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**Disintermediation of hotel reservations:  
the perception of different groups  
of Italian online buyers**

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# Overview

- ✓ General figures
- ✓ Literature overview
- ✓ Aims of the research
- ✓ Methodology
- ✓ Findings
- ✓ Conclusions
- ✓ Academic and managerial implications
- ✓ Limitations and future steps

# General Figures

- ✓ Total gross value of **bookings for Europeans Hotels** in 2009:  
€ 75.1 bilion (PhoCusWright, 2010)
  - Bookings made online: **19%**
- ✓ Total gross value of **bookings for Italian Hotels** in 2009:  
€ 9.8 bilion (PhoCusWright, 2010)
  - Bookings made online: **4.5%**
- ✓ **Italian tourists using travel agencies in 2009: 18.2%** (FIAVET. 2009)
- ✓ **Italian online travel market will grow considerably over the next few years** (PhoCusWright, 2010)

***In Italy the debate on the topic of disintermediation  
and re-intermediation is still open!!!***

# Literature overview on disintermediation

## ✓ Recent research focuses on:

- **Definition of the concept** (Bennet & Buhalis, 2003; Buhalis, 1998)
- **Revenue generating aspects of distribution and search-for-information stage in consumers' decision making** (Grønflaten, 2011)
- **Arguments for and against disintermediation** (Buhalis, 1998)
- **Positive and negative effects** (Ankar, 2003; Wen, 2009; Law, Leung & Wong, 2004)
- **Differences in sociodemographic characteristics of bookers and lookers** (Morrison et al., 2001)
  - The attitude to buy online increases with age, education level and income (Bonn et al., 1998; Weber & Rohel, 1999) and it is higher for leisure travellers (Kim & Kim, 2004)
- **Products to be most bought by internet** (Werther & Klein, 1999)

# Gaps in the available research

- ✓ There is still a lack of empirical data to investigate the views of Italian online buyers either for or against the disintermediation of hotel reservations, no prior papers had been published on this topic

# Aims and research questions

- ✓ **Q1:** Do Italian occasional, moderate and frequent online buyers differ in their socio-demographic characteristics?
- ✓ **Q2:** To what extent Italian travellers change the hotel accommodation that have been suggested by a travel agency based upon UGC?
- ✓ **Q3:** To what extent Italian travellers use internet to make hotel reservations for different type of travelling?
- ✓ **Q4:** What are the views of Italian online buyers either for or against the disintermediation of hotels reservations?

# Methodology

- ✓ Snowball sampling technique (Wrenn et al., 2007)
- ✓ Data collection: participants were asked:
  - if they have ever had experience in booking hotels rooms online (qualifying question)
  - how frequently they usually make hotel reservations online
  - to give us their general socio-demographic characteristics
  - to express to what extent they agreed or disagreed with a list of 8 statements (Buhalis, 1998; Law, 2009) to investigate their views for and against the disintermediation (5-point Likert scale)
  - to state if they have ever changed the hotel accommodation that had been suggested by a travel agency based upon UGC
  - to state the types of travelling for which they usually make hotels reservations through the internet
- ✓ Sample: 1.448 complete questionnaires
- ✓ Data were coded and analyzed using SPSS (version 17.0)

# Composition of the sample & chi-square test

	<b>1-2 times</b>	<b>%</b>	<b>3-4 times</b>	<b>%</b>	<b>&gt; 4 times</b>	<b>%</b>	<b>Total (100%)</b>	<b>X<sup>2</sup></b>
<b>Gender</b>								
Male	428	65.6	138	21.2	86	13.2	652	23.919*
Female	607	76.2	134	16.8	55	7.0	796	
<b>Age</b>								
< 25	290	84.7	40	11.7	12	3.5	342	56.584*
26 -35	494	68.6	153	21.2	73	10.1	720	
36 -45	176	64.2	54	19.7	44	16.1	274	
46 -55	52	67.2	16	21.0	9	11.9	77	
56 - 65	18	64.3	9	32.1	1	3.6	28	
> 66	5	71.4	0	0.0	2	28.6	7	
<b>Education</b>								
Below Secondary School	38	79.2	9	18.7	1	2.1	48	105.764*
Secondary School	467	80.0	86	14.6	31	5.4	583	
University Degree	452	70.5	121	18.9	68	10.6	641	
Post Graduate Degree (Master)	56	50.0	36	32.1	20	17.9	112	
PhD	22	35.0	20	31.7	21	33.3	64	
<b>Monthly household Income (€)</b>								
Fino a 1.000	71	87.7	9	11.1	1	1.2	81	71.251*
Da 1.001 a 2.000	268	77.0	59	17.0	21	6.0	348	
Da 2.001 a 3.000	188	68.6	55	20.0	31	11.4	274	
Da 3.000 a 4.000	82	61.6	37	27.9	14	10.5	133	
Da 4.001 a 5.000	34	48.6	23	32.8	13	18.6	70	
Da 5.001 a 6.000	20	48.8	9	22.0	12	29.2	41	
Da 6.001 a 7.000	11	78.6	2	14.3	1	7.1	14	
7.000 or above	86	68.8	27	21.6	12	9.6	125	
I prefer not to answer	275	76	43	14.1	36	9.9	362	
<b>Total</b>	<b>1035</b>	<b>71.5</b>	<b>272</b>	<b>18.8</b>	<b>141</b>	<b>9.7</b>	<b>1448</b>	

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Male								23.919*
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<b>Monthly household Income (€)</b>								
Fino a 1.000								71.251*
Da 1.001 a 2.000								
Da 2.001 a 3.000								
Da 3.000 a 4.000								
Da 4.001 a 5.000								
Da 5.001 a 6.000								
Da 6.001 a 7.000								
7.000 or above								
I prefer not to answer								
<b>Total</b>								

✓ Occasional, moderate and frequent buyers are different in their socio-demographic characteristics

- Gender
- Age
- Education
- Income

✓ For example: younger respondents make significantly fewer hotel room bookings than older (because of their internet experience: Kim & Kim, 2004)

# Have you ever changed the accomodation suggested by a travel agency based upon UGC?

	Occasional buyers		Moderate buyers		Frequent buyers		Total		X <sup>2</sup>
	N	%	N	%	N	%	N	%	
<b>Yes</b>	286	62.58	99	21.66	72	15.76	457	100	34.023*
<b>No</b>	748	75.48	173	17.46	70	7.06	991	100	
	1.034		272		142		1.44		
							8		

**\*Significant at 0.05 level**

***Occasional buyers change their mind more often than moderate or frequent buyers!!!***

# Type of travelling and hotels reservations through the internet

	National	European	Intercontinental	Short-term (4 day or less)	Medium-long term (5 days or more)
Leisure	95.6	94.9	52.8	96	77.5
Business	61.9	51.1	24.4	58.4	39.2
Honeymoon	16.3	18.3	19.2	16.3	19.1

\*Respondents were allowed to give multiple answers

- ✓ The **internet** is used mainly for
  - Short-haul and medium-haul travelling
  - Short-term and medium to long-term travelling
- ✓ Most people used **traditional travel agencies** for:
  - Complex product and high-involvement product, such as honey moon

***Business travellers use internet less frequently than leisure travellers!!!***

# Views either for and against the disintermediation of hotel reservations

	All respondents	1-2	3-4	≥4	F	Post-hoc analysis
	Mean	Mean	Mean	Mean		
Travel agents offer a human touch and a human interface with the hotel industry	2.72	2.88	2.39	2.17	35.877*	Frequent buyers < Moderate buyers, Occasional buyers
Technology, particularly the internet, allows consumers to perform most hotel searching and purchasing functions conveniently	4.47	4.4	4.6	4.7	12.809*	Frequent buyers > Moderate buyers, Occasional buyers
Travel agents are professional counsellors for hotel rooms and offer valuable service and advice	3.14	3.25	2.89	2.76	25.201*	Frequent buyers < Moderate buyers, Occasional buyers
Consumers ultimately have to bear the cost of commissions to travel agents for their hotel rooms	2.68	2.72	2.54	2.59	4.212	
Travel agents are usually in favour of principals who offer more attractive commissions or partners, and thus make biased recommendations for hotels	3.52	3.48	3.58	3.65	2.114	
Travel agents can reduce the insecurity of hotel reservations as they are responsible for all arrangements	3.2	3.35	2.89	2.76	29.986*	Frequent buyers < Moderate buyers, Occasional buyers
Web sites (electronic intermediaries) are much more flexible and can offer many more choices than travel agents for hotel rooms	3.89	3.77	4.18	4.19	24.339*	Frequent buyers > Moderate buyers, Occasional buyers
It is more convenient to seek advice from travel agents on hotel reservations than from technology	2.16					Frequent buyers < Moderate buyers, Occasional buyers

# Views either for and against the disintermediation of hotel reservations

- ✓ Respondents have a quite clearly defined feeling in favour of disintermediation
  - Travel agents provide a better service in terms of human touch (2.72)
  - Travel agents are business-minded (3.52)
  - Consumer have to bear the cost of commissions to travel agents for their reservations (2.68)
  - Do not trust the view about the convenience of seeking advice from travel agents and prefer the internet (2.16)
  - Web-sites are more flexible channel to be used to search information and to purchase rooms more conveniently (4.47)
- ✓ Respondents think travel agencies are useful in some circumstances
  - They provide a better service in term of risk reduction (3.2) and professional counselling (3.14)

# Views either for and against the disintermediation of hotel reservations

- ✓ Significant differences were found in all but two questions between the views expressed by occasional, moderate and frequent (post-hoc analysis, Bonferroni Test)
  - Frequent buyers display a more positive view
    - about the flexibility of websites
    - the possibility they offer consumers to perform hotel search and rooms purchasing conveniently
  - Frequent buyers express a less positive view about the capability travel agencies express in:
    - Risk reduction
    - Providing a service with an human touch
    - Providing professional advice
    - Providing advice conveniently

# Conclusions

- ✓ Occasional, moderate and frequent buyers show significant differences in age, gender, education and household (Law, 2009)
- ✓ Propensity to purchase online increases with age, education and income (Bonn et al., 1998, Weber & Rohel, 1999)
- ✓ Internet is suitable for buying convenience goods and low-involvement products (Chu, 2001)
- ✓ Traditional travel agents are preferred when purchasing complex product (Werther & Klein, 1999) and by business travellers (Cobaloglu, 2001; Kim & Kim, 2004)
- ✓ Occasional buyers change the accommodation that had been suggested by a travel agent after having read UGC more often than moderate or frequent buyers do
- ✓ Significant differences exist in the way occasional, moderate and frequent on line buyers perceive the arguments of disintermediation

# Academic and managerial implications

- ✓ Findings provide further into the debate on disintermediation for booking hotel rooms in Italy
- ✓ Traditional travel agencies should:
  - Create and maintain a presence in the electronic market place (Anckar, 2003)
  - Move away from being booking offices and become consultants (Buhalis, 1998)
  - Improve their customer service (Tsai, Huang & Lin, 2005)
  - Convert their business to service charge collection (Wu & Chang, 2006)
  - Build and nurture their reputation both offline and online

# Limitations and future steps

## ✓ Limitations

- The sample is not perfectly representative of the Italian online buyers and thus findings cannot be generalized

## ✓ Future steps

- To study how Italian travel agencies currently use internet in their marketing strategy
- To consider the problem of disintermediation adopting an information search perspective (Grønflaten, 2011)
  - information sources (travel agents vs service providers)
  - information channels (face-to-face vs internet)

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**Thanks for your attention!**

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