

Impact of Online Travel Agencies on Hotel Sales of National Capital Region: Case Study of Selected Hotels

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Abstract

Purpose: The purpose of this paper is to determine the effectiveness of internet advertising on reach and creation of awareness. In addition to that it also establishes the reliability of internet advertising through recall. Further it also determines the relationship between Online Travel Agencies and purchase decision.

Background of the study: The use of internet has increased over the decade both in terms of number of users and the applications it provides. This technology has greatly affected our lives. It also plays an important role in the advertising world. It can also be used as great communicating and marketing tool.

Research Problem: A lot of research has been on advertising but none of it mentions its impact on online travel agencies. Consumer attitude towards online travel agencies have been studied in the past but its effectiveness is neglected in these studies too.

Research Methodology: Both primary and secondary data has been used to carry out this study. To carry out the primary study a structured questionnaire was designed and sent to the consumers of national capital region. For carrying out the secondary research we reviewed journals, thesis, research paper, e books etc.

Findings: the study states that the effectiveness of internet advertising is determined by the knowledge of various advertising platforms adopted by various hotels. The study also implies that the reliability of internet advertising is quite low. The study also concludes that internet advertising has significant relationship with purchase decision of the consumers.

Keywords: Consumer, Internet, Advertising, Marketing.

Introduction

Over the past sometime the Internet has established itself as the most popular advertising medium. Now the organizations prefer to advertise their products and services on Internet and it has proven itself to be most significant marketing channel to the companies globally. Organizations are investing huge amount of money into Internet Advertising in order to get a great return on investment. This has become a platform accessible to everyone today. The information on the internet is also easy to access. There are many factors that attract the customers towards the online content. Unlimited range of services and products are available to the consume over internet. The time and effort of the consumer is also reduced over internet. Internet has greater flexibility which also attracts the marketers to put their content over internet. It can also be utilized as an efficient advertising tool. The growth of the outdoor advertising is much more significant as compared to Internet advertising. With the expansion in the disposable income of the people, the awareness of people is also increasing because of social media and internet and enhanced air connectivity both in the country and outside and outside India there have been greater prospects of tourism. The hospitality industry is flourishing. Consumers have gain interest in booking their travel online. Some of the top Online Travel Agencies are:

- Makemytrip
- Yatra
- Clear trip
- Thomas Cook
- Cox and King
- Ezeego
- Goibibo

Research Objectives

The objectives of the study were to;

- i. To determine the effectiveness of internet advertising on reach and creation of awareness.
- ii. To establish the reliability of internet advertising through recall.
- iii. To determine the relationship between Online Travel Agencies and purchase decision.

Value of the Study

The study may benefit businesses, marketers, academicians and government. This study may be able to inform marketers on the consumer preference of the booking media and whether using online travel agency would be effective in reaching and increasing awareness of the target audience.

Literature Review

There have been various researches conducted which resulted in numerous factors that have an impact on Internet Advertising. These factors include duration of viewing of internet by users and their mode of viewing, ad characteristics, attitude towards ad or website, campaign publicity, and innovative advertising strategy, Danhar and Mullerkey (2003); Goldsmith and Lafferty, (2002); Menon and Soman (2002). Danhar and Mullerkey (2003), in their research found out the effects of the following factors: visit duration, viewing mode page and text background complexity and the style of banner on both unaided and aided recall. Drazee and Hussherr (2003), also examined the effectiveness of characteristics of ad on its ability to recall the ad. After his studies Yoon (2003), concluded that banner image is more effective as compared to text. As a form of responses of the consumers in context of liking ads Goldsmith and Lafferty (2002) and Metha (2000), that a positive attitude of consumer helps them to recall ads. They also concluded that positive attitude of consumer towards website help them to recall the brands advertised. Bogdanovych et al (2007), stated that traditional travel agents are preferred by the people because of their expertise. Buhalis and O' Connor (2005), concluded that the emergence of Internet and e-tourism has lead to the re-engineering of management, development and marketing of tourist destinations and its products. Choi and Kimes (2002) found that OTAs are a fruitful choice for hotel reservations as there is sufficient demand through these channels.

Research Methodology

This chapter focuses on research methodology that was used in the study. It provides a detailed description of the research approach adopted in this study. Research design, target population, data collection and analysis methods used were presented in the subsequent sections.

Research Design

This study used descriptive research.

Sample Design

Simple random sampling method was used so that every person had an even chance of being selected. 100 respondents patronizing Sheraton or can patronize a five-star hotel were considered.

Data Collection

The research made use of primary data, which was collected using structured questionnaire distributed to the 100 respondents sampled from all over the city. The administered questionnaires were collected after completion by the respondents and their responses were used for analysis. The questionnaire had close ended questions for accurate analysis. The secondary data was collected through various other researches and blogs online. 100% response was observed.

- **Primary Research**
 - ✓ Questionnaire
 - ✓ Mail Questionnaire
 - ✓ Personal Interview
- **Secondary Research**
 - ✓ Official Website
 - ✓ Journals
 - ✓ Research Paper
 - ✓ Internet
 - ✓ Newspaper
 - ✓ E-Books

Data Analysis, Results and Discussion

This represents analysis and findings of the study as set out in the research methodology. The section covers the demographic information, and the findings based on the objectives.

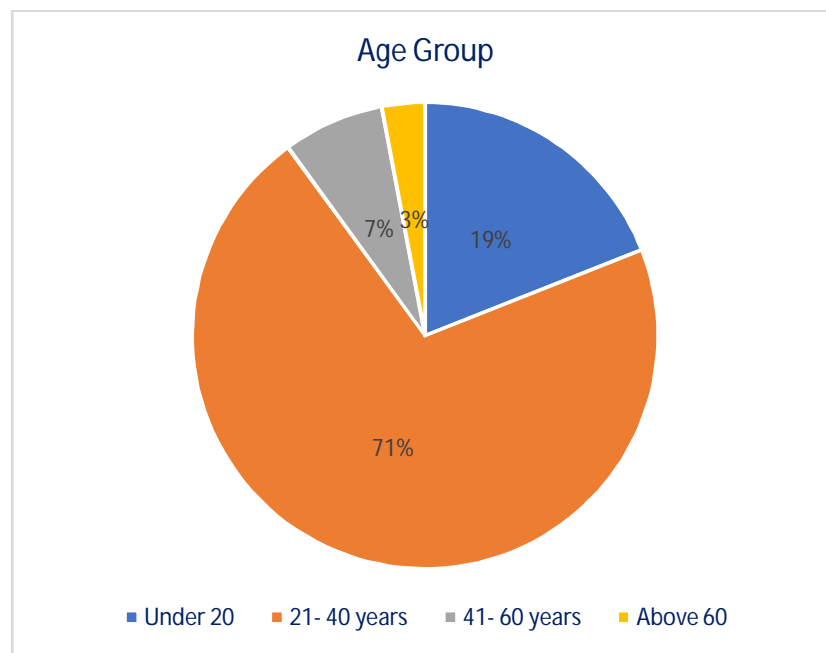


Figure 1

Out of 100 respondents 19% are under 20 years of age. 71% belong to the age bracket of 21 to 40 year. 7% of respondents were of age between 41 to 60 year and only 3% of people were above 60 year of age.

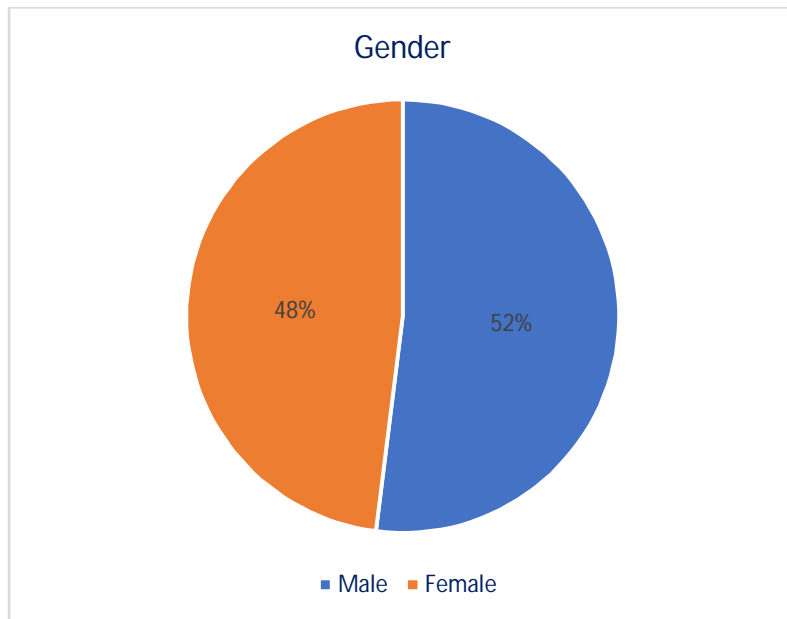


Figure 2

Out of 100 respondents 52% are male and 48% are female.

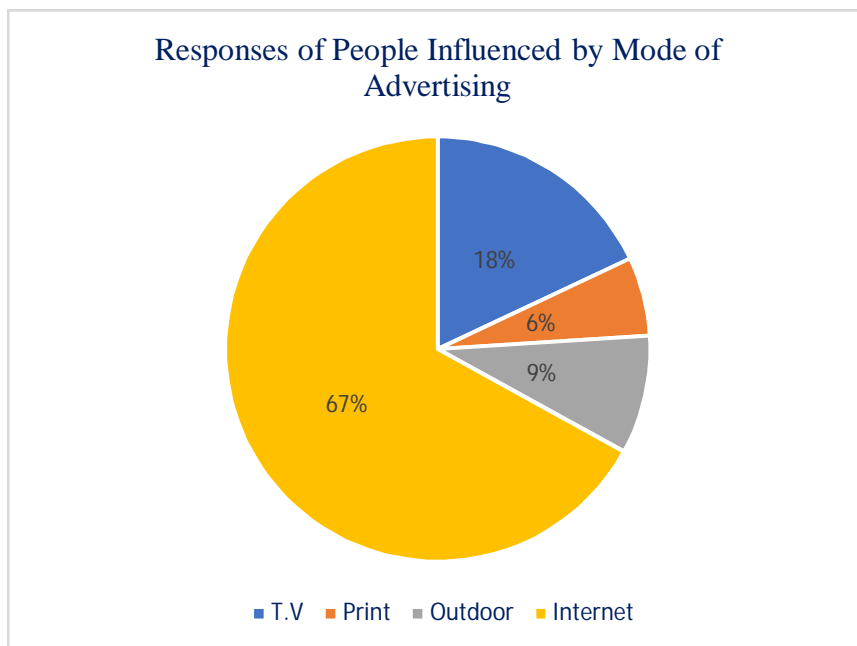


Figure-3

The maximum customer prefers to buy travel products through internet that is 67% then 18% people are influenced by television, 9% by outdoor media and 6% by print media.

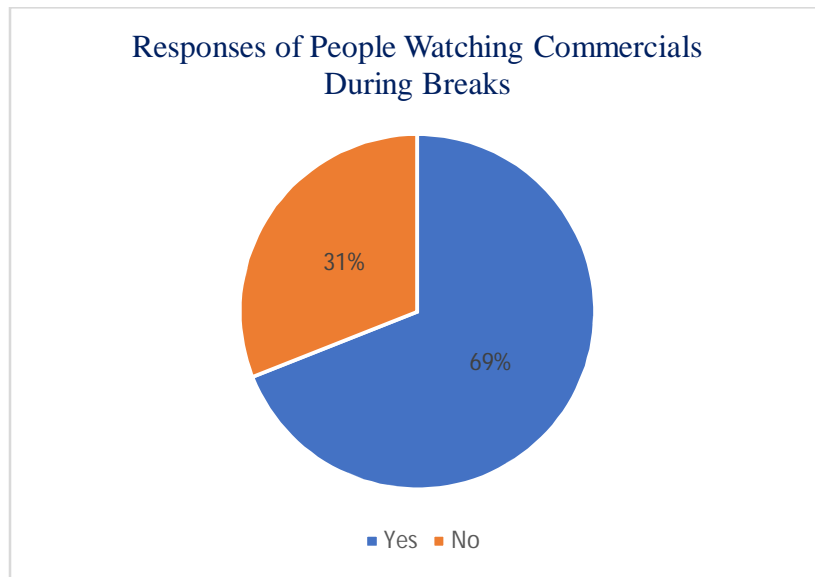


Figure-4

Out of 100 respondents 69% people watch TV or listen to radio and 31% people do not watch television or listen radio commercials during commercial break. Out of 78 respondents who watch or listen commercial break 48.7 % think it as informative 28.2% think it as entertaining and 23.1% takes it as creating awareness. Out of 59 respondents who do not watch or listen commercial break because 44.1% think it as waste of time 39% think it as annoying and rest 16.9 % feel irritated.

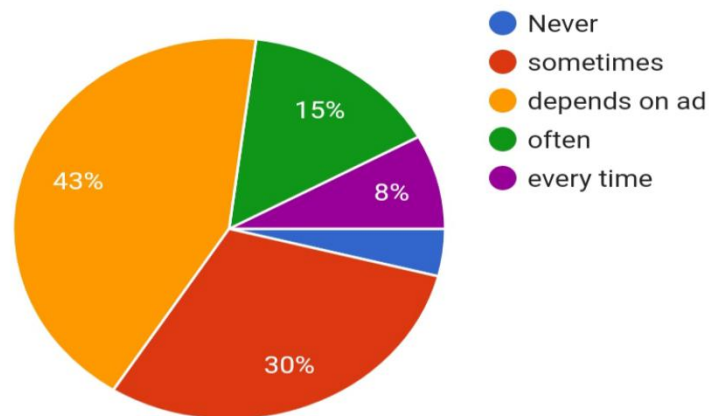


Figure 5

Frequency of channel change during commercial break was found to be 43% depends on advertisement 30% change channel sometime 15% of respondents often change channel 8% change every time and only 4% never change channel.

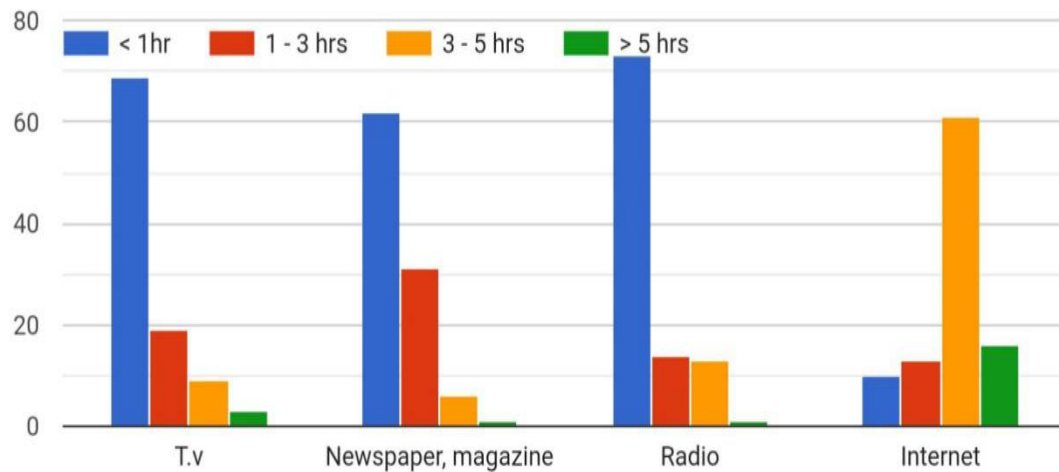


Figure 6

Out of 100 respondents time spent on television, newspaper, magazine, radio, internet is shown in the above bar graph. Time spent on TV by 100 respondents was 68% spent less than 1 hour, 19% spent 1-3 hours, 9% spent 3-5 hours and only 4% spent more than 5 hours. Time spent on newspaper and magazine by 100 respondents was 62% spent less than 1 hour, 32% spent 1-3 hours, 5% spent 3-5 hours and only 1% spent more than 5 hours. Time spent on Radio by 100 respondents was 72% spent less than 1 hour, 14% spent 1-3 hours, 13% spent 3-5 hours and only 1% spent more than 5 hours. Time spent on Internet by 100 respondents was 10% spent less than 1 hour, 12% spent 1-3 hours, 60% spent 3-5 hours and only 18% spent more than 5 hours.

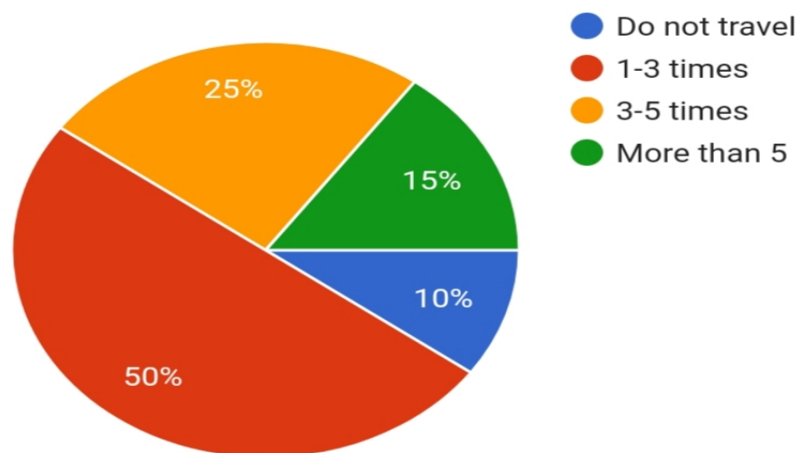


Figure 7

Out of 100 respondents frequency of travel in last 1 year was 50% people travelled 1 to 3 times, 25% travelled 3-5 times, 15% travelled more than 5 times and 10% respondents did not travel.

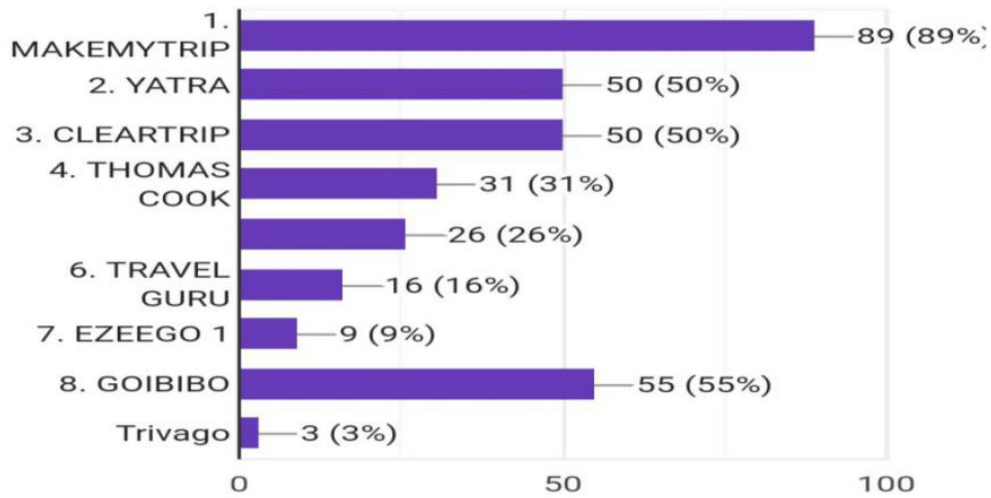


Figure 8

Out of 100 respondents the recall value of various TV commercials related to travel and tour were 89% for make my trip, 50% for Yatra, 50% for clear trip, 31% for Thomas cook, 26% for cox and kings, 16% for travel guru, 9% for ezeego 1, 55% for Goibibo and in others category 3% for trivago.

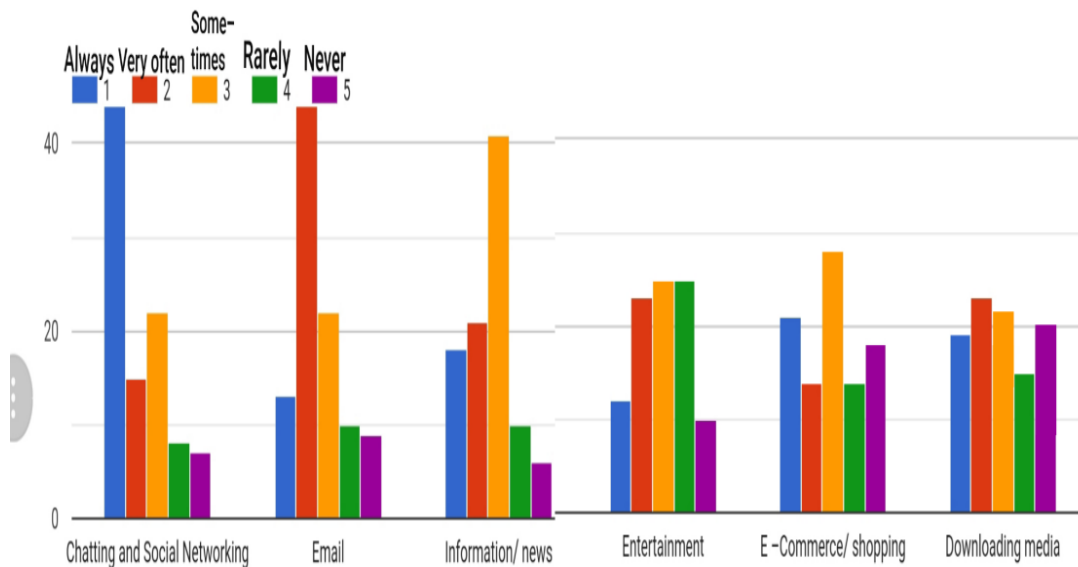


Figure 9

100 responses are shown above depicting their internet usage preference in the above bar graph. Out of 100 respondents 65% have travelled using online travel agency in past one year and only 35% have not used these online travel agencies.

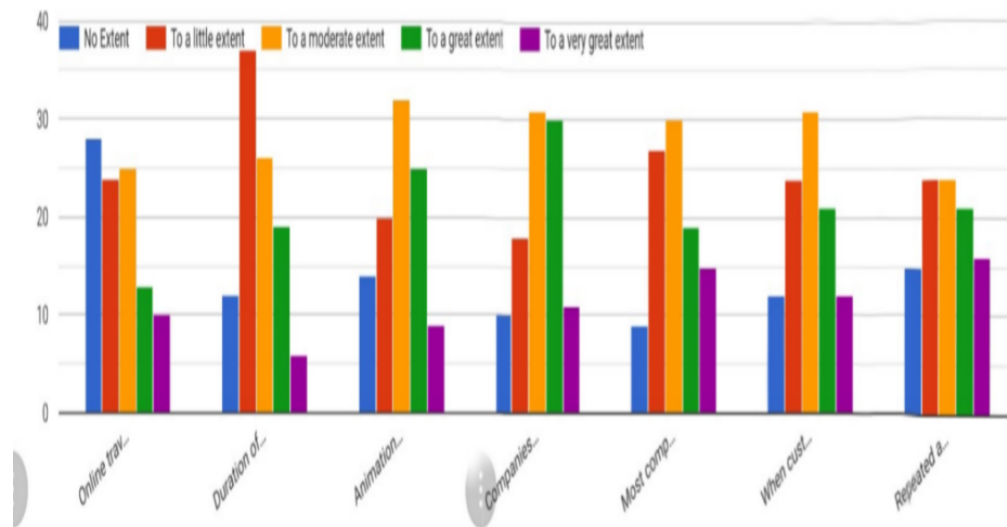


Figure 10

The above table explains that out of 100 respondents the relationship of online travel agency with purchase decision is no extent according to 27 people, to a little extent according to 23 people, to a moderate extent according to 25 people, to a great extent according to 15 people, to a great extent according to 10 people.

The duration of page viewing is a strong determinant of the ability to recall banner ads is no extent according to 12 people, to a little extent according to 36 people, to a moderate extent according to 26 people, to a great extent according to 19 people, to a great extent according to 9 people. Animation content, the shape of the banner ad, leads to higher advertising recall is no extent according to 14 people, to a little extent according to 20 people, to a moderate extent according to 32 people, to a great extent according to 25 people, to a very great extent according to 9 people. Companies should aim to strengthen customer interactions with online travel agencies to no extent according to 10 people, to a little extent according to 18 people, to a moderate extent according to 31 people, to a great extent a extent according to 30 people, to a very great extent according to 11 people. Most companies provide a generic experience to all customers rather than relying on customer analysis to deliver a personalized experience to no extent according to 9 people, to a little extent according to 27 people, to a moderate extent according to 30 people, to a great extent a extent according to 19 people, to a very great extent according to 15 people. When customers weigh benefits, they become emotionally involved with advertising and promotion to no extent according to 12 people, to a little extent according to 24 people, to a moderate extent according to 31 people, to a great extent a extent according to 21 people, to a very great extent according to 12 people. Repeated advertising messages affect consumer behavior. This repetition serves as a reminder to the consumer to no extent according to 15 people, to a little extent according to 24 people, to a moderate extent according to 24 people, to a great extent a extent according to 21 people, to a very great extent according to 16 people.

Conclusion

After analysis of the study findings, the study concludes that the effectiveness of internet advertising on reach and creation of awareness was determined by the level of knowledge about the current modes of advertisements adopted by different organizations in our country and time spent on various media. Internet advertising was effective in providing higher reach and creation of awareness.

However, inspite of the diverse usage of internet and wide interaction with various internet advertisements, fewer respondents were able to recall the internet ads they had seen. From the above study it can be inferred that the reliability of internet advertising is quite low. The research established that TV advertising is more reliable than internet advertising. The study concludes that OTAs has influenced purchase decision of the customers to a greater extent as nearly one third of the respondents were influenced purchase decision. However, internet advertising can be considered as a key determinant of purchase decision of the customers as they consider it to be an interaction point between them and the company from which they buy their products from. The study also concludes that internet advertising has significant relationship with purchase decision of the consumers. The study further concludes that Online Travel agency contributes most to the consumer behavior and that internet advertising was a significant factor in predicting the consumer behavior. In addition, there is a positive relationship between consumer behavior and internet advertising.

Limitations

Since this study explored the Impact of online travel agencies on hotel sales of ITC Sheraton Saket, New Delhi only, the study recommends that a similar study should be done for other hotels for comparison purposes and to allow for generalization of findings on the topic. As suggested by Gong and Maddox (2003), “future research can look into the impact of web advertising across different countries and cultures to enhance the global understanding of web advertising effectiveness”

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