What brand of hotel do you prefer? *

Please list all hotel reward programs you are a member of.

On average, how many nights do you book your reservation for? *

Do you travel most frequently for business or personal reasons? *

Mark only one oval.

- Business
- Personal

When you book your hotel reservation, do you book directly with the hotel?

Mark only one oval.

- Yes (*Skip to section 7.*)
- No (*Skip to section 6.*)

Section Six: How do you book your reservation?

When you book your reservation, what method do you use?

Mark only one oval.

- Online through a website other than the hotel's website. (*Skip to section 10.*)
- Travel Agent (*Skip to section 11.*)
- Preferred Partner (Business travelers) (*Skip to section 8.*)

Section Seven: Brand Direct Reservations

When booking online, which technology method did you use? *

Mark only one oval.

- Web browser (*Skip to section 11.*)
- Smartphone app (*Skip to section 11.*)
- Other (*Skip to section 11.*)

Section Eight: Business Traveler Questions

Which preferred partner does your company use? *

When you book your hotel reservation, which method do you use? *

Mark only one oval.

- Telephone (*Skip to section 11.*)
- Online (*Skip to section 9.*)

Section Nine: Business Travel Technology Question

When booking online, which technology method did you use? *

Mark only one oval.

- Web browser (*Skip to section 11.*)
- Cellphone App (*Skip to section 11.*)
- Other (*Skip to section 11.*)

Section Ten: Online Travel Agency Questions

Which online travel agency do you prefer? *

Do they have a rewards program? *

Mark only one oval.

- Yes (*Skip to section 11.*)
- No (*Skip to section 11.*)
- Unknown (*Skip to section 11.*)
- Maybe (*Skip to section 11.*)
- Other (*Skip to section 11.*)

Section Eleven

Demographics (**This section is optional.**)

What is your household income in USD?

What is your age?

What is your gender?

Mark only one oval.

- Female (*Skip to section 12.*)
- Male (*Skip to section 12.*)
- Other (*Skip to section 12.*)

Section 12

Thank you for your participation.