

Analyzing the Factors Influencing Guest Booking Behaviour: A Comparative Study of Ota (Online Travel Agencies) and Direct Reservations in the Hotel Industry

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ABSTRACT

This study examines factors of guest booking behaviour between OTA and direct hotel bookings. It examines primary drivers such as price sensitivity, convenience, trust, brand loyalty, and user experience. The study examines the impact of hotel loyalty programs, website user experience, online promotion, and personalized engagement on direct bookings. It examines the impact of online reviews, social proof, and flexible policies on consumer preference. Using a mixed-method research design, surveys, interviews, and real-time booking data analysis, the study identifies strategies to reduce OTA dependence. The results show that convenience and visibility are offered by OTAs, but direct bookings enhance guest interaction and hotel profitability. The study provides practical recommendations to hoteliers to maximize direct booking strategies without compromising a balanced OTA partnership.

Keywords: Guest Booking Behaviour, Online Travel Agencies (OTAs), Direct Hotel Bookings, Price Sensitivity, Convenience, Trust, Brand Loyalty, User Experience, Hotel Loyalty Programs, Website Optimization, Online Promotion, Personalized Engagement, Social Proof, Online Reviews, Flexible Booking Policies

INTRODUCTION

Hospitality has seen a seismic shift in the booking habits of guests with the emergence of Online Travel Agencies (OTAs) like Booking.com and Expedia. They offer convenience, competitive rates, and a variety of accommodation options, which determine the booking patterns of travellers (Morosan & Bowen, 2018). But along with this dominance come challenges to hotels, such as high commissions, reduced direct guest interaction, and restricted customer data access (Gazzoli, Kim, & Palakurthi, 2008). In response to this, hotels are implementing measures to boost direct booking, profitability, and guest loyalty.

The major factors behind guest booking patterns are trust, price sensitivity, promotion, and convenience (Xiang, Magnini, & Fesenmaier, 2015). OTAs ensure high visibility and adjustable terms of booking (Stangl, Inversini, & Schegg, 2016), while hotels try to entice direct bookings by ensuring personalized services and loyalty programs (Tanford, Raab, & Kim, 2012). Nonetheless, most hotels are not able to move a substantial proportion of bookings off OTAs.

The aim of this research is to determine the determinants of booking behavior among visitors, comparing direct booking from hotels with online travel agencies (OTA). Surveys, interviews, and real-time analysis of bookings are employed to assess consumers' decision-making. The effect of emerging technology, including artificial intelligence and Chatbots, on guest decision-making (Buhalis & Leung, 2018), and online review and social proof on the establishment of trust (Sparks & Browning, 2011), is also explored in the research.

It is essential to realize the necessity of transforming OTA bookings into direct reservations for revenue management. Issues such as excessive payment of commissions, brand dilution, and absence of customer data (Kim, Chun, & Lee, 2018) have necessitated direct booking as a strategic imperative for hotels. Trends such as personalized marketing, metasearch integration, and social media integration are primary drivers for this shift. This research provides practical recommendations for hoteliers to leverage distribution strategies and manage OTA reliance while maximizing direct booking channels for profitable growth in the digital hospitality industry.

RESEARCH OBJECTIVES

A. TO EXAMINE THE MOST FREQUENT BOOKING PREFERENCES AT DIFFERENT LEVELS OF BOOKING FREQUENCY

Here, the focus is on the analysis of booking behavior of guests based on how often they book—grouped as low, medium, and high. Segmenting the guests into these categories, the research will determine whether booking behavior varies based on the frequency of booking by a guest. The research will compare differences in direct booking, OTA booking, corporate contracts, or other sources. Identification of such trends can enable hotels to personalize their marketing and engagement efforts to stimulate direct bookings, enhance guest loyalty, and maximize revenue management.

B. TO DETERMINE THE MAIN REASONS FOR TRAVEL AND HOW THEY IMPACT THE BOOKING DECISIONS

This objective aims to examine how different travel purposes, like business or leisure, influence guests' booking decision. Business travelers will value convenience, rewards, and corporate rates, while leisure travelers will be cost-conscious and eager to utilize OTAs for deals and package deals. Hotels will be able to streamline their promotion, provide individualized promotions, and manage booking channels by understanding these tendencies, and hence drive more direct bookings and respond to the unique needs of each traveller segment.

C. TO DETERMINE THE ROLE OF SUCH FACTORS AS PRICE, REVIEWS, AND CONVENIENCE IN SHAPING GUEST PREFERENCES

This goal seeks to quantify the importance of these drivers—price, reviews, and convenience—in determining guests' booking decision between OTAs and direct channels. Price is a critical driver, with guests comparing prices across websites. Reviews influence trust and decision, with positive reviews driving direct bookings. Convenience in the form of booking ease, flexible terms, and rewards can also influence guest preference. By quantifying the importance of such drivers, hotels can tailor their pricing strategies, drive improved guest experience, and roll out incentivized incentives to channel bookings from OTAs to direct channels.

D. To identify the main reasons for booking hotels through OTAs or direct bookings

This objective seeks to identify the most prevalent reasons guests are willing to book through OTAs instead of directly with hotels. Common reasons are better rates and discounts, convenience in

comparing multiple hotels in one place, convenience of time, and access to reviewed ratings and comments. With this insight, hotels will be able to strategize ways to counteract OTA control—such as offering price parity, special rewards for direct bookers, and enhancing the transparency of guest reviews. With this knowledge, hotels will be able to develop effective direct booking incentives that will get more guests to come.

LITERATURE REVIEW

The hospitality sector has observed changes in the behaviour of booking because of the prominence of Online Travel Agencies (OTAs) that compare prices, are convenient, and provide massive market coverage. Yet, their high cost of commission and low guest interaction are challenges to hotels (Tussyadiah & Pesonen, 2018). In comparison, direct reservations give hotels better margins, more control over the brand, and scope for guest loyalty.

Hotel Booking Trends and Consumer Decision-Making

OTAs have transformed the process of booking by making it easy, efficient, and seamless, impacting tourists' decisions through dynamic pricing, simplicity, and in-depth reviews (Xiang, Magnini, & Fesenmaier, 2015). OTA reliance, nonetheless, impacts hotel profitability and restricts direct customer relationships (Noone & McGuire, 2014). Consumer choices are impacted by considerations such as price, trust, convenience, and loyalty, with consumers typically weighing up the advantages of using OTAs against the merits of booking hotel rooms directly from hotels (Hermann & Kim, 2020).

Impact of Price Sensitivity and Trust on Booking Behaviour

Dynamic pricing allows OTAs to draw price-sensitive travellers with customized discounts, while hotels respond with value-added offers such as flexible cancellations and loyalty rewards (Buhalis & Law, 2008). Trust also plays a central role, with first-time visitors trusting OTAs because of trusted reviews and uniform policies, while return visitors choose direct bookings because of customized services and loyalty rewards (Tussyadiah & Pesonen, 2018).

Technological Innovations in Hotel Booking

Direct bookings are made more efficient through AI-driven chatbots by speeding up response time and tailoring offers (Buhalis & Law, 2008). Mobile bookings have further fueled competition, with OTAs dominating in mobile app optimization, while hotels focus on mobile-friendly websites and app-based one-off discounts to generate direct bookings (Xiang et al., 2015).

Psychological Drivers and Booking Urgency

OTAs utilize scarcity strategies and real-time reminders to induce urgency in travelers (Murphy, Schegg, & Olaru, 2016). Hotels counter with best rate guarantees and direct booking rewards, but still, OTAs are viewed as the cheaper and safer option (Noone & McGuire, 2014).

Strategic Approaches for Hotels

To balance OTA dependence, hotels need to leverage OTAs as lead generators and have targeted incentives in place to turn OTA bookers into direct clients (Tussyadiah & Pesonen, 2018). Through the use of personalized marketing, technology, and sophisticated pricing, hotels can maximize their distribution channels and enhance direct booking performance.

HYPOTHESIS

A. TO INVESTIGATE THE PREFERRED BOOKING METHODS ACROSS DIFFERENT LEVELS OF BOOKING FREQUENCY

Null Hypothesis (H_0): There is no significant difference in the preferred booking methods across different levels of booking frequency.

Alternate Hypothesis (H_1): There is a significant difference in the preferred booking methods across different levels of booking frequency

B. TO IDENTIFY THE KEY TRAVEL PURPOSES AND THEIR INFLUENCE ON BOOKING PREFERENCES

Null Hypothesis (H_0): There is no significant relationship between travel purpose and booking preferences.

Alternate Hypothesis (H_1): There is a significant relationship between travel purpose and booking preferences.

C. TO EVALUATE THE IMPORTANCE OF FACTORS LIKE PRICING, REVIEWS, AND CONVENIENCE IN SHAPING GUEST PREFERENCES

Null Hypothesis (H_0): Factors like pricing, reviews, and convenience do not have a significant impact on guest booking preferences.

Alternate Hypothesis (H_1): Factors like pricing, reviews, and convenience have a significant impact on guest booking preferences

D. TO DETERMINE THE PRIMARY REASONS FOR CHOOSING OTA'S OVER DIRECT HOTEL BOOKINGS

Null Hypothesis (H_0): There are no significant reasons influencing guests to choose OTAs over direct hotel bookings.

Alternate Hypothesis (H_1):

There are significant reasons influencing guests to choose OTAs over direct hotel bookings

RESEARCH METHODOLOGY

This study employs a **mixed-methods approach**, combining quantitative surveys and qualitative literature analysis to examine guest booking behaviour.

SAMPLING AND DATA COLLECTION

A **random sampling** technique was used to select 50–55 respondents who frequently book hotels via OTAs (e.g., Booking.com, Expedia, Agoda) and direct hotel websites. The **quantitative data** was collected through a structured **online survey** (Google Forms), distributed via travel groups, social media, and email. The survey included **Likert-scale and close-ended questions** addressing booking preferences, decision-making factors (price, convenience, reviews, promotions), psychological influences (trust, urgency-driven FOMO), and barriers to direct bookings.

DATA ANALYSIS

Survey responses were analysed using **IBM SPSS**, employing:

- **Chi-Square Test** to assess relationships between demographics and booking choices.
- **Binary Logistic Regression** to predict booking preferences.

- **Factor Analysis** to identify key reasons for preferring OTAs over direct hotel bookings.

ETHICAL CONSIDERATIONS

Participants provided **informed consent**, and **data privacy** was ensured by not collecting personal identifiers. The **literature review followed proper citation practices** to maintain academic integrity. This methodology provides a structured analysis of consumer booking behavior, offering hotels valuable insights to optimize direct booking strategies while maintaining effective OTA partnerships.

DATA INTERPRETATION

A. Booking Frequency vs. Booking Preference (Chi-Square Test)

- No significant relationship was found between booking frequency (low, medium, high) and booking method (Direct vs. OTA) ($\chi^2 = 2.675$, $p = 0.262$).
- This indicates that travellers across different booking frequencies do not exhibit a strong preference for either method.

Booking frequency * Booking Methods Cross tabulation

Count

		Booking Methods		
		Direct Booking	OTA	Total
Booking frequency	Low	18	19	37
	Medium	2	4	6
	High	6	2	8
Total		26	25	51

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.675 ^a	2	.262
Likelihood Ratio	2.780	2	.249
Linear-by-Linear Association	1.067	1	.302
N of Valid Cases	51		

B. Travel Purpose vs. Booking Preference (Chi-Square Test)

- No significant relationship was observed between travel purpose (leisure vs. business) and booking preference ($\chi^2 = 0.003$, $p = 0.959$).
- Both business and leisure travellers book through OTAs and direct channels in similar proportions.

Primary purpose of visit * Booking Preference Crosstabulation

Count

		Booking Preference		
		OTA/others	Direct booking	Total
Primary purpose of visit	Leisure	22	23	45
	Business	3	3	6

Total	25	26	51
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hi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.003 ^a	1	.959		
Continuity Correction ^b	.000	1	1.000		
Likelihood Ratio	.003	1	.959		
Fisher's Exact Test				1.000	.647
Linear-by-Linear Association	.003	1	.960		
N of Valid Cases	51				

C. Impact of Pricing, Reviews, and Convenience (Binary Logistic Regression)

- The regression model was not statistically significant ($\chi^2 = 4.159$, $p = 0.245$), indicating that these factors do not significantly influence booking preferences.
- However, user-friendliness of booking platforms showed a marginal influence.

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a	OTAs offer better deals and promotions than hotel websites and sales team?	-.122	.511	.057	1	.812	.886
	Online travel bookings are user friendly than hotel website	.854	.460	3.451	1	.063	2.350
	OTA provide better benefits and rewards as compared to direct hotels	-.094	.566	.028	1	.867	.910
	Constant	-.942	.810	1.354	1	.245	.390

Contingency Table for Hosmer and Lemeshow Test

		Booking Preference = OTA/others		Booking Preference = Direct booking		Total
		Observed	Expected	Observed	Expected	
Step 1	1	3	4.375	4	2.625	7
	2	1	.598	0	.402	1
	3	14	13.806	10	10.194	24

4	3	2.085	2	2.915	5
5	3	1.991	2	3.009	5
6	1	.964	2	2.036	3
7	0	1.182	6	4.818	6

D. Key Factors Driving OTA Preference (Factor Analysis)

- Two major factors explained 79.36% of the variance in OTA preference:
 - Pricing & Promotions** (strongest influence: OTA discounts, rewards)
 - User-Friendliness** (ease of booking process)
- Complimentary services (e.g., free upgrades) had minimal impact on OTA preference.

Total Variance Explained

Initial Eigenvalues ^a				Extraction Sums of Squared Loadings				Rotation Sums of Squared Loadings			
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance
Raw	1	.978	53.775	53.775	.978	53.775	53.775	.916	50.363	50.363	
	2	.465	25.581	79.356	.465	25.581	79.356	.527	28.993	79.356	
	3	.223	12.286	91.642							
	4	.152	8.358	100.000							
Rescaled	1	.978	53.775	53.775	1.828	45.692	45.692	1.731	43.281	43.281	
	2	.465	25.581	79.356	.830	20.751	66.442	.926	23.161	66.442	
	3	.223	12.286	91.642							
	4	.152	8.358	100.000							

Component Matrix^a

	Raw Component		Rescaled Component	
	1	2	1	2
OTAs offer better deals and promotions than hotel websites and sales team?	.640	-.285	.850	-.378
Free upgrades or complimentary services influence my booking decision	.013	-.054	.029	-.122
OTA provide better benefits and rewards as compared to direct hotels	.593	-.159	.853	-.229
Online travel bookings are user friendly than hotel website	.465	.596	.614	.787

Rotated Component Matrix^a

	Raw Component		Rescaled Component	
	1	2	1	2
OTAs offer better deals and promotions than hotel websites and sales team?	.699	-.044	.928	-.059
Free upgrades or complimentary services influence my booking decision	.030	-.046	.069	-.105
OTA provide better benefits and rewards as compared to direct hotels	.611	.057	.880	.082
Online travel bookings are user friendly than hotel website	.228	.721	.301	.952

The study concludes that booking frequency and travel purpose do not significantly affect booking preferences. Additionally, while factors like pricing, reviews, and convenience do not strongly influence choices, travellers prefer OTAs mainly due to competitive pricing and user-friendly booking processes. These findings offer valuable insights for hotels aiming to optimize direct booking strategies.

FUTURE SUGGESTIONS

To reduce reliance on OTAs and encourage direct bookings, hotels should implement targeted strategies:

- Enhancing Direct Booking Incentives** – Offering exclusive discounts, free upgrades, flexible check-in/out, and additional perks can make direct bookings more appealing. A best-price guarantee assures guests of the best deal.
- Strengthening Loyalty Programs** – Introducing tiered reward programs that provide redeemable points, complimentary stays, and personalized services can foster guest retention and loyalty.
- Optimizing Hotel Websites & Mobile Experience** – A seamless, mobile-friendly booking platform with a simple interface, transparent pricing, and integrated chat support can enhance user experience.
- Leveraging AI & Data Analytics** – AI-driven booking systems can offer personalized recommendations, while chatbots facilitate instant communication, making direct reservations more convenient.
- Utilizing Social Media & Influencer Marketing** – Hotels can promote direct booking benefits through targeted social media campaigns and influencer collaborations, increasing brand credibility and outreach.
- Encouraging Guest Reviews & Online Reputation Management** – Proactively gathering and showcasing positive reviews on platforms like Google and TripAdvisor can influence potential guests' booking decisions.
- Educating Guests on Direct Booking Advantages** – Hotels should actively communicate the benefits of booking directly, such as personalized services and better flexibility, through email campaigns and on-site promotions.
- Strategic OTA Collaboration & Diversification** – Instead of eliminating OTAs, hotels can negotiate better commission rates, maintain rate parity, and utilize metasearch platforms like Google

Hotel Ads to drive direct traffic while retaining OTA visibility.

CONCLUSION

The research results identify OTAs as the uncompromised masters in booking hotel reservations through price, usability, and convenience. The research clearly suggests, though, that tourists are willing to book direct in the event hotels present them with better rates, better rewards, and enhanced perks. Here, a fine chance arises for hoteliers to upgrade their direct bookings strategies and reduce their OTA dependence. The study also supports the fact that convenience, promotion, and price are key drivers for guest booking behavior. While OTAs trap guests with competitive prices and convenient comparison features, hotels can win by optimizing direct booking advantages, improving website experiences, and building guest loyalty.

The shift from OTA to direct booking requires a multi-faceted approach that combines technology, marketing, customer engagement, and competitive pricing. AI-powered chatbots, segmented marketing, and metasearch integration will be central to driving higher direct bookings while facilitating a hassle-free customer experience. As the hospitality industry keeps changing, hotels must continuously innovate and refine their digital strategy to keep pace with changing consumer demands. By implementing the recommendations outlined in this research, hotels can effectively enhance direct bookings, enhance guest satisfaction, and achieve greater profitability in a more competitive market.

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