

**INFLUENCE OF ONLINE TRAVEL AGENTS ON CUSTOMERS'  
PERCEPTION IN THAILAND'S HOTEL INDUSTRY:  
INDEPENDENT THAI ONLINE TRAVELERS**



**A THEMATIC PAPER SUBMITTED IN PARTIAL  
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Thematic paper  
entitled  
**INFLUENCE OF ONLINE TRAVEL AGENTS ON CUSTOMERS'  
PERCEPTION IN THAILAND'S HOTEL INDUSTRY:  
INDEPENDENT THAI ONLINE TRAVELERS**

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Chaoporn Prapa-arporn

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**ABSTRACT**

Significant growth in online travel agencies in Thailand has been impacting toward various types of hotel businesses. It provokes in researcher's doubt to investigate what drives behind its success. An objective mainly focuses on the perception of individual Thai online traveler when making a hotel reservation in Thailand with online travel agents (OTAs). This research paper will integrate in a conceptual model to develop and explain factors effecting travelers' behaviors and perceptions toward their final purchased decision. With an ease and usefulness of technology, it has taken a great advantage in serving the Internet value resulting in attitude and intention of buyers. Special promotions, buyers' experience, social media, and points earning stimulation are main attributes of online travelers to purchased more with OTAs. It is necessary for hoteliers to synthesis and understands their business role to manage in order to pull market share back. The findings will further extend more knowledge for hotel segments predicting a consumer's trend and behavior.

**KEY WORDS:** Online Travel Agents (OTAs), Technology Acceptance Model, Hotel Thailand

38 pages

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## **CHAPTER I**

### **INTRODUCTION & MOTIVATION**

#### **1.1 Introduction**

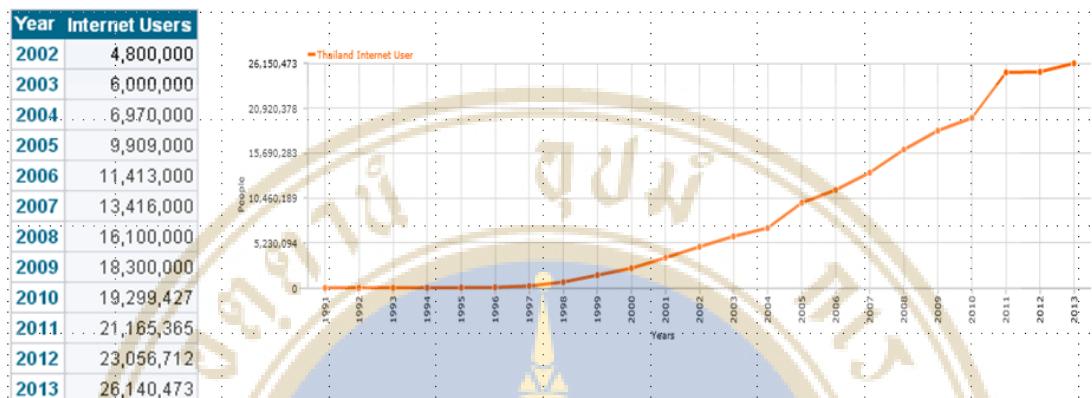
For over a decade, the Internet has become one of the essential elements in various business segments. As it is a fundamental source in every organization. In order to run the business activity, its advantage actively supports the business operational process. In the other word, the Internet is currently now that something, people or organizations, cannot live without. With a growth of Internet, it enables the exponential growth of business that can easily reach to end users. Because Internet has changed upon times, it indeed will change the way people are receiving information and communication (Zingale & Arndt, 1988).

In hospitality business, Online Travel Agents, abbreviated as OTAs called by among of hoteliers', have recently become more powerful in hospitality and travel industrial segments around the world. OTAs are the Internet-based agencies that provide travel and hotel reservation in both separately and in package forms for travelers such as Agoda.com, Booking.com. With the availability to access of the Internet that can seek into customers in almost anywhere at any point of time, OTAs have gained their customers value and part of market share among hotels and traditional travel agencies. Cooperate with the change of traveler's behavior, they tend to depend and rely on the Internet usage in searching for information, planning their itinerary, and making a purchase online (Jeong & Choi, 2005).

In 2014, Tourism Authority of Thailand reported the tourism trend in Q2 for 16% domestic travelers had increased more than international visitors (eTAT, 2014) According to the latest statistic from Tourism Department indicated, hotel industrials is assumed to grow for 3.4-5.7% in a half year due to an increase of hotel accommodations in 2012 (Kasikorn Research, 2014). With a great intensity in competitive hospitality business and political unrest in Thailand, OTAs are using its advantages wisely to gain the Internet benefit effectively on customers' behaviors.

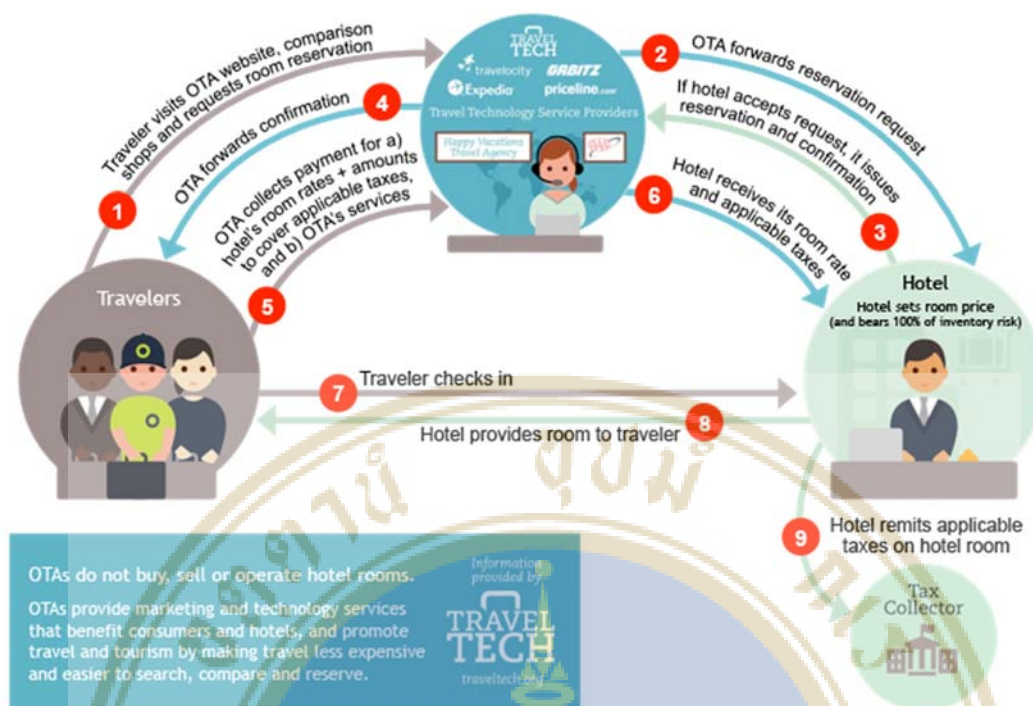
## 1.2 Issue Statement

Online Travel Agents (OTAs) have been one of the major issues in mostly for all hotel businesses that have to be concerned and aware of. Internet users, specifically in Thailand from National Electronics and Computer Technology Center (NECTEC) showed the major significantly increases in 2010 to 2013 for 32.06%.



**Figure 1.1 Internet Users Statistics, Thailand (NECTEC)**

By easy usage of Internet devices from mobile, tablet or personal computer, more customers tend to book through online channel. However, rather than directly booking to hotels, most of customers or potential customers have decided to choose OTAs channel. Not that hotel have to pay for commission fee for online agents, but hotels have lost their revenues for those online agents as well – boundary system process among OTAs, hotels, and online travelers is clearly explained in figure 1.2.



**Figure 1.2 Online Travel Agents Holistic Process**

In today's critic among hotel business, it is the variety of customers' choices and selections in the market widespread. Creating brand uniqueness is inadequate to acquire number of customers. Building brand value and maintaining customer relationship can possibly contribute the repetitive guests and attract new comers (Zingale & Arndt, 1988).

### 1.3 Research Objective

An aim of this research is to provide productive information for all levels of hotel enterprises in Thailand to shift their booking back from OTAs to hotel direct. This includes booking toward hotel website, walk-in, or telephone call for reservation. This paper will mention and focus in OTAs business specifically in Thailand's which has a greatly influence toward customers' perspectives in their intention factors in selecting accommodation through online agent sites. In this case customers are referring to independent Thai online travelers. The results from this topic will advance for further studies in understanding customers' behavior and perceptions. It will enhance opportunities for different types of hotels in Thailand in creating an innovative

technique/method opportunity to plan a strategic approach from losing its market segment and revenues to OTAs.

#### **1.4 Research Benefits**

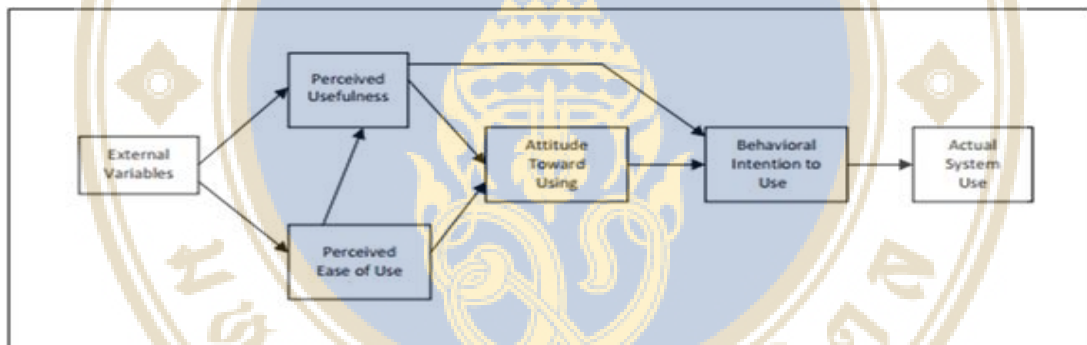
The research benefit is to synthesize and create awareness in Thai tourism and hospitality industry about the influence factors in Thai online travelers' perspective making hotel reservation online. Due to the inconsistency in collected data, OTAs market in Thailand is lacking of report and few case studies are provided. Some information provided in government, public segment and related fields are also inadequate. The significance of data storage from resource availability in public sector stimulates researcher motivation to find out more in result. Thus, this research information can possibly give some useful knowledge beneficial for hotel businesses. International chain hotels, independent and small hotels can use this information to prepare and to understand online travelers' behavior and their expectation in order to manipulate and control OTAs from customers diversified.

## CHAPTER II

### LITERATURE REVIEW

#### Relationship with Theories

According to The Technology Acceptance Model (TAM), it describes the use of technology based on users' used and received aspects. To explain and understand the concept of TAM, it is important to refer to its origin which has developed from the Theory of Reasoned Action (TRA). An individual's behavioral intention is the result from individual influence (attitude), and normative influence (intention) as a form of social influence. Both influences create impact on a person's behaviors explicate into an outcome of a person's perceptions (Ajzen, 1985).



**Figure 2.1 Technology Acceptance Model (TAM)**

TRA has determined the attitude of using information system based on 2 factors: perceived usefulness and perceived ease of use (Davis, 1989). Perceived usefulness describes the users believe in technology support in performance and efficiency where perceived ease of use is the comfortable of users using technology features. Various studies showed the support evidence that TAM can be used as a framework model for predicting system usage behaviors. Derive from TAM model concept, it can relate into consumers' perspective toward their choices and selections in a context of service industry. In this case, it refers to travelers who might choose OTAs

instead of hotel direct booking because of an ease of usage. The first hypothesis can then be assumed as:

**H1 Perceived ease of use has influenced in travelers' attitude and attention toward online purchasing perceptions.**

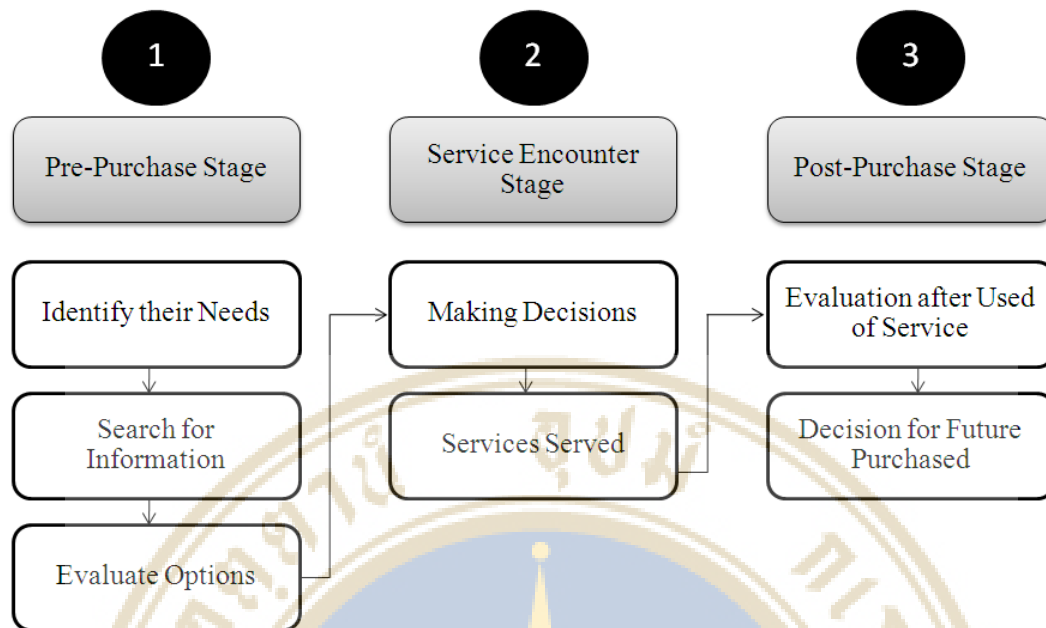
Cyberbranding: Brand Building in the Digital Economy book stated that, online consumers expect to visit website with an immediate answers to their questions. Once an expectation has met a strong relationship between customers and company will exceed (Breakenridge, 2001). There are 5 factors of web design influence in customers' behavior: [1.] ease of use [2.] up-to-date information [3.] importance of fast download [4.] consistent design and image [5.] provide the right content. According to 5 factors, it can possibly assume for second hypothesis that,

**H2 Online traveler's perceived usefulness of technology from website advantages which influence a positive attention to purchase online.**

iHotelMarketer, an expert guru in hotel sector, has also explained the concept of Online Travel Agents (OTAs) as a B2C online distribution channel that provide rooms and services in promotion rates. Online travelers can identify their selections through product variety available online (Jensen, 2009) and use rate comparison as a reference for their purchased decisions which can possibly change the booking behaviors from hotel direct booking. This then further stimulates the third hypothesis of,

**H3 Product variety and price comparison advocate an influence to positive perception in booking on OTAs instead of hotel direct.**

In consumer behavior text book written by Professor Chuchai Smithikrai, the Program Chair of the Master of Science in Industrial and Organizational Psychology has mentioned about the source of consumers' expectation. It results from the 3 purchasing stages on how customer use services to evaluate and further gauge service quality by comparison of their expected service through their personal needs, word-of-mouth, past experience, and external communications as social networks (Parasuraman et al. 1985) as the following diagram illustration on the next page.



**Figure 2.2 Purchasing Process**

According to the 3 purchasing stages, it inclines the customers' service evaluation at expected or beyond expectation. Another hypothesis arises:

**H4 A requirement of online travelers toward their purchasing decision has influenced from personal needs, word-of-mouth, past experience and social attributes.**

The explorations of research will extent the further investigation in an independent Thai online traveler on how they perceive online travel agents' value over hotels in the next following chapter, methodology.

## **CHAPTER III**

### **METHODOLOGY & DATA COLLECTION**

#### **3.1 Research Methodology**

Based from 4 set of hypothesizes in the literature review, an objective is to identify and answer research questions relevant to research objective. Quantitative research information will obtain through web-based mini survey comprised of 50 surveys formulated in multiple choices from Google Form Survey. Target groups are independent Thai online travelers, living in Thailand, who use the Internet as a source based of booking hotel online. Hence, this research will focus on Thai online travelers who are experienced in computer users. The survey will be done through e-mail distributed, friends' connection, and social media such as Facebook. Nevertheless, it will only show the general information perspectives in broader views which perhaps fall into biased information.

After online survey is finished, another approach is through several informal face-to-face and telephone interviews with 10 hoteliers. The criteria are employees who have been working in hotel industry and related field in e-commerce for more than 10 years and the owners, who have experienced in online booking. This is to clarify their deep understanding as a part of supportive source of information that comprehends an industry point of view and situations. The group of people will explain their experiences in both benefits and drawbacks of OTAs toward their business. In such, hotels can possible suspect the results and further investigate their customer target group perspective and/or behavior into the right and suitable strategic approach. The reason to collect qualitative data can be discussed as genuine and authentic experiences with few or none bias information.



### 3.2 Data Collection

Data collection comprises of primary and secondary data, quantitative data and qualitative data as follow:

- **Primary and Secondary Data**

This research will use primary data which can be obtained from survey and interview and secondary data which is already exist such as articles, journals, the Internet, and academic books. Both of these two data will combine all sources found that can be answered for research hypothesizes, analysis and synthesis

- **Quantitative Data: Web-based mini surveys**

Consisting of 10 questions, it is to collect a general perspective from online travelers. The introduction of this survey is the explanation of topic's question and the reasons of conducting a survey. This is to guide respondents what will be asked and answered. The first part is about the demographic profile which is required from all respondents.

- **Qualitative Data: Informal face-to-face/telephone interview**

10 informal face-to-face and telephone interviews will be conducted into 3 main groups which are executives' level, managers and seniors level, and hotel owners in Thai small and/or boutique hotels. By focusing on small sampling size, it would broaden some important insights which may or may not found in quantitative studies. In contrast to quantitative that majorly support a hypothesis testing and finding, qualitative research tends to engage in dialogue process, participant observations and historical research with an aim of realistic information. This will help finding answers from participants' tacit knowledge that cannot be easily described in numbers.

With a background in hotel business, it is not complicate for researcher to identify and select suitable interviewees according to the criteria stated in methodology section. For big chain hotel such as Dusit International, Starwood, and Marriott are where researcher used to work and have a connection with. Researcher contacted executives who have been working in hotel industry by at first sending an e-mail and list of questions to them before setting up an interview date. The interview process must no longer than 10 minutes due to their tight schedule and meetings. Since people who were working in hotel industry mostly known and linked to each other, the researcher further contacted to old co-workers to send the list of managers who have experiences in e-commerce and online agencies. There were only 2 of managers that were

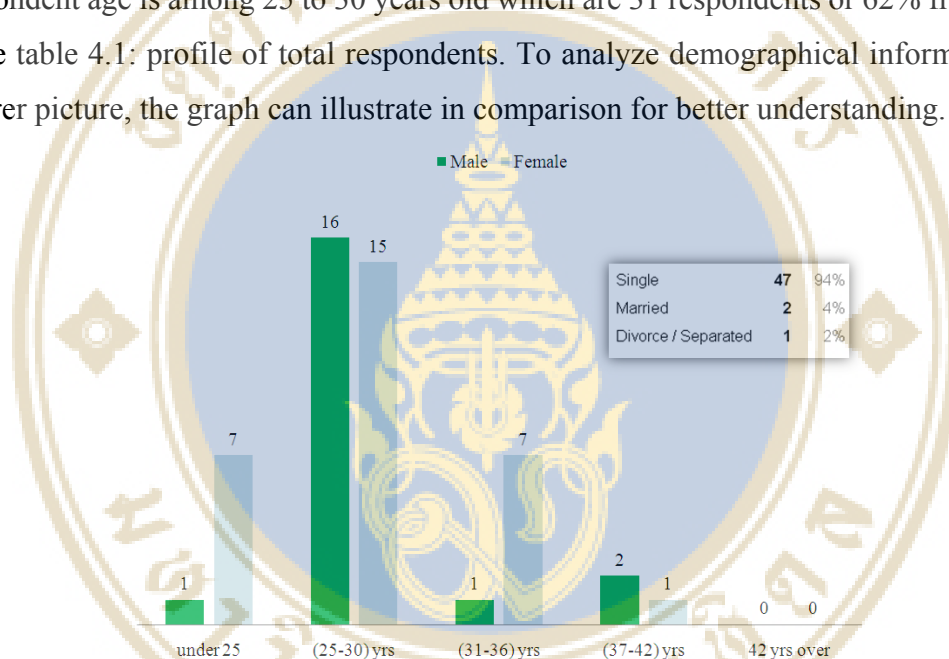
conducting an interview through telephone because they were on sales trip. They also sent back more information through e-mail to clarify the points they were uncertain and unable to explain through telephone interview. For the hotel & resorts owners, it was more difficult to find a person. Luckily, with a help from some CMMU colleagues, the owner of small and boutique resort, could provide some in-depth of information. The interview was easily managed after class which only took approximately 10 minutes and only few missing information was sent after via e-mail.



## CHAPTER IV

### DATA ANALYSIS AND RESULTS DISCUSSION

The survey is conducted during October 10-18, 2014 consisting of 50 respondents. Respondents are divided into 20 of male and 30 of female respondents. Upon gender information, it can classify into 5 ranges of age group, the highest respondent age is among 25 to 30 years old which are 31 respondents or 62% from total – see table 4.1: profile of total respondents. To analyze demographical information in clearer picture, the graph can illustrate in comparison for better understanding.



**Figure 4.1 Gender Sub-divided**

With a highest respondent range of age between 25 to 30 years old, it can be separated into 3 college students, 20 private company employees, 2 business owners, 1 public officer, and 5 are others. The result also shown the relevancy of majority respondents (54%) at this age range is mostly from private company. Moreover, the result has shown the majority rate of average income per month is 34% between THB 20,001-40,000 per month.

According to this results' survey, it can be said that *women between the age of 25 to 30 years old working in private company and having approximately THB 20,001*

*income to THB 40,000 per month, are the majority group of online travelers. Thus, women can be predicted as prospect of online users. Hotels, traditional agents, and online agents can target them as the highest group of online purchasers. However, this is just an assumption on demographical information only. The summary of compiled results from qualitative data and quantitative can possibly analyze and identify in-depth of Thai online travelers' behaviors.*

**Table 4.1 Summary of Respondents Profile**

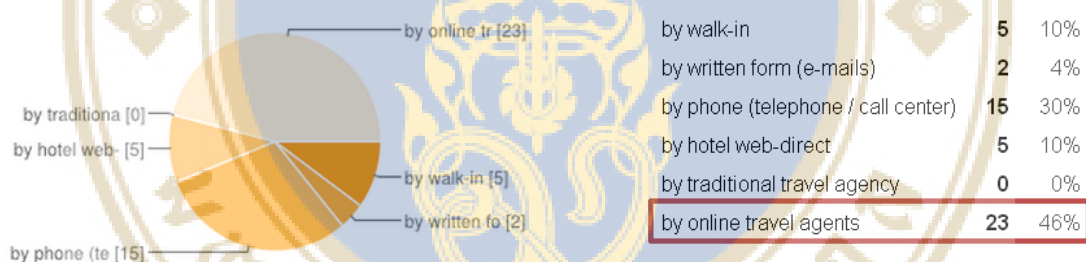
Summary - Profile of Respondents			
Variable	Category	Frequency	Percentage
Gender	Female	30	60%
	Male	20	40%
Age Range	under 25	8	16%
	26 - 30 years	31	62%
	31 - 36 years	8	16%
	37 - 42 years	3	6%
	42 years and over	0	0%
Social Status	Single	47	94%
	Married	2	4%
	Divorce/Separate	1	2%
Occupation and Careers	College Students	11	22%
	Private Company Employees	27	54%
	State Officer (public/civil)	4	4%
	Entrepreneur/Business owners	3	3%
	Others	5	5%
Average Range of Income/month (THB)	Less than or equal to 20,000	10	20%
	20,001 - 40,000	17	34%
	40,001 - 60,000	12	24%
	60,001 - 80,000	7	14%
	More than 80,001	4	8%

As claimed by data result from this survey to answers 4 hypothesize stated in literature reviews, it will be explained in following sections.

## 4.1 Perceived Ease of Use and User Attitudes

### H1 Perceived ease of use has influenced in travelers' attitude and attention toward online purchasing perceptions.

With technology nowadays and capability of website for travelers, they can easily book and pay through online channel at anywhere and any point of time. Due to its huge investment and income from big/chain hotels, they have better opportunity to build effective booking engine and system efficiency. Travelers feel more comfortable and reliable to use technology feature provided as a support to purchase online. However, the real booking channel comes from OTAs rather than directly booking to hotel. 23 of respondents or 46% mostly book through online travel agents (figure 4.2).



**Figure 4.2 Most preferable booking types**

Though, there is an interesting point from the survey result. 44 respondents (88%) have answered that they have visited and used online agent websites and another 12% are not using its services. This creates a contradiction in data between preferable and real usage. Stated from survey's result, some travelers still choose their booking type by telephone or call centre. It can be assumed that some type of travelers may prefer an interaction with a person rather than an ease of technology. Booking online has its inconvenience for users. When they need more information or have curiosity in services they are booking, it might be easier for customers to receive live confirmation via human interaction where OTAs cannot offer that benefit (Trails.com, n.d.). However, the result is still ambiguous as there is limited study research about this information.

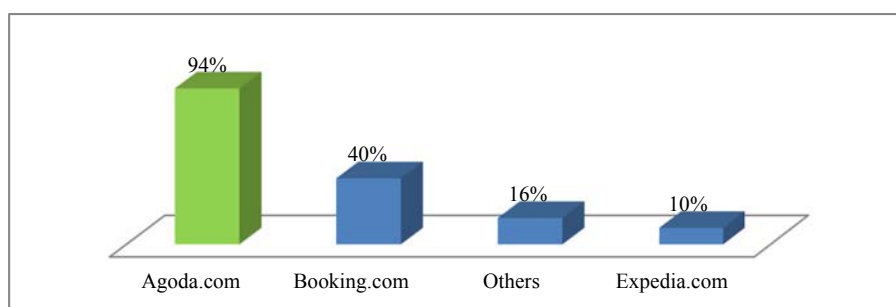
Even though OTAs channel is the highest in selected options, their genuine or preferable booking channels might be different due to their attitudes or experiences. Yet, this information might not fully accurate because of the small sampling size in research data.

At the end, the first hypothesis is accepted. Because of an outstanding result from booking online agent sites, it shows a relevancy between hypothesis concept and research finding. Customers' who perceived value from convenient site through the ease of use are more likely to purchase online (Wallace & Barkhi, 2007). Because technology acceptance model (TAM) has been used to understand and clarify the variables that affect online shopping (Davis, 1989), it is also a foundation to examine customers' agreement in online shopping (Stoel & Ha, 2009).

## 4.2 Perceived Usefulness and User Attitude

### H2 Online traveler's perceived usefulness of technology from website advantages which influence a positive attention to purchase online.

As customers believe in a technology support, the successful in usefulness of technology may result from the customers' expectation once have met. One criterion, in case for hospitality business, also results from website benefits. With a wide range of network, OTAs have gained its credited advantages from it. Not only has it provided a variety of information, but also fastening and easily in accessing. From survey's result, Agoda.com is the highest booking channel following by Booking.com, Expedia and others online travel sites including both international and Thai's website (figure 4.3).



**Figure 4.3 Most Using OTAs in Thailand**

Agoda.com has claimed by its fast, easy to use, and employs world-class technology for 24/7 in multi-lingual with customer and services representing in 20 countries. Its major customer is in Asia Pacific countries and Thailand is one of the biggest customers. Affiliated by Calypso System corporative with the strong broadband of network, it helps Agoda.com to become the fastest-growing OTAs and the No. 1 in Asia.

Said by Mr. Bobby Saw, assistance Vice President-Revenue at Dusit International, “What makes OTAs stronger in hotel business market is by offering bundle packages with booking flights, tours, car rentals, and hotel rooms. It is convenience for one-stop services and their system is in place. Customers can search and find anything they want to know immediately”.

With an experience over 30 years in hotel industry in Africa, Europe and Asia as senior management from Hyatt Hotels Corporation, Mr. Jiri Kobos, a current Vice President of Operation in Dusit International, has shared his inside experiences. “As a chain or big corporate hotel, OTAs have been playing important role as a large network infrastructure with a capability to reach to customers; they have gained economy of scale.”

Travelers’ immediately receive result of what they are looking for. As mentioned in literature review about 5 influential factors toward customers’ purchasing behavior: [1.] ease of use [2.] up-to-date information [3.] importance of fast download [4.] consistent design and image [5.] provide the right content. Not only Agoda.com, but also other OTAs channel has mostly fulfilled all or almost 5 factors which allow them to compete with hotel websites. Small hotels are the most affected victim because not all of them have booking engine on their website and some of them do not have a website at all.

Several issues have provided a support further in advantages of website online for its convenience and reducing time spent (Christou & Kassianidis, 2003). Another study Norzalita Abd Aziz, Ghazali Musa and Ainin Sulaiman (2010) mentioned that “*The effectiveness characteristics of the travel and accommodation websites were represented by two factors, which are the technical adequacy and system quality and web appearance.*” By this means, the hypothesis 2 is accepted. Related to an ease of technology, it enhances people’s perception of usefulness relating to the positive effect

toward purchase intention. To make it simple, perceived ease of use has an effect to the usefulness of technology which contributing to a positive attention to purchase rooms online.

### **4.3 Product Variety & Price Comparison with Positive Perception**

#### **H3 Product variety and price comparison advocate an influence to positive perception in booking on OTAs instead of hotel direct.**

An expert in digital marketing for 14 years, Ms. Yingrekha Lagulasena, an Associated Director of Digital Marketing from Starwood Corporation, shared her in-depth information efficiently. “Customers are reliance on discount price, thus, they perceived OTAs value through its cheaper rate price and price comparison which normal brand websites cannot provide this opportunity. This definitely creates low tendency in hotel brand loyalty since OTAs tries to capture B2C market as same as hotel’s retail segment.” – With this information, it can possibly state that travelers perceived OTAs beneficial as an influence to purchase.

Well-matched information given from the owner of The Green Beach Resort at Pranburi, Prachuabkirikhan province, Mr. Thanapat Wongsalangkul states that “Customers are more likely to perceive OTAs value through its low rate even though my hotel has provided the same rate. It is because they earn some points.”

Apart from product variety and rate price comparison, discount price is another influence for travelers to book via OTAs. Somehow, the quantitative data shows surprising information by comparing concerned reasons of choosing OTAs site and unsatisfied reasons of using OTAs service. As expected, online travelers are likely to purchase through OTAs due to 3 top reasons: price comparison, convenience and attractive promotions. Even though the survey does not mention in product variety, price comparison can extend its relatedness because the website will show all listed hotels for travelers to select according to their preferences.

In contrast to positive aspects, online travelers also mentioned 3 top unsatisfied reasons of using OTAs services are: rate price, purchasing options and website security. Rate price has been an issue from various sources as it is a great



influential factor. It unexpectedly shows at the top of unsatisfied reasons in this survey result and from qualitative interview. As it is being said in hypothesis 1 about the real number of OTAs users, online traveler might use only OTAs channel to find hotel names and compare rate price.

Unsatisfied reasons from rate price may come from the rate provides on OTAs channel may not include tax and service charge with hidden condition or fee (Smith, n.d.). Some other possibilities may occur when customers want to make changes or cancels; it is the limited in flexibility. OTAs might fully charge for refundable in higher price though a customer prior books in cheaper rate.

However, it is only assumption about the possibilities. There is no study shown with this result and the percentage among 3 unsatisfied reasons and other following reasons are not distinctively separated. The answer might still vague because it evaluates by the range with no explanation and data collection is in small sampling size.

**Table 4.2 Comparison of Satisfied and Unsatisfied Reasons of Using OTAs**

No.	Reasons of purchasing services	#	(%)	Unsatisfied views	#	(%)
1	Price Comparison	37	74%	Rate Price	26	52%
2	Convenience	26	52%	Purchasing Options/Process	24	48%
3	Attractive Promotions	25	50%	Website Security	17	34%
4	Up-to-date information/ location/ photos	17	34%	Company Services	12	24%
5	Website Trust and Loyalty	15	30%	Customer Review	12	24%
6	Ease of website usage and process	10	20%	Promotional Campaign	12	24%
7	Satisfied Services	8	16%	Website Content & Design	9	18%
8	Other Reasons	2	4%	Other Reasons	6	12%

Even though there are several unsatisfied reasons shown in table 4.2, a support from (Van der & Heijden, 2004) also mentioned that customers prefer to use and pay online from easily searching of product information. This relates to price comparison and variety range of product (Jensen, 2009) where online travelers can use as a supportive reference in their decision making. As claimed from this information, attitude toward using technology advantages then shapes the behavioral of online travelers to perceive few negative influences from OTAs site.

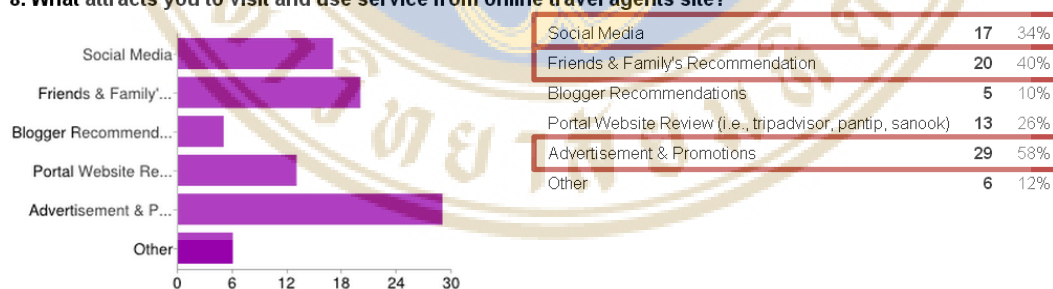
There is one section in the survey mentioned about travelers' understanding in what OTAs are. Most of their answers have fallen into several similar understandings which are [1] a cluster of hotel rooms consolidated in one website, [2] a travel intermediary website, [3] a website agent that offer cheaper rate price than hotels, and [4] uncertain what OTAs are. According to this research finding, it can be said that customer's understanding has an influence toward their booking perception as well. Thus, a data result from both qualitative and quantitative has support the third hypothesis that travelers will choose to purchase through OTAs instead of hotels because of product variety and price comparison available on its website.

#### 4.4 Customers' Requirement with Purchasing Decision

**H4 A requirement of online travelers toward their purchasing decision has influenced from personal needs, word-of-mouth, past experience and social attributes.**

Top 3 relations of services drawing Thai online travelers' attention are advertisement and promotions i.e., great deal rate, loyalty program and the following aspects are from friends and family's recommendation and social media (figure 4.4).

##### 8. What attracts you to visit and use service from online travel agents site?



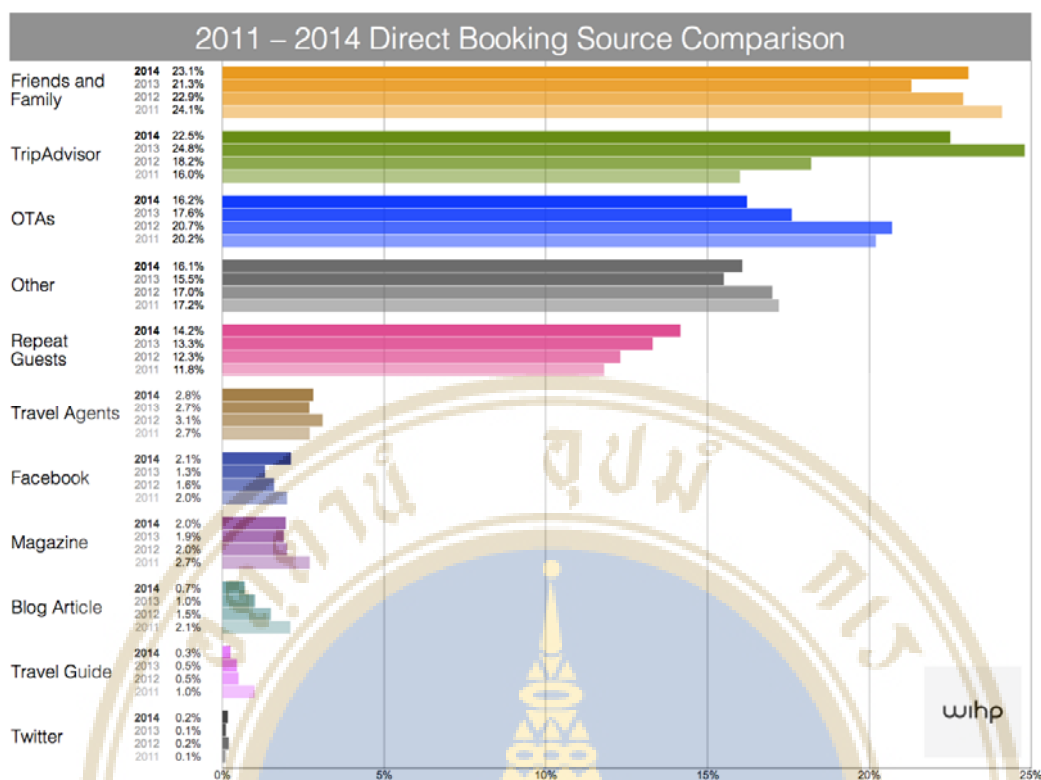
**Figure 4.4 Visitors attractions' in using OTAs services**

Advertising and promotion has been playing an important role in travelers' choice of purchased, in the other word, customers are price sensitivity. The support related to this reason is from Mr. Katchpon Pindavanija, Assistant Manager of Baanklangaow Beach Resort.

“More than 70% of hotel’s customer contacts via OTAs because of cheaper price and promotion. Of course the business would gain high profit if customers book directly to hotel. However, due to its small size of business, the hotel still needs this channel to communicate with customers. Most of our customers are aging between 25-45 years and they like to save their spending as much as possible” An interesting point he mentioned in an interview which can link to the survey result is the group of customers who are price sensitivity.

There are typical requirements according from 50 survey results toward their final purchased decision. The result may cause from attractive promotions, recommendation from familiar persons, and social media which support some points in the hypothesis that it is correct. Whereas, low rate price and points earning from loyalty program have influenced online travelers to make a purchase for extra information knowledge gain from insiders’ results.

To further support this hypothesis, WIHP hotels have collected and compared direct booking source data from 2012 to 2014 worldwide which friends and family recommendations have set to be number 1 criteria in 2014 dropping off TripAdvisor down from the top channel source in 2013 – see figure 4.5.



**Figure 4.5 Hotel direct booking source survey 2014 - WIHP Hotels**

In evaluation stage, customers are keen in hotel location, environment atmosphere, and room feature and services. Since hospitality business is intangible services, they are more concerned in tangible benefits through description and photos. One study evaluate travelers' evaluation based through search attributes (expected attributes before making a purchase), experience attributes (tangible items after experience), and credence attributes (reliability after experienced that they expect to receive in the future) (Lovelock & Wirtz, 2004). If customers do not receive as they are expected or upon their level of requirement, they are less likely to return; this includes hidden and missing of information.

Data results from this survey support the literature review which approved the last hypothesis. Their purchasing decision is regarding to their requirement influenced from certain evaluation from their personal needs, word-of-mouth (friends and family's), past experience and social attributes.

In summary from Web-based mini surveys results of 50 respondents. Mostly all of them have visited and used online travel agents' site (OTAs) in making room

reservation approximately by 1-2 times per year via Agoda.com (94%) and Booking.com. Three major attractions cause from promotions and advertisement, friends and family's recommendation, and social media. The main reasons of choosing OTAs are from price comparison, convenience, and discount. Their purchasing requirement is upon their own needs and/or passes experiences, word-of-mouth, and external attributes such as social media.

A noticeable point mentioned in an interview is age range with price sensitivity. According to assumption of 25-30 ages range from survey result shows the highest purchasing group, especially women, through OTAs. It can possibly project that this age groups are most to find deals, sales & promotion or shop for price comparison to find lowest rate (TechJournal.com, 2012). Women travelers' are specifically have expectations in different attitudes which playing active roles in decision making (Baraban, 1986) and claimed by approximately 70% of travel decision were made by them (Azizan Marzuki, Tan Lay Chin, Arman Abdul Razak, 2012.)

#### **4.5 Advantages and Disadvantages between Hotels and OTAs**

Online travel agents (OTAs) provide both disadvantages and advantages to many hotels. From the interview with executives, senior managers, and hotel owners, below are some insightful from hospitality people.

Mr. Jiri Kobos explained further that the positive aspect of OTAs toward hotel is to open a marketing opportunity in low demand period. With its wide range OTAs in attracting new customers, it helps hotel in gaining some revenue in low season. Vice versa, High cost of commission, marketing powers and customers' habits are the negative contributions of OTAs toward hotel. Right now OTAs have earned its customers market share approximately 35% or more. One of its main marketing strategies are through heavily focusing on selling cheap price with great deals which link to customers' habits nowadays that they tend to rely on flexibility and price sensitivity.

“OTAs still have taken 35% of market share even though the main support channels are coming from local/overseas wholesalers and hotel direct booking” said by Ms. Ratsameekhae Thavon, senior sales manager of Rayavadee Krabi and Tamarind

Village Chiang Mai. From now and in the future, hotels will still need OTAs as partner. The reason is because OTAs is a fastest channel to pick up bookings in short period and many hotels need to rely on them.

Likewise information received from Mr. Katchpon Pindavanija said, “OTAs have given us both positive and negative effects to us. We do not have to hiring sales persons so the cost of fixed cost and operation costs are not high and OTAs promote the hotel for us, so we save money in advertisement cost and because of this, it affects to our bargaining power to negotiate for lower commission fee.”

Mr. Thanapat Wongsalangkul from The Green Beach Resort further explained that, “Because our business is a small size hotel, we still need to reliant with OTAs website in expanding market and attracting new customers, yet we are trying to limit their bargaining power over us by setting out more hotel promotions on website and use a positive word-of-mouth.” In addition, Agoda.com and Booking.com are two main OTAs that generating revenues for his hotel. Agoda.com yields revenues for approximately 80% although it charges the commission fee 17% per room. Booking.com is as well generating revenue to hotel around 30-40%.

Advantages and disadvantages of OTAs toward big and small hotel firms can describe in a summary below table.

**Table 4.3 Advantages and Disadvantages of OTAs toward hotel**

Advantages for Hotel	Disadvantages for Hotel
<ul style="list-style-type: none"> <li>• Worldwide network</li> <li>• Bringing customers in low season</li> <li>• Promote and brand recognition</li> <li>• Rooms are sold easily and fast</li> <li>• Low operation cost for small hotels</li> </ul>	<ul style="list-style-type: none"> <li>• High commission fee to be paid</li> <li>• No bargaining power especially for small hotels</li> <li>• OTAs themselves are as well a competitor causing in lower in revenue</li> <li>• Unable to sell available rooms due to the OTAs room blocking agreement</li> <li>• Customers perceive OTAs benefit from their discount rate and loyalty member</li> </ul>

## CHAPTER V

### CONCLUSION

The results from this web-based survey have shown a general explanation of individual Thai online traveler's perception in choosing online travel agents as a booking source instead of directly booking to hotel. Factors influence can scope into 3 distinctive results with a use of quantitative data and qualitative research.

First factor is from technology. Online travelers are reliable on perceived ease of use (convenience and fast) and usefulness of technology (advantages upon websites that meet customers' requirement) which impact toward their attitude and attention in purchasing online. Such advantages are included of hotel consolidation, well-managed network, and booking functions. An online travel agent (OTAs), for instance, Agoda.com, has fulfilled all travelers' needs and wants. Product variety, price comparison, and low rate are counted as three main positive reasons for online travelers to book through OTAs channel rather than hotel. Second factor is marketing strategies. Because travelers are subjected to vivid advertising and promotion, recommendation from friends and family, and social media, these increase more attraction to visit and use services from OTAs. Last factor as influencer toward purchasing decision is from individual preference causing by travelers' personal needs and their past experience, word-of-mouth, and social media. However, online travel agents must keep in mind on their several unsatisfied drawbacks from rate price, purchasing method and process and website security. Customers are easily aware when it comes to financial transaction. Although there are doubt in research about trust and perceived risk from purchasing online. One research is shown that if customers receive trust in online, they are more likely to purchase online (Corbitt, Thanasankit, & Yi, 2003).

## 5.1 Recommendations

- Hospitality Insiders

There are few Recommendations for hotels to gain and manage digital market back from OTAs. “Control rate parity, create hotels’ online booking system for sufficiency and user friendly, provide good loyalty programs and customer services to encourage direct booking in the future, and pro-active marketing capability such as SEO, SEM, Social Media Marketing, Paid Display Campaign, etc.” said by Ms. Yingrekha Lagulasena.

What hotel must do is to promote their brand for recognition through website designed and having qualified booking engine in place (if possible). This is to create attraction and trust for customers to book with hotel. Doing online marketing through search engine optimization (SEO) and as well with search engine marketing (SEM) will boost up more potential customers to visit the page. Corporation with TAT or travel events enhance in customers interaction and brand expansion.

A specialist in hotel revenue management and e-commerce, Mr. Bobby Saw, has given some tips how to gain market share back from OTAs. Having strong loyalty program is the first elements. Retain loyalty customers is very essential so before offering special promotions to public. The hotel should be giving special deals to customers for this group of customers through personal e-mail, newsletters, or directly send special price upon occasions such as birthday or anniversary. Secondly, in order for hotel to gain its market back is by offering pre-purchased or early bird promotions. OTAs have recognized by the price saving and their disadvantages are services inflexibility and a difficulty in cancellation. Hotel can use this opportunity to pull their customer back because they own an accommodation. And lastly, hotel should control room rate and inventory along with rechecking room allotment with OTAs channel. Hotel will reserved rooms according to the agreement made in a contract with OTAs which will be different in each hotel. Hotel must always check on room availability on OTAs website. This is important that when a cheapest room rate is unavailable, higher room rate will be shown. At this point when a customer scrolls down to see price comparison, they will choose other hotels that can provide cheaper room rate. Instead of gaining revenue, a hotel will lose customers to other hotels and yet has to pay for



high commission fee to OTAs. At the same time, a hotel cannot sell those reserved room to their own direct customers because it is on an agreement.

- Hospitality Research

Nevertheless, there are some gaps that OTAs might possibly lose their market easily. One article has mentioned about this issue. *“OTAs are still all about price. Despite what might be stated to the contrary, the OTAs generate customers primarily on the basis of providing the broadest distribution at the lowest price. Just look at most OTAs advertising strategies: they focus on offering the customer the best price, not necessarily the best travel experience, which is what should be touted by your property.”* (Hotelmkt.com, 2011) Hotels can use this as a source of information to create best services and atmosphere upon website and every touch point with customers once they are using service and after service.

Another and one of the most important issues for hotel is rate parity. Rate parity is when hotel maintains the same price across to all distribution channels (hotelnewsnow.com). Major problem arises when many OTAs sell cheaper than hotels have provided, it is because they have signed a contract to received low rate price as an exchange number of rooms' booked within a quota negotiated upon agreement. With this issue, customers who are neglected to price sensitivity will more likely to book through OTAs. (iHotelMarketer.com, 2013) has given some useful suggestions to the hotel that has a contract with the parity agreement with OTAs to increase sales room directly to hotel without prejudice to the contract of sales.

- 1) Offers special rate in specific group of customers

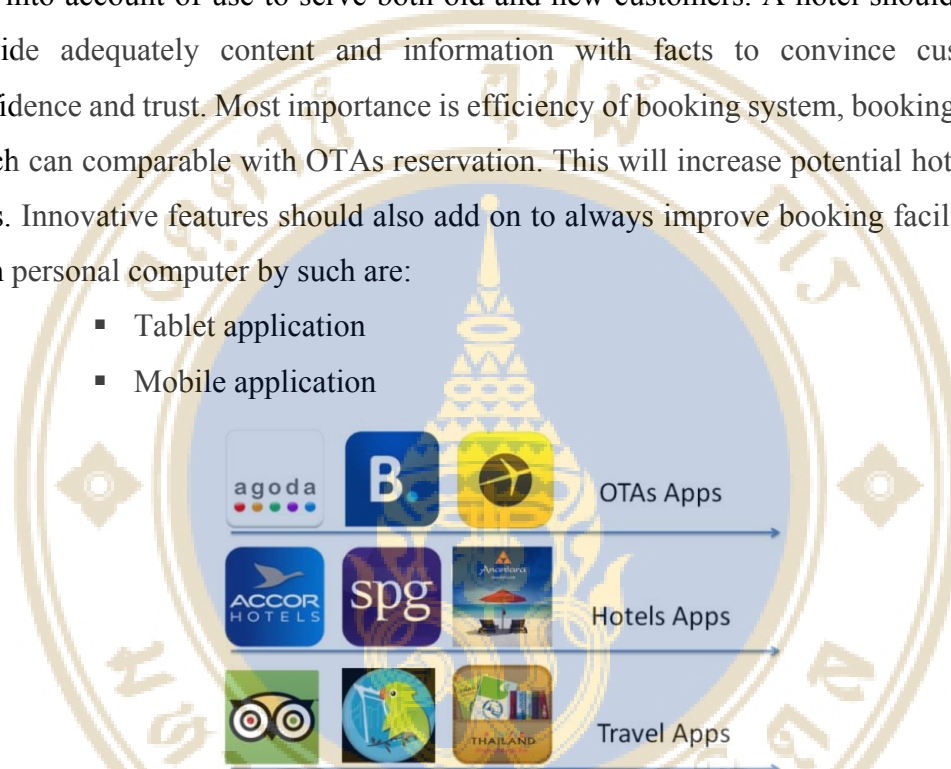
A hotel should be providing a special discount code for hotel rooms for subscribers. They can also send a direct email to target customers to be used as a discount off the regular price when booking directly through the hotel website. This approach will be effectively use with a hotel that has a booking engine system in place to support discount code. Moreover, a hotel can offer extra services in packages with special rate price limited in time period; this can motivate customers to rate the comparison between OTAs and hotel price for worthiness. A hotel can further give certain privileges that are not available in OTAs to old customers who book directly to hotel at an equal price value. For example, check-in or late check-out, room upgrade with privileges to use executive lounge/club lounge – this way is to value customers and

a hotel can gain benefit in repeating guests. Some other raw privileges that can be used is by offering discount rate at front desk upon customer check in. A hotel receptionist is needed to be trained. Not only front office people, but also operational employees who are likely to interact with customers for communication skills should be trained as well.

## 2) Website design and content

Facilitated and friendly users in well structure design of hotel website should take into account of use to serve both old and new customers. A hotel should as well provide adequately content and information with facts to convince customers' confidence and trust. Most importance is efficiency of booking system, booking engine, which can comparable with OTAs reservation. This will increase potential hotel direct sales. Innovative features should also add on to always improve booking facility apart from personal computer by such are:

- Tablet application
- Mobile application



**Figure 5.1** Tablet and mobile applications supported to iOS and Andriod

## 3) Attracting online visitors through reviews

Most OTAs limit reviews only to their customers which introduce in fewer reviews unlike hotel website where all customers from various sources can register to write their reviews and this creates value and trustworthy information. Hotel must also aware of reviews done outside of hotel website such as Pantip or blogs where it has high influence of purchasing decision of buyers. A hotel can use this opportunity to present this review on hotel website and given credit to them.

## **5.2 Managerial Implication and Suggestion**

This research paper is including from all researcher knowledge earned from working in hospitality business and also knowledge learned from bachelor degree in a tourism and hospitality management. All hypothesizes in this research may vary through times and market trends. Various type of methods that big hotels and small hotels can use to apply with their strategy in dealing with OTAs. After interviewing with big hotels and small hotels, they do share some similarity in OTAs issues. Somehow, the direction of each business will be differently applied and used. There are always no definite answers to every solution in business world, but to select the most suitable choices upon each moment in time will lead in success. Human behavior will always change which may or may not influence from external factors. However, if any business can possible guide and shape their behavior that can change their perceptions, in positive aspects, has more opportunity in winning in a market.

## **5.3 Limitation**

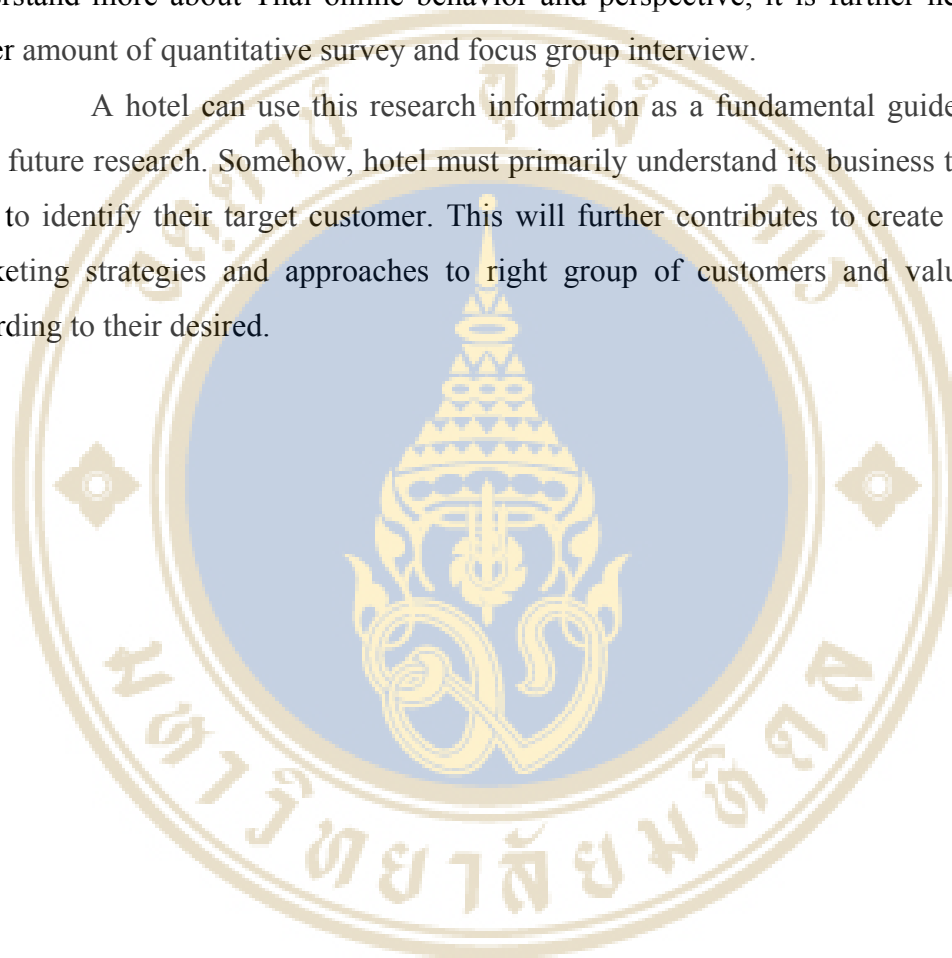
To finish the research in time, time constraint is likewise a limitation. Because of short period of doing a research, researcher then must scope down the number of collecting data. This truly affects amount of sampling size of survey questions and respondents. Small number of sampling size in quantitative research may not fully represent a total perceptions' of travelers precisely. Some of questions may need further explanation and in descriptive information. Thus, it can only contribute for general information perspectives which may fall into biased information. Another limitation is resource limitation. Data available from public organization in Thailand is not up-to-date and inapplicable. For deeper data, it requires payment to receive more information.

## **5.4 Future Research**

According to this research study, several gaps are needed for rational research finding such as gender, age range, and hypothesis results. Generally, women

are the prospect who mostly makes a final decision. However, it is not yet clearly said and has no proper measurement in this research toward their behavior. Nevertheless, men behaviors must not be abandoned. Although age range between 25-30 years old is the highest purchaser from this survey result, it cannot count as a total traveler's perception due to the few of other age range respondents. For hypothesis results, more research specifically in Thailand's online travel agents must be investigated. To understand more about Thai online behavior and perspective, it is further needed in larger amount of quantitative survey and focus group interview.

A hotel can use this research information as a fundamental guideline for their future research. Somehow, hotel must primarily understand its business type and able to identify their target customer. This will further contributes to create suitable marketing strategies and approaches to right group of customers and value them regarding to their desired.

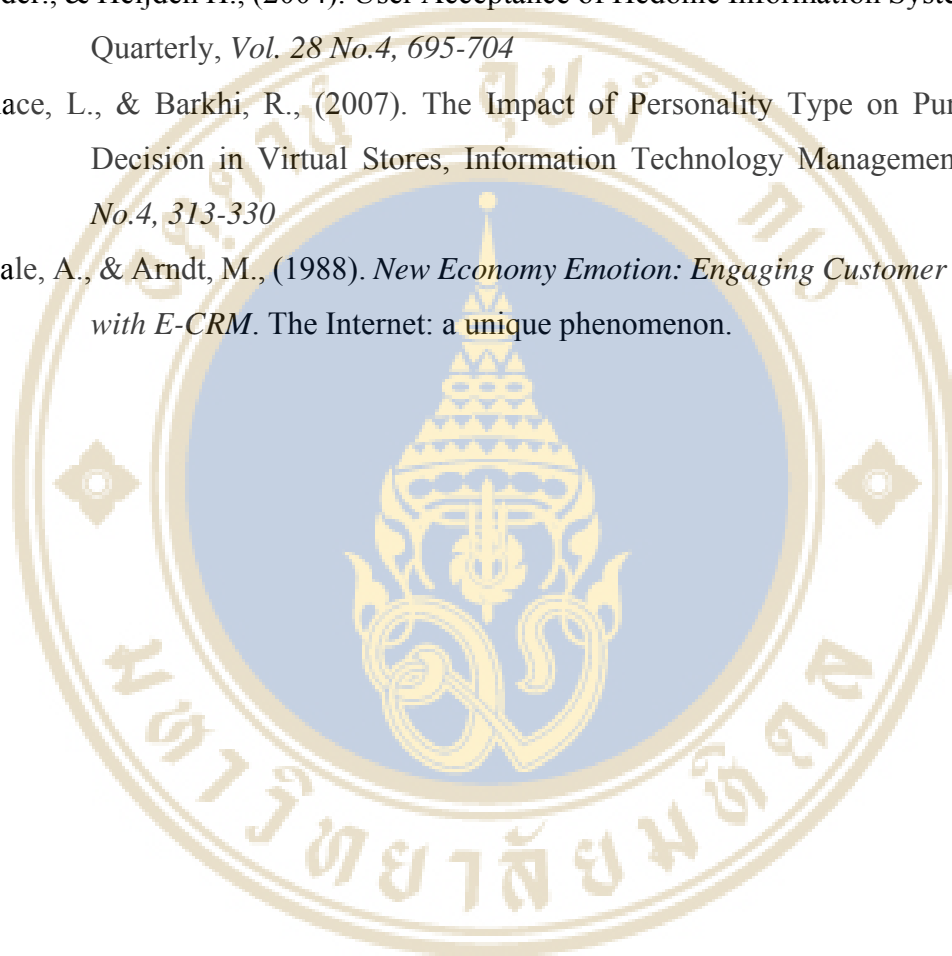


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## APPENDIX A: Interview Introduction

### Influence of Online Travel Agents toward Customers' Perspective in Thailand's Hotel Industry: Independent Thai Online Travelers

This mini web-based survey is used to understand independent Thai online travelers behaviors and perspective toward online travel agents. Your information will be used and kept confidentially as a knowledge information in thematic paper submitted in a partial fulfillment of requirement of Master of Management to acquire a degree from College of Management, Mahidol University.

All of respondents will only take 5 minutes to answer all of questions. Thank you for taking the time to participate in this survey as well.

งานวิจัยนี้เป็นส่วนหนึ่งของงานวิจัย หลักสูตรปริญญาโท คณะการจัดการ มหาวิทยาลัยมหิดล เกี่ยวกับ อิทธิพลของระบบตัวแทนการท่องเที่ยว ที่มีต่อมุมมองของกลุ่มนักท่องเที่ยวไทยบนonline ในอุตสาหกรรมโรงแรมในประเทศไทย ข้อมูลที่ได้รับจากท่าน ทางผู้จัดทำวิจัยจะเก็บรักษาไว้เป็นความลับ และนำไปใช้เพื่อการศึกษาของมหาวิทยาลัยมหิดล จึงหวังเป็นอย่างยิ่งว่าจะได้รับความร่วมมือจากท่านในการตอบแบบสอบถาม

การตอบแบบสอบถามทั้งหมด ใช้เวลาประมาณ 5 นาที ขอขอบคุณที่ท่านกรุณาใช้เวลาให้ความร่วมมือในการตอบแบบสอบถามฉบับนี้เป็นอย่างดี



## APPENDIX B: General Questions

### Gender \*

- Male  
 Female

### Age Range \*

- Under 25  
 25 - 30 years old  
 31 - 36 years old  
 37 - 42 years old  
 42 years over

### Social Status \*

- Single  
 Married  
 Divorce / Separated

### Average Range of Income per month (Thai Baht) \*

- Less than or equal to 20,000 THB  
 20,001 - 40,000 THB  
 40,001 - 60,000 THB  
 60,001 - 80,000 THB  
 More than 80,001 THB

### Occupation / Careers \*

- College Student  
 Company Employee (private)  
 State Officers (Public / Civil)  
 Entrepreneur / Business Owner  
 Other:

### 1. What type of travel accommodation do you often visit/use in Thailand? \*

- please select 1 best answer -

- Resorts & Hotels (independent and chain)  
 Boutique Resorts & Hotels  
 Bed & Breakfast Hotel  
 Guest House  
 Hostels  
 Other:

### 2. What is your often payment method for booking an accommodation in Thailand \*

- Cash  
 Money Transfer  
 Credit Card  
 Debit Card

**3. In Thailand, what is your most preferable booking type on accommodation ? \***

- by walk-in
- by written form (e-mails)
- by phone (telephone / call center)
- by hotel web-direct
- by traditional travel agency
- by online travel agents

**4. Have you ever used/visited the service from online travel agents site? \***

- I have only visited, but not used online agent site
- Yes, I have visited and used online agent site
- No, I have not visited nor used online agent site

**5. In your understanding and perspective, what is online travel agents? \***

- please describe your answers in a complete sentence -

**6. How often do you use online travel agent when making a vacation trip in Thailand? \***

- please estimate travel times within 1 year -

- 1 - 2 times/ year
- 3 - 4 times/ year
- 5 - 6 times/ year
- more than 7 times/ year

**7. Which online travel agents have you used to book hotel rooms in Thailand ? \***

- you can select more than 1 answer -

- Agoda.com
- Booking.com
- Expedia.com
- HotelTravel.com
- Travelocity.com
- Hotels.com
- LateRooms.com
- Thai (local) Online Travel Agents
- Other:

**8. What attracts you to visit and use service from online travel agents site? \***

- you can select more than 1 answer -

- Social Media
- Friends & Family's Recommendation
- Blogger Recommendations
- Portal Website Review (i.e., tripadvisor, pantip, sanook)
- Advertisement & Promotions
- Other:

**9. What are your biggest concerns about purchasing products & services from online travel agents over hotel direct booking? \***

- please select 3 top reasons -

- Price Comparison
- Convenience
- Ease of Website Usage and Process
- Up-to-date of information, location, and pictures
- Satisfied Services
- Attractive Promotions
- Website Trust and Loyalty
- Other:

**10. What are your unsatisfied reasons about online travel agents in booking accommodation in Thailand? \***

- please select 3 top reasons -

- Rate Price
- Purchasing Options and Process
- Company Services
- Website Content and Design
- Website Security
- Customer Review
- Promotional Campaign
- Other:



## APPENDIX C: Example of Interview Questions

General Background \_\_\_\_\_

Current Position \_\_\_\_\_

Year of Experience \_\_\_\_\_

- 1) In term of (hotels), (owners)' perspective, what are positive and negative impacts of OTAs to hotel business?
- 2) By approximately, how many percentage does OTAs have taken customers market share?
- 3) What are impacts customers to book OTAs channel instead of hotel direct? Provide examples.
- 4) What and how hotel can gain and manage digital (online) market back from losing market share OTAs?
- 5) How do you see OTAs business in the future, do (your) hotel still needs to rely on OTAs?