



Indirect Versus Direct Bookings: Hotel Customer Motivations for Online Reservations at Travel Agencies in the Cape Metropolis

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Abstract: The emergence of several online travel agents (OTA) has come with several benefits for the potential travellers. Many accommodation establishments especially hotels find OTA helpful in this age of technological innovations and are using them as distribution channels for their products. This paper examines why hotel customers opt to book indirectly via OTA rather than making direct booking with the hotel. The paper also determines why hotel customers in the Cape Metropole think it is cheaper and more convenient to make reservations through travel agents. Hotel customer behaviour when booking accommodation is also reviewed to establish the motivations in choosing a specific booking method. Three-hundred hotel guests participated in the study, and the data was analysed descriptively using the IBM Statistical Package for Social Sciences (SPSS). The study revealed a preference for OTAs rather than direct reservation with the hotel, and this was mainly attributed to convenience and affordability. The study is of importance to hotels and OTAs as it advances an understanding of booking behaviours of hotel customers. Recommendations on how hotels could attract and convince customers to book directly to help avoid paying commissions to OTAs were discussed.

Keywords: Direct hotel bookings; hotel customers; online reservations; online travel agents; Cape Town hotels

JEL Classification: Q01

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1. Introduction

According to de Jager (2014), about 11.0%, which was approximately 5 million of the South African population, had access to the internet in 2008, while a follow-up MasterCard survey in 2010 (Marketing Web, 2010) pushed this estimate up to 77.0% of South Africans who did their shopping online. Morales (2017) stated that international travel and tourism had changed especially with the development of mass-tourism and the availability of travel information contributing to new tourist markets, and the ease of accessing this information (Pitoska, 2013). This change included the method of booking accommodation in hotels, where customers could use multiple booking channels, including Global Distribution Systems (GDS) and Online Travel Agencies (OTA). The GDS include systems such as Amadeus and Sabre which are utilised by travel agents to make a travel-related reservation (Amadeus Customer IT Solutions, 2019). Other available ways for making bookings include the following: via hotels' own website, travel offices and even over the telephone (Pitoska, 2013). OTAs comprise of the various travel websites that offers 'online booking facilities' for various travel related services (hotels, airlines, cars) (Morales, 2017). The introduction of various booking channels has introduced competition in ways of making bookings and changed customer behaviour in reserving hotel accommodation.

According to Morales (2017) and Failte Ireland (2012), two methods are available for reserving hotel accommodation: 'direct distribution' from the producer to the customer using a specific website or the telephone, and 'indirect channels' when intermediates, such as travel agencies, information offices, or OTAs and GDSs, become the chosen distribution channel (West, 2015). Both methods are available offline or online. Using direct bookings, customers transact directly with the hotel to purchase a product. This is the preferred method for a hotel as they are not liable to any intermediate for commission payments, thus boosting profit margins by direct promotion of products or services in an 'online environment' (Greensill, 2016). Thus, direct bookings have the "potential to sell more, suggesting higher booking and revenue yields for hotels, than OTAs" (Morales, 2017:1).

Li-Ming and Wai (2013:6) report that hospitality consumers with an interest in making accommodation reservation in the comfort of their homes or offices, may either use official hotel websites or 'third-party hotel websites'. Most hotels have their own official form of distribution channel to advertise and sell their products or services. There are hotels, including international chains, which use their own distribution channels (for example, Hilton.com and Starwoodhotel.com), however, consumers may also reserve accommodation via a third party, known as Online Travel Agents (OTAs), which assist hotels in promoting their products or services. These OTAs include Expedia.com, Booking.com, Agoda.com and Asiarooms.com. While online reservations are increasing, Morales (2017:1) notes that customers have

a perception that the third-party websites generally known as the OTAs “offer lower rates for hotel accommodation” than reserving directly with the hotel establishment. It appears that hotel customers have a misconception of the benefits received from both OTAs and hotels and assume that it is more affordable and convenient to make reservations through OTAs rather than booking directly with a hotel.

The aim of this study was to examine the reasons why hotel customers preferred booking for accommodation indirectly through OTAs rather than directly with the hotel establishment. In addition, the paper assessed hotel customers’ purchasing behaviour by examining the motivations for the choices of booking method. The study advances understanding of hotel customers motivation for choosing online accommodation reservation via OTAs. The delimitations of the study were that only hotel guests in selected hotel establishments were sampled, to focus on their unique booking experience. The following section provides a review of relevant literature providing the theoretical foundation that directs the study.

2. Literature Review

2.1. Direct Versus Booking Reservations for Hotel Accommodation

Hotels usually make use of various intermediaries as a way of keeping their business relevant in the market (Tourism-review.com, 2013, p. 1). This helps to reduce distressed inventories of hotel rooms thus making OTAs a necessity for hotel establishments (Toh et al., 2011; Jun-Joe, 2014). For the independent hotels, especially those with no affiliation, OTAs play a critical role in driving room sales. In trying to remain competitive in the accommodation industry, these hotels list their names on OTA websites (Anderson, 2009; Jun-Joe, 2014). For example, without OTAs’ intervention, smaller hotels could spend considerable amounts of money just to increase room occupancy and profits. Studies such as those of Anderson (2009) and Jun-Joe (2014) established that those hotel establishments that are listed on third-party websites tend to gain more because of additional benefits from direct sales. This benefit, frequently called the “billboard effect”, includes an increase in reservations through the hotel’s own website, due to the hotel also being listed on an OTA website (Jun-Joe, 2014:16). OTAs are beneficial in the industry for their power to propel increased demand for hotels because they make it possible for hotels to influence travelers especially the international customers (Toh et al., 2011). For hotels, there is a perception that OTAs help provide an extra revenue from ‘surfing customers’ (Jun-Joe, 2014). In terms of payment methods, some OTAs offer free cancellation to their clients, and at times a post-payment method such as payment upon checking-in which provides flexibility and easiness of booking for the customer (Masiero et al., 2020). When reservations are made through OTAs, hotels become anxious because of commission fees that need to be paid (Toh et al., 2011).

Jun-Joe (2014:17) found that: ...the larger hotel chains seem to pay OTAs 15% to 30% per sale for commissions. Specifically, smaller hotels paid up to 30% commissions because of low awareness, while chain hotels negotiated for lower commissions (15%) with OTAs.

In 2010, Jun-Joe (2014) revealed that intermediary fees for hotels amounted to more than USD2.5 billion which was anticipated to continue increasing especially with the number of establishments emerging and listing on OTA websites. This is indeed a large portion lost, which could have been part of the establishment's profits if customers were to book directly. Jun-Joe (2014) further noted a slow increase in room rates by price fixing in major hotel groups, and OTAs began to be a problem in the hotel industry. According to *Tourism-review.com* (2013), room rates in London had increased 54% over a decade, while commissions had increased more than two-fold over the same period. Price-fixing by major hotel chains and OTAs had resulted in a sharp rise in commissions and an imbalance between the amount paid by guests and what the establishment received (Jun-Joe, 2014). At some point in 2012, several major OTAs such as *Expedia.com*, the *InterContinental Hotel Group*, and *Starwood Hotels* were charged with price-fixing in the UK (Haynes & Egan, 2015). Because of this, hotels attempted to encourage customers to make reservations using their websites and call centres, which would assist in managing sales, costs, and commission fees, and maintain direct contact with their customers to create close relationships (Jun-Joe, 2014; Barmpa, 2017). Enhancing relationship-marketing strategies (i.e., loyalty programs and direct mailings) were recommended to maximise customer share as an attempt to create personal relationships with their customers (Waari et al., 2018). For example, the *Marriot* group permitted users to easily search and book a hotel-room and "displays tailored packages and exclusive deals on the webpage based on the customer's preference information from the loyalty program" (Jun-Joe, 2014, p. 19).

According to Barmpa (2017:13), hotels, tour operators, and OTAs had an on/off relationship as hotels were determined to increase their marketing power and decrease their dependency on OTAs. Some distribution channels advertised on television, for example in South Africa between 2019 and 2020, online booking platform, *Travago*, advertised quite extensively via the television to persuade more customers to book accommodation (and travel) directly. The exclusive benefits of booking directly which were emphasised in the advertisements included free Wi-Fi, additional loyalty points, and smartphone check-ins that most hotels currently offer. The reason why hotels experienced heightened competition from OTAs was that customers had access to a variety of products based on price, user-friendly applications, and guest reviews, all in one place. Barmpa (2017) noted that 'tech-savvy' customers preferred them and trusted them more. As mentioned by *Travel Tripper*, 47% of customers said that they would rather use OTAs because the websites were user-friendly (Barmpa, 2017).

According to Barmpa (2017), the major reason why guests booked through OTAs was because they believed accommodation was sold at a lower price, which was sometimes true (Ting, 2016:5). In some instances, OTAs may have used a dynamic pricing strategy where the rates could be adjusted according to customer characteristics and the time of the day (Ting, 2016). As a result of this, one may find tourism suppliers such as airlines charging a lower 'for low-volume times' and a higher price for 'high-demand fly-slots'. In this way, the lower price is seen as a driver or motivating factor for customers to consider online purchases. In addition, Law and Huang (2006) established more than a decade ago that travelers usually used different websites, looking at and comparing prices before booking, trying to find the best deal, as there were various prices on the web for the same room. It was thus believed that the uneven prices had created a price elastic market (Barmpa, 2017). To be more specific, Hilton Worldwide announced that 'Hilton Honors members' usually received exclusive discounts when they reserved directly through the brand's websites, or through call centers (Triptease, 2017). Barmpa (2017) noted that in this way customers would stop searching for the best price on numerous websites because they could always find the best rate guaranteed on the Hilton's website. In fact, Hilton's campaign of "Stop Clicking Around" was huge, adding nine million members to its 'Honors program' (Ting, 2016:1). According to Ting (2016:1), loyalty members increased the company's 2016 room-occupancy by 56%, which was 400 basis points higher than in 2015. Moreover, web-direct, and mobile bookings increased by 200 points from 2015, while at the end of 2016, nearly 30% of the total bookings came directly from the website (Barmpa, 2017). Furthermore, Marriott launched an entirely new campaign in 2015 called "It Pays to Book Direct". With this, Marriott managed to elicit more direct bookings through transparency, lower prices, and a friendlier website (Clampet & Schaal, 2015).

Barmpa (2017) stated that many hotels seemed to be adopting e-commerce conversion strategies. For example, OTAs had had big success in enforcing high-pressure sales tactics on their websites, either by letting customers know that the hotel is fully booked or mentioning that there were only a few rooms still available (Lulla, 2016:1). Also, hotels could adapt to CRS systems to apply similar tactics on their own websites to help boost direct bookings (Lulla, 2016. P. 1). In addition, hotel establishments were involved with revenue management where the rates, inventory and distribution were adjusted for the guests (Wang & Bowie, 2009). These were means undertaken to drive demand and enhance profitability.

2.2. Advantages and Disadvantages of Booking On- and Offline

As reported by Law et al. (2004) two decades ago, traditional travel agencies had an advantage over a private or one-on-one service. The personal service was vital for traditional travel agencies to succeed, and certain target groups preferred this

personal contact over the impersonal bookings via an OTA. With travel agency bookings, it provided some sort of security and certainty because of the personal contact with the service agent (van de Logt, 2017). People chose to book via an OTA because traditional travel agencies often did not have as many options as OTAs, and they felt that they were less flexible. OTAs usually updated their prices and were available most of the time, which was not the case with traditional travel agencies. According to van de Logt (2017), for traditional travel agencies to remain competitive, they needed to strengthen their role as travel advisors as this would help for their continuous usage in the future.

It is important to note that the traditional travel agencies operate on fixed hours and are situated at specific locations, while OTAs are open all the time, are found worldwide, which permits guests to make reservations at any time and wherever in the world. As stated by Engvall et al. (2012), one of the main advantages of OTAs is direct access, convenience, and availability. Moreover, saving time and offering an opportunity to easily compare prices thereby permitting saving of costs. In addition, with OTAs, one could easily request and obtain information which made them an option over the traditional travel agencies.

As a result of the rapid evolvement of technology, guests could write online reviews of their experiences. However, guests might not book a particular hotel because of a poor review. Engvall et al. (2012) noted that the positive reviews which highlighted positive experiences lead to more bookings. A vital reason why customers did not do online bookings, according to the research done by Engvall et al. (2012), was linked to security issues especially personal information such as credit card details. Some customers could still feel uncomfortable to provide credit card details on online platforms since they might not be sure how secure the website was. Data security is very important when dealing with personal and sensitive information (van de Logt, 2017). This was confirmed by PriceWaterhouse Coopers (PWC) (2010) who explained that hotels should look for a strategy to gain an insight of their risks and vulnerabilities and to protect important data.

According to Purushothaman (2016:1), there are multiple online booking trends that could be observed in the future; "...to start with, auction websites where one is able to set their own price for a product or service" (van de Logt, 2017:5). For example, the website RoomAuction.com is different from normal OTAs as they display standard rates for hotels and customers can choose "what they can afford". The hotel would then choose to accept or decline the bid. "Another trend regarding the booking behaviour of guests is the hotel's rebooking websites". Bookers are often left with the question if they have got the best price or not (van de Logt, 2017:5). Bookings are forwarded to rebooking websites, such as Dreamcheaper, and they were continuously compared for the most economic offer to be secured (Purushothaman, 2016).

Barmpa (2017) stresses the importance of hotel guests to remember that OTAs are part of the sales channel and distribution mix for accommodation establishments. When hotels become dependent on OTAs there is a loss of business control as well as a reduction in profit margins because of commissions payable. Instead, hotels need to attract returning guests for loyalty programmes and need to adapt and evolve in competing effectively with OTAs. They also need to introduce new products and services or modify the current offerings if they want to obtain direct bookings.

2.3. Consumer Behavior and Motivations

Consumer behavior deals with the study of the factors that influence the reasons why individuals act in a particular way (Greensill, 2016). This also explains how people identify their positions regarding their needs and wants, which translates into buying patterns for merchandise and resources (Solomon et al., 2013). To assist in the process of making decisions, a consumer would seek as much information about a product or service as possible, and this included hotel accommodation, before a final purchase-decision was made. When interpreting information, some consumers are hesitant to trust Internet data, specifically the 'formation validity and reliability' (Williams & Balaz, 2015).

Greensill (2016) suggests that the attitude of consumers in connection to buying travel products through various distribution channels is also impacted by what consumers know and what they think they know, of the destination being visited. As an example, a visitor's risk perception and purchase behavior could be influenced by previous travel experience. This motivates amateur visitors to interact in person rather than using the Internet when finalising buying, including accommodation (Gronflaten, 2009; Sharifpour et al., 2013). Risk perceptions are also impacted by destination turmoil, arising in the form of political or social unrest, crime, unpredictable weather patterns, and currency fluctuations, as examples of destination-specific concerns that add to the complexity of an international purchase (Fuchs & Reichel, 2011). According to Greensill (2016) wealthy consumers were rarely restricted by financial constraints and as such, may show different behavioral characteristics in the buying process than other more price-conscious consumers, which may involve their choices of distribution channels used to buy a travel product. The concept of transaction cost, that is the time it takes to obtain knowledge versus the benefit gained, is important especially in wealthy consumers (Greensill, 2016). Research conducted revealed there was a clear exchange between searching cost-savings and information accessibility when comparing offline and online trading (Punj, 2012; Yocouel & Fleischer, 2012; Greensill, 2016).

People are usually motivated to engage in an activity or event based on several factors. This brings in the concept of motivation which has been describe in various ways and theories. By definition, motivation deals with the socio-psychological

phenomenon that is connected to an individual's personal and mental needs for escape, relaxation, adventure, and emotional excitement (Güzela et al., 2020). A person's requirements and attitudes that lead them to participate in tourism activities is known as their tourism motivation (Bideci & Albayrak, 2016). In other words, motivation is viewed as a person's drive to act to achieve their requirements (Kotler & Keller, 2016). An individual's behavior is determined by their motivation (Bideci & Albayrak, 2016). In the case of making accommodation reservations, hotel customers' behavior determines the choices of their booking methods. Hotel customers may reserve based on their need's satisfaction as a motivation, which is explained in terms of Maslow's hierarchy (van de Vall, 2014). According to individuals' levels of need, tourists typically originate from many nations with distinct cultures, personalities, and preferences for tourist goods (Celik & Dedeoglu, 2019). Hakim and Mulia (2019), Preko et al. (2019), and Martaleni (2014) all came to the same conclusion that lowering tourist motivation could raise visitors' satisfaction with tourism sites. Tourism offers an experience that is different from daily life, giving visitors a general sense of well-being (Wang et al., 2020), and it has a favorable effect on satisfaction and visitors' intentions to choose tourist sites (Celik & Dedeoglu, 2019).

3. Research Methodology

The cross-sectional survey research design was employed in this study since it is usually applicable when measuring individuals' attitudes or motivations at a particular point in time (Kesmodel, 2018). In addition, this design was deemed suitable for the current study because Anabila et al. (2012) argued for its relevance in analysing social issues by considering a cross section of the population at a point in time. The study population in this study comprised of hotel guests at three selected five-star hotels in Cape Town. In trying to address the study purpose, a survey instrument was designed after a review of relevant literature on consumer behaviour and motivation (Boto-García et al., 2021). Questions in the form of statements set on a five-point Likert scale (from agreeing to disagreeing) were quantified using codes. The chosen measurement scale for the attitude statements was supported by Veal (2011). The questionnaire was distributed at the three hotels for the guests' attention. These hotels were chosen based on their occupation rates as well as their ability to attract their guests who are more likely to book via online travel agents and directly. The researchers agreed on the variables considered relevant and these stemmed from the reviewed literature. Three hundred fully completed and usable surveys were received and provided the data that was analysed in this study. A quantitative data analysis software called IBM Statistical Package for Social Sciences (SPSS) version 27 was used to provide the frequency distribution of the data.

4. Findings and Discussion

This section presents and discusses the findings for the study. It commences by highlighting the profiles of the participants. The profile entailed demographic characteristics to give the reader an understanding of the participants. The other profile aspect presented in this section involved information regarding travel patterns, including frequency and purpose of travel, and ways of booking among other attributes. The results from a five-point Likert scale were presented with the scales integrated for easier reporting, where none of the participants selected the 'neutral = 3' option for the statements. The 'strongly disagree = 1' and 'disagree = 2' were merged and considered as 'Disagree' while 'strongly agree = 5' and 'agree = 4' became 'Agree' in the reporting (see Table 3). The mean (\bar{x}) scores for the statements together with percentages for level of agreement to the given statements is presented.

4.1. Respondents Profile and Travel Information

Data collected (see Table 1) showed that online travel agency platforms (90.0%) dominating hotel bookings. An overwhelming majority (83.0%) were first-time travelers to Cape Town, while half of the participants (50.0%) indicated their frequency of travel as 'once a year' with 33.0% traveling 'once every few years'. Regarding purpose of travel, leisure (67.0%) dominated followed by business travelers (33.0%). This finding is consistent with Martín-González et al. (2021) study which revealed a generous margin (86.8%) of visitors to Cape Town being leisure travelers. When asked to indicate who the participants traveled with, 33.0% indicated that they travel with work colleagues which could denote business travelers, while another 33.0% travel with family members, which suggests leisure travelers. In terms of the times spent searching for a hotel before the final booking decision is made, 50.0% of the study participants complete this in less than an hour while those completing the booking in an hour to three hours' time constituted 23.0% of the respondents.

Table 1. Travel Profiles of Participants (in %, n=300)

Variable	Category	Frequency (%)
First time traveler to Cape Town	Yes	83.0
	No	17.0
Distribution channel used to book trip	Online Travel Agent	90.0
	Direct with hotel	10.0
Time spent searching for hotel information prior to making a final booking decision	< an hour	50.0
	1 – 3 hours	23.0
	4 – 6 hours	17.0
	7 and more hours	10.0
Frequency of travel	Once a year	50.0
	> Once a year	17.0
	Once every few years	33.0
Purpose of travel	Leisure	67.0
	Business	33.0
How do you travel?	Work colleagues	33.0
	With family	33.0
	Solo/alone	7.0
	With spouse	17.0
	In a group	10.0

Source: Survey data (2020)

In terms of gender distribution under the demographic characteristics (see Table 2), more women (63.3%) took part in the study. The 30 to 50 year-category (66.7%) dominated the study participants in the study. This finding does not differ much from Statista (2022) which identified the 35 to 44 year-group dominating inbound travelers to South Africa with figures in this category for 2020 exceeding 52 000 visitors. More than half (66.7%) of the participants were nationals of countries outside South Africa, and these included Germany (17.0%), the Netherlands (10.0%), Israel (7.0%), the United Kingdom (7.0%), India (7.0%), Finland (3.0%), Belgium (3.0%), the USA (3.0%), Australia (3.0%) and Angola (3.0%). This finding was not surprising since these countries are some of South Africa's key long-haul international tourist markets (OECD, 2022). The employment patterns of the participants revealed that 33.3% were working, while a further 33.3% were retired. This was followed by students (23.3%) with 10.0% declaring that they were unemployed. Regarding the highest educational qualifications, most had at least a high school certificate (33.0) and those with a degree constituted 27.0% of the participants. In most cases, individuals with higher qualifications find it easier to book online, as supported by Rahim and Fariza (2008) in their study that revealed through correlations that educated online bookers would look for fast transactions, a convenient system, ease of information, and lower prices as their key motivator to purchase online.

Table 2. Demographic Characteristics of Participants (in %, n=300)

Variable	Category	Frequency (%)
Gender	Male	36.7
	Female	63.3
Nationality	South Africa	33.3
	Other countries	66.7
Occupation	Employed	33.3
	Unemployed	10.0
	Student	23.3
	Retired	33.3
Age group	18 – 30 years	16.7
	31 – 50 years	66.7
	51 – 80 years	16.6
Continent of residence	Africa	37.0
	Outside Africa	63.0
Highest Level of education	High school	33.0
	Diploma	17.0
	College Degree	10.0
	Degree	27.0
	Post-grad Degree	13.0

Source: Survey data (2020)

4.2. Hotel Customers Booking Behaviour

Hotel customers' booking behaviour was assessed using a five-point Likert scale. According to the analysis results as shown in Table 3, an overwhelming majority (83.0%) of the participants book accommodation online via the internet. This finding is in harmony with Gerchuk's (2019) study that revealed an online reservation trend. A mean of 2.29, represented by 68.0% of the study participants, book for accommodation using a hotels' own websites. As shown above, most hotel guests use OTAs (77.0%) when making hotel bookings rather than booking directly with the hotel. There is general belief by hotel guests that it is cheaper to book via OTAs, suggesting that guests, in most cases, wish to manage their own reservations. When making the accommodation bookings, devices such as laptops and computers are used scoring a mean of 4.40, denoting agreement (90.0%) with the statement. However, a 50/50 split between guests who use phones to make bookings and those who do not emerged from the data. When hotel guests' book accommodation online they agreed that the best value (83.0%) needs to be received. The study findings also showed that 66.7% of hotel guests check prices through OTAs to ensure that they get this 'best value' price. Meanwhile, a 50/50 split between participants who usually check for cheaper prices on the hotel's website before booking a room. The data presented suggests that most guests (84.0%) maximise 'quality for money' spent before booking online or through a travel agent. When it comes to sharing personal

details such as credit card information, most participants (53.0%) are not concerned about sending their details when making a booking. This suggests that the majority prefer booking via OTAs rather than with a hotel because it is easier to provide credit card details (online) and the participant had immediate confirmation of the booking. The study findings also showed a higher number of hotel guests agreeing that they search for travel information at any place using internet (100.0%), prefer sharing and acquiring ideas or suggestions from an OTA and book online (66.0%), and compare prices between OTAs and hotel websites to book where it is cheaper (57.0%).

Table 3. Hotel Customers' Booking Behavior and Motivations (In %, N=300)

STATEMENTS for booking behaviour and motivations	D	A	\bar{x}
Hotel customers booking behaviour			
I book my hotel accommodation online via the Internet	17	83	3.99
I use a hotel's own website to book my accommodation	68	32	2.29
I use OTAs to book my accommodation.	23	77	3.87
I use a laptop or computer to book my accommodation	10	90	4.40
I use my phone to book for accommodation	50	50	3.00
When I book a hotel online, I ensure that I get the best value	17	83	4.33
I always check hotel prices through online travel websites to ensure that I get the best value	33.3	66.7	3.44
I always check hotel prices on hotel websites to ensure that I get the best value	50	50	3.00
When purchasing a product, I always try to maximize the quality I get for the money I spend	16	84	4.25
When booking hotel accommodation through an intermediary, I am concerned about sending my credit card details	53	47	3.01
I can search for travel information at any place using the Internet	0	100	4.90
I am unwilling to risk poor experience by booking a hotel without the help of an online travel agency	66	34	2.52
I believe that I am better able to coordinate a luxury trip that is suited to my tastes and experiential preferences than via an intermediary	50	50	2.83
I need expert advice in choosing between hotels	50	50	2.83
I compare prices between OTAs and hotel websites to book where it is cheaper	43	57	3.28
I don't use an online travel agency; I can make my own arrangements with the hotel	66.8	33.2	2.33
I prefer sharing and acquiring ideas or suggestions from a hotel agent and book directly	50	50	2.93
I prefer sharing and acquiring ideas or suggestions from an OTA and book online	34	66	3.65
Motives for using OTAs over direct booking with hotels	D	A	\bar{x}
The price motivates my choice of hotel	16.6	83.4	4.17
The location motivates my choice of hotel	17	83	4.06

The hotel's loyalty card convinces me to make a booking directly from a hotel website instead of a travel agency	10	90	4.40
I find the holiday packages arranged by online travel sites convenient for me	16.6	83.4	4.17
It is convenient to make a hotel reservation through an online travel agency	33.2	66.8	3.67
It is convenient to make a hotel reservation directly through a hotel's website	66	34	2.52
Using online travel websites is convenient to search for product and price information	10	90	4.40
Using hotel websites is convenient to search for product and price information	50	50	2.90
OTA prices are cheaper than hotel prices	16	84	4.25
Hotel prices are cheaper than OTA prices	66.8	33.2	2.33
OTAs are trustworthy	50	50	3.00
Hotels are trustworthy	50	50	2.93
Money is not an influencing factor in my decision to use a travel agent or book a hotel product directly	73	27	2.31
The more I travel, the more comfortable I feel to purchase luxury travel packages directly from the hotel without using an intermediary	27	73	3.86
Using an OTA does not save time in the purchasing process as direct bookings can be performed almost instantaneously	16.6	83.4	4.17
Using an OTA reduces the chances that I will be disappointed due to hotel specific tastes and expectations	83	17	1.68
The financial outlay involved in booking a hotel influences my decision to make use of an online travel agent	33	67	3.84
Time constraints in my daily life make me use an OTA to book a hotel	16.6	83.4	4.17
The knowledge I have of a destination influences whether I will book directly with a hotel or use a travel agency to book	16.4	83.6	4.18
Recommendation or reviews motivate my choice between booking with an OTA or directly with the hotel	17	83	4.22
Finding specific travel information online is not easy	66.8	33.2	2.33
It is easier to amend a hotel reservation via an OTA	76	24	1.89
It is easier to amend a hotel reservation directly with the hotel	17	83	4.22

Key: D=Disagree; A=Agree; \bar{x} - mean score

Source: Survey data (2020)

Respondents agreed that price (83.4%) motivates their choice of hotel, and international studies (e.g., Morales, 2017; Pantelic, 2017) support the findings of this survey. Also, 83.0% of the participants agree that their choice of a hotel is motivated by location. Therefore, the conclusion drawn from the data presented is that location motivates participants' choice of hotel. For example, hotel guests that come to Cape Town to attend a court case prefer booking a hotel closer to the High Court, or those who come to Parliament prefer to book a hotel that is close to Parliamentary

premises. A considerable majority (90.0%) of the study respondents agreed that hotel loyalty cards convince them to make direct bookings instead of reserving via third parties such as OTAs. This finding supports May (2016), who noted hotel guests making direct bookings to gain loyalty points. Also, Morales' (2017) study reported a loyalty card system as an attraction to book directly with hotels as this gives guests an opportunity to easily manage their travel affairs. Convenience also motivated hotel customers in hotel choices as well as booking method (direct or indirect). Almost 85.0% of participants agree that they find holiday packages arranged on OTA sites more convenient to them (83.4%) and they find it more convenient to make hotel reservations through OTAs (68.8%). Hotel websites were not as convenient as OTA websites thus making OTAs preferred. The study's results show that a significant majority (90.0%) of respondents agree that online sites are convenient to gather or search for information. However, there was a 50/50 split between those who think that using hotel websites is convenient to search for product- and price information. This revelation did not differ much from May's (2016) finding which revealed 54.0% of people surveyed indicating that it is convenient to search for information on products and prices using the hotel's website.

In relation to price, 84.0% of the participants agreed that they find OTA prices cheaper than hotel pricing. This finding is supported in studies which confirm that travel agency accommodation prices are usually perceived as cheaper than hotel prices (Ezeuduji & de Jager, 2014; May, 2016). Navarro (2017) also mentioned that OTAs offer cheaper prices, which was reconfirmed by this study where more than half (66.8%) of the participants found booking directly as more expensive thus pushing more hotel guests to opt for OTAs when making hotel reservations. The study participants also agreed that with more travel experience, they become more comfortable to consider booking directly with the hotel than going through intermediaries. A high percentage of respondents (83.0%) disagree that using an OTA reduces the chances that they will be disappointed with the taste and expectation of the hotel, meaning what they see on an OTA's website is what they get. This seems to suggest that guests prefer handling their own reservations, with 83.6% of the study participants agreeing that knowledge of a destination appears to affect the decision-making of either booking with the hotel or an OTA. A large proportion of participants (83.0%) agree that recommendations or reviews motivate their choice of booking with an OTA or directly with the hotel. Internet has made it much easier to access specific travel information and comparing travel deals before making the booking. The study participants agreed that finding travel specific information online is easy (66.8%) – reversed scale to ensure consistency in respondents' answers. In terms of ability to amend reservations, participants found it much easier done directly via the hotel (83.0%) than those bookings made via OTA. In cases where mistakes are made, especially when making a reservation via OTAs (e.g., Booking.Com), hotel guests usually find it difficult to amend the

booking, and would call the hotel and ask them to amend it from their side. Unfortunately, because of the commission agreement, hotels cannot amend bookings that come directly from Booking.com, hence in such cases, it would be easier to book directly with the hotel.

4.2.1. Future Research Direction and Recommendations

This study evaluated why hotel customers assume that it is more affordable and convenient to make reservations through OTAs rather than booking directly with a hotel. Future research on indirect versus direct bookings: hotel customer motivations for online reservations at travel agencies in the Cape Metropole should be done to compare, verify, and broaden the knowledge of direct booking

Areas in which to conduct future studies:

- Hotel customer motivations for direct booking in the Cape Metropole;
- The impact of reviews for choosing a booking method in the Cape Metropole;
- The impact of COVID-19 (or other major international pandemics) on hotels, OTAs, and hotel guests' purchasing decisions;
- How to influence or motivate hotel guests to book directly with a hotel;
- The impact of credit card fraud from bookings made via OTAs on hotels.

4.3. Conclusion

The study suggested that hotel customers assume that it is more affordable and convenient to make reservations through OTAs rather than booking directly with a hotel. In the literature reviewed, Jun-Joe (2014) stated that price is what pushes hotel guests into making decisions to purchase a product or service. De Jager (2014) reported that consumers preferred an intermediary that would be convenient for them when making booking comparisons. Frequently, consumers are prepared to pay for services that would be both convenient and affordable, where 'saving costs' is a major goal for suppliers of travel services" (Lee et al., 2012:11). OTAs buy travel products at a discounted rate and sell those products to the consumer at a higher price. This is where the OTA organisation will make accommodation arrangements and recover a percentage of the booking cost from the supplier as commission (Lee et al., 2012).

Some OTAs such as Travelstart (2012) promote booking via their website by stressing those online bookings usually save the customer time and money, and the

customer has control of their reservation – acting as his/her own travel agent. As revealed in this study and supported by Jun-Joe (2014), the final price of the travel package is often what pushes or motivates customers to purchase a product. De Jager (2014) opines that booking a hotel room from the comfort of the tourist's home, rather than going to a traditional face-to-face travel agent, is perceived as a huge benefit and a physical convenience. As seen from the study, hotel customers think it is cheaper and more convenient to make a reservation through a travel agent because the packages arranged by OTAs are convenient for them. Prior to making the reservation, hotel customers could choose a cheaper option between the hotel site and the OTA. Usually, hotel customers have a general perception that it is cheaper to book via an OTA since some OTAs include in their rates, for example, free airport shuttle services from the hotel to the airport, or vice versa, whilst if a traveller calls the hotel and books via them, the person may find that there is another extra charge that needs to be paid, such as transfers.

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