

Trends in the Online Booking of Hotel Accommodation

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ABSTRACT

New technologies and tourist habits are the main reasons for the constant development in tourism. Tourist surfs through so many websites and promotional messages before making a final decision on which hotel to book. The hotel must invest in the development of a modern reservation system. The research is aimed at elaborating systems, trends, and innovations in online hotel accommodation sales in the Republic of Croatia. The authors have set the following research questions: (1) Which systems are used in hotel sales and marketing departments, and what are they used for in Croatia? (2) What is the growth of online sales in the last three years in Croatia? (3) What is the share of online sales per sales channel in Croatia? The main discoveries of the research are the systems used in hotel sales and the percentage of share of reservations made through direct sales channels of the companies surveyed.

KEYWORDS

Croatia, Hotels, Innovation, Online Booking Systems, Qualitative Research, Quantitative Research, Share by Sales Channels, Tourism, Trends

INTRODUCTION

Tourism is the largest generator of well-being and employment in the world, and an engine for economic development, in both developed and developing countries (Blažević, 2007). According to the European Commission, it is the third-largest socio-economic activity in the EU (after the trade and distribution, and construction sectors), and has an overall positive impact on economic growth and employment. Traditionally, Europe plays a significant role in the overall international tourism flow, with a share of 51% (World Tourism Organization, 2019) in 2018. In the last five years, this sector has registered growth, a trend that is projected to continue over the next decade. Online travel sales worldwide have increased in double-digits every year and the online booking market reached a scale of USD 189.62 billion in 2017 (eMarketer, 2017). According to the World Travel and Tourism Council (2014), the arrival of international tourists increased from 528 million in 1995 to 1087 million in 2013 and is expected to reach 1762 million in 2024 (Silva and Martins, 2016, pp. 6). The economic value of international tourism can be measured by examining the ratio of international travel benefits concerning GDP. In 2017, the ratio of travel receipts to GDP was highest, among the EU Member

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States, in Croatia (19.3%), Cyprus (14.1%) and Malta (13.7%), confirming the importance of tourism to these countries. In absolute terms, the highest international travel receipts in 2017 were recorded in Spain (EUR 60.3 billion), France (EUR 53.7 billion) and the United Kingdom (EUR 45.3 billion), followed by Italy (EUR 39.2 billion) and Germany (EUR 35.3 billion) (Eurostat, 2018).

The hotel industry has become one of the most important service industries in Croatia, where there is a sharply increasing growth in recent years. Furthermore, there is increased competition within this industry in Croatia. This increased competition has forced hoteliers to create strategies to retain current clients and to attract new clients. In line with these arguments, improving quality service through increased employee performance is the solution for this industry to remain competitive (Tsaour and Lin, 2004; Perovic et al., 2018). The potential tourist surfs through so many websites and promotional messages before making a final decision on which hotel to book such as hotel websites, third-party websites, social media channels, search engines, mobile searches (Aggarwal and Aggarwal 2010, pp. 20). With the continuous development of information technology, websites play an important role in businesses, especially hotels. Web sites can bring great benefits to hotels. Measuring web site service quality is still the main concern of hotel managers (Huy, Thai Thinh, Phamnd and Stricker, 2019).

One of the industries in which social media has significant influence is tourism and hospitality (Ćurlin et al., 2019b). According to Ćurlin, Jaković and Miloloža (2019a) Twitter has been valuable for the tourism sector, especially in developing business strategies, planning and studying tourist decision-making processes because of its strong impact on the WOM and the possibility to shape tourism supply based on user preference extracted from Twitter (Ćurlin, Pejić Bach and Miloloža, 2019b).

Reservation systems are a particularly interesting area of information technology in tourism. According to Murphy and Chen (2014) how the guest will book, accommodation presents critical information for hotel marketers who have to decide where to invest their marketing budget, develop apps and invests in smartphone-friendly platforms and strategic partners. The findings from the study by Eneizan, Mohammed, Alnoor, Alabboodi (2019) suggest that performance expectancy, effort expectancy, hedonic motivation, social influence, price value, facilitating conditions, habit and risk significantly influence the behavioral intention of customers regarding the adoption of mobile marketing. On the other hand, the trust factor was found to be an insignificant predictor in this area.

The hotel industry is developing new ways of accomplishing their missions by leveraging the power of information and applying network-centric concepts (Chawla 2013, pp. 754). Some of the new challenges for hotel managers in the 21st century is how to integrate the new, complex and varied services and ICT systems into their existing business operations (Law and Jogaratnam 2005, pp. 178). Effective and high-speed ICT infrastructure and software applications in the hotel industry are crucial for tourism development. Tourism is one of the economic sectors that is both driven by change and drives change. Technological, demographic, lifestyle and economic changes influence tourism development. Tourism, in turn, creates changes in the environment, population, quality of life and economies of tourism destinations. New technologies and new tourist habits are the main reasons for constant development (Hsiao, 2019). The revolution of the e-Commerce industry boosts the immense growth and potential business opportunities of the online tourism market. Most of the consumers (95%) search online before making a travel purchase. Best deals are an important motivation for customers to go online. Since online agencies provide flexibility and accessibility, it is easy for tourists to search and buy travel products and services within a small fraction of time. Train and air tickets, car rentals or accommodation can be researched, evaluated and reserved through the online sites 24*7 (Akhila and Manikandan, 2018, pp. 9). Sustainability is in the same time a crucial factor (Pejić Bach et al., 2014).

With a rise in online competition, popular models have come up with online travel agents (OTAs) offering a single marketplace for all travel-related needs. Online booking availability not only benefits customers by making travel arrangements easier, but it also increases the profits of businesses such as airlines, hotels and other package tour companies. Price transparency of online channels adds

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