

**KEY SUCCESS FACTORS FOR ONLINE TRAVEL AGENCY IN
THAILAND**



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KEY SUCCESS FACTORS FOR ONLINE TRAVEL AGENCIES IN THAILAND

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ABSTRACT

Due to high competitive market in Tourism Industry and especially for Online Travel Agencies (OTAs) in Thailand. Online Travel Agencies in Thailand are more concern about customer's decision making to purchase hotel from online website. Therefore, the purpose of this study is to understand the key success factors that influence customer to make decision to purchase hotel via Online Travel Agencies.

The study will focus on factors that make company successful and factor of customer satisfy to purchase hotel via Online Travel Agency and relevant factor (Price, Promotion, Marketing, Reliable, Etc.) that impact to customer's decision making.

KEY WORDS: Online travel agency, Key success factor for online agency

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CHAPTER I

INTRODUCTION

The Internet has changed the world and e-commerce is become a new distribution channel which is lower cost and more accessibility rather than traditional way or offline marketplace. There are no different in tourism industry, Internet plays a major role as the most efficient way to reach customer and also create challenge for traditional business model. Over the last decade was starting point of Online Travel Agency (OTAs) and rapidly growth in every single year. Therefore more and more customer is moving towards to online channel so competition among online travel agency is more aggressive according to changing of consumer behavioral. Since travel agency is one of business that response to this change by transforms offline system to be online system.

During the strong growth of Internet, online travel agencies have developed system to improve purchasing experience of customer by provide accessibility, flexibility and informative about hotel and destination, customers now have greater access to information about the hotels. In the pass travelers had a very difficult time choosing hotels and booking rooms. Now, they are able to see competitive prices, view pictures of the rooms/facilities and even use an interactive map to assess the location of the hotel.

There are many online travel agencies in Thailand but there are not many online travel agencies in which are booking.com, agoda.com, and expedia.com that successful in Thailand. So what's the reason for their existence and what is a key factor of Successful for Online Travel Agencies?

1.1 Problem Statement

To find what is the main factor to be source of competitive advantage for online travel agency in Thailand and why they are successful and exist in competitive market. To find out what is the main factor that customer chooses online travel agency website to book the hotel and service.

1.2 Objective of Study

- To investigate key factor of successful for Online Travel Agencies.
- To find out the important attribute for customer satisfaction.
- To recommend improvement area that still has low customer satisfaction by using Online Travel Agencies.

1.3 Expected Benefit

This research will benefit directly to company and also to customers. Outcome for this research can be used to improve company service to meet with customer expectation. And can help firm to increase sales volume and enhance customer satisfaction together with retain loyalty customer in the same time.

CHAPTER II

LITERATURE REVIEW

2.1 Information and Review

Over past ten years, there are many researches has been interested in Tourism Industry together with opportunity and challenge to Travel Agencies in decades of Internet booming. Internet has been provide huge impact to Tourism Industry, since 2008 (Schwabe, 2008) has been talked about designing the travel agencies of the future and Large number of companies shift from offline to online business model. According to (Schwabe, 2008) the study argues that good travel advisory create a significant added value, if they succeed in uncovering the customers' hidden needs and creating a better user support.

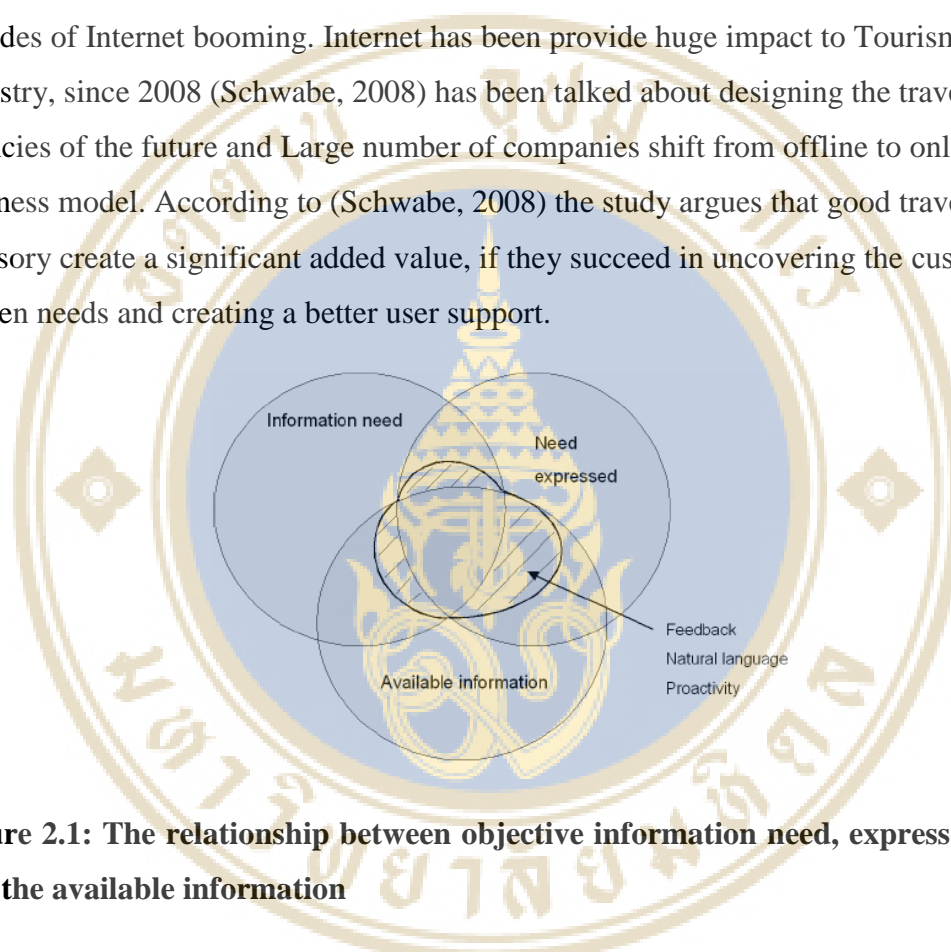


Figure 2.1: The relationship between objective information need, expressed need and the available information

Therefore the major role of Travel Agencies may be information broker not only just provide information but Travel Agencies need to matching information with customer need. However the primary information base on location information, price information, hotel information & facilities since this is basic information that every online travel agencies provided to their customer. But the key area is Feedback Natural Language Information where customer can express, give feedback and ask for clarification. (Yoo, 2007) has been studied on role and impact of online travel review also support this rational. More and more customer reviewed on trip planning and

most online review user believe on other traveler's review as being more likely to provide up to date information, enjoyable, useful and reliable information and other online review have great impact on their trip planning and create confident on decision as reduce risk/uncertainly. (Yerby, 2012) also stated information support is an important for customer for buying a product and service. The customer will be interested in searching for product information and search online is one of method to influence purchase decision.

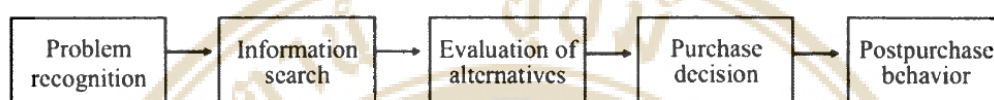


Figure 2.2 The Five-Stage Model Adapted from Marketing Management

2.2 Additional Service

(Ng, 2006) says additional services such as visa handling and travel insurance as one of the key different factors that differentiate travel agency and it's need for customer to evaluate the travel agency.

2.3 Quality and Variety of Product

(Ng, 2006) state quality and variety of holiday/travel package were recognized as one of the most important selling in the travel agencies business and consumer could be potentially looking for such attributes in selecting their travel agency business

2.4 Service Quality

And also service oriented is this business such as helpful and friendly staff could be the central to the success of the transaction. (Ng, 2006). Even though services quality is difficult to evaluate it's about manage customer expectation and delivery service to narrow gap. (Zeithaml, 1985). For online travel agency in term of service

quality there are many different methods to create this perception to their customer. Such as best price guarantee, flexible term and condition (free cancellation) or pay only deposit (at few amounts) upon make booking.

2.5 Pricing and Marketing Promotion

Nowadays customers have full accessibility and ability to choose product or service as they like. In travel industry, online travel agencies provide price and production comparisons across many supplier and customers are more prices sensitive. Advertising on website are used to draw attention from customers; together with email marketing and customer are more likely to respond to mail when the offer is interesting and make purchase (Rao, 2006).

2.6 Trust worthy

The Internet creates huge impact to customer buying behavior and also have negative side effect to customer from information overloaded and customer failure to select various of product/service and miss understanding (Kurt Matzler) Therefore online travel agencies is kind of short cut by provide review rating from other customer to create reliable to customer (Yoo, 2007). Even though many article and researches provided information and summarized factor that are source of customer satisfaction by purchasing hotel via online travel agency and key business driver, however which attributes is the most important for successful company together with customer satisfaction and also impulse customer to purchase hotel via online travel agency in Thailand. Since customer could not see the product before purchasing or testing product or service.

CHAPTER III

METHODOLOGY

3.1 Research Approach

Berry (1999) state in-depth interview (**qualitative**) is good method is user for explore of new solution and get idea information. The purpose is to understand factor from customer point of view and also online travel agencies staff point of view also. Participant will have chance to express and give information together with share experience from using service of online travel agency. Interview and voice record by asking question to participant will let researcher more understand about variable and ideas for objective. Researcher will provide open-ended question to participant.

3.2 Data Collection

The data collection for this study will collection from two different groups of people consist of group of customer and group of company's staff. Because these two will have different point of view in term of provider and user. Data collection was collected by interview from consumer who have experience from using online travel agency to booked hotel and service and company who work for online travel agency. Researcher used the open-end question to let interviewee to answer question from their own opinion base on their experience also.

Participants; Company's staff and Customer

Number of Participant: Company's staff five persons / Customer ten persons

3.3 Interview Questions

The question to be used for interview are developed from literature view and previous research as such the factor that influence customer to book hotel via online through online travel agency. There are two set of question as below:

Set of question

Company's staff from Online Travel Agency in Thailand

1. How long have you been with company?
2. What do you think is an advantage of your company in term of business strategy?
3. What's the most complaint from customer buy using service?
4. What's the most often compliment from customer from using your service?
5. Do you think why your company is successful?
6. Do you think what is the most variable cause that customer use your company service?

Customer who ever use service of Online Travel agency in Thailand

1. Which Online Travel Agency you use to book your hotel and service and why?
2. What's the most important for you to choose online travel agency?
3. What's the most issue by using online travel agency?
4. What made you purchasing hotel/service via online?

CHAPTER IV

RESEARCH FINDINGS AND RESULTS

According to study on factor and variables that source of competitive advantage of the company (Online Travel Agency) most of responder advises that pricing and marketing is the most important variable made company exist in the market. While secondly is information and review on website. This part can draw traffic and attract customer to visit website and purchase hotel and service from website.

4.1 Represent of company success factor in term of company's staff perspective

Pricing and Marketing Promotion *“Nowadays customer can compare price from each provide just by fingertip and there are many website even provide this function to compare their own price with other website to ensure to customer that they will get the best rate. And also we do best rate guarantee to customer and need to compensate by refund different price to customer if they found cheaper rate from other provider”*

“We will always have promotion offer appear on website and this is the thing that customer expect to get when they are looking for hotel via online travel agency”

“We don't want to lose customer when they always visit our website by provide the best rate and offer to them”

“We have several offer and promotion to attract to the customer example early birth offer, last minute offer, non-refundable offer and package offer. This is order to catch booking from customer who have different booking pattern.”

Additional Service *“Since our company provide additional service such as transfer, sightseeing and air ticket as package and customer will gain cheaper price rather than*

buy each service from many provider separately. This is kind of additional service that we have and it's create uniqueness for our website”

Information and Review *“We provide just briefly information to customer but we link our website with other provider who expertise on review such www.tripadvisor.com and another profit is we don't need to take responsibility if something go wrong with content”*

“We always update hotel information and photo in our website, since this is factor that customer choose our website by provide more picture and clear information for them, such as how far from city and which station of subway is nearest exit to reach the hotel”

Researcher found that the most key important factor from company staff point of view is pricing and promotion then information and review while lastly is additional service. Pricing and promotion is main thing to draw traffic to website and customer will also look into hotel information and review to get more idea about hotel and service. Therefore all online travel agency are in price war to gain more customer and they think that customer who book hotel via online are price sensitive.

4.2 Represent of factor that influence customer to choose and book hotel via online travel agency

Information and Review *“Hotel information is very important for us to choose online travel agency to book hotel and it's also show that the website is professional service provider or not. We will not book hotel via website that has very old and not clear hotel's picture and not up to date hotel's information”*

“I like to book with website that provide review or recommendation by rating them in each dimension such as location, value of money, comfortable, staff s friendly. This is kind of comment from other guest and I think it help me to choose my hotel also”

Quality and Variety of Product *“When I travel to many different cities I like to book hotel via online travel agency. Otherwise I have to book each hotel direct via hotel’s website that complicate and not convenient for me”*

Pricing and Marketing Promotion *“We always seeking for good deal and promotion offer when we will book hotel via online travel agency otherwise we rather than book the room directly via hotel website”*

“I like reward program that they provide since I can collect point by book hotel in many destination and country then claim back as discount”

“I think the good thing to book hotel via online agency is they have many kind of promotion to match with customer want, sometime I book hotel with room only rate (without breakfast) and the price is a little cheaper. It’s good when I can choose just service that I want”

Trustworthy *“I found that some website provide very good offer and cheapest rate than other but I afraid to purchase and submit my credit card, since I may lose money for nothing and online is difficult to trust”*

“I will always book hotel via the same website that I used to or recommended by friend”

“I will always look at their policy and how to contact staff if I have problem about booking or sometime I need to amend by booking.”

Researcher found that pricing is also most important key factor to influence customer to choose online travel agency and book hotel via online. However information and review and also important for customer, since customer will evaluate hotel for ranking and recommended via website. Last factor is reliable because online is invisible service customer don't have chance to talk to staff and customer will always book and trust website that recommended by friend and family or website that used to.



CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

The research studies on factor for both side provide and customer. Price is the first issue that come up into customers mind and also for online travel agency firm try to provide this point to meet customer need and expectation. However, from studies most of online travel agency in Thailand provide similar price to customer. Therefore every website provides the same point to customer which is different in term of business strategy.

5.2 Recommendations

5.2.1 Differentiation

Researcher notice there are three online travel agencies in Thailand is customer book, the most which are Booking.com, Agoda.com and Expedia.com. These three agency have their differentiate, booking.com provide flexible payment term to customer by allow customer pay expense at the hotel upon arrival not the time that making reservation, this point solve customer problem who don't like to provide credit card via online and also customer who don't like to pay in advance. For agoda.com use pricing and promotion is key business driver by provide best price guarantee to customer and they will refund money to customer if customer find cheaper rate for other provider, while expedia.com use variety of provide and service. They also provide airline ticket combine with accommodation to customer. Therefore customers can also booking hotel and air ticket as package from them. Pricing and promotion is not only one key success factor for every firm but each online travel agency firm should have own service which is different from other.

5.2.2 Price

Pricing is also important to customer due to online provide easy access to information customer can compare from each website very easily. Therefore to main competitive advantage pricing is still main objective for online travel agency firm.

5.2.3 Promotion

Customers have different preference in promotion; some customer like to book hotel last minute and some customer like to book hotel in advance. Therefore to provide right promotion to right customer is one of influencer to impulse purchasing from customer.

5.3 Limitation

According to research methodology as qualitative in order to get depth information to understand customer that how they choose online travel agent to book the hotel. Since researcher would like to gain information from both provider and user and many respondents refused to have an interview due to company policy not allow them to give any information about company business model or strategy as confidential.

Researcher had an interview only 15 respondents which is 5 respondents from provider and another 10 from users. And this is quite small number and could not be representing for all of customer and result may not cover all of factor that might occur in the reality.

5.4 Future Research

Next research should interview non-user to understand, in order to understand what are obstacle to made them still use the same traditional way to book the hotel. And also new generation of user for what they are looking for and what they expect to get and see from online travel agency.

It will help company and market knows the gaps or problem that exists. That will be opportunity for existing company to improve their service or even useful for new company to create their new business model support customer need in the future.





APPENDICES

Company's staff:

What do you think is an advantage of your company in term of business strategy?

"We have price guarantee to our client and we will compensate if client find cheaper rate from any other website, so pricing and promotion is our key factor"

What's the most complaint from customer buy using service?

"Our customer most complaint about hotel's information which sometime is not accurate, some customer said hotel's picture is nicer than actual. Some customer complaint that hotel's location is website is not clear"

What's the most often compliment from customer from using your service?

"Customer don't want to pay in advance or feel hesitate to submit credit card via online, that's why we have an option for customer to process payment at 7/11"

Do you think why your company is successful?

"We provide the best price for our customer"

Do you think what is the most variable cause that customer use your company?

"The most variable cause, I would say is pricing and promotion. Otherwise customer will book via hotel's website rather than through online travel agency"

Customer:

What's the most important for you to choose online travel agency?

"There are many factor but the most important is pricing, I also expect cheaper price or good promotion from online travel agency. By the way I will not book hotel via website that I never know before"

What's the most issue by using online travel agency?

"I don't want to provide credit card via online as you know it's not secure even they try to claim warrant for security system and there are some website provide good"

option which is I can pay direct at hotel upon arrival. So I prefer to book hotel via website that provide this kind of service”

What made you purchasing hotel/service via online?

“I think convenience because I can book hotel anytime and anywhere. And I always plan book hotel just 3-5 days before travel, which I realize that sometime good promotion outcome for last minute booking”



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