PREFERENCES FOR ONLINE Vs. TRADITIONAL TRAVEL RESERVATION

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Quantitative survey data were collected from U.S. citizens to determine the extent to which trip destination (domestic or international) and trip purpose (business, leisure, or personal) affected consumers' preferences for traditional versus online reservation systems. The results indicated that the participants preferred travel agent phone calls for all types of international flights, but online airline websites and online travel agent websites for domestic flights. Online airline websites were preferred for business trips. Stakeholders in online and traditional travel agents can use the results from this study to remain competitive as the travel industry evolves.

Trip destination, trip purpose, online travel agency, domestic, international

INTRODUCTION

In leisure travel using the Internet, flight booking has increased due to launching booking websites by the airlines, easily access, and low fare carriers, which is more important to U.S traveler than brand loyalty (Mayr & Zins, 2009). But this increase in Internet usage does not eliminate the role of travel agents as package specialists. Leisure travel websites are complex and to some extent booking rooms and options are limited (Martin, 1999; Mayr & Zins, 2009). The U.S. General Accounting Office (2003) prepared a report which was requested by Congress to examine changes in the global distribution system and its impact on travel agents and consumers. This report indicated that increases in online booking can have negative effects on smaller travel agencies because of the types of clients served by the smaller agencies. For example, leisure travelers increasingly book online because of the simplicity of the online booking. This underscores the importance of examining differences in consumers' perceptions of travel agencies based on the intended type of travel.

The corporate travel market is a challenge to online travel agencies. Most of the companies arrange their trips through corporate travel companies, and this domain can increase the market share for them because it large companies book many flights, which can add to their total profits (Michels, 2002). Business consumers are unlikely to use online bookings due to corporate policies that can be restrictive and the fact that business trip bookings tend to be complex. Therefore, they are continuing to use traditional travel agencies to and negotiate special fares. On the other hand, GetThere and Travelocity (2005) and the Association of Corporate Travel Executives (ACTE) have published research related to business travel. This research focused on certain group who are in the top corporate hierarchy like CFOs, senior VPs, executive VPs and presidents, and the

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results indicated that 44% of respondents used online booking and that the main reason was lower service fees.

Business travelers prefer online booking for many reasons: easily and rapid responses, and added value to users by providing management service to companies including expense management, cheap flights, saving cost at certain times of the day and wider choices. Cost savings during certain times of the day can be available through the traditional methods, because flight fares are updated instantly by the fare inventory management system. The other reason related to a wide variety of choices when flights are booked online, but this is not always true. Both flight reservations methods can offer multiple choices based on different factors like GDSs, destination, and agents' experience (McCracken, 2005).

Expedia moved in July, 2009 to the next generation corporate travel agency, and it offers better travel management for business. Orbitz introduced Orbitz for Business which provides businesses with booking tools and negotiated fares and fees. Orbitz Business guarantees the lowest price to these companies by signing a direct contract with them. The implementation of Internet-based corporate reservation systems must develop efficient integration of the Internet based booking processes and the traditional travel agency processes because modifications and cancellations of travel plans cannot usually be done online. Therefore, corporations typically pay additional transaction fee for agent-assisted reissues and refunds. The second challenge is difficulty in booking complex itineraries (for example, international travel, multiple destinations, and the use of multiple air carriers). Third, adopting online booking systems needs organizational and behavioral change. For example, current infrastructure changes, training needs, and company culture require senior management adoption (Business Travel World, 2007; Chircu et al., 2001; Campbell, 2002). In the United Kingdom, limits on the functionality of self-booking, system sophisticated and employees' wasting time in their own booking slow down the corporate online booking (Coulter, 2006). Campbell (2003) revealed that in the United States, small and midmarket companies are moving toward self-booking solutions. One of the key successes to overcoming these challenges in the implementation of Internet-based corporate reservation systems is changing the perceptions of travelers about online booking. These perceptional changes need to be identified and the factors that impact them were addressed in the current study.

The U.S. General Accounting Office (2003) explored consumers' attitudes toward the two flight reservation methods but did not provide reasons and factors that influenced this attitude other than the airlines' strategy to tempt consumers with low prices. In addition, the U.S. General Accounting Office did not investigate whether these perceptions were subject to change based on travel destination (i.e., international or domestic trip) or trip purpose (e.g., business, personal, leisure trip, others). Hadley (2007) indicated that there is a gap between international and domestic travelers' perceptions toward online and traditional flight booking. There is no perception of added value for using traditional travel agents. It is unclear whether or not this is the only reason to choose online booking over using a traditional travel agent.

The current study examined whether consumers' preferences for online versus traditional travel agents change based on international or domestic destinations or based on trip purpose (e.g., business, personal, leisure trip, others). Specifically, two research questions were addressed:

1. To what extent does trip destination (domestic or international) affect consumers' preferences for traditional versus online reservation systems?
2. To what extent does trip purpose (business, leisure, or personal) affect consumers' preferences for traditional versus online reservation systems?

METHOD

Participants

Citizens of the United States who have taken a U.S.-based flight in the past year or plan to do so in the coming year participated in this study. Survey Monkey was used for data collection. A total of 187 individuals participated in this study. The demographic profile of the participants was as follows:

- Most of the participants (56.1%) were male.
- Most of the participants (60.4%) were married, with 31.6% single.
- The ethnic distribution of participants was: Middle Eastern (39.6%), Caucasian (26.2%), Hispanic (8.0%), African American (7.0%), Asian American (7.0%), Native American (4.8%), and other (7.5%).
- The average age was 34.40 years old (SD = 9.46 years).
- The average number of flights in the past year was: 4.08 (SD = 5.67).

Materials

The Consumers' Perceptions Questionnaire was used to collect the data to be used in this study. The questionnaire was divided into two sections. The first section assessed demographic information. The second section consists of six multiple-choice questions which were designed to determine the respondents' perceptions toward which flight reservation method they prefer. The six questions assessed preferences when booking (a) an international business trip, (b) an international leisure trip, (c) an international personal trip, (d) a domestic (within the U.S.) business trip, (e) a domestic (within the U.S.) leisure trip, and (f) a domestic (within the U.S.) personal trip. For each question, the participants indicated their preference for one of five types of booking systems (travel agent office visit, travel agent phone call, travel agent airline call center, online airline website, or online travel agent website).

Procedure

The Survey Monkey data was extracted to an SPSS database for analysis. Descriptive statistics were presented for the participants' demographic characteristics. An alpha level of .05 and two-tailed tests were used for all inferential statistical tests. The first research question was: To what extent does trip destination (domestic or international) affect consumers' preferences for traditional versus online reservation systems? In order to answer this research question, the selections of one of the five flight reservation processes were compared across the two types of trips. Five McNemar's tests of the independence of two related proportions were performed. Each test was performed to determine if the proportion of participants who preferred a particular flight reservation system for international flights differed from the proportion of participants who preferred that flight reservation system for domestic flights. The second research question was: To what extent does trip purpose (business, leisure, or personal) affect consumers' preferences for

traditional versus online reservation systems? To test this null hypothesis, 15 McNemar tests were performed comparing preferences for the five flight reservation systems for business versus leisure travel, business versus personal travel, and leisure versus personal travel.

RESULTS

Research Question 1

The first research question was: To what extent does trip destination (domestic or international) affect consumers' preferences for traditional versus online reservation systems? For each destination, an individual's preferred reservation system was computed as the reservation system they preferred most often for business, leisure, and personal trips. For example, if a participant indicated that for international trips he or she preferred an online airline website for business and leisure but a travel agent office visit for personal trips, he or she was assigned a preference for online airline website preference because this existed in two of three situations for international travel. Using this system, 6 of the 187 participants (3.2%) were not assigned a preference for international trips and 6 of the 187 (3.2%) were not assigned a preference for domestic trips because they preferred a different flight reservation system for each of the three types of trips (business, leisure, and personal).

Five McNemar's tests of the independence of two related proportions were performed. Each test was performed to determine if the proportion of participants who preferred a particular flight reservation system for international flights differed from the proportion of participants who preferred that flight reservation system for domestic flights. Table 1 shows the results from these analyses. Travel agent office visits were more preferred for international trips (18.2%) than for domestic trips (5.3%), $p < .001$. Travel agent phone calls were also more preferred for international trips (44.4%) than for domestic trips (13.9%), $p < .001$. There was no difference in preference for travel agent airline call center reservations (2.7% for international trips and 2.1% for domestic flights), $p = 1.000$. Online airline websites were more frequently preferred for domestic trips (36.4%) than for international trips (11.2%), $p < .001$. Finally, online travel agent websites were more preferred for domestic trips (39.0%) than for international trips (20.3%), $p < .001$. In summary, statistically significant differences were found for preferences for traditional versus online reservation systems based on trip destination. Thus, the results for the second research question indicated that travel agent office visits and travel agent phone calls were more preferred as a flight reservation system for international flights, whereas online airline websites and online travel agent websites were more preferred for domestic trips.

Research Question 2

The second research question of this study was: To what extent does trip purpose (business, leisure, or personal) affect consumers' preferences for traditional versus online reservation systems? The same procedures were used to assign preferences for each participant as discussed for the first research question, with type of trip substituted for trip destination. Using these procedures, a relatively large number of participants had no specific preference for a single flight reservation system for business (43.3%), leisure (51.9%), and personal (55.6%) travel. This was due to the fact that these participants preferred one of the five flight reservations systems within a particular trip type for international flights and a different flight reservation system for domestic flights.

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Fifteen McNemar tests were performed comparing preferences for the five flight reservation systems for business versus leisure travel, business versus personal travel, and leisure versus personal travel, with results shown in Table 2. There were no significant differences in the preferred flight reservation system for business versus leisure trips for travel agent office visits, travel agent phone calls, travel agent airline call centers, or online travel agent websites (all ps > .05). However, there was a difference for online airline websites, which were more preferred for business travel (17.6%) than for leisure trips (9.6%), p < .001.

For business trips versus personal trips, again there were no significant differences in preferences for travel agent office visits, travel agent phone calls, travel agent airline call centers, or online travel agent websites (all ps > .05). There was a difference, however, in terms of a preference for online airline websites, which were more preferred for business trips (17.6%) than for personal trips (8.6%), p < .001.

There were no significant differences between preferred flight reservation systems for leisure versus personal trips (all ps > .05). In summary, there were statistically significant differences in consumers' preferences for traditional versus online reservation systems based on trip purpose. Overall, the analyses for the second research question indicated that the participants preferred online airline websites for business trips more than for leisure or personal trips, but no other differences based on type of trip were observed.

DISCUSSION

The first research question was: to what extent does trip destination (domestic or international) affect consumers' preferences for traditional or online reservation systems? Travel agent office visits and travel agent phone calls were the most preferred flight reservation method for international flights, while online airline websites and online travel agent websites were preferred for domestic trips. The second research question of this study was: to what extent does trip purpose (business, leisure, or personal) affect consumers' preferences for traditional or online reservation systems? The participants preferred online airline websites for business trips more than they did for leisure or personal trips, but there were no other differences based on type of trip.

This finding runs in opposite track adopted by most of the U.S. airlines to bypass the travel agent. They do so in order to reduce the distributions cost by cutting the commission paid to travel agencies and encourage customers to buy airline services directly from airlines or by their own websites. To achieve this goal, many airlines market their services directly to travelers and seek to influence consumers' perceptions and changing the traditional relationship with travel agents. For example, five of the largest U.S. airlines (American, Continental, Delta, Northwest, and United) lunched in 1999 an online booking website (www.orbit.com).This website is designed to provide different travel services (airline ticket, hotels, cars rental), and to different users (individuals, groups, corporate). In addition, because the global market is important for airline companies, United Airlines has expanded its e-commerce strategies to gain largest overseas markets. People can use its website and display prices in local currency and accept local credit card (Zhou, 2004).

Concerning international leisure trip, this study indicates that travel agent office visit is getting popular. This evidence show that face-to-face relationship between customers and

travel agents will remain for some time to come. Therefore, we can see that some websites enable travel agents to access their products and to earn full commissions when they purchase cruise lines.

A combination of online and traditional flight booking services may provide the best personalized services and enjoy the benefits of IT. For example, customers can shop fare online for different options and leave complex itineraries for travel agents who can help, based on their experiences to find a more convenient trip. Also, travel agencies can give the option for customer to use emails as a contact tool which can minimize the traditional way. This method can be used through certain simple fare inquiry form which can be designed and uploaded on the company website.

To interact with travel technology, Sabre and Amadeus (as a part of the Travel Network) continue to develop technology that helps travel agencies and their corporate customers to add a travel search engine. This can be used either by travel agent or directly by their customers. Such an option is considered as an alternative to not being committed with contract with suppliers (airlines) based on multiple sales target. Also, this can be a practical solution for traditional travel agencies to avoid the need of big investment to develop technology (Michéle, 2010).

Niche marketing is about segmenting the market efforts to particular group or destination. For example, traditional travel agencies can find its niche on international travelers and leisure travelers, and then they can choose appropriate and effective niche marketing tools. The advantage of niche marketing is to locate potential clients. The value can be provided by continuously focusing on best value and best price sell value, not price, leading in low fare search solutions, quality control tools by reducing booking errors and fast re-booking solutions, and access client preferences and history with travel preferences, and profiling solutions.

A report published by Jones (2011) indicated a drop of the leisure travelers who booked online from 53% in 2007 to 46% in 2007. The reason is a growing sense frustration with website associated with complication in the process to book through this means. This dissatisfaction opens the window for traditional travel agencies for new opportunities. This study has explored the consumers' perception toward this factor and participants rate this factor the 8th out of 12 factors. Jones indicated that travelers could not ask questions through online websites. They want to spend money on leisure trip but they expect an organized vacation without problems.

CONCLUSION

The findings of this study indicate that online travel agents websites were common for international travelers, while online airline websites and online travel agents were more popular for domestic travelers. That means online flight reservation is very attractive for US travelers for international and domestic travelers. This study also shows that travel agent is for all types of international flights (business, leisure, and personal) is still preferred by travelers. That means travel agent plays an important role in travel distribution services. Travelers still depend on them as travel intermediaries.

The value adding by travel agent will continue a future challenge. Regarding online travel agencies, they can add value to customers by offering technology that is fast, reliable and easy-to-use, technology that delivers unbeatable content, customizable and flexible shopping experience.

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When interpreting the result of this study, a number of factors should be kept in mind. This study was conducted and focused on U.S. travelers. That means the results may not be applicable in different geographical locations because of some factors related to exceptional high technology in the United States, and difference in culture which might impact consumers' perceptions. Also, the results might be affected by the nature of some questions which is designed to focus on certain aspects or identify consumers' perceptions in a certain way. For example, some respondents might never have past experience on travel. This perception might only be based on prediction and it may change if people have this experience before especially this study asked participants on more than one experience (international or domestic trip) or based on (leisure, business, and personal trip).

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Table 1

Comparison of Flight Reservation Preferences as a Function of Trip Destination (N = 187)

| | Trip Destination | | |
Preferred Flight Reservation System	International	Domestic	P
Travel agent office visit	18.2%	5.3%	<.001
Travel agent phone call	44.4%	13.9%	<.001
Travel agent airline call center	2.7%	2.1%	1.000
Online airline website	11.2%	36.4%	<.001
Online travel agent website	20.3%	39.0%	<.001

Note. p values are based on McNemar's test of the difference between dependent proportions. Percentages within each column do not sum to 100% because not all participants indicated a preference for a single flight reservation system within a particular trip destination: 3.2% of the participants did not indicate an international travel preference; 3.2% of the participants did not indicate a domestic travel preference.

Table 2
Comparison of Flight Reservation Preferences as a Function of Type of Trip (N = 187)

Preferred Flight Reservation System	Type of Trip			1 v. 2	2 v. 3	1 v. 3
	1. Business	2. Leisure	3. Personal	p	p	p
Travel agent office visit	5.9%	5.9%	5.3%	1.000	1.000	1.000
Travel agent phone call	13.9%	12.8%	10.7%	.803	.210	.344
Travel agent airline call center	1.1%	1.6%	1.1%	1.000	1.000	1.000
Online airline website	17.6%	9.6%	8.6%	<.001	.688	<.001
Online travel agent website	18.2%	18.2%	18.7%	1.000	1.000	1.000

Note. p values are based on McNemar's test of the difference between dependent proportions. Percentages within each column do not sum to 100% because not all participants indicated a preference for a single flight reservation system within a particular type of trip: 43.3% of the participants did not indicate a business travel preference; 51.9% of the participants did not indicate a leisure travel preference; 55.6% of the participants did not indicate a personal travel preference.