

## 2. A Study on Buying Behaviour of Customers for Online Hotel Booking

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“Amazing things will happen when you listen to the consumer.”

– Jonathan Midenhall, CMO, Airbnb

### **Abstract**

Today, technology is shaping how hotel rooms are found and booked by travelers. In an increasingly connected and automated world, consumers are searching for the best deals. Unsurprisingly, millennials are most likely to be using technology to book their travel. According to research completed by Hipmunk, one-half of millennials say they're "travel hackers," meaning they know all of the best sites and methods to get the best travel deals. Meanwhile just 26% of Gen Xers and 12% of boomers share that sentiment. Online hotel booking is growing rapidly. Most of the people who plan holiday book online hotels and bungalows. The online travel website or the App's are been used to book the hotels by seeing the pictures and reading the reviews. Hotels make use of internet not only to offer services, but provide a platform to the customers to share their feedback or reviews on their stay.

The main purpose for this study is to understand the consumer preferred criteria for online hotel booking. A current findings for the study is about the consumer preference for decision criteria to book a hotel. The most commonly featured attributes are reviews, photographs of the hotels and the rooms, ratings, price, facilities like free Wi-Fi, includes breakfast, velvet parking etc.

**Key words:** online booking, Influence, Decision, customer reviews

### **Introduction**

India is growing at a great pace in terms of online industry. Over the last decade the internet has changed consumer behaviour towards online purchasing or booking. Consumer use to visit or call the hotel, or use an agent to make a booking. But now, consumer use online hotel booking as they get an option to compare the prices, or the facilities, and even they can check the

photographs, brand choices and the most important thing is convenience to customers. Travellers do believe more on reviews in selecting services instead of an information provided on their website.

The study shows that consumer is more inclined towards the internet to find any product or services for purchasing or experiencing the services. Online hotel booking is emerging as one of the transaction which represents the successful business. Several websites or App's like make my trip, Trivago, Airbnb, Goibibo, Yatra, Hotels.com India, Expedia , etc where consumer prefer visiting those sites and checkfor hotels. For hotel booking most of the customers choose based on price, reviews, ratings, etc while some choose hotels based on the recommendations of a friend or relative

Word of mouth is the strongest marketing tool. Consumer get influenced and take decision for online booking. It could have positive or negative effect depends on the consumer experience into a particular hotel. The review of the consumer are not biased nor structured, its real views of the people who has experienced it. The views are not only helpful for consumer but also to the hoteliers and other stake holders as they take advantage to attract the attention of the travellers.

The purpose of the study is to identify the factors that influence or affect the decision of online booking and also to understand the deeper understanding of the sentiments and trends that exist while selecting and booking online hotel rooms. The consumer decision is based on the infrastructure, recommendations from friends, relative, reviews, services, rating, price and location. Consumer perceptions differs from person to person while selecting the hotel.

### **Literature Review**

**Nikhil Monga** -As per research conducted by Nikhil Monga the two substantial factors i.e. consumer's perception and attitude that influence them to book hotel online. A research by Nikhil Monga in May, 2016 on consumer behaviour towards online hotel booking. He spoke about Ecommerce and the immense growth in it. Online travel industry provide various options and comparison of hotels, travel destinations and most importantly convenience to the consumer.

**Ramesh Darayani** - The article on 11 May, 2017 in Economic Times Mr. Ramesh Darayani vice President (global sales, Asia-Pacific) at Marriott International, said the company revamped its loyalty programmes last year and began providing the best available rates, which were cheaper than what aggregators offered, apart from enhanced complimentary services. "This



has helped us to attract more traffic to our own website, thereby resulting in a savings of up to 50 per cent when booked directly”, said Darayani.

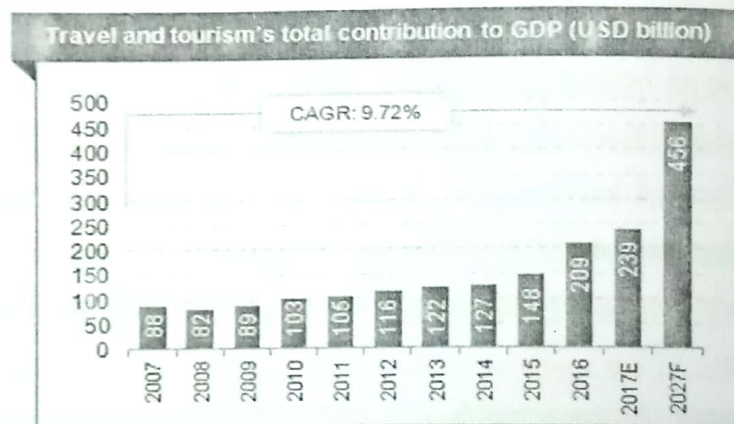
**Dipayan Chakraborty** - An Article by Dipayan Chakraborty in Jan, 2018 on preference for online booking of Tourism and Hospitality. He states this portals offer packages which include travel and accommodation. The attractive offers, a bundle of offerings, & Ease of booking, create a value to customer for using online services. The factor that influence more will leads to increase in online travel booking rather than offline.

Social media channels are also influential when it comes to booking decisions. They go a long way in helping hoteliers interact with customers, reply to their comments and feedback, understand their problems, and build brand awareness.

### Objectives of the Study

- To find the factors which influence the customer most while booking hotel online
- To rank the factors which is not most influencing factor while booking hotel online.
- To find the reason why customer do not prefer online hotel booking.

### Overview of Travel and Tourism's



The sector's total contribution to GDP stood at US\$ 208.9 billion (9.6 per cent of GDP) in 2016 and is forecast to rise by 6.7 per cent in 2017, and to rise by 6.7 per cent pa to Rs 28,491.8 billion (US\$ 424.5 billion), 10 per cent of GDP in 2027.

In February 2018, the country earned foreign exchange of around US\$ 2.706 billion, from the tourism sector.

### Research Methodology

To meet the said objective, the exploratory research has been done on the basis of existing literature review to understand the preferred criteria for online booking hotel and

through questionnaire method, will be used to collect data from the respondents. The study will use both the research method i.e. quantitative and qualitative. It will be a part of primary research. And the secondary sources were the articles published, previous data on websites and also through research papers.

### Sampling Technique

Convenience sampling method i.e. non probability method will be used to collect data from the respondents. This method is quick and easy to deliver the results.

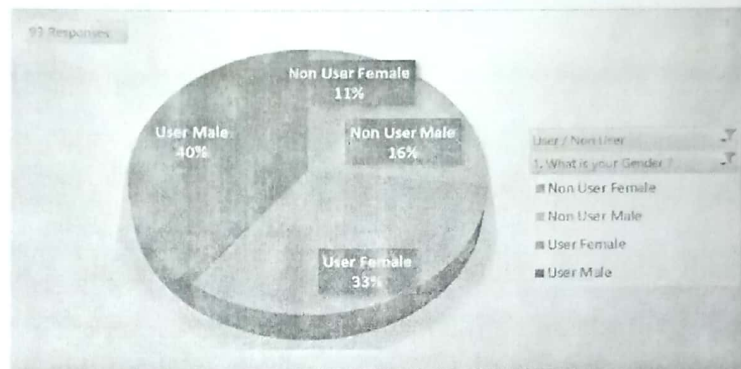
### Sample Size

For this research 93 responses is taken into consideration from different age groups data is collected to analyse.

The Data is been presented in the form of Bar Graphs and Pie Charts.

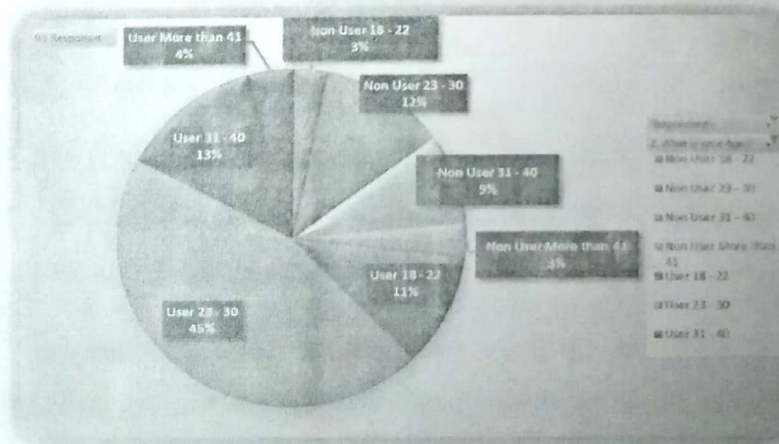
### Data Findings and Interpretation

#### Gender



56 % of Male out of which 40% book hotel online while 16% prefer offline booking and remaining 44 % are of Female out of which 33% book hotel online while 11%book offline.

#### Age

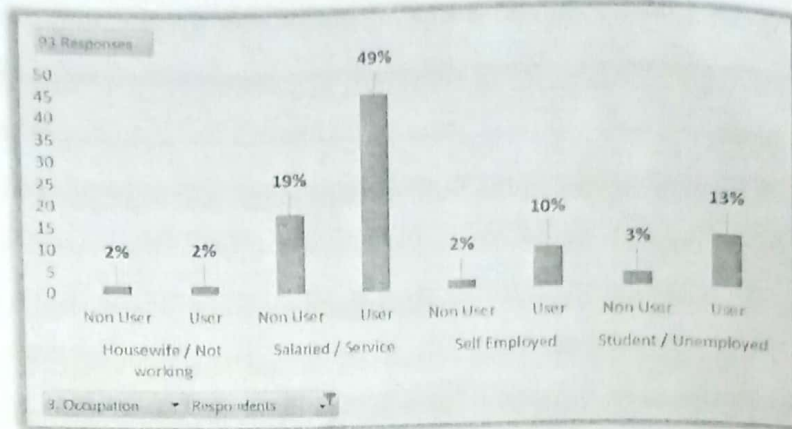




Amongst the total respondents involve 57% people belonging to 23–30 age groups out of which 45% are the online users whereas 12% are offline users.

And 7% falls in the age group of more than 41 out of which 4% prefer booking hotel online whereas 3% prefer offline hotel booking. And 22% falls under the age of 31-40 from which 13% book hotel online and 9% are offline users. 14% people belongs to 18-22 age group out of which 11% prefer online hotel booking whereas 3% prefer offline.

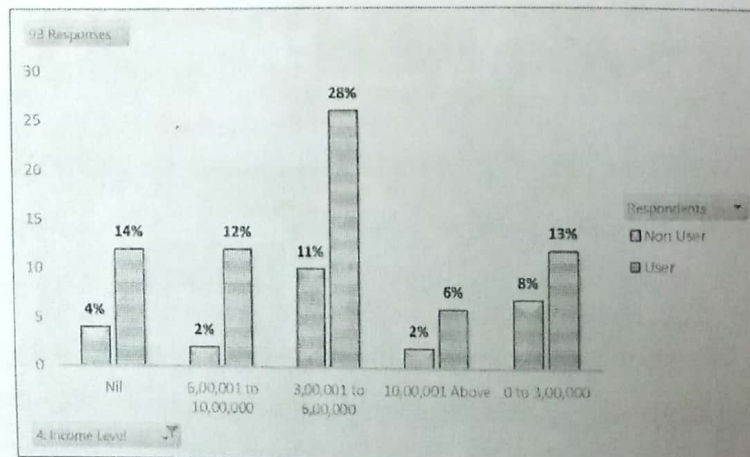
### Occupation



The analysis highlights that for housewife or not working people consist 4% out of which 2% prefer offline booking whereas 2% prefer online hotel booking. For salaried or service, 68% out of which 49% people prefer using hotel booking online whereas remaining 19% by offline consumer.

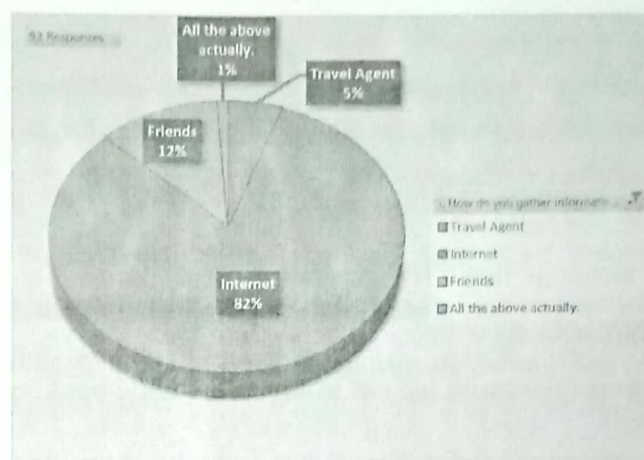
And self-employed consists of 12% out of which 2% is offline booking hotel whereas 10% prefer booking hotel online. And 16% student or unemployed from which 3% prefer offline hotel booking and remaining 13% prefer booking hotel online.

### Income level



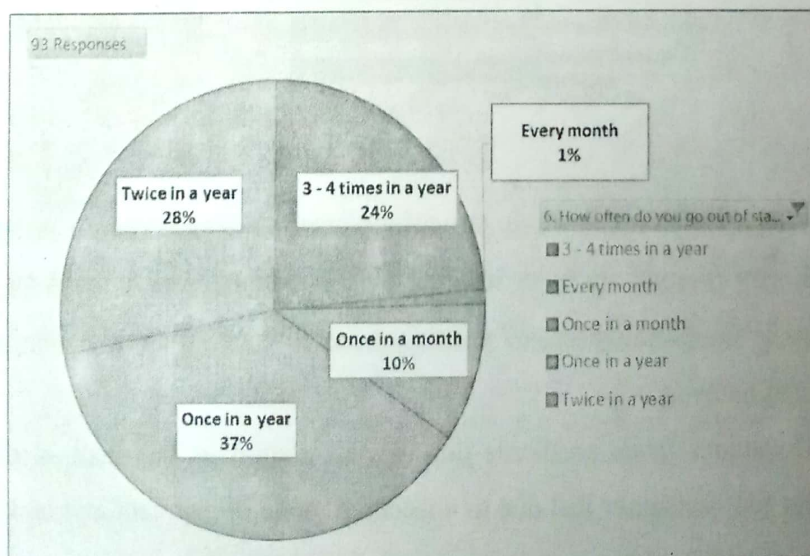
The graph shows the analysis of the annual income of consumers who prefer booking online hotel. 18% income level is nil out of which 4% are offline hotel booking users whereas 14% prefer hotel booking online. 21% comes in the range of 0 to 3, 00,000 out of which 8% are the offline users and 13% are the online users. From the range of 3, 00,001 to 6, 00,000, its most preferred by the consumer out of which 11% prefer booking hotel offline and remaining 28 % prefer online booking. 14% consumer comes under the range of 600001 to 1000000 from which 12% prefer booking online and 2% consumer do not prefer online booking. 8% consumer come under the range of the 10, 00,000 and above which includes both offline as well as online.

**How do you gather information?**



The diagram mentions that consumer gather information from internet i.e. 82% while booking hotels. And 12% prefer gathering information from friends to book hotel. 5% consumer prefer travel agent for booking hotel. 1% Consumer prefer all the three aspects for booking hotel.

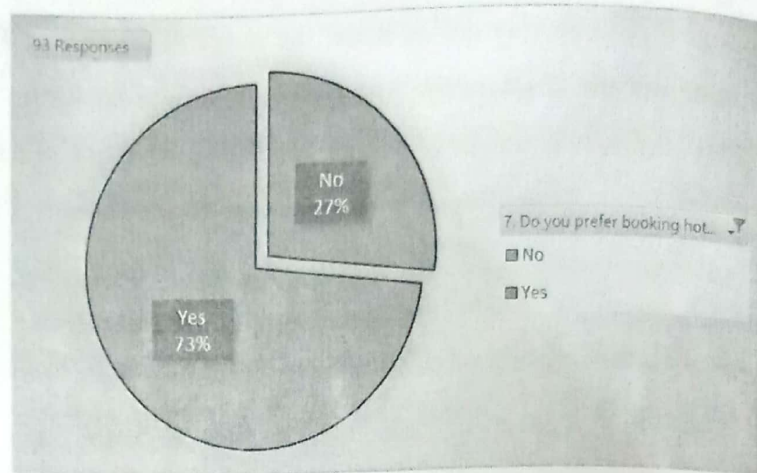
**How often do you go out of station?**





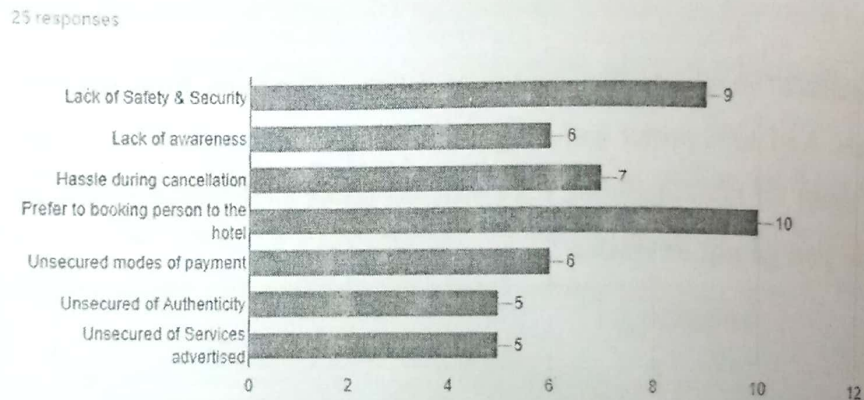
The pie diagram 37% respondents prefer to go out of station once in a year whereas consumer prefer 3-4 times in a year. 28% prefer to go out of station i.e.twice in a year while 10% go out once in a month. Few consumers opt for going out of station in every month i.e.

**Do you prefer booking hotel online?**



The diagram mentions that 73% respondent prefer booking hotel online whereas 27% respondent do not prefer booking online.

**What is the reason for not using online hotel booking sites?**

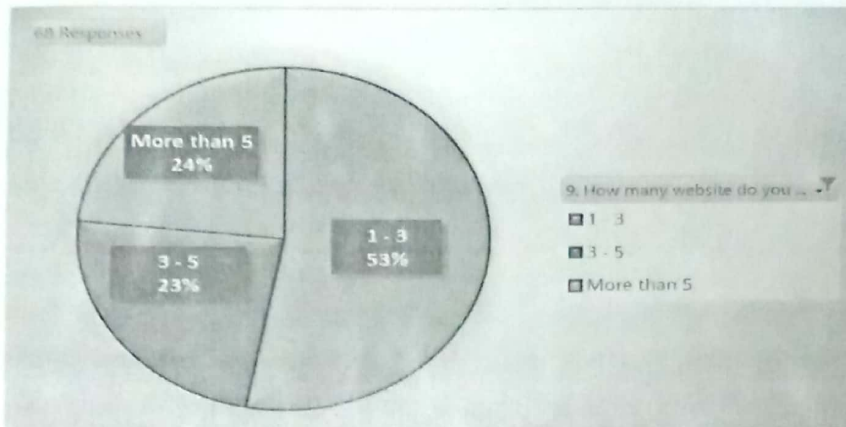


The chart explains that due to various reason respondents do not prefer booking hotel online. Majority reasons are been selected by the respondents. Around 10 consumers prefer to book person to the hotel whereas 7 consumer feel lack of safety and security due to misused data or fear of hacking.

5 Consumer faces problems during cancellation as payment is not refunded fully partially and few consumer feel due to unsecured mode of payment and lack of awareness people

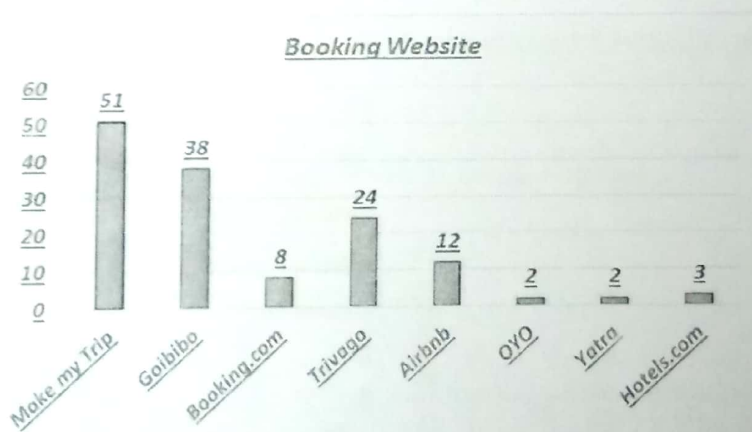
don't prefer booking hotel online. Remaining 3 respondents feel due to unsecured of Authenticity and services advertised they don't go for booking hotel online.

**How many website do you visit before booking hotel online?**



In Online hotel booking 53% of respondents visit 1 – 3 websites. And 24% visit more than 5 website before booking hotel online whereas 23% visit 3-5 website to book hotel online. From the analysis we can conclude that most of the people visit 1- 3 websites.

**Which online hotel booking website do you prefer?**

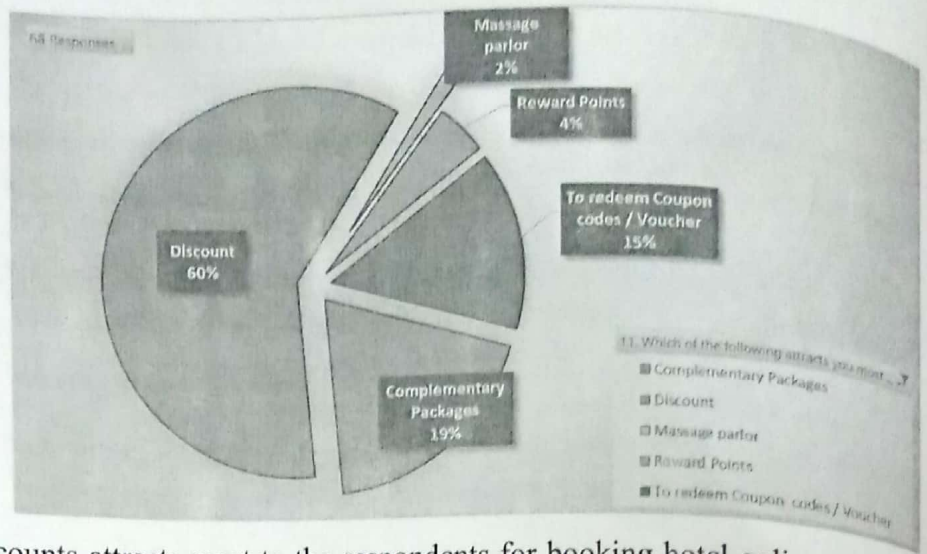


From the graph we can identify that make my trip has higher respondent i.e.51 whereas Hotels.com has received a least respondent i.e. 3.

Overall we can conclude that while booking hotel online respondents go through more than 1 website.

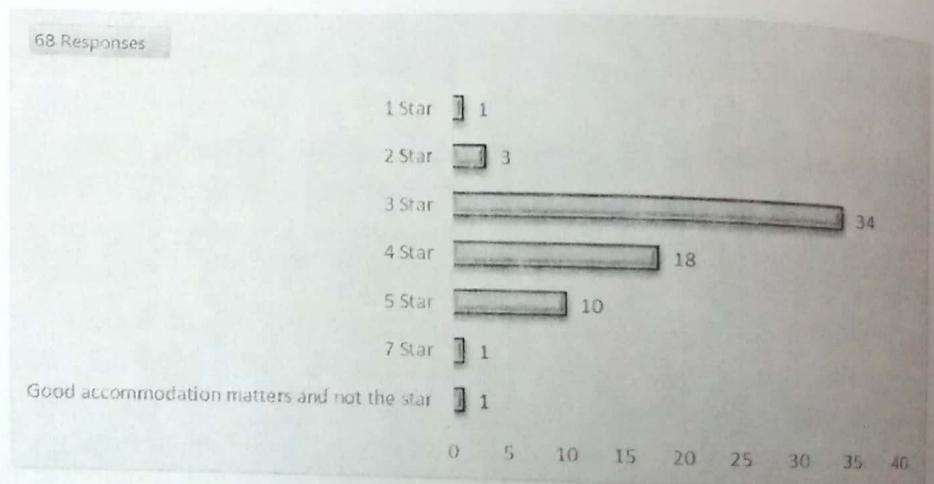


**Which of the following attracts you most while online hotel booking?**



Discounts attracts most to the respondents for booking hotel online which is 60% of responses. 19% respondent book hotel online for complementary packages whereas 15% book hotel online due to redeem coupon codes / Voucher. Only 4% prefer reward points for booking hotel online and the lowest is 2% book online for massage parlour.

**Which star level of hotels do you usually prefer booking online?**



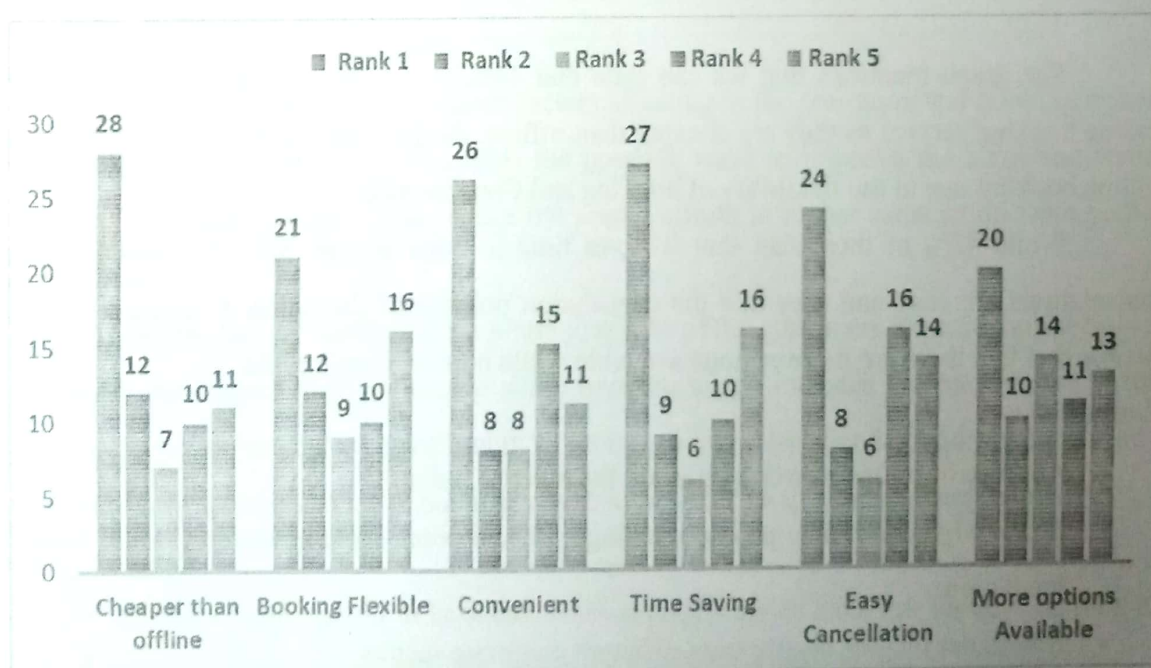
3 Star, 4 Star, 5 Star hotels preferred more by people while booking hotel online. And few respondents star doesn't matter but good accommodation. Also the rest is least preferred with 1 Star, 2 Star and 7 Star.

Which of the following parameters influence you while booking hotel online. Rate on scale of 1 to 5; 1 is the least influenced and 5 is highest influenced for selecting.

Parameter	1	2	3	4	5
No of Respondents					
Price	5	5	6	22	30
Pictures of Room	3	4	11	23	27
Pictures of Hotel	1	5	15	26	21
Recommendation of Friend	2	8	18	21	19
Star Category	3	7	21	25	12
Hotel Review	3	3	8	25	29
Travel / Stay Convenient	4	4	6	20	34

The table mentions that highly influenced factor is travel / stay convenient i.e. overall 34 responses in the scale of 5. As per the rating scale the least influenced factor is recommendation of Friend. For booking hotel online the respondents are more influenced by price, pictures of room. The respondents get influenced by the hotel reviews too.

Rank the following parameters according to your priority, based on which you will be booking hotel online. 1 is the highest rank and 5 is the lowest.



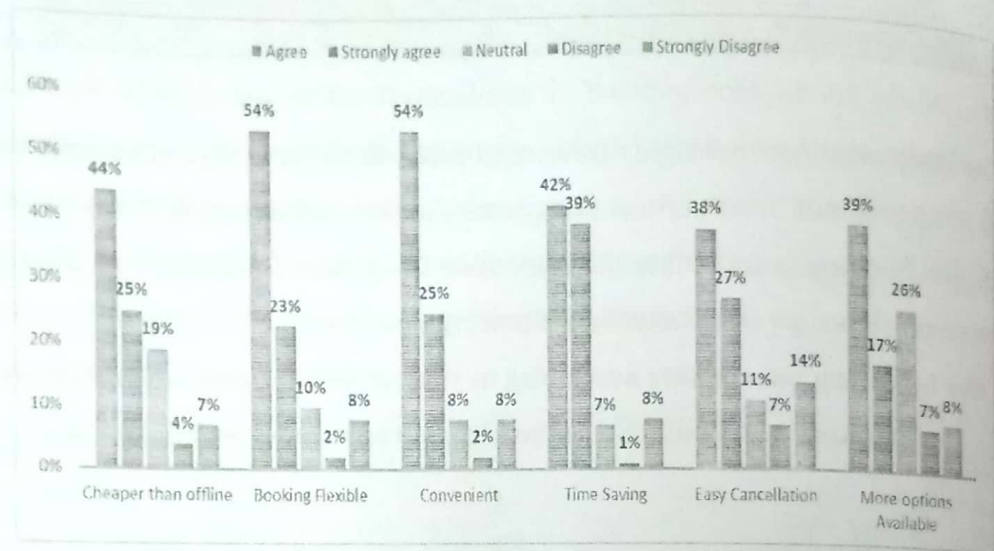


28 respondents prefer booking hotel online due to cheaper than offline which is ranked highest or 1st Rank among the other factor whereas few respondent feel it's not cheaper than offline.

The least ranked parameters for booking online are not been considered as priority, Easy cancellation and Time saving as few respondents doesn't feel it's not to be considered as priority. 21 respondents feel booking online is flexible whereas 16 respondents feel it's not flexible. Whereas 26 respondents feel it's very convenient but few feel it's not.

More options available is also preferred by many respondents for booking hotel online.

**How strongly do you agree or disagree that the following parameters influence you to use online booking service?**



The graph mentions that we can state that 44% of the respondents agree that they use online booking service as they are cheaper than offline. At the same time, 54% of them agree to use online booking due to the flexibility of booking and Convenience.

While 42% of them feel that it saves time to book online. 38% respondent feel that the cancellations are easy and they like the cancellation policies of the online booking and 39% of people feel that there are more options available while booking hotel online.

**Limitations**

- Absence of prior research studies on the topic in India
- This study is limited to people working in the corporate field however it is also limited to the region.
- It does not include people from different corporate sectors.

### Recommendations

- Would suggest that list of available hotel choices should be design based on the customer preferences and the hotel with higher utility perceived by the customer should be ranked on the top position to respond the customer searching behaviour.
- Would suggest that the consumer who prefer using offline bookings should be made aware about the benefits and safety of using online hotel booking.
- Highly recommended to the online websites to assure safety and implement right to privacy towards the data that customer provides them.
- Customer should also prefer seeing the reviews given by the other users on the website and accordingly book the hotels. At the same time, the hotel should maintain the customer reviews within the range of 7.5 to 10 by providing them the best services.
- Hotel website should target the foreign customers who travels in India very frequently and create a global awareness about the hotel. Also this will increase the foreign revenue in India.

### Conclusion

Booking online hotel has continued to grow globally since so many years. A list of available hotel choices displayed on the online travel website plays an important role influencing the hotel booking decision as the customer makes a booking decision based on the hotel information presented on the web page. Various type of customers require different type of information and different target hotels.

The study intends to find the main factors affecting to the searching and booking decision on the online travel website. It also finds the possible ways to improve the hotel and website performance so that customer may reduce the search efforts in higher satisfaction from booking hotel online.

As per the survey conducted we found that 73% of the customers have the online booking experience and studied their preference while booking which includes convenient stay, pricing policy, cancellation policy, word of mouth (Recommendation by friends), and pictures of hotel. Moreover, customers reserve the hotel in advance in order to guarantee the availability of the room.

Customers mostly prefer to have cancellation policy which have low money retention and are faster. Online customer reviews also affect the booking of hotel by the users which includes



various factors. Customer blindly trust these reviews and based on that they make their decision while booking hotel.

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