Cape Peninsula
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HOTELS' STRATEGIC OBJECTIVES REGARDING DIRECT BOOKINGS AT FOUR- AND FIVE-STAR HOTELS IN THE CAPE TOWN METROPOLE

by

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DECLARATION

I, David Heuvel, declare that the contents of this thesis represent my own unaided work, and that the thesis has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

Signed: **Date:** 01st September 2022

ABSTRACT

Hotels are incurring substantial costs from online travel agents (OTAs) in the form of commission paid for receiving bookings via online channels. A shift in online bookings from OTA to direct booking methods has the potential to substantially increase hotels profitability. The study reports on four- and five-star hotels in the Cape Town Metropole's attempt to win back direct booking guests, hotel initiatives that increase direct bookings, predominant channels for hotels receiving bookings, as well as an understanding of potential challenges to receiving direct bookings. The purpose of this study is to highlight the significance of direct bookings on a hotel's profitably and relationship with guests, where hotels with a disproportionate booking mix consider the implications of shifting a percentage of bookings from OTA to direct channels, and its effect on the hotel's financial performance. This was a quantitative study which consisted of close-ended questions, with minimal open-ended questions, and made use of a descriptive as well as a cross-sectional design, as well as a pragmatic paradigm. Data was collected using an online questionnaire created with Google Forms and analysed using SPSS. Open-ended questions were analysis to determine trends in responses. The questionnaire was emailed to four- and five star Cape Town hotels senior managers, which were selected using purposive sampling techniques. The entire population of four- and five-star hotels in the Cape Town Metropole was considered, comprising 64 hotels originally, which was later revised to 54 hotels due to the Covid-19 pandemic. A pilot study was conducted to verify comprehension of questions and ensure the data addressed the research objectives. The data was presented in graph and table format. All ethical considerations were adhered to during this study. Results indicate that 94,7% of hotels are attempting to increase direct bookings, of which 60% receive direct bookings at a minimal rate of less than 40%. Respondents have initiatives in place to encourage direct bookings with 84% achieving rate parity or offering better rates on their hotel website, however the majority of bookings are received from OTA channels. Respondents further indicated that OTA convenience and the hotels' inadequate direct booking technology appear to be the predominant contributing factors to the increase in OTA bookings despite hoteliers' efforts to win back direct booking guests. While hotels are attempting to promote direct bookings, their current level remains relatively low due to ineffective hotel booking technology and the guests' preference for OTA convenience. The hotels' senior management are keen to encourage more guests to book directly, however, they do not seem to have the needed technology. Therefore, the development of a user-friendly direct booking system via the hotels' website together with direct booking incentives for the guest will be crucial.

Keywords: hotel bookings, OTA, Cape Town tourism, hotel website, direct bookings

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DEDICATION

In loving memory of my father Melvin Heuvel, who instilled a culture of learning and did his utmost to provide for our education.

ABBREVIATIONS AND ACRONYMS

ADR	Average daily rate
CTA	Call to action
CPUT	Cape Peninsula University of Technology
DMC	Destination Marketing Company
e-WOM	Electronic word of mouth
FEDHASA	Federated Hospitality Association of South Africa
FIT	Free/foreign independent traveller
FREC	Faculty research ethics committee
GDS	Global distribution system
GDP	Gross domestic product
HDC	Higher degrees committee
MICE	Meetings, incentives, conferences and events
OCC%	Occupancy percentage
OTA	Online travel agent
PMS	Property management system
PPC	Pay-per-click
RevPar	Revenue per available room
ROI	Return on Investment
SEO	Search engine optimisation
SPSS	Statistical Package for the Social Sciences
TGCSA	Tourism Grading Council of South Africa
URL	Uniform resource locator
USA	United States of America
WWW	World Wide Web

GLOSSARY

Algorithms	A sequence of instructions that tells a computer how to interpret and transform data into meaningful information (Denny, 2020:1).
Channel manager	Technology that updates room rates across multiple distribution channels, as well as retrieves and updates booking information in real-time (Hertzfeld, 2016:22).
Desktop and mobile optimisation	The process of adjusting website content that ensures a customised experience to the device being used (Brightedge, n.d.:1).
Digital marketing	The promotion of products and services by using online marketing tactics (Digital Marketer, 2020:1).
Direct booking	A booking that is made without the use of a third party, either via the hotel's website or by directly engaging with the hotel reservations personnel (Devisme, 2021:1).
Four- and five-star hotels	Hotels that voluntarily undergo a grading process with the Tourism Grading Council of South Africa (TGCSA). The grading council is the only recognised body for quality assurance in South Africa and awards a star grading based on set parameters, such as room requirements and hotel services (TGCSA, 2020:1). Assessors use set criteria based on the building itself, infrastructure, services and facilities, room design and layout, as well as room amenities.
Free/foreign independent traveller	These travellers make their own travel arrangements and do not travel in groups. They put together their own itineraries and do not make use of tour operators (Constellation Services, 2019:1).
Hotel	An establishment that provides accommodation and lodging along with meals and other services for public use (Merriam-Webster, 2020:1).
Internet	An interconnected global network developed in the 1990s (Internet Society, 2020:1) and has become a powerful distribution tool that has revamped the value chain for many industries (Rao, 1999:288).
Online travel agency	Companies that market and sell hotel rooms on behalf of the hotel, at a cost to the hotel, when booked with these businesses. The most popular and widely used is Booking.com (Landman, n.d.a:1).
Rate parity	The preservation of the same room rates across the distribution channels used by a hotel (Rashek & Mihailescu, 2016:151).
Strategic objective	Something that helps to achieve a plan by directing focus (Olsen, 2021:1). Hotels that place emphasis on direct bookings by committing resources and making decisions in order to achieve the desired outcome. Higher revenue and decreased expenditure are strategic objectives that are achievable through direct bookings.
Tourism	A business activity related to the provision of accommodation, services and entertainment for people visiting a destination (Oxford Learner's Dictionaries, 2021:1).

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CHAPTER 1: BACKGROUND TO THE STUDY

1.1 Introduction

The hotel industry is one of the oldest around where the first two registered hotels in history were recorded in Japan in the early 700s (Hollander, 2019:1). When the hotel industry began, travellers would first arrive and search for a place to stay. With improved communication, they began to pre-book rooms by calling or emailing. Distributors as well as channels of distribution have been around since the inception of hotels where the development of the internet presented the opportunity to increase visibility and gain exposure through online distribution channels (Rao, 1999:288). With the growth in popularity of the Internet, the assumption was that third party bookings would decrease and that a user friendly website would increase the likelihood of selling rooms directly to guests (Stangl, Inversini & Schegg, 2016:87). This proved to be an inaccurate prediction.

The 1990s also brought the emergence of businesses that advertise hotels on behalf of the hotel, showing availability and allowing for a booking to be made with these third parties, known as online travel agents (OTAs). For each booking made via the OTA, they would charge a percentage commission of the room selling price. Online bookings emerged as the most common way that reservations are made (Jersey Island Holidays, 2020:8). This symbiotic relationship between the hotels and OTAs seemed to flourish. OTA commissions were relatively low in the beginning and ranged between 5% and 10%, however, as they grew in strength, so did their costs and terms of us (Feinstein, 2018:1). Soon OTAs became the predominant way for reservations to be received for many hotels, resulting in substantial growth of booking commissions (Pan, Zhang & Law, 2013:4). Hotels, therefore, began competing with OTAs for bookings in order to reduce their commission costs.

The researcher spent five years (2015–2019) as the Member Relations Manager for Federated Hospitality Association of South Africa (FEDHASA). The role entailed engaging with hotel general managers daily along with the coordination of industry events. The topic of direct bookings was often a focal point debated at these events. The cost of receiving bookings was at the core of the discussion, referred to as the cost of acquisition. It is common practice for hotels to make use of third parties/OTAs, to market the hotel and where bookings can be made through their platforms at a cost to the hotel. Hotels would pay on average between 15% and 30% commission for reservations that come via these OTAs, thus hotels that receive the majority of their bookings via OTAs would pay substantial commission costs (Feinstein, 2018:1). For hotels to receive direct bookings without the use of OTAs, they would need to market the hotel effectively themselves, and have adequate technology to capture reservations, which also comes at a cost to the hotel. The dynamics of these two approaches, (bookings via OTAs and direct bookings), along with the possible long-term benefits of either need to be unpacked and investigated.

This has been a global debate at international conferences and in industry literature as well. The Arabian Hotel Investment Conference addressed this topic in detail at their 2018 summit held in the United Arab Emirates (Arabian Hotel Investment Conference, 2018). Chain hotels and independent hotels, as well as industry professionals, have been debating this topic with mixed opinions on the best approach to take for a hotel to thrive. Hoteliers, however, do seem to be addressing the issue more strategically over the last year or two, placing more emphasis on direct bookings as a strategic objective. Leading hotel brands like Marriott, Hyatt and Hilton made the decision in 2012 to allocate resources and technology to drive direct bookings for their brands, which they found to be a challenging exercise (Ye, Yan & Wu, 2019:969). In 2016, Clampet (2016:1) noted that the conflict between the hotels and online travel agencies was in 'full bloom' and would grow in ferocity with time.

1.2 Problem statement

The two ways that a guest can book a room is either direct with the hotel or indirect using a third party (Masiero and Law, 2016:1). Direct hotel bookings are bookings made by emailing the hotel, calling the hotel or using the hotels official website to make a booking. In an ideal world, hotels would receive only direct bookings where guests either make contact with the hotel or make use of the hotel website to make a booking. However, it has become common practice for hotels to make use of OTAs to receive bookings and pay commissions to these third parties for bookings received. Hotel room distribution and channel management has become increasingly challenging for hoteliers due to the volume of distribution channels and complexity this creates when managing room availability (Stangl, Inversini & Schegg, 2016:87). It is therefore important for hotels to find the correct channel mix because of the perishability of hotel rooms, as well as the different costs associated to each channel (Lee, Denizci Guillet & Law, 2013:104).

According to the researcher's observations when consulting with hotels in Cape Town, many hotels appear to have a minimal number of bookings that come via direct booking channels. OTA commissions on bookings received are on average between 15% and 30% (Feinstein, 2018:1). Hotels that, therefore, receive the majority of their booking via OTAs are paying substantial invoices to OTAs each month, up to 30% of the room selling price is paid to the OTA for each room sold.

The use of the Internet has become a priority for hotels, with approximately 80% of travellers searching for hotel information online (Toh, DeKay & Raven, 2011:388). Teng, Wu and Chou (2020:1) concur with these sentiments and indicate that guests prefer booking rooms online.

A 2019 European survey among hoteliers regarding the split between direct and OTA bookings indicated that 58% of respondents stated that a mix of 70% direct bookings and 30% OTA bookings is optimal for a hotel (Hospitalitynet, 2019:3). The presumption is that direct bookings are far less than 70% for Cape Town hotels. Through the researcher's digital marketing consultation, the researcher has access to hotel's guest reservation data on direct and OTA bookings, where the majority of hotel clients serviced receive less than 40% direct booking. For certain clients, direct bookings are as low as 5% of all bookings received. With a very low percentage of bookings coming direct, hotels would be paying high costs in the form of commission to OTAs.

The lack of direct bookings has significantly affected a hotel's profitability, along with the relationship with the guest who does not go through the hotel booking processes and pre-arrival engagement. When bookings are received via a third party, guests do not go through the hotel booking processes, which allows the hotel to capture guest information, engage with the guest on preference and upsell services. When a direct booking is received, hotels capture guest details, engage with guests before they arrive and tailor their experience, which creates the opportunity for a relationship to be built. The researcher has seen first-hand that these opportunities are lost when bookings are not made directly with the hotel and come via an OTA.

Kamal, Abdullah, Nor, Ngelambong and Bahari (2018:161) confirmed that the more guests are satisfied with a hotel's website and e-service, the more they are willing to book via the website and to recommend the website. Hotels may, therefore, not have direct bookings as a strategic objective, where their websites and technology may not be attractive to travellers and may not encourage direct bookings via the hotel website. It is, therefore, important to analyse the strategy being implemented by hotels to determine whether direct bookings are a strategic objective, possible challenges to receiving direct bookings, as well as the action taken to attempt to increase direct bookings.

While there is merit in using OTAs to drive hotel bookings and allow for greater exposure, there should be a focus on converting those guests to direct business. Repeat business and guest loyalty are key for any hotel. Hotels cannot rely on third parties to sell rooms as these third parties essentially own their inventory, which can be very dangerous, as no company is too big to fail. The Thomas Cook collapse serves as a much-needed warning (Martinez & Bunyan, 2019:1). Thomas Cook was one of the oldest travel companies around, with over 21 000 employees, which generated over 9,6 billion pounds in 2018 and their bankruptcy in 2019 came as a surprise to many (Holton & Faulconbridge, 2019:2). The researcher has found that the hotels he was working with receive the bulk of their bookings via the Booking.com website. From the researcher's perspective, should Booking.com collapse or start demanding higher commissions, this would be devastating for hotels, as Booking.com's dominance puts them in a position of power to dictate conditions and costs. Hotels, therefore, risk a significant part of their business as the relationship with OTAs like Booking.com seems to be a key component to their survival. For hotels to become more profitable, build their relationship with guests and create loyal travellers, they need to have the growth of their direct bookings as a strategic objective. Therefore, it is important to determine the level of direct bookings for hotels in Cape Town, along with the decisions being made at hotels that either promote or hinder direct bookings, in order for more informed decisions to be made to address this problem.

1.3 Significance of the study

In the hotel industry, distribution-channel management has been considered as a marketing tool, and distribution costs have been generally seen as inflexible. Little attention has been paid to the revenue-management implications of using various distribution channels, although the implications for hotel profitability could be substantial. As this is applicable to all hotels the study has global relevance for the hotel industry.

President Cyril Ramaphosa's address at the African Travel Indaba 2019 referred to the tourism industry as the new gold and job creator for the South African economy (Indaba, 2019:1). Tourism is one of the economic drivers for the South African economy (South Africa. Department of Tourism, 2017:1). This study brings awareness to hotels' booking mix between OTA and direct bookings, as well as the effect of shifting a percentage of these bookings from OTA to direct booking channels, resulting in hotels becoming more profitable. The study also questions whether hotels have initiatives in place that encourage direct bookings, as well as the effectiveness of these initiatives.

If hotels choose to focus on direct bookings as a strategic objective and successfully implement a strategy to grow direct booking, they are likely to become more profitable. The fewer bookings that come via OTAs, the lower commission levels would be, resulting in cost reductions. Hotels would also be able to benefit from the other advantages that come with direct bookings by engaging with the guest before they arrive, upselling services, customising the guest stay and, ultimately, building the relationship with the guest. Hotels need to increase their profitability to allow for more investment and growth of the hospitality sector. Having direct booking as a strategic objective will allow hotels, which may be implementing unsustainable booking practices, to think of ideas and alternatives to receive bookings.

This study will assist those accommodation establishments who rely heavily on OTAs to question their spend on commission and consider alternatives. My assumption would be that four- and five-star hotels in the Cape Town Metropole could benefit from this study by rethinking their strategic objectives and placing more emphasis on direct bookings. Guest houses and boutique hotels may also benefit from this study and adopt direct bookings as a strategic objective, to decrease costs and become more profitable. They may be able to use the recommendations from this study to better capitalise on the demand and drive more direct bookings to increase profitability by reducing OTA commission costs.

For the hospitality industry as a whole, many businesses rely on third parties to receive bookings, from adventure experiences to restaurant reservations. These businesses may be able to use this study to rethink their booking practises and make use of digital marketing best practices to receive more direct bookings. By increasing direct bookings and building the relationship with guests, these businesses would become more profitable, because of cost reductions due to less third party commissions, along with an increase in repeat business due to owning the relationship with guests.

There has been limited research conducted within the Cape Town hospitality industry. This study will provide insights into Cape Town hotels' booking practices and provide information that can be built on for future studies.

1.4 Aim and objectives of the study

The aim of this study was to determine if direct bookings are a strategic objective of four- and five-star hotels, in the Cape Town Metropole. This study will define the possible benefits of attracting direct bookings for hotels, through cost reductions and relationship building with guests.

1.4.1 Sub-objective 1

To establish if direct bookings are one of the strategic objectives for the hotels.

1.4.2 Sub-objective 2

To determine the channels through which hotel bookings are received in selected hotels.

1.4.3 Sub-objective 3

To understand the main challenges to a hotel receiving direct bookings.

1.4.4 Sub-objective 4

To establish what hotels are doing to encourage more direct business.

1.5 Research questions

1.5.1 Sub-question 1

Are direct bookings a strategic objective for the hotels?

1.5.2 Sub-question 2

How do the selected hotels receive the majority of their bookings?

1.5.3 Sub-question 3

What are the main challenges to a hotel receiving direct bookings?

1.5.4 Sub-question 4

What are hotels doing to encourage more direct bookings?

1.6 Research paradigm, method and methodologies

1.6.1 Paradigm

A paradigm can be defined as a basic set of beliefs or worldviews that guides research action or an investigation (Kivunja & Kuyini, 2017:26).

Of the views defined by Creswell and Creswell, a pragmatism paradigm was used in the research study as pragmatism can be defined as consequences of actions, problem centred, pluralistic, and real-world practice-oriented (Creswell & Creswell, 2018:332). This view was relevant to this study due to respondents completing an online questionnaire about an actual real-world situation at a given moment of time. The research gathered data from selected hotels based on each particular hotel given situation in relation to bookings made.

The positivist paradigm is obtained by experiment and observations and looks at true knowledge, based on experience of senses. This approach was not suitable for this study as no observation or experiment was used (Kivunja & Kuyini, 2017:30).

The interpretive paradigm looks at subjective individual experience, where the world is viewed as it is. It involves the use of meaning- (rather than measure-) oriented methodologies, which include interviews or observations. This paradigm relies on a subjective relationship between the research subjects and the researcher. This paradigm was not suitable as this research used measurement of data and no interviewing of respondents was done (Business Research Methodology, 2019:1–2).

1.6.2 Research method

This was a quantitative study that made use of predominately closed-ended questions, with the use of minimal open-ended questions.

Quantitative methods were used in the form of an online questionnaire. A quantitative research approach was relevant for this study because this approach is used to describe variables (websites, technology, reach), examine relationships among variables (how they compare to OTAs) and determine cause-and-effect interactions between the variables (Apuke, 2017:40).

The purpose of quantitative research was to evaluate objective data, such as booking engines used, and whether the hotel offered incentives for direct booking, obtained from the questions, while making use of limited open-ended questions to provide subjective data, such as why the respondents felt that guests book via OTAs, in order to fully address the research objectives (Creswell & Creswell, 2018:294).

Quantitative findings presented statistical information of the current situation where statistical software, such as Statistical Package for the Social Sciences (SPSS), make data analysis less time consuming and fact based. The open-ended questions supported the quantitative study to establish if the researcher potentially overlooked any relevant information omitted from the quantitative close-ended online questionnaire (Rahman, 2016:106).

1.6.3 Research design

The use of a descriptive design enabled the researcher to describe the current situation at hotels. Of the three descriptive methods (observational, case study and survey), the survey method was used in the form of an online questionnaire (GutCheck, 2020:1).

The research was descriptive in nature and relevant to this study as the current situation was analysed by making use of an online questionnaires, which was well suited to quantitative methods. Descriptive research is used to determine the current status of a situation by obtaining information to describe 'what exists' when analysing a current situation (Omair, 2015:153).

A cross-sectional design could have been used for the purposes of this study. This is an observational design where respondents are selected based on set criteria. It looks to measure the differences in variables, along with the relationship between these variables. This study observed specific hotels in Cape Town and analysed the combination of factors and decisions made that lead to direct bookings, or the lack thereof. The design is inexpensive when compared to others (Setia, 2018:261).

A combination of a descriptive and cross-sectional design enabled the researcher to determine if direct bookings were a strategic objective for hotels along with the factors that encourage or hinder direct bookings.

1.6.4 Delineation of the study

This study addressed only Free/foreign independent travellers (FITs) as they book independently without the use of tour operators. These individual travellers, therefore, have the freedom to select their best suited booking channel. All FIT business was considered from both local and international markets. The hotels in question were four- and five-star properties as defined by the Tourism Grading Council of South Africa (TGCSA). The TGCSA is the only recognised body for quality assurance and is the only organisation that has the ability to issue stars to hotels in South Africa (TGCSA, 2016). The focus was on the Cape Town Metropole area as defined by the TGCSA.

1.6.5 Sampling and related issues

The hotels in question were four- and five-star hotels in the Cape Town Metropole. Cape Town was an appropriate region for this study as it is one of the world's leading tourist destinations and has won numerous accolades (Invest Cape Town, n.d.:4). Cape Town was also selected for its convenience. The list of four- and five-star graded establishments in the Cape Town Metropole was obtained from the TGCSA, as they are the official body recognised by the South African government for quality assurance. The TGCSA website lists all graded establishments according to their star grading and geographical location. These filters, therefore, allowed the researcher to determine the hotels that met the scope of this study.

The number of properties that met the scope of this research was 63 hotels as of February 2021 (TGCSA, 2021:1). Because of the size of the population, which was 23 five-star and 40 four-star hotels in the Cape Town Metropole, all 63 hotels were approached to participate in the study. Lohr (2010:3) advises that a sample can be said to be the subset of a population. A selection is made from part of the population in order to estimate a variable within that entire population. The population size was 63 hotels that met the scope of this study, as at February 2021, according to the TGCSA. Thus, for this study there was no need for subsampling as all properties were approached to participate in this research study due to the size of the population when looking at four- and five-star graded establishments in the Cape Town Metropole in February 2021.

Purposive sampling methods to select a specific form of accommodation within the hospitality industry was used and the focus was on four- and five-star hotels as these hotels are usually at the forefront of industry due to the strict criteria they need to comply with in order to be awarded this star grading from the TGCSA (SurveyGizmo, 2019:1). Another reason for using graded hotels was that it ensured that selected hotels were legitimate hotels complying with a strict set of guidelines set out by the TGCSA.

1.6.6 Data collection instruments

A structured online questionnaire was used. The questionnaire consisted of close-ended questions with limited open-ended questions. The online questionnaire was used for its convenience to engage with the hotels as well as for its ability to easily obtain the necessary information. It was also a cost-effective way of doing research and has one of the highest response rates as respondents could complete the questionnaire at their leisure (SmartSurvey, 2020:2–3).

One online questionnaire was completed per hotel, with either the general manager, revenue manager, marketing manager or reservations manager completing and submitting answers.

Pilot studies were conducted at two hotels that met the criteria of the research but fell outside of the defined geographical area of this study. The two hotels were both graded as four-star hotels, outside of the Cape Town Metropole. A pilot study can be defined as a try-out of the methods and techniques, as well as of the questionnaire (Junyong, 2017:601). This was important to determine if the questionnaire was easy to understand, made sense and asked the most relevant questions to address the research questions. This allowed for changes to be made to the online questionnaire in order for it to be refined prior to sending it out to the relevant hotels that met the scope of this study.

The researcher contacted the general managers from hotels that met the requirements of the study telephonically and via email to request the hotel's participation in the research. Once the researcher received approval from a hotel to conduct research, an online questionnaire was sent via email, with a link to Google Forms, to the general manager. The general manger was able to complete the online questionnaire or delegate it to the revenue manager, marketing manager or reservation manager for completion. One online questionnaire was completed per hotel and submitted back to the researcher.

Quantitative Questionnaire

The questionnaire consisted predominantly of close-ended questions in the form of Likert scale questions, multiple-choice questions and ranking scale questions. Minimal open-ended questions were used to support the findings of the close-ended data.

Section A – Hotel information

Questions 1 to 4. A collection of biographical information of the hotels.

Section B – Direct Bookings

Categorised according to the pillars that need to be considered when addressing direct hotel bookings:

- Hotel Website
- Digital Marketing

Section C – Online Travel Agents

FIT bookings either come direct or via third parties. The assumption was that four- and five-star hotels in the Cape Town Metropole are heavily dependent on OTAs to receive bookings. The use of OTAs, therefore, needed to be scrutinised.

Data were collected using an online questionnaire. Online questionnaires served as the primary data collection method, and the researcher also made use of secondary data in the form of academic literature related to the topic obtained from journals, magazines and industry literature. The secondary data were important for the researcher to gain a global perspective on this topical industry phenomenon and was presented in the literature review.

It was important that the questions addressed the objectives of this study. The general manager, revenue manager, marketing manager or reservations manager of each hotel should have found the online questionnaire simple to understand, with questions that were unambiguous. The questions had to be structured adequately and linked to the objectives of the research, as poorly written questions may have confused respondents and affected findings. Tests were, therefore, conducted to check the validity and reliability of the online questionnaire (Taherdoost, 2016:28). The pilot study served the purpose of testing the online questionnaire to ensure it met the research objectives.

The link to the online questionnaire was sent to one member of staff as delegated by the general manager. The staff member was employed by the hotel and could have been the general manager, marketing manager, revenue manager or reservation manager. The online questionnaire was only answered once permission was received from a hotel's general manager. A predetermined quantitative questionnaire, which included a minimal amount of open-ended questions was answered by the relevant hotel personnel and submitted to the researcher using Google Forms, which was used for the convenience of its functionality to easily translate the information into meaningful data. This allowed for the data to be viewed in spreadsheet format and for it to be easily exported to SPSS for analysis. Questionnaires permitted the collection of reliable and reasonably valid data in a simple, inexpensive and timely manner (Schrepp & Thomaschewski, 2019:88).

1.6.7 Data analysis and procedures

The primary data collected from the online questionnaires was analysed by using statistical software program SPSS for Windows, Version 27 (SPSS Tutorials, 2021:1). The raw data from the online questionnaire was exported to SPSS in order to give it meaning and put together findings. The quantitative data was presented in the form of tables and graphs, using percentages and frequencies. The open-ended questions were taken verbatim from the online questionnaire for manual analysis by the researcher to establish trends and patterns in responses. The population of 63 hotels made this an achievable task.

Data validity and reliability needed to be considered to establish if the quality of the method and technique used resulted in accurate and consistent information and findings (Scribbr, 2019:1). Because this was a quantitative study with predominantly closed-ended questions the data served to provide reliable information as it was not opinion based and ensured consistency of responses. The same four employees (either the general manager, revenue manger, marketing manager or reservations manager) were the only employees to complete the online questionnaire. These positions had the relevant role profile and knowledge to provide the necessary information with a level of consistency across hotels. Hotels that participated in this study had access to the findings. It was, therefore, in the respondents' interest to provide valid information

1.7 Ethical considerations

Ethical guidelines were followed to protect the hotels involved in this study, the integrity of the information provided by the individuals answering the online questions and the environments involved against any form of harm, manipulation or malpractice (Creswell & Creswell, 2018:144). The process followed was firstly to obtain permission letters from three hotels that fell within the scope of this study as part of the ethical approval process of the Faculty of Business and Management Sciences Research Ethics Committee.

Once the ethical approval certificate was issued, hotels that met the scope of this study were contacted to request permission to conduct research. The hotel general managers were called telephonically, as well as engaged with via email, to request permission to conduct research at their hotel. Hotels that granted permission to conduct research indicated who would answer the online questionnaire, either the general manager, revenue manager, marketing manager or reservations manager. Hotels or individuals could withdraw at any stage of the research. As the hotels shared sensitive data related to their dependency on OTAs, the data was treated with the utmost integrity.

The hotels in question remained anonymous, with their respective data only known to the researcher and supervisors. The information was used for academic purposes only and will remain confidential. Confidentiality of the hotels along with their accompanying data was treated with the utmost integrity.

1.8 Research plan

January 2019:	Submission of draft proposal for MTech Tourism and Hospitality Management.
May 2019:	Approval to register for MTech Tourism and Hospitality Management received and supervisors appointed.
June/September 2019:	Reading and collection of current literature related to the topic. Finalise key aspects for the research proposal draft.

October 2019:	Prepared proposal based on CPUT Master's template.
November 2019:	Submitted first draft of proposal to supervisors for consideration.
December 2019:	Worked on corrections of first draft of proposal.
January 2020:	Proposal sent to internal reviewers. Title submitted for approval on Higher Degrees Committee (HDC) online.
February 2020:	Corrections of proposal based on internal reviewers' comments.
March 2020:	Proposal version 2, sent to internal reviewers with all documentation required including draft online questionnaire.
April 2020:	Final corrections of proposal in preparation for submission to Faculty's Research Ethics Committee (FREC). Submitted proposal and all required documentation to FREC. Proposal submitted on HDC online and approved.

The study was due to commence in May 2020 where the pilot study and data collection process was scheduled. This was, however, not possible due to the Covid-19 pandemic effects, resulting in the closure of the hospitality industry due to government restrictions (Abbas, Mubeen, Terhemba & Raza, 2021:2). The schedule was, therefore, revised as follows:

February 2021:	Conducted a pilot study to test questionnaire.
March/April 2021:	Contacted hotels to gain permission to administer the online questionnaire and determine which recipient would complete the questionnaire. Finalised online questionnaire based on the pilot study findings. Finalised review of the literature (Chapter 2).
May 2021:	Sent out online questionnaires for final due date for collection being end of May 2021. Finalised research methodology (Chapter 3).
June/July 2021:	Wrote up findings and discussion (Chapter 4).

September/October 2021:	Wrote up the conclusion and recommendations (Chapter 5).
January 2022:	Final Turnitin submission. Submit final work to supervisors for internal examination. Work on journal article for submission to accredited journal.
February 2022:	Corrections based on feedback from internal examiners.
March 2022:	Final language editing.
April 2022:	Work submitted for external examination.
June 2022:	Final corrections based on external examiners feedback. Submit article for publication.
September 2022:	Final submission of completed work.
December 2022:	Graduation.

1.9 Outline of the dissertation

Chapter 1 – Background to the study: Gave the background to the problem that was researched and provided clarity on the significance to the hospitality industry. It included the purpose statement, aims and objectives.

Chapter 2 – Literature Review: This was an analysis of the current situation within a global context reflecting on the information of past and current research within the tourism industry, with the focus being on direct bookings for Cape Town hotels. The content highlighted the importance of the study and confirmed that the problem was researchable. It also identified gaps in the literature that supported the need for research to be conducted. The mix between direct bookings and OTA bookings along with contributing factors that promote these forms of bookings were unpacked.

Chapter 3 – Research Methodology: Provided clarity on the most appropriate research method and approach used, which allowed the problem to be fully investigated. The research design, paradigm and sampling methods are also addressed. The data collection tools used, analysis of the data as well as ethical considerations were clarified.

Chapter 4 – Data Presentation and Analysis: Outlined the results obtained from the data, presented in the form of percentages, graphs, and tables. Close-ended questions as well as open-ended questions were analysed. The sample size made it possible to engage with all hotels that fell within the scope of this study. Supportive and/or conflicting data was discussed. It also indicated that the problem was addresses and that the objectives of the research were realised.

Chapter 5 – Recommendations and Conclusion: Importance of the study, further study areas, implications of the study, limitations to the study, outcomes and results, the contribution of the research to the hotel industry, along with the conclusion.

1.10 Summary

An overview of the study has been expounded in Chapter 1. Literature in the existing body of knowledge will be thoroughly explored and presented in the form of a literature review in Chapter 2. Content related to direct bookings that is aligned with the objectives of this study will be comprehensively presented with sensible flow as secondary data.

2. CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

In Chapter 1, the background and problem related to the study were outlined where hotels, particularly in Cape Town, are presumed to receive a small number of direct bookings. This chapter will investigate literature in the existing body of knowledge related to hotel bookings, focusing on elements of the guest booking process that result in bookings made either through direct or OTA channels. Hotels receive bookings by guests either engaging directly with the hotel (by phone, email or booking via the hotel website) or by booking the hotel via third parties who market and sell the hotel. The use of online travel agents (OTAs), also referred to as a third party, is common practice in the hospitality industry (Lee et al., 2013:95). These OTAs advertise the hotel online and allow for an instant booking to be made through their online platform, at a cost to the hotel (Masiero & Law, 2016:1). When referring to OTAs, some of the largest in industry would be Expedia and Booking.com (Martin-Fuentes & Mellinas, 2018:466). Hotels appear to be heavily reliant on these OTAs to receive bookings, with this booking method growing in dominance each year (Talwar, Dhir, Kaur & Mäntymäki, 2020:2). These third-party bookings come at a substantial cost to hotels due to commissions paid on these bookings.

A hotel's focus is on receiving bookings as their primary source of revenue that sustains their business. Hotels have evolved over time and offer a number of hospitality services, other than accommodation, from food and beverage to wellness and related services. When looking at hotel trends in a modern context, one of the focus areas is related to hotel technology. While the industry is inherently people-centric, technology is affecting every area of business, from internal processes to improved efficiencies and guest expectations (Trivago, 2019:1).

A common performance indicator for hotels would be their average daily rate (ADR), which gives an indication of the average price of a room on a specific day (Chattopadhyay & Mitra, 2019:573). As a guest, this indicator can tell you much about a property, as the price is usually associated with quality and expectation (Heyes & Lashley, 2017:17). Viglia and Buhalis (2016:2036) identify occupancy rates (commonly referred to as Occ %), as another key indicator, measuring the number of guests staying in a hotel in relation to the number of available rooms. The revenue per available room (RevPar) is a combination of ADR and Occ % and can be said to be the most important indicator of a hotel's performance (Nieto-Garcia, Resce, Ishizaka & Occhiocupo, 2019:584–585), as it shows the hotels revenue performance in relation to all available rooms that could have been sold on a specific date.

If we take an example of a hotel with 100 rooms, 70 of which are booked for an evening at an average cost of R 1 000, the ADR would be R 1 000, the Occ % would be 70% and the RevPar would be R 700 (70% occupancy x R 1 000 ADR/100 rooms). With OTA commission at 15%, two extremes would be: all bookings were direct with zero OTA bookings; or all bookings via OTAs with zero direct bookings. Revenue would thus be R 70 000 or R 59 500 (less 15% OTA commission), respectively. The reporting mechanism for these two scenarios is, however, usually the same. While ADR, Occ % and RevPar are critically monitored and reported on, there seems to be little emphasis on the channels through which hotel bookings are made. The origin of a booking plays a significant role in the hotel's true performance, as 18% to 20% of the room rate may need to be paid in commission to third-party providers for bookings received via their channels (Guo, Anderson, Dong, Zhao & Ji, 2020:2).

A report that should be a part of the discussion is a cost of acquisition report. The cost of acquisition, within the context of hospitality, would be considering the total expenses incurred when receiving a booking (Kenton, 2021:1). If hotels consider acquisition cost as a performance indicator, it may affect their strategy and approach to generating business for the hotel. The Brand Mix is a digital marketing company, specialising in the hospitality industry, focusing on best practices to increase direct bookings for hotels, where they consider the cost of acquisition as a key performance indicator as it affects the hotels overall profitability (Toms, 2019). The cost of acquisition is presented in the form of a percentage, linked to the costs associated to receiving a booking. For example, if you receive 10 bookings, eight from OTAs and two via direct channels, of the 10 bookings in total you would determine the average commission for the OTA bookings which is likely to be between 15% and 25%. For the two direct bookings, you would factor variables such as pay-per-click (PPC) or booking engine costs as a part of the total cost to receive a booking.

The Brand Mix strives to achieve a cost of acquisition percentage of between 6% and 8% of direct bookings received for their hotel clients. 'As a hotel, you ideally want to shift bookings from OTA to direct channels and move them from a cost of acquisition of 25% (third party) to 8% (direct)' (Ratcliffe, 2020). Hotels may need to rethink their strategy and attempt to drive bookings through the most cost-effective booking channels, while carefully considering the cost of acquisition for bookings received. As there are many variables that impact the guest decision when making a booking, the framework of these variables will be unpacked in this study.

2.2 Tourism as an economic pillar in the South African economy

In 1996, the South African government formalised and recognised tourism as a key sector for economic growth and put together a White Paper outlining their focus, desired outcomes and strategy to achieve this, known as the 1996 White Paper on the Development and Promotion of Tourism in South Africa (South Africa. Department of Environmental Affairs and Tourism, 1994:1–57). Since then, South Africa has seen year-on-year growth of tourism arrivals and the development of products throughout the value chain. The direct contribution of tourism to the South African gross domestic product (GDP) was 2,8% in 2018, which equated to R 139 billion, and was projected to grow by 4,5% in 2019 (South Africa. Department of Tourism, 2019:2). The Covid-19 pandemic has, however, resulted in a 71% decrease in international arrivals from 2019 to 2020, where arrivals fell from over 15,8 million in 2019 to below 5 million in 2020 (South Africa. Department of Statistics South Africa, 2021:3).

Tourism is seen in many parts of the world as a driver for job creation, with the South African Tourism (2019:7) performance report indicating that tourism's direct and indirect contribution to global GDP was at 10,3%, equating to 8,9 trillion US dollars. With an unemployment rate of 27,32% in 2019 (Statista, 2021a:1), South Africa recognises the potential that effective tourism marketing could have on economic growth and job creation. With the hotel industry being a vital subsector to the tourism economy, hotels have the potential to be the driving force behind economic growth and job creation (Attila, 2016:85).

As much as the South African government and its stakeholders attempt to leverage the benefits that come with successful tourism promotion, South Africa faces many challenges, which have led to its global ranking declining from 48th place in 2015 (Saunders, 2017:20), to 61st in 2019 (World Economic Forum, 2019:15). This was according to the Travel and Tourism Competitive Index Rating Scale. Tourism safety perceptions may be a contributing factor to the decline as the Perry and Potgieter (2013:101) study on the effects of crime on South African tourism highlighted safety concerns. This is still relevant, where travellers may perceive South Africa as a dangerous destination, negatively affecting visitor arrivals. The drought in Cape Town in 2018 had devastating effects on tourism arrivals, where Cape Town hotels struggled to generate business (Toale, 2019:8). The Covid-19 pandemic of 2020 had a devastating effect on the global economy, where Cape Town hotels are no exception. Economic shrinkage, job losses and hotel closures were inevitable (Abbas et al., 2021:2).

Despite the problems the economy is experiencing, the tourism sector is one of the most resilient sectors. Over the years the industry has bounced back from devastating circumstances and will continue to do so. Cape Town is an amazing destination that has won many awards over the years and will continue to draw people from all over the world due to its diverse offering (Elias, Wilson, Walton & Misrahi, 2020:1-6).

2.3 Distribution channels

Distribution channels can be defined as organisations, or intermediaries, through which guests are able to purchase a product or service (Fredericks, 2021:2). Hotels have traditionally made use of intermediaries in the form of tour operators and travel agents who provided products and services to bridge the gap between demand and supply (Rao, 1999:287). The development of the internet shifted conventional offline distribution to online channels and aided in the establishment and growth of online intermediaries, such as OTAs (Leia , Nicolaub & Wang, 2019:142). As hotel rooms can be considered as perishable, selecting the correct channel mix can be critical to maximising room revenue and the profitability of a hotel.

Direct distribution channels can be defined as bookings received via telephone calls, email and walk-in guests, with the hotel website considered as a form of direct online distribution (Dadić, Slivar & Floričić, 2022:7). One of the key benefits to direct distribution is that the hotel controls the sales process and realtionship with the guest. Indirect distribuiton is considered as bookings via OTAs as well as Global Distribution System (GDS) (Dadić, Slivar & Floričić, 2022:7). These intermediaries usually have a wider reach than the hotels direct distribution channels where they attract and deal directly with potential guests (Banoobhai-Anwar, 2016:37).

When discussing hotel distribution it is important to make the distinction between independent and chain hotels. Banerjee and Chua (2016:129) define independent hotels as self-proprietary properties which are not affiliated to a brand, whereas chain hotels belong to the same group or consortium. According to the European Competition Network (2017:19) chain hotels were less reliant on OTAs than independent hotels. They elaborate and state that on average chain hotels use more distribution channels, have more rooms and are of a higher quality when compared to independent hotels. Mantovani, Piga and Reggiani (2021:14), however, note that chain hotels have higher bargaining power than independent hotels due to their size and volume of bookings. Chain hotels may, therefore, negotiate better OTA commission and conditions than independent hotels. This may factor into the hotels distribution strategy.

2.4 Framework of the literature

When a guest decides to make a hotel booking, the many systems and technology platforms in use to support the booking process are depicted below. Booking methods are dependent on the guest booking channel selection in conjunction with the channels offered by the hotel (Dyshkantiuk, Salamatina, Polishchuk, Komarnytskyi, Tserklevych & Nedobiichuk, 2020:227–231).

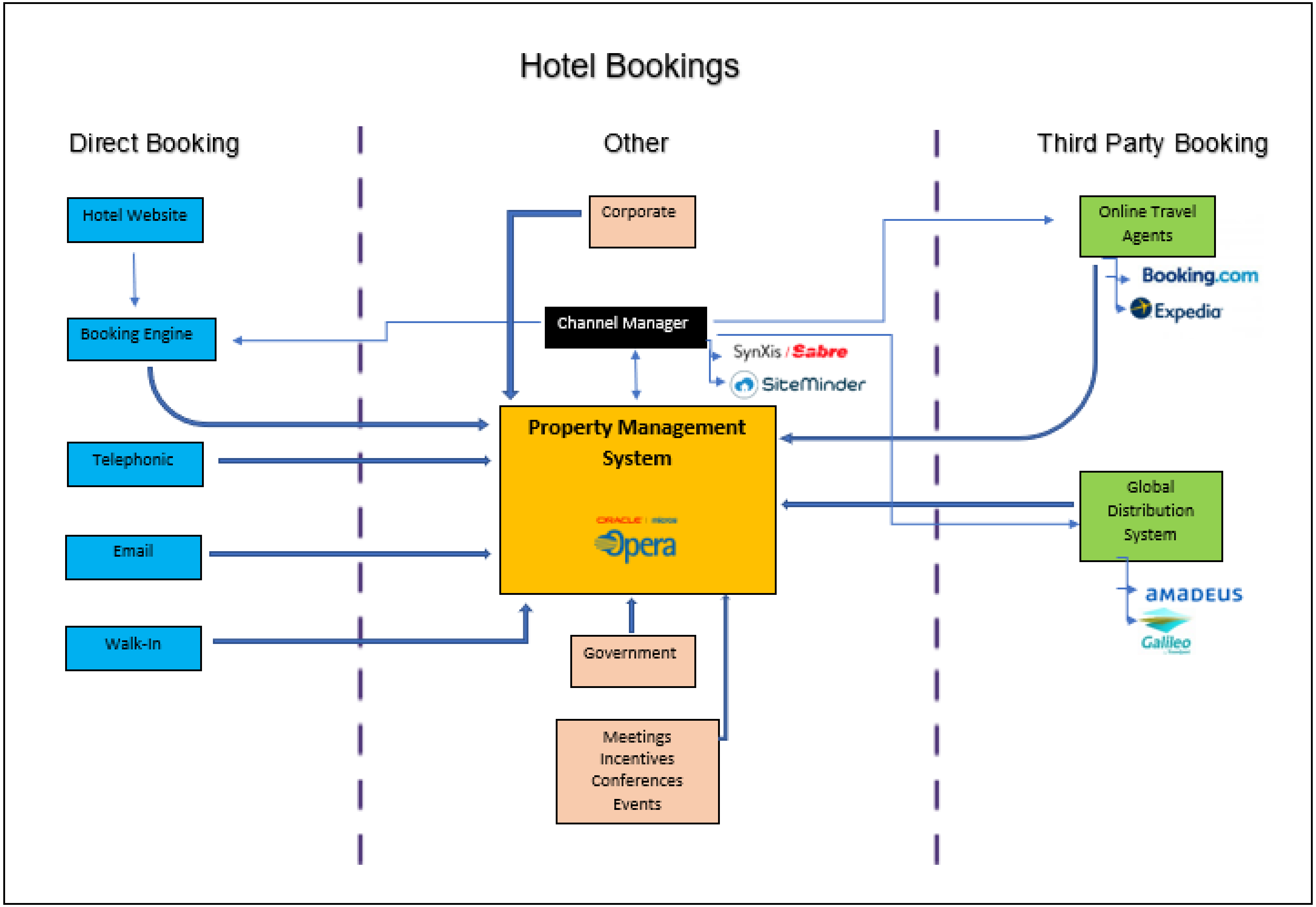

Figure 2. 1: Theoretical framework of hotel bookings (Source: Researcher)

The table below provides an explanation to the framework presented in Figure 2.1 and is an overview of industry leading technology providers commonly used by hotels to assist with the managing of room availability and the distribution of their inventory to leading third party booking channels. SynXis/Sabre is in use by over 40 000 hotels in 160 countries (Hotel Tech Report, 2022:1). In 2020 Siteminder was recognised by Hotel Tech Report as the number one channel manager in the hotel industry (Siteminder, 2020a:1). Booking.com and Expedia are considered as OTA market leaders (Landman, n.d.a:1). Amadeus is also considered as the largest GDS accounting for 40% of travel agency bookings (Revfine, 2022:3). Together they form the basic framework of hotel room distribution and the real-time management of room rates and availability.

Table 2. 1: Key of hotel technology providers logos

CHANNEL MANAGERS		
LOGO	**WEBSITE ADDRESS**	**DESCRIPTION**
SynXis / Sabre	https://www.sabrehospitality.com/	A technology provider to the travel industry. They assist hotels with channel distribution of inventory as well as with marketing solutions. Their channel manager and booking engine is widely used in the hospitality industry (Sabre, 2020).
SiteMinder	https://www.siteminder.com/	Technology provider to the hospitality industry, where their channel manager assists with hotel room distribution, as well as room rate management. Their booking engine (booking button) is integrated into their channel manager and allows guests to instantly book rooms online (Siteminder, 2020b).
ONLINE TRAVEL AGENTS		
Booking.com	https://www.booking.com/	A third party/OTA that enables hotels to feature live room rates and availability for instant online bookings. They attract travellers to their booking portal and are one of the most widely used hotel booking portals in the world (Andriotis & Paraskevaidis, 2021:2).
Expedia	https://www.expedia.com/	Expedia is an online travel agency (OTA) that allows for hospitality industry (hotels, airline, car rental and cruise) bookings to me made online, where Pasquarelli (2021:9) advises that they are undergoing rebranding.

GLOBAL DISTRIBUTION SYSTEM		
amadeus	https://amadeus.com/en	Amadeus is a global distribution system that helps hotels, airlines, railways, travel agencies, tour operators and search engines sell their inventory. Users access their platform to see hospitality industry related services in one centralised platform, while giving clients worldwide exposure due to their global reach (Landman, n.d.b).
Galileo by Travelport	https://www.travelport.com/	GDS is software used by travel agencies to book hotel rooms and sell airline tickets, where Galileo is one of the largest globally (Revfine, n.d.:1–2).

2.4.1 Hotel booking framework

As seen in Figure 2.1, hotels receive bookings from various sources and channels. Direct bookings are considered as bookings made without the use of a third party and come via the hotel's website, telephonically, via email or as walk-in guests. Hotels also receive bookings from corporates and government as well as meetings, incentives, conferences and events (MICE) markets. Third-party bookings come via OTAs, as well as tour operators who sell rooms on behalf of the hotel at a cost to the hotel (Kadam & Janvekar, 2020:20).

Grigg (2018:30) indicates that one of the key variables a hotel needs to consider is how it positions itself within the market while implementing a comprehensive distribution strategy. For example, a hotel may focus on corporate travel. This would influence the entire experience, which would be geared towards businesspeople and their specific needs, from room amenities to services offered. As indicated in Figure 2.1, in this specific model, hotel sales representatives would negotiate corporate rates and secure bed nights as the most common channel for bookings. While these market segments are significant for many hotels, the focus of this study is on free/foreign independent travellers (FITs), where direct and third-party booking channels will be focused on. Lu and Chen (2014:872) define independent travellers as guests who travel and book without any assistance from a travel agency. Hotels that focus on leisure travel and FIT bookings position themselves accordingly and would offer services geared to leisure guests, from pool facilities to spa treatments (Camilleri, 2018:2-4). Many hotels receive bookings across market segments and via different distribution channels, which affects profitability in different ways (Ye et al., 2019:969). A Hotel's decision-making that may influence guest booking channels is key to this study, while reviewing push and pull factors that may influence their decision. Masiero and Law's (2016:11) findings related to guest behaviour when selecting a booking channel indicate that price, promotional offers and booking systems were significant factors to the channel selection process. These were considered as areas in need of improvement for hotel websites. These findings prove that hotels need to offer the best deals on the hotel's website and have technology that easily facilitates bookings, to see an increase in direct bookings.

Hotels have many variables to their business model that need constant monitoring and updating, such as rates and availability that need to be readily available and updated in real-time (Fjällman, 2020:1). The management of data in the modern world, therefore, plays an integral role in the effective and efficient management of a property (Mohideen Moyeenudin, Javed Parvez, Anandan & Narayanan, 2018:330). What is key to this study and this discussion is system integration. Software integration is the process of taking different subsystems and bringing them together to create a unified seamless system (Rais, 2016:80). This improves efficiencies and assists hotel personnel by giving them tools to be more effective in their roles.

2.4.2 Software and systems

The hotel property management system (PMS) would traditionally offer front office capabilities, such as the checking in of guests and management of their profile throughout their stay (Gulmez, Ajanovic & Karayun, 2015:164). Since the inception of PMS technology, it has evolved to cloud-based solutions, which include complex loyalty programmes that offer detailed guest information, to further personalise a guest's stay (Oracle, 2020:1). According to the researcher's experience when engaging with Cape Town hotels, Opera PMS by Oracle was one of the most commonly used PMS systems by large hotels. Booking information from all channels would be captured and managed within the PMS (Mohideen Moyeenudin et al., 2018:327).

Hotels that have various rate codes and markets, display rates on different distribution channels, from their own website to a variety of third-party websites. Hertzfeld (2016:22) highlights the importance of a channel manager to automatically update rates across distribution channels and retrieve booking information in real time. As seen in Figure 2.1, the channel manager integrates with the PMS as well as with the various distribution channels to effectively manage booking information. Hotels can, therefore, avoid overbooking and attempt to achieve rate consistency across platforms (Lagoutaris, 2016:1). This means that, when using a channel manager, the same rate can be offered across all distribution channels from one centralised place. Hotel room availability is, therefore, readily available in real time to assist hoteliers with their decision-making.

Channel managers also feed into global distribution systems (GDS), which are another form of third-party bookings. Boehmer (2015:35) describes their popularity among travel agents around the world, who access these GDS platforms to make bookings, which feature live rates and availability of hotels, airlines and car hire, all in one location (Jović, Radovanović & Andreeski, 2016:190–191). GDS can also be an important source of corporate as well as FIT bookings. Amadeus and Galileo/Travelport are two of the most popular GDS used in the travel industry (Siteminder, 2020c:3).

2.4.3 Networks that support the framework

A network can be defined as interconnected computers, as well as computing equipment and software, that share data and resources (White, 2016:11). The structure that provides these networks as well as their relevance to hotels will be discussed.

2.4.3.1 Intranets and extranets

Moussa (2016:18) defines the intranet as a form of using the Internet within an organisation, in a secure way, that prohibits access from outside the organisation. This allows for fast and easy access to information within a secure network, maintaining the information integrity. He goes on to elaborate that the need arose for organisations to give access to strategic partners outside of an organisation (suppliers and other stakeholders), which led to the extranet. An extranet is an access controlled network where information is shared between organisations that form part of a supply chain. Bak (2016:304) identifies how beneficial this is, as businesses can have access to real-time information, 24 hours per day.

Hotels make use of these networks to have access to confidential information for both independent hotels as well as hotel groups where personnel may work off-site or at a head office, which may be in different locations. As seen the Figure 2.1, the data is all being fed through to the PMS, which authorised personnel need access to in order to make informed decisions, where these networks also allow for effective and secure internal communication (My Hub, 2019:2). The information is updated in real time due to their connection to the Internet.

2.4.3.2 The Internet

Internet Society (2020:1) describes the Internet as a globally interconnected network run by service providers, governments, universities and other organisations. Since its emergence in the 1990s, it has transformed how products and services are distributed to consumers around the world. The use of the Internet has become common practice for most hotels who offer guests the option to book rooms online, where Banoobhai-Anwar's (2016:84) findings confirm that all five-star hotels surveyed in Cape Town make use of online services. It became a powerful sales channel for distribution and changed the business landscape, making many intermediaries obsolete (Rao, 1999:288). This is still very relevant today where the Internet has since significantly grown in popularity and dictates marketing spend and distribution (Hubspot, 2020:1).

The Internet created online marketing opportunities, also known as Internet/digital marketing, and can be said to be the promotion of a business via digital technology, where the hotel website would be considered as the primary tool for online marketing (Lanier & Lanier, 2017:79). Lanier and Lanier go further to describe offline marketing as media promotion via print, radio and television. Batinić (2015:34) explains the importance of online marketing, where hotels who market their establishment online perform better than properties who rely on conventional offline marketing. Kanyabikali (2014:50) goes further to say that hotels who market themselves online have a competitive advantage over counterparts who do not make use of online marketing.

As a result of the Internet, the hospitality industry became more competitive with the increased volume of available rooms, consumer choices, as well as booking options, to ensure guests obtain the best value-for-money and experience. In the 21st century information is readily available due to the Internet, and people are looking for solutions that provide the best deal along with instant gratification. Hotels must, therefore, strategically consider the way in which they sell rooms and its impact on the hotel's profitability (Toms, 2019).

2.5 Search engines

Since the inception of the Internet, its first users needed to type the specific code of a website into the navigation bar in order to access specific information. This code is known as the uniform resource locator, also referred to as the URL (Fisher, 2021:1).

Software systems, known as search engines, were then developed to allow for relevant information to be easily available, and allow for the World Wide Web (WWW) to be searched systematically (Searchmetrics, 2020:1). Since its inception, when Oscar Nierstrasz developed the first primitive search engine in 1993, the technology has come a long way (Seymour, Frantsvog & Kumar, 2011:48). Search engines allow for the indexing of information, enabling content to be stored and organised according to its substance and relevance to keywords. Search services can be classified as either search engines, which index content built by web robots, or web directories that index through human editors (Seymour et al., 2011:48-51). Google is an example of a search engine and considered a global leader, with reported revenue in excess of 180 billion dollars in 2020 (Statista, 2021b:1–2). Yahoo directory would be an example of a popular web directory (Cao, Qu, Duffy & Ding, 2019:89). Search engines are used to easily find relevant information, where Lewandowski's (2015:1763) study indicated that Google produced the correct search content 95% of the time and outperformed competitors.

When guests use search engines to either find or book a hotel, by entering the hotel name, or by using other keywords (like 'Cape Town hotels'), hotels need to ensure that their website listing can be found online and is indexed correctly (Katumba & Coetzee, 2017:3). There have been concerns around search engines being biased, as they use algorithms to deliver search results. These algorithms dictate content ranking and indexing. With the popularity of Google, which is being used on a grand scale throughout the world, there is tremendous power to dictate the nature of content society is exposed to (Halavais, 2018:9–11). This could be problematic if used incorrectly or unethically, as search results may present content and results that do not necessarily meet the search requirements but produces content for commercial gains (Petre, Duffy & Hund, 2019:6).

2.6 Tourism grading and accommodation

The Tourism Grading Council of South Africa (TGCSA) is the official body for quality assurance as recognised by the South African government (TGCSA, 2016:1). Stars are awarded from one to five, where five-star is considered the highest accolade.

2.6.1 Classification of an establishment

There are various forms of accommodation in the hospitality industry, which are classified and graded from one to five stars, according to the TGCSA, as hotel accommodation; guest accommodation; self-catering accommodation; caravan and camping; backpackers and hostels; and game/nature reserves (TGCSA, 2019:4). The focus of the study will be on four- and five-star hotels in the Cape Town Metropole.

When classification is considered, there are four main distinctions made for hotels in South Africa, as stipulated by the TGCSA, namely large hotels, small hotels, apartment hotels and boutique hotels. Large hotels have more than 80 rooms with a reception area and dining facilities. Small hotels have approximately 10 rooms and offer services to guests, along with reception and dining facilities. An apartment hotel, however, offers services to guests but has no reception or dining facilities, with self-catering facilities provided in the room. A boutique hotel offers uniquely decorated rooms with reception and dining facilities (TGCSA, 2019:4). All four classifications will be considered for the scope of this study, with the focus on hotels collectively.

2.6.2 Tourism grading council and standards

The grading of hotels is voluntary and provides guests with certain assurances of standards and quality, as the South African grading criteria are in line with global standards. A hotel would first need to be a legitimate business that meets all municipal requirements. At the request of a hotel, a grading assessor completes an assessment at a cost to the hotel. Assessors use set criteria based on the building itself; infrastructure; services and facilities; room design and layout; and room amenities. The assessor then awards a star grading based on these criteria (TGCSA, 2019:8–43).

The reason for selecting graded establishments as a prerequisite for inclusion in this study is to ensure that all hotels considered conform to the same criteria. With the grading assessment taking place each year (accreditation is valid for 12 months), hotels need to maintain a level of quality and standard that is evaluated regularly (TGCSA, 2020:1–2). Once a hotel is considered legitimate and has been graded, it now has the task of attracting bookings and selling room nights. Nunkoo, Teeroovengadum, Ringle and Sunnassee's (2020:10) findings indicate that there is a correlation between service standards and guest expectation across star-graded establishments, where Masiero and Law's (2016:11) study reveals that star grading is one of the variables in guest decision-making when selecting a booking channel. According to the Tourism Grading Council of South Africa (TGCSA, 2019:2) star grading significantly influences guest expectations and experiences, which means that guests have higher expectations for a five-star hotel than for a two-star hotel. This implies that star grading has a direct effect on guest expectations and experiences in hotels.

2.7 Hotel bookings

Batinic (2016:25) defines hotels, at its core like most other businesses, that are in existence to generate revenue by selling room nights. This opens a large spectrum of potential business where hotels then begin to compete on price, standards, services and location. Lei and Lam (2015:1) define the factors that affect bookings (or occupancy) from macroeconomic to seasonality, as well as supply and demand. Hotels, with all their unique attributes, compete for guests' attention and strive to meet their needs and expectations. With many competitors, there is little room for error. Stubbs (2018:1) urges hoteliers to be mindful that as technology evolves, guests and their expectations will evolve with it.

While the telephone and email brought booking technological advancements with it in previous years, Teng et al.'s (2020:1) study indicated that online booking methods were the preferred method to book rooms. This study, focusing on guests' booking behaviour when booking five-star hotels, sampled 300 guests and indicated that the overwhelming majority of them felt they received the best value when booking online. They also valued the experience more due to the speed, privacy and convenience.

If we, thus, determine that guests prefer online booking methods when booking hotel rooms, the focus of this study is to establish why they may book via third-party websites or directly, using the hotel website as the hotel's principal direct booking method.

2.7.1 Hotel websites

As previously mentioned, with most travellers searching for hotel information online, a hotel needs to have an effective website. Websites must not take long to load, be user-friendly and have technology that allows for ease of bookings, where a Kamal et al. (2018:161) study demonstrated that the more effective the website, the more likely the traveller is to book.

Hoteliers need to consider using relevant content on their website to attract organic visits to encourage engagement with their brand (Hotelogix, 2019:1). Vhatkar (2016:547) defines organic traffic (visits) as website visits via unpaid marketing-related activities on the Internet. For hotels to increase direct bookings, there needs to be better deals on the hotel's website when comparing their room availability on their own website versus third-party websites. At the very least, they should have rate parity with the OTAs. Rashek and Mihailescu (2016:151) describe rate parity as the maintenance of equal (the same) rates across hotel distribution channels and advises that it is one of the biggest challenges revenue managers face. A 2010 study shares these sentiments and indicated that parity was hard to achieve with third parties, who often breach agreements and advertise preferential rates (Sipic, 2010:7–8). Rashek and Mihailescu (2016:153) elaborate that rate parity is challenging due to the number of distribution channels out there, all serving their own interests. Third parties may on-sell rates to other OTAs that often undercut the price and make it challenging to maintain rate parity.

Information on hotel websites is often unclear and does not convey the same value effectively when compared to hotel listings on OTA websites, which was confirmed by the Talwar et al. (2020:7–8) study which surveyed 40 OTA users on the reasons they book via OTAs. Their findings confirm that travellers feel they receive the best offers and that information is easily available, where cancellation policies and terms and conditions all encourage users to book via OTAs. During the researcher's consultation with hotels, these themes were evident. When a comparison was made between a hotel website versus an OTA website, often OTA websites communicate certain content better, such as breakfast included, no deposit and free cancellation.

The Park, Yin and Son's (2018:14) findings indicate that travellers booking online considered rate information even more important than the hotel location. Hotels, therefore, need to place emphasis on their online distribution channels and ensure that they are offering the best deal on their website to see growth in website booking conversion. User satisfaction plays an important role in online business, as better quality websites that are user-friendly, with high-quality images and content, lead to greater satisfaction and conversion (Shasha, 2016:38).

In order for the guest to find the hotel website, it needs to be visible when a guest is making use of a search engine to appear in the search results (see section 2.5). The term 'golden triangle' came from Hotchkiss, Alston and Edwards's (2005:7–8) study of online decision-making, which identified the value of the top left corner of a website landing page in a search result. Jansen and Spink's (2006:261) findings supported this notion and indicated that people do not go beyond the first page of a search result or even scroll down a page. Since then, more recent Google findings by Mediative (2014:12) indicated that, while this is still relevant, peoples' habits have been changing due to more Google paid advertisements and the common use of mobile devices for searches. With Google offering paid advertising to increase website visibility (see section 2.8.2), most search engines generate paid advertisements as the top ranked search results. The golden triangle, therefore, features content sold to the highest bidder. The searcher can easily identify paid advertisements, which has resulted in the growth in popularity of the websites that follow paid advertisements. Schwartz (2014:1) confirm these findings and advise that people are, therefore, viewing more listings outside of the 'golden triangle', however, they were spending far less time looking at these listings, where second and third positioned listings showed far more clicks.

Hotels, therefore, need to be mindful of their ranking which comes as a result of search engine optimisation (SEO) (see section 2.8.1). This refers to a website that is ranked high because of good key words used, regular content updated and depth to the website referred to as good SEO (Chotikitpat, Nilsook & Sodsee, 2015:3219). An example of SEO would be searching for a 'family hotel with a pool'. The top organic listings (a listing that is not paid for) with these key words (family hotel with a pool) will rank highest.

2.7.1.1 Website user journey

Once a guest ends up on a hotel website landing page, the website needs to lend itself to the guest's needs as usability affects purchase behaviour (Bucko & Kakalej, 2018:215). Before the Internet, guests would regularly speak to reservation agents, involving an interactive discussion consisting of questions and answers as a part of the decision-making process. Due to online booking popularity, websites need to tell the story of what it is like to experience a hotel stay. This is achieved through rich imagery and meaningful content (Law, 2019:2).

Emir, Halim, Hedre, Abdullah and Azmi (2016:132) developed a conceptual framework on the factors that influence online bookings (see Figure 2.2) based on the available literature and identified the most critical components as the perceived interactivity, information quality, price and promotion, safety and privacy and electronic word of mouth (e-WOM). The stimulus depicted in Figure 2.2 are factors that have significant influence on the guest's perceived value of the hotel (Emir et al., 2016:132). These factors are critical to the user's journey, where the website should not be confusing or difficult to navigate. Sahni and Dubey (2014:26–27) define key user journey requirements and advise that websites should have technology that responds to requests in a timely fashion. Information related to services offered as well as the location and area should be clearly presented. Once the quality of the content has convinced a guest to book, the guest should follow a seamless process. Optimizely (2020:1) proposed that a call to action (CTA) is a website cue that encourages users to perform an action, which may be

‘Book Now’ on hotel websites. Potential guests, consequently, click on a clearly positioned ‘Book Now’ CTA, presenting room availability that is easy to navigate, which displays rates and options to guests very clearly. Users then need to be assured that their credit card or debit card details and personal information are being entered into a secure environment.

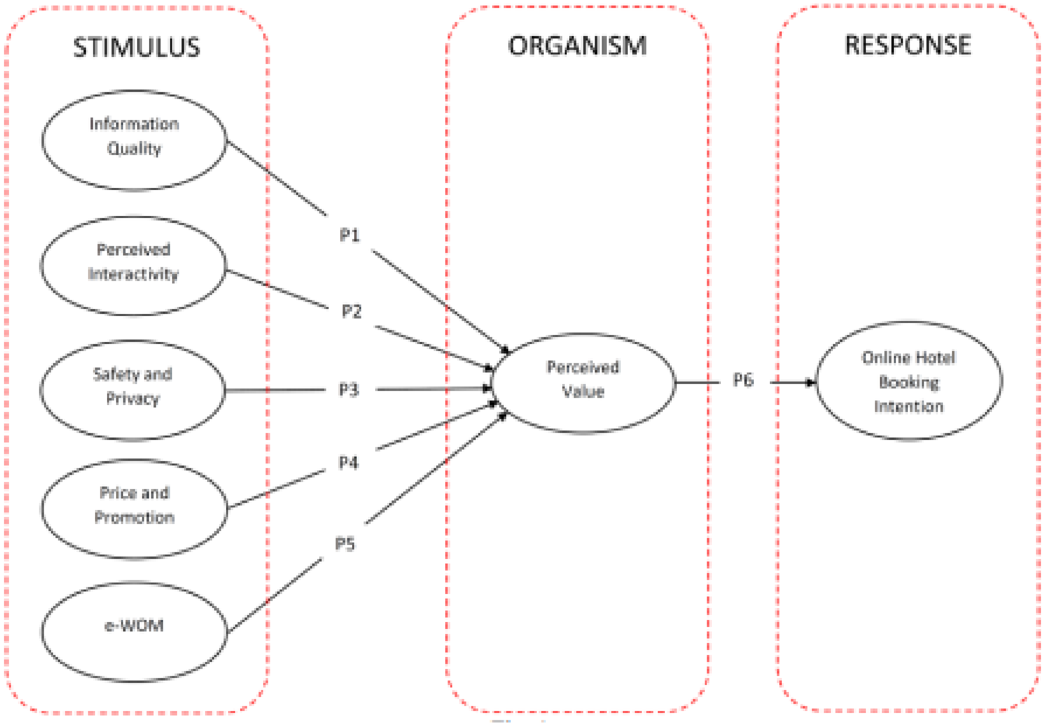

Figure 2. 2: Conception framework of online bookings (Source: Emir et al., 2016:132)

2.7.1.2 Mobile responsiveness

When a hotel considers developing a new website, an important factor to consider is how the website is displayed when accessed through different devices. According to Statista (2021c:1), over 50% of Internet searches in the first quarter of 2021 were done using a mobile device. With technology evolving at a rapid rate, new mobile devices and functionality are launched regularly, along with new devices having Internet browsing capabilities, such as smart televisions and smart watches. Many hotels have outsourced service providers that develop their websites who need to be aware of what is required for a hotel website to perform. When reviewing website quotations, hoteliers need to be aware of the following concepts: mobile friendliness, mobile responsiveness and mobile optimisation (Bader & Hammouri, 2016:18).

According to Kulkarni (2020:2), mobile-friendly websites allow for access with a mobile device, however, the display stays the same regardless of the device used. Mobile responsive websites adjust to the device used where screen size and display change accordingly. This allows for a better user journey when accessed with a mobile device. Mobile optimised websites are designed specifically for mobile devices. Some of the key differences include images that would optimise according to the type of mobile device, button sizes that would change and be device-specific, as well as content being reformatted according to the device used. Bader and Hammouri (2016:18) warn that website developers need to ensure that they have the necessary expertise to build websites where the user experience is the same, regardless of the Internet-accessing technologies used.

2.7.1.3 Data and web analytics

With hotels investing in their online platforms, they require a mechanism to measure the effectiveness and return on investment for their efforts. Burby and Brown (2007:3-34) of the Web Analytics Association define web analytics as a form of technology used to collect information, analyse the information and report on website data. Web Analytics identifies the three key metrics as the website sessions/visits, unique visitors and page views.

Zheng and Peltsverger (2015:7) identify additional metrics, such as the time spent on a website as well as the bounce rate, as relevant to meeting business objectives. These metrics identify how many people looked at only a single page on the website before leaving the website, in relation to all sessions on the website, and is presented in the form of a percentage (Google, 2020:1). With the website landing page being the gateway from which hotels want guests to engage with their brand, search different tabs and book rooms, a high bounce rate is of concern and can be a result of the landing page quality.

2.7.2 Direct bookings

Direct bookings are bookings made without the use of third parties, where travellers make direct contact with the hotel by emailing, calling or using the hotel’s website. With online bookings being the most common method of booking rooms, as previously stated, the focus will be on the hotel website as the primary source of direct bookings.

While OTAs have seen progressive year-on-year growth, the Covid-19 pandemic does appear to have caused a change in guest booking behaviour (Azcarate, 2021:1–2). Guests have been engaging with hotels directly to discuss safety protocols, as well as inquiring if hotels were operating to their full capacity or offering limited services. Hotels that experienced unprecedented volumes of cancellations due to the Covid-19 pandemic found that guests who booked via OTAs started engaging directly with the hotel for refunds. This was unfortunate, however, it resulted in relationship building with guests that may have caused a change in hoteliers’ sentiments towards OTAs, resulting in them driving direct bookings more aggressively (Barreiros, 2021:3). The Asia-Pacific and European regions have reported similar findings, where the direct distribution market has seen growth over the period of the Covid-19 pandemic (D-Edge Hospitality Solutions, 2020:2–9).

2.7.2.1 Guest's online booking behaviour

A Finnish study by Morales (2017:2) regarding direct hotel bookings surveyed 122 guests on their selected booking channel of choice. The results from the 122 participants indicated that only 20% of them made a direct booking. As much as this is highlighted in the study to be of great concern, the researcher's opinion is that this figure would be significantly lower in a South African context. The study concluded that the main reasons for guests not booking via the hotel website was the hotel's lack of investment in their website design, along with the content. Hotels were not effectively communicating best prices, as well as value adds to rooms (breakfast and amenities). The study continued by advising hoteliers to improve the online presentation of their service and focus on the location and activities around their location (Morales, 2017:29). During the researcher's consultation with hotels in Cape Town, these specific themes proved to be the exact focus as well as, in most cases, future areas of improvement for hotels.

Amaro and Duarte's (2013:755) extensive exploration into factors that dictate guest booking behaviour concluded that findings from previous research was fragmented as there are many aspects to the guest decision-making process when booking rooms, it is a challenge to narrow the focus to specific variables. Law's (2009:766) finding indicated that guests who are familiar with booking hotel rooms online are happy to use hotel website reservation systems rather than third parties. Hotels, therefore, need to be promoting better rates on their own website in order to encourage direct online bookings. If hotels promote the best value on their website, the website technology needs to be user-friendly, as Kim and Kim's (2004:381) findings indicated that. if platforms are easy to navigate, provide access to clear information, as well as a simple booking process, then these variables can be more valuable than price.

Emir et al. (2016:129) advise that direct bookings are a challenge for hotels, where guests review multiple online platforms in search of the best deal. Apart from the financial benefits to attracting direct bookings, there are other advantages to consider, which are discussed below.

2.7.2.2 Advantages of direct bookings

Bosworth (2018:1) describes direct bookings as a mechanism to empower better hospitality. Other than the obvious financial gains, the relationship with guests begins sooner and leads to a deeper relationship with the hotel. What this means is that the hotel's employees have guest contact information to begin engagement before they arrive, to better personalise the guest's stay, as well as upsell hotel services to tailor the guest's experiences.

A Green and Mazzocco (2018:19-20) study proved that an effective booking strategy can dramatically increase direct bookings, where hotels gained no residual benefits (building the guest relationship, upselling and guest preferencing knowledge) when bookings came via third parties. Cendyn (2020:3) concurred these sentiments and advises that the guest data captured via the direct booking process is of value and allows the hotel to develop a relationship with the guest and build loyalty, which leads to repeat business. If hotels want to grow direct bookings and capitalise on the benefits, they will need to place emphasis on the hotel website.

2.7.3 Booking technology

It can be incredibly difficult for hotels to manually manage rates across multiple platforms (OTAs and their own website). This is where the channel manager (discussed in section 2.4.2) is important for the updating of live rates and availability. Šimunić, Pilepić Stifanich and Perišić Prodan (2018:463–464) noted that one of the biggest challenges a hotel can face is the management of live rates and availability if they do not have the correct integrated technology to automate this process.

Hotels do not always have booking processes that are user-friendly on their own website, which could serve as a significant barrier to receiving direct bookings. Shasha's (2016:3) study on the usability of web-based hotel reservation systems found that, while users had the capability to make a booking, the platform and process was unsatisfactory for the user.

Singh's article pleaded with hotels to focus on their booking engine technology as a fundamental reason that many guests leave the hotel's website and choose OTAs as an alternative booking method (Singh, 2018:2). The researcher has experienced very similar concerns to Singh when either booking a room for personal travel or when consulting with hotels in Cape Town. The booking engine on the hotel website can often take long to load or, when it eventually does load, there is a volume of required fields and questions being asked by the hotel.

Charlton, editor-in-chief for SaleCycle, analysed online booking abandonment and noted that the processes should be as streamlined as possible (Charlton, 2018:2). Siteminder (2020d:2) concurred and advises that hotel booking processes are often too long and complex. Once a guest is looking to book a room, the process should be as convenient as possible to the booking confirmation phase, once funds have been processed.

Booking.com and other online booking leaders follow a similar process in terms of display, booking steps and required information. They have made huge investments to understand user needs and what leads to conversion, where hotels should see their solutions as a model to benchmark on their own websites.

There is a lot of literature online about rate parity with different opinions. Rashek and Mihailescu (2016:155) suggest dynamic pricing and show that third parties often cannot control their partners who violate rate agreements between the hotel and the third party. Oses, Gerrikagoitia and Alzua (2016:51) define dynamic pricing as changing the room rates based on time. Mantovani et al. (2021:1–2) explain the parity clause that OTAs add to agreements, where they restrict hotels from offering lower rates on the hotel website, which has been contested in European courts.

Regardless of rate agreements, hotels still have the ability to offer better value when booking direct as they are able to include value additions to the room rate if needed. Elements such as room categories, room descriptions and features must be displayed as effectively as the OTAs do. Room facilities (for example, bath and fireplace) and guarantee options (no deposit and breakfast included) on the hotel's own website need to mirror those displayed on the OTAs.

Hotels need to ensure that their systems are user-friendly when competing with popular online booking channels, such as Booking.com, which invest millions into the development of a platform that understands user needs, is quick and simple and makes guests feel comfortable to book rooms (Van Loon, 2017:4).

2.8 Digital marketing

For hotels to compete with OTAs and increase direct bookings, they need to compete with OTA marketing and market their hotel online. As mentioned in the section discussing hotel bookings (see section 2.7), with the hotel website being one of the areas of focus, marketing has moved from conventional marketing to digital (online) marketing. Gaitniece (2018:135) observed that, each year, a larger allocation of the marketing budget is being spent on digital marketing. The role of digital marketers has become increasingly popular across sectors where hotels need to actively participate to mitigate OTA popularity. The findings of de Pelsmacker, van Tilburg and Holthof (2018:52) confirm that digital marketing strategies and tactics increased occupancy and RevPar.

Social media marketing, which works with social networking sites, is likely to take over from marketing media in the long run due to the accessibility and interaction of social networking sites (Verma & Verma, 2018:223), where Facebook is one of the leading social networking sites. Ohajionu and Mathews (2015:338-339) state that most businesses have company social media pages, they pay for advertising on these pages, which allows them to reach a wider audience, while allowing businesses to specify exact parameters to reach a specific target market. The more hotels spend, the more likely people are to engage with the post and brand. Other social media platforms, such as YouTube and Instagram, present rich video content, along with imagery. These are widely used and a study by Varkaris and Neuhofer (2017:118) confirmed that they play a role in guests' decision-making when selecting hotels.

If hotels want to remain competitive, they need to be making use of these social media platforms to drive brand awareness or traffic to their websites, which leads to booking conversion. The main ways in which a hotel can combat OTAs is brand defence marketing via PPC, search engine optimisation, effective websites and strong social media engagement.

2.8.1 Search engine optimisation

As discussed in the section on search engines (see section 2.5), when a website is developed, it is indexed to allow the content to be found and accessed. With search engines using algorithms to determine the positioning of a website, digital marketers attempt to achieve the highest ranking possible on search engine results pages when keywords are entered by users (Serrano-Cinca & Muñoz-Soro, 2019:8). With search engines attempting to match the search criteria with the most relevant websites, algorithms measure in excess of 200 website variables to refine searches as much as possible. Key elements that are measured include the structure of the web page, the quality of its content and the number of online links that point to the website (Katumba & Coetzee, 2017:3).

Konidaris and Koustoumpardi's (2018:205) study of over 400 tourism-related businesses, noted that SEO optimisation was one of the most important variables to increasing profitability. Of the 400 websites reviewed, only 25% of websites were optimised. When the researcher consulted with hotels in Cape Town, SEO was also very seldom optimised.

2.8.2 Pay-per-click

It is very important to have organic website visitors. This is where the website is found because of its high ranking due to effective SEO. It, however, can take a long time to continually optimise and improve SEO to increase ranking. This is where pay-per-click (PPC) can be highly effective. PPC is basically a short-cut to the top, however, you need to pay to be there. The top search results or 'golden triangle' (referred to in section 2.7.1), therefore, displays paid media that may not necessarily be in line with the intentions of the online search.

The Brand Mix is a digital marketing company specialising in direct business for hotels. Their Director, Richard Toms, indicated that:

> "A key driver for direct bookings is Google Ads. We always do pay-per-click on the property name as a brand defensive strategy. Google assigns value to a search word or phrase where users can bid and pay to have this word associated to their brand when searched. Generic terms like 'Cape Town hotels' are too expensive to bid on when allocating budget to Google advertisement words. Essentially you are purchasing advertisement space where your advertisement appears in relation to the budget spent. The difference with the OTAs is that they are 'always on'. They have vast budgets which means that their advertisement is running 24/7" (Toms, 2019).

These sentiments were confirmed in an Economic Times article by Kurt Straub, Vice President of the Hyatt Hotels and Resorts India, who said:

> "To gain incremental website traffic, by capturing search volume throughout the year, rather than just during a campaign period, we run `always-on' paid search (pay-per-click) campaigns

on search engines like Google, Yahoo and Bing. The share of direct bookings has increased from 50% for the large hotel chains to 60 to 65%" (Chaturvedi & Kulshrestha, 2017:1).

Valve and Meter (2020:2) reported that on average, businesses generate double the amount of revenue that they spend on Google AdWords, which is a huge return on investment. They go on to indicate that 65% of users intending to purchase click on paid advertisements.

2.8.3 Metasearch

Metasearch came into existence in the early 2000s. These sites aggregate different search results in one location. Booking platforms bid to advertise their rates and have them appear on aggregator sites to encourage guests to book via their platform. Google and TripAdvisor are two of the more popular metasearch sites (Triptease, 2019:1-5).

The figures below represent examples of hotel metasearch when using the hotel name as the key word within Google search engine.

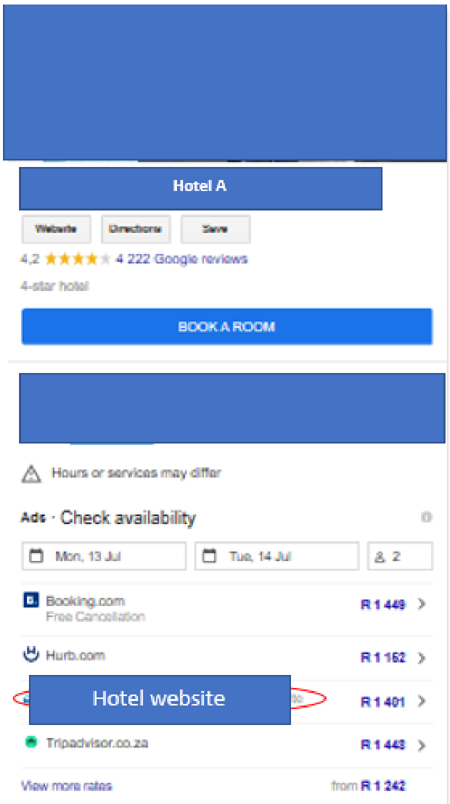

Figure 2. 3: Hotel A

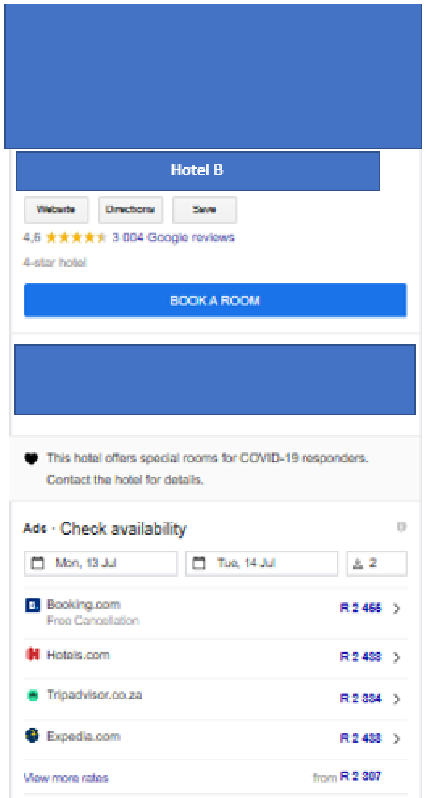

Figure 2. 4: Hotel B

Figure 2.3 is an example of a Cape Town hotel making use of metasearch where the hotel website rates feature within the Google search engine (Hotel A). Hotel A metasearch rates on their own website are, however, not the cheapest, where Hurb.com features lower rates. This should be remedied to encourage potential guests to use Hotel A's official website link. Hotel A would need to pay commission on a booking made, using the Hurb.com link, should a potential guest wish to capitalise on the preferential rate.

Figure 2.4 is an example of a hotel that does not participate in metasearch, where only third parties are bidding to display rates (Hotel B).

When metasearch is done correctly, it can serve as a great source of direct bookings, resulting in significant hotel revenue and return on investment (ROI).

2.8.4 Direct booking marketing strategy

Duffy (n.d.:8–9) details an effective direct booking strategy in their digital strategy report, with very similar themes to those addressed in this literature review. Strategy is only as effective as the action which follows and needs to lead to implementation. A hotel can do the best digital marketing, but if they are constantly advertising cheaper rates on third party websites, or have booking technology that is not user-friendly, then their efforts and spending will be in vain.

Guests that have booked via third parties need to be assured that they will always get the best deal when booking direct for their next stay. However, hotels find it challenging to guarantee the best rate on their website where, as Cohen explains, third parties often undercut rates (Cohen, 2017:5). With contracted third parties having many partner organisations, it can be difficult to find the culprit that is undercutting the hotel rate. Churchill (2016:38) details the success hotel chains have had when offering preferential rates on their own website, where the InterContinental Hotels Group tested the concept and saw a 20% shift in bookings from OTAs to direct channels.

Front office managers need to make it a mandatory process that email addresses of third-party bookers are captured and entered into a database to begin the conversion process (Rainmaker, 2020:3). After their stay, these guests need to be communicated with via email distribution, to build the relationship and provide assurances that it is in their best interest to book direct for their next stay.

Guest loyalty programmes can be an effective tool in building the relationship with guests and driving repeat business. Guests are incentivised and received rewards for their repeat business and brand loyalty, where Koo, Yu and Han (2020:1) findings indicate that loyalty programmes are critical to building guest loyalty. Guest loyalty can be defined as ‘how likely guests are to return and their willingness to perform partnership activities for the organisation’ (La Rose & Rowson, 2017:11). It is important to note that OTAs have loyalty programmes as well, which compounds the challenge faced by hoteliers. One of the most popular is the Booking.com’s Genius programme (Booking.com, 2021a:1). Travellers view hotels offering Genius rate eligibility with the visibility of the Genius logo, allowing for OTA loyalty discounts to apply.

2.8.5 The use of online travel agents to drive direct bookings

Even though hotel websites are competing with OTA websites for online bookings, OTAs can be of value in discovering a hotel.

Travellers may discover a hotel via the OTA, as international travellers are often unfamiliar with local hotel offerings and areas. Isabelle Jan, the cofounder of Private Deal, a hospitality business that aims to drive direct bookings, advises that ‘one out of two clients visit your website after seeing you on an OTA (Jan, 2018:2). Prieto (2018:7) confirms these findings (1 out of two or 52%) based on a Google survey. Hotels placed on OTA websites may, therefore, find that their direct bookings increase if they have a good website, offer good value and have an effective booking process, as guests often visit the hotel website after finding the hotel via the OTA. This is a result of the ‘Billboard Effect’, meaning that hotels often gain brand awareness when listing on the OTA, where guests visit the hotel’s direct website to view more images and information related to the property. Therefore, hotels that have a proper ‘direct booking strategy’ in place are likely to attract more direct bookings when guests land on their websites (Anderson, 2011:6). Anderson and Han (2017:3) confirm in later reports that the Billboard Effect was still relevant and key to guests finding a hotel and booking direct, and Verot (2020:2) agrees.

A Cornell Hospitality Quarterly study on the relationship between Choice Hotels and Expedia found that the common sentiment of hoteliers interviewed indicated that they felt that hoteliers needed to stand together and reclaim their inventory (Lee et al., 2013:103). Another hotelier went as far as saying: ‘If [hotels] want to survive, they need to know how to invest in Travel Tech and e-marketing and how to optimise their direct channel’ (Lee et al., 2013:103). Hoteliers need to reclaim control of their businesses and find ways to drive direct bookings in order to become more profitable. It would, therefore, be of significance to gauge hoteliers’ perspective on the complex relationship between OTA and direct hotel bookings, among four- and five-star hotels in the Cape Town Metropole.

2.9 Online travel agents

With hoteliers looking to fill hotels and be as profitable as possible, they ideally would like all bookings to be made directly with the hotel, however, the existence of OTAs has allowed for increased distribution of rooms at a cost to the hotel (Guo et al., 2020:1–3). OTAs are an important distribution channel for hotels, where hotels consider which platforms they would like to be listed on and enter into agreements with these third parties. OTAs work via two industry models, known as the merchant model and agency model.

The merchant model is where OTAs purchase hotel rooms in bulk, at discounted rates. OTAs then sell these rooms at a marked-up price. The guest pays the OTA when the booking is made, whereas the OTA pays the hotel when the actual stay occurs (Landman, n.d.c:1). Expedia can be seen as a popular merchant model. The agency model is a commission-based model where hotels pay a percentage of the room rate to the OTA on every booking. An example of the agency model would be Booking.com (Liao, Ye & Wu, 2019:1052–1053).

Travellers take time to do online research before making decisions. The use of OTAs with filters greatly assists travellers to have access to very specific tailored information, which allows them to make informed decisions (Buhalis & Inversini, 2014:16). Filters allow OTAs to only display specific hotels with preselected features (pool or fireplace facilities for example), to assist travellers in their decision-making.

When discussing OTAs, the leaders with the most market share would be Booking Holdings and Expedia. Between them, they have acquired most of the OTAs and metasearch companies, such as Booking.com, Priceline.com and Agoda.com as well as Trivago, Hotels.com and Orbitz, respectively. Booking.com is the world leader in booking accommodations online, with a 62% global market share in 2016 (Martin-Fuentes & Mellinas, 2018:466). OTAs' commission can be anything from 15% to 30%, as they play a major role in the distribution of rooms and have often proven to be the preferred booking method for many travellers and can, therefore, command an acceptable commission. A Travel Daily News 2018 article indicated that 'OTA market share continues to rise, leading to decreased profitability for hotels' (Feinstein, 2018:1).

OTAs are essentially technology companies that invest heavily in their systems, and in understanding guest behaviour. A Chinese investigation into guest selection of online booking channels found that of two booking channels, direct or via OTAs, OTA websites performed better than hotel websites. While the hotel website had more quality information (content, guest stories, more images), the OTA websites performed better in other areas that mattered most, with superior booking technology, better value proposition, and preferential terms and conditions (Liu & Zhang, 2014:81). This information is relevant today where hotel booking systems still seem to be lagging behind the more innovative OTAs initiatives.

With leading OTAs receiving large volumes of website traffic and having a wide global audience, hotels with lower occupancy rates are inclined to offer deals on OTA websites in order to increase their occupancy and profitability (Ling, Guo & Yang, 2014:235). Hotels offering discounted rates for last-minute bookings, known as 'flash sales', can be damaging to a hotel's brand. Hotel revenue managers tend to panic when occupancy levels are down. While there are benefits to increasing occupancy in the short-term with 'flash sales', it comes with high distribution costs (Berezina & Semrad, 2015:3). It can also take time for travellers to book rooms at usual rates if they become accustomed to benefiting from a discounted offer, where flash sales can cheapen the brand (Berezina, Semrad, Stepchenkova & Cobanoglu, 2016:18).

2.9.1 Advantages of using OTAs

Raab, Berezan, Christodoulidou, Jiang and Shoemaker (2018:122) speak extensively about the effective use of OTAs and managing a mutually beneficial relationship with the 'frenemy'. OTAs allow for greater distribution of rooms, and can result in an increase of room sales, where they contribute billions of dollars to the tourism industry each year. Šimunić et al. (2018:456) remark that OTAs have extensive marketing budgets which attract travellers. Hotels can, therefore, leverage on their marketing spent to receive bookings. Anderson and Han (2017:3) define an additional benefit as the 'Billboard Effect' (see section 2.8.5) and the effectiveness of OTAs to enhance brand exposure that can lead to more direct bookings.

2.9.2 Disadvantages of using OTAs

OTA bookings come at a considerable cost to hotels, with the average cost between 18% and 20% of the room rate for each booking (Guo et al., 2020:2). A Green and Mazzocco (2018:19–20) study outlined further disadvantages of OTA bookings and advise that hotels gained no residual benefits (building the guest relationship, upselling and guest preferencing knowledge). OTAs tend to undercut rates (sell rates for cheaper than agreed to with the hotel) in an attempt to encourage bookings and to familiarise users with their platform (Triptease, 2016:2). Another underhanded tactic that is sometimes used is the display of rates without taxes and levies. These costs then only get added right at the end of the booking process when guests have entered all information. Some guests may feel inclined to book, as they have already completed 90% of the process. Salomon (2019:3) cautions that OTAs often advertise free cancellation as a benefit to encourage bookings. Many travellers either book multiple rooms with the intension to cancell or capitalise on other deals and cancell their original booking, due to these flexible terms. These cancellations are costly to the hotel.

Lee et al. (2013:101) refer to a symbiotic relationship between hotels and OTAs, where there is opportunity for a mutually beneficial relationship. The Ye et al. (2019:970) study focuses on the level of cooperation with OTAs, where the relationship can be of great benefit when using the correct model (merchant or agency). The key element is that hotels need to see OTAs as strategic partners, rather than be dependent on them to receive bookings. When demand is high and availability is scarce, hotels should ensure they take all necessary steps to receive the majority of these bookings direct. When demand drops or when hotels attempt to attract unfamiliar markets, OTAs can be used as an effective tool.

2.10 Growth and dominance of Booking.com and Expedia

While there are advantages and disadvantages to hotels making use of OTA, the reality is that they remain significant role players to hotels receiving bookings, where Booking.com and Expedia dominate OTA market share (Martin-Fuentes & Mellinas, 2018:466). For the purposes of this research study, it is important to understand their existence and reasoning for their effectiveness to sell rooms.

2.10.1 Booking.com as industry leaders

Booking.com was founded by a Dutchman Geert-Jan Bruinsma in 1996. He saw a need when reviewing Hilton Hotels and realised that their rooms could not be booked online and developed Bookings.nl. He allowed hotels to decide their rates and charged a 5% commission (Medium, 2019:1). Bookings.nl then merged with Bookings Online before being bought by Priceline in 2006.

Figure 2. 5: Booking.nl in its infancy (Source: Medium, 2019:1)

Priceline eventually changed their name to Booking Holdings in 2018 (Carson, 2018:1), with reported revenue in excess of 15 billion dollars in 2019, with Booking.com being the main contributor (Statista, 2021d:1). The six brands that form part of the Booking Holding portfolio include Booking.com, Kayak, Priceline, Agoda, Rentalcars.com and OpenTable (Booking Holdings, 2020:1).

McIlwain (2017:3) attributed Booking.com's success to understanding people and winning them over and advises that hotels were finding their feet on the digital front. Rather than guests using OTAs to book rooms at hotels they know, the OTAs became the primary information source for travellers on the hotels in unknown regions, where the messaging and strategy are linked to understanding human behaviour. Morales (2017:29) advocates that phrases such as 'last room left', 'no booking fee', and 'best price guaranteed' are consistently fed to users and communicated better on OTA platforms than hotel websites.

In the early 2020s, most hotels could not afford to remove their listing from Booking.com. The level of website traffic the OTAs generate due to their popularity with travellers makes OTAs (like Booking.com) one of the industry's key booking channels. The Booking.com business model entails engaging and attracting travellers while managing relationships with hotels by entering into agreements with them. Part of the reason for Booking.com's success, is that the facility often adds a clause to all agreements stating that rate parity with the OTA platform is a mandatory requirement (this means that the hotel is not able to display cheaper rates on its own website) (Uenlue, 2017a:4). This clause has been fiercely debated in European courts after a 2015 ruling, banning this practice in Germany, was successfully appealed by Booking.com in 2019 (Marshall & Boyle, 2019:1–3).

A hotel may be forced to feature the same rate on their own website as on Booking.com's website, however, the rate on the hotel's own website may include value adds (for example: breakfast included or a bottle of wine in the room on arrival) that a traveller would not get when booking via the third party. Due to the 'Billboard Effect' (section 2.8.5), a traveller may see the same rates but be persuaded to book via the hotel's website because of these 'value adds' they would not receive when booking with the third party. The value add costs can be justified when comparing them to commission costs paid to third parties. According to Booking.com's (2021b:1) Partner Hub, their commission varies per country, with a global average being 15% of the room rate. More importantly, hotels would be winning over guests and be able to leverage the other benefits that come with direct bookings (discussed in section 2.7.2.2). Many OTAs, including Booking.com, send guest details in an encrypted format, meaning that hotels cannot use the guest data (Churchill, 2016:38). The hotel, therefore, does not have the guests' direct email address, that can be added to their mailing system, to encourage repeat business, particularly via direct booking methods for subsequent stays.

2.10.2 Expedia

Expedia was originally founded as a division of Microsoft in 1996, before establishing itself as its own entity. which continues to flourish today. It is comprised of a number of well know travel companies (including Expedia.com, Hotels.com, CarRentals.com, HomeAway, Hotwire.com, Orbitz, Travelocity, Trivago and Vrbo) that are involved in the airline, car rental and cruise liner industries (Uenlue, 2017b:2–3).

Expedia's offers travel and advertising services to travellers around the world and will be the focus due to the nature of this study. This 'core OTA' segment comprises 78% of their total revenue, which was in excess of 12 billion dollars in 2019 (Johnston, 2020:2-4).

Booking.com and Expedia are the most widely used third-party booking portals and dominate OTA market share, where they are often referred to as industry duopolies (Lugli, 2019:2). Unlike Booking.com's agency model, which is one of the Expedia models, they also offer the merchant model to hotels where they bulk buy rooms as a wholesaler. Hotels can benefit from filling rooms that would usually not be sold and, as these rooms usually have a long lead time, hotels need to be mindful of contractual terms and could be at risk of these rooms being released back to them, close to their ‘expiration date’ (Uenlue, 2017b:6–7).

As much as Expedia, as with other OTAs, has the potential to bring volumes of bookings to hotels, the cost of these bookings needs to be considered and managed. Hotels ideally would like to have the highest occupancy possible, at the highest yield or RevPar.

2.11 Summary

As a result of an extensive investigation into the existing body of knowledge, the researcher has explained the complexities surrounding hotel distribution and bookings. The hotels' relationship with third-party providers, as well as the technological framework that facilitates, or at times discourages, guests from making a booking has been investigated.

Hotels appear to be experiencing a high level of OTA bookings due to the lack of investment in their websites and website technology to facilitate direct bookings (Morales, 2017:29). Guests have an abundance of choices and are reviewing multiple platforms in search of the best available rates with the most convenient booking process (Emir et al., 2016:129). Hotels, therefore, need to be offering the best value on their own website and have the required technology that conveniently facilitates a booking to encourage guests to book direct. While OTAs remain a vital distribution partner (Guo et al., 2020:1–3), direct bookings would minimise the commission costs associated with bookings via OTAs, as well as develop the relationship with the guest. OTAs also play a significant role in hotels receiving exposure, which could potentially result in an increase in direct booking, should hotels have the correct strategy in place (Raab et al., 2018:126).Chapter 3 will explain the selection of the appropriate research methodology, the study sample size, data collection process and data collection instruments used. It will also describe the measures put into place to ensure all ethical considerations are made throughout the research process.

3. CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

Chapter 2 provides insight into the hotel booking landscape, focusing on direct and OTA bookings, with Figure 2.1 presenting a theoretical framework of the situation. In this chapter the research design and methodology, use of a pilot study, survey techniques, ethical considerations, population and sampling, as well as the data collection strategy are detailed.

Lane (2018:1057) defines good research as a study that starts with a question that is clearly defined. By understanding the question, we can deduce the most appropriate methods to address and answer the question. Shyama Prasad (2020:1) describes research as the search for knowledge, or the new application of knowledge that already exists. It includes the gathering of information and observations to further our knowledge. It can be assumed that there are similarities and regularities when addressing a phenomenon, in this case across hotels within the hospitality sector, where this assumption is necessary in order for the research to have meaning (Eisend & Kuss, 2019:3).

Quantitative research was conducted at four- and five star hotels in the Cape Town Metropole. This method focuses on data that is measurable and can be used for statistical analysis (Goertzen, 2017:12). The study focused on accommodation classified as hotels, with a grading of four-and five star, as these establishments are usually at the forefront of industry and adhere to strict criteria which they are required to comply with in order to be awarded this classification and star grading from the Tourism Grading Council of South African (SurveyGizmo, 2019:1). The research made use of a descriptive design to analyse the current situation and allow for reliable information to be obtained to address the research objectives. The data was collected with the use of an online questionnaire that predominantly included closed-ended questions, which a minimal number of open-ended questions.

3.2 Research paradigm

Paradigms can be said to be beliefs shared by scientists where they are in agreement about how problems should be addressed and understood. Researchers use these paradigms, which come with their assumptions, that guide the research process (Rahi, 2017:1). The debate regarding the researcher's beliefs and worldviews, which influences their work, is ongoing where the four paradigms highlighted in literature are: postpositivism; constructivism; transformative; and pragmatism (Creswell & Creswell, 2018:44).

A postpositivist worldview is often used in empirical observations and theory verification, whereas a constructivist worldview usually focuses on the process of interaction between individuals with an emphasis on the participants historical and cultural frame of reference

(Creswell & Creswell, 2018:45). The transformative worldview focuses on political studies confronting social oppression and improved social justice, whereas a pragmatic worldview finds weakness in a study and strengthens the study by the use of both quantitative and qualitative methods and is often used in the social sciences (Rahi, 2017:1).

A pragmatic paradigm was, therefore, most suitable for this study. While this study was considered quantitative, a minimal number of open-ended questions was asked to support the quantitative data. Kaushik and Walsh (2019:2) add that, in pragmatism, the focus is on the outcome of the research, as well as the problem, rather than the method. It may be hard to identify paradigms, as they tend to be implicit and assumed.

3.3 Research design and methodology

Research design can be said to be the description of a phenomena, the quality of data needed for study, the systematic and standardisation of data collection methods, as well as the strategy implemented to obtain them, with the intention of reaching conclusions regarding a problem (Zangirolami-Raimundo, De Oliveira & Leone, 2018:356). It can be further described as a map that identifies the method one is able to pursue the collecting and analysis of data. Van Wyk (2012:4) proceeds by adding that research design articulates what data is needed, the methods required to collect and analyse the data, and how this process will answer the research question.

The problem being faced by hotels in Cape Town is that they appeared to be heavily dependent on online travel agents (OTAs) to receive bookings. These OTA bookings come at a substantial expense to the hotel, which pays a percentage commission on every booking received. With the booking coming via a third party, the hotel does not have the relationship with the guest and is, therefore, not able to further utilise auxiliary benefits that come from direct bookings, as defined in Chapter 2.

3.3.1 Research design

Research design is the systematic procedure which considers the design and analysis of information via a conceptual model (Habib, Pathik & Maryam, 2014:16). The purpose of the research design ensures that the data obtained fully addresses the research problem as logically and unambiguously as possible.

Du Plooy-Cilliers, Davis and Bezuidenhout (2014:72–79) differentiate research as either being applied, pure, explanatory, correlative, predictive, pragmatic, exploratory or descriptive. Since the purpose of the research was to establish if direct bookings were a strategic focus of four- and five-star hotels in the Cape Town Metropole, a descriptive method of research was suitable. A descriptive design is said to be based on a single sample group, without the use of a comparative group. Its objective is to describe the current characteristics within the sample group (Omair, 2015:153). The descriptive design was, therefore, the approach used in addressing the booking phenomena experienced among four-and-five-star hotels in the Cape Town Metropole, where its characteristics, variables, as well as the relationship between variables are covered.

Zangirolami-Raimundo et al. (2018:356) describe cross-sectional studies as a form of observation that is useful in descriptive studies and allows for the obtaining of reliable information to deduce meaningful conclusions. A cross-sectional study design was also used to address the research objectives. Kumar (2019:172) refers to this form of study as a design that is best suited to finding the prevalence of a problem within a population. It is useful to establish an overall picture of the situation at the specific time that the study is conducted. As this study surveyed hotel personnel to assess the situation in its current form, a cross-sectional design was well suited for this study.

Omair (2015:153) advises that the selection of an appropriate research design is one the most important steps in determining the research method of a study. This may include a quantitative, qualitative or mixed-method approach (Ang, 2014:7).

3.3.2 Research method

Park and Park (2016:2) caution that any serious methodological consideration needs to contemplate the nature of the investigation and determine if the method adequately explains, understands, or describes the phenomenon. Creswell and Creswell (2018:41) describe three approaches to research in the social sciences, namely: quantitative, qualitative or mixed-method approaches. Creswell and Creswell proceeds by adding that modern technology provides the opportunity for research design innovation, as well as advanced social science procedures. Taking this into account, a quantitative methodology was best suited for this research.

3.3.2.1 Quantitative method

As seen in Table 3.1 quantitative research can be considered as exploratory with structured questions for statistical analysis. Habib et al. (2014:8) remark that quantitative research is the collecting and converting of data into numerical format which can be analysed by reviewing the statistical information. From this, research findings and conclusions can then be drawn. Data were, therefore, collected from hotels using quantitative techniques, as proposed by Creswell and Creswell (2018:211), who confirms the narrative that quantitative methods are ideal for the analysis of numerical data from structured questionnaires for findings to be deduced.

This was a quantitative study that made use of predominately closed-ended questions, with the use of limited open-ended questions. The minimal number of open-ended questions was not relevant to some of the respondents where, at times, an answer was only required if respondent answered ‘yes’ to related questions.

Table 3. 1: Overview of quantitative and qualitative research (Source: Habib et al., 2014:9)

	Qualitative Research	Quantitative Research
Purpose	Descriptive and conclusive	Exploratory and no conclusive evidence
Sample Size	Small samples	Large samples
Question Type	Broad range of questions	Structured questions
Interpretation	Subjective interpretation	Statistical analysis

3.3.2.2 Qualitative method

Qualitative research is more concerned with an individual’s person experience and opinion (Habib et al., 2014:9). It involves data interpretation by the observation of what people do and say. Ames, Glenton and Lewin (2019:2) advise that well executed qualitative research provides in-depth insight into complex phenomena, while taking other contextual factors into consideration. This warranted the use of quantitative methods for the purposes on this study. Although a minimal amount of open-ended questions were included in the online questionnaire to obtain depth of understanding, this study was considered to be quantitative in nature due to the overwhelming quantitative questions and methodology used.

3.4 Population and sampling

3.4.1 Population

Etikan and Babatope (2019:50) define a population as a group of individuals, items, objects or entities. The study population consisted of 63 four- and five-star hotels in the Cape Town Metropole. Hotels that fell outside of the scope of this study (different star grading or located outside of the Cape Town Metropole) were not considered. The selected hotels are graded by set criteria that are formulated and governed by the Tourism Grading Council of South Africa (TGCSA), the only quality assurance body recognised by the government (TGCSA, 2019:8–43).

The population was *n* = 63, as one online questionnaire was completed per hotel. The Covid-19 pandemic has been devastating for the tourism industry in particular and has been the cause of the permanent or temporary closure of a number of hospitality establishments, resulting in the loss of jobs and revenue (Abbas et al., 2021:2). Of the 63 hotels that fall within the scope of this study, one five-star hotel and eight four-star hotels were closed when data was collected in the month of May 2021 due to the effects of the Covid-19 pandemic. The revised population size was, therefore, *n* = 54 hotels.

3.4.2 Sampling

In addition to the research topic and design, sampling is just as important to ensure the credibility of a study (Marshall, Cardon, Poddar & Fontenot, 2013:11). Ames et al. (2019:3) indicate that one of the main reasons for sampling is to preserve the quality of the analysis, by ensuring that the volume of data can be managed. Sample techniques include probability and non-probability sampling. Etikan, Musa & Alkassim (2016:1) advise that probability sampling can be characterised as every respondent having the equal likelihood or probability of selection when research is conducted. The use of random selection means that each respondent has a non-zero opportunity for selection. Probability sampling can be said to be the preferred sampling method as it removes any bias from the decision making (Du Plooy-Cilliers et al., 2014:136). Rahi (2017:3) describes non-probability sampling as the approach in which the probability for selection is not known and can be referred to as non-random sampling.

Due to the limited number of four- and five-star hotels in the Cape Town Metropole, it was feasible to consider all hotels and, therefore, no sample calculation was necessary. However, sampling techniques were used to select the hotels and the respondents therein. This total population sampling is a form of purposive sampling where all respondents have similar characteristics. According to Thompson (2012:3), purposive sampling methods can be said to be a representative sample of a population. Purposive methods were, therefore, used to identify a specific sector within the global hospitality industry. This is a non-random technique where a study with clear questions or objectives finds willing participants who provided the relevant information required to address these questions or objectives (Etikan et al., 2016:2). Since purposive sampling assist with the identifying of participants who conform to set criteria, the participants can be considered as ‘highly visible’ as the name and contact information can be sourced relatively easily (Bakkalbasioglu, 2020:689). This form of non-probability sampling is essential to selecting hotels within the population that follow to the same standards and conditions (Etikan et al., 2016:2). Another reason for choosing this specific sector was convenience.

3.4.3 Study demarcation

The four-and five star hotels were chosen based on their location. Only hotels located in the Cape Town Metropole were considered. Figure 3.1 is a graphic depiction of the Cape Town Metropole, which stretches across a 2 446 km² area. A list of four-and five star hotels in the Cape Town Metropole was sourced from the TGCSA.

Cities/towns include: Athlone, Atlantis, Belhar, Bellville, Blackheath, Blouberg, Blue Downs, Brackenfell, Cape Point, Cape Town, Delft, Durbanville, Elsies Rivier, Fish Hoek, Goodwood, Gordon's Bay, Grassy Park, Guguletu, Hout Bay, Khayelitsha, Kommetjie, Kraaifontein, Kuils River, Langa, Macassar, Matroosfontein, Melkbosstrand, Milnerton, Mitchells Plain, Muizenberg, Noordhoek, Nyanga, Parow, Philadelphia, Philippi, Robben Island, Scarborough, Simon's Town, Sir Lowry's Pass, Somerset West, Southern Suburbs, Strand and Table View (Municipalities of South Africa, 2020:1).

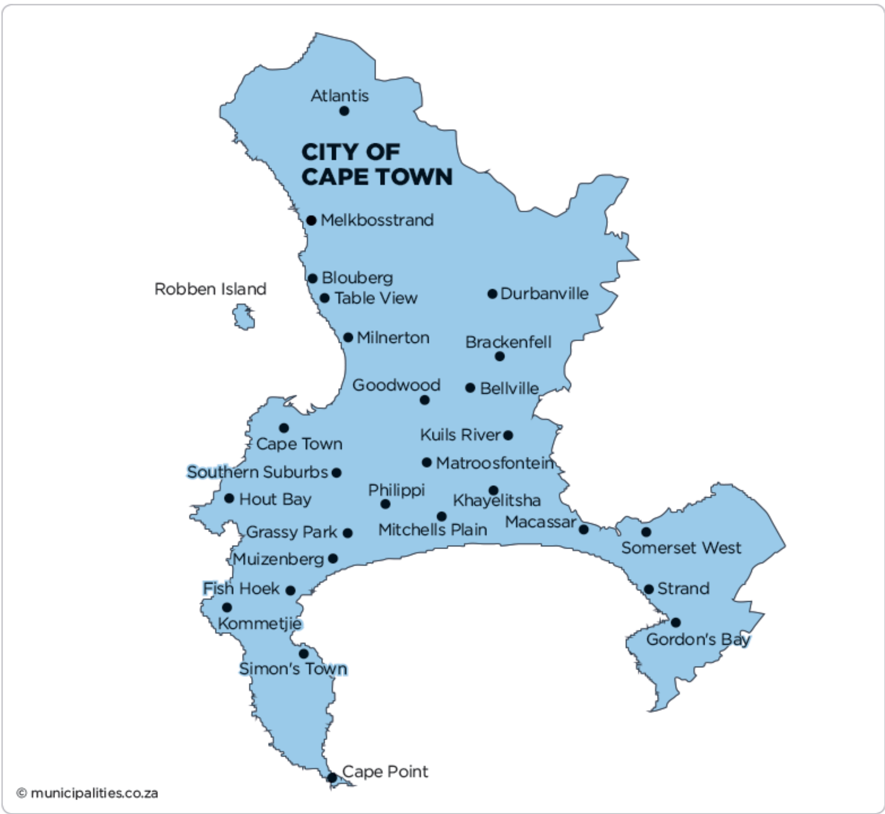

Figure 3. 1: Cape Town Metropole (Source: Municipalities of South Africa, 2020:1)

Table 3. 2: Hotels according to their Cities/Towns

Five-Star Hotels:	
21 Nettleton	Cape Town
Cape Grace	Cape Town
Cellars-Hohenort	Southern Suburbs
Mount Nelson Hotel	Cape Town
Nova Constantia Boutique Residences	Southern Suburbs
O On Kloof	Cape Town
One & Only Cape Town	Cape Town
Pepperclub Hotel	Cape Town
POD Camps Bay	Cape Town
Queen Victoria Hotel	Cape Town
Radisson Blu V&A Waterfront	Cape Town
Steenberg Hotel	Southern Suburbs

Taj Cape Town	Cape Town
The Alphen Boutique Hotel	Southern Suburbs
The Andros Deluxe Boutique Hotel	Southern Suburbs
The Capital Mirage	Cape Town
The Marley	Cape Town
The Silo Hotel	Cape Town
The Table Bay	Cape Town
The Tree House Boutique Hotel	Cape Town
The Westin Cape Town	Cape Town
Twelve Apostles Hotel & Spa	Cape Town
Villa Zest	Cape Town
Four-Star Hotels:	
3 on Camps Bay Boutique Hotel	Cape Town
40 on Burg Hotel	Cape Town
AC Hotel by Marriott Cape Town	Cape Town
Aha Harbour Bridge Hotel & Suites	Cape Town
Atlantic Affair Boutique Hotel	Cape Town
Cape Cadogen Boutique Hotel	Cape Town
Cape Town Lodge Hotel & Conference Centre	Cape Town
Circa on the Square Hotel	Cape Town
Double Tree by Hilton Cape Town	Cape Town
Fountains Hotel	Cape Town
Hippo Boutique Hotel	Cape Town
Hotel on the Promenade	Cape Town
Hotel Verde	Matroosfontein
Mandela Rhodes Place Suite Hotel	Cape Town
Premier Hotel Cape Manor	Cape Town
President Hotel	Cape Town
Protea Hotel by Marriott Cape Town Victoria Junction	Cape Town
Protea Hotel North Wharf	Cape Town
Protean Hotel Fire & Ice Cape Town	Cape Town
Radisson Blu Hotel and Residences Cape Town	Cape Town
Simons Town Quayside Hotel	Simons Town
Southern Sun Cape Sun	Cape Town
Southern Sun Newlands	Southern Suburbs

Southern Sun The Cullinan	Cape Town
Southern Sun Waterfront	Cape Town
Sun Square Cape Town City Bowl	Cape Town
The Bantry Bay Luxury Suites	Cape Town
The Cape Milnor Hotel	Cape Town
The Capetonian	Cape Town
The Commodore Hotel	Cape Town
The Grand Daddy Hotel	Cape Town
The Hyde Hotel	Cape Town
The One 8 Hotel	Cape Town
The Peninsula All-Suite Hotel	Cape Town
The Portswood Hotel	Cape Town
The Townhouse Hotel	Cape Town
Urban Chic Hotel	Cape Town
Victoria & Alfred Hotel	Cape Town
Vineyard Hotel	Southern Suburbs
Winchester Mansions	Cape Town

The hotels marked in red were either permanently or temporary closed at the time of data collection in May 2021. The above information (The hotel names, star grading and demarcation) is available to the public on the TGCSA website, from which the list of hotels that fell within the scope of this study was compiled in February 2021 (TGCSA, 2021:1).

3.5 Data collection tool and analysis

A structured online questionnaire was created using Google Forms, which mainly consisted of close-ended questions along with minimal open-ended questions. The online questionnaire was used for its convenience and ability to easily engage and obtain the necessary data. The Google Forms link to the online questionnaire was sent electronically to four- and five-star hotels in the Cape Town Metropole. Phone calls were made to hotels to encourage participation. Once approval was received from the hotel general managers via phone call, email or WhatsApp, the questionnaire was emailed for completion. The entire population of four- and five-star hotels in the Cape Town Metropole was considered, which consisted of 63 hotels originally, which was later revised to 54 hotels due to the Covid-19 pandemic (Abbas et al., 2021:2). From the revised population of 54 hotels, 38 hotels participated in this study, a response rate of 70,19%. One online questionnaire was completed by the general manager, revenue manager, marketing manager or reservations manager. The respondents were given

3 weeks to complete the questionnaire. Assigning a timeline was essential to drive the completion of the questionnaire. A number of follow-up emails and calls were needed in certain instances.

3.5.1 Questionnaire

The survey instrument for the purpose of this study was an online questionnaire which was generated with the use of Google Forms. Taherdoost (2016:30) adds that a questionnaire is an effective way to collect quantitative data from experts working in different locations. The use of an online questionnaire simplified the data collection process and engagement with respondents as links to participate in the study could be easily sent via email. This allowed data to be collected from a relatively large number of hotels in a short period of time. The development of questionnaires is a cost effective tool when collecting data and is highly scalable (SmartSurvey, 2020:2–3). Participants are able to complete questionnaires at their leisure and ensure a higher degree of data accuracy (Taherdoost, 2016:28). The use of online questionnaires also assisted with the analysis of information as responses could be easily converted and translated into meaningful data. However, Adams, Khan and Raeside (2014:96) caution that questionnaires are prone to poor response rates.

The three ways to conduct an online survey are either via email, a web-based questionnaire, or via social networks and online groups (Wardropper, Dayer, Goebel & Martin, 2021:1652). For this study participants were sent an email which included a link to a web-based questionnaire. As the entire population of 54 four-and five star hotels in the Cape Town Metropole was considered this provided an adequate number of hotels to generalise and test the findings from the study, considering a satisfactory response rate was achieved. With a population of 54 hotels, it was also possible to engage with most respondents to encourage participation. Research by Ali, Ciftci, Nanu, Cobanoglu and Ryu (2021:111-112) indicated that an average response rate was 44,8% when engaging with hospitality managers. The greatest response rate achieved was 70,19% when a questionnaire was administered in person during face-to-face data collection.

Statistical Package for the Social Sciences (SPSS) version 27 was used for the capturing and coding of data. This was done by entering variable names and assigning values to these variables. By coding the data the information is assigned a label and value in order to organise and interpret the information into meaningful results. Open-ended question responses were scrutinised to determine if there were common sentiments and themes among responses, and if these responses supported the quantitative data. The research made use of comparative analysis with cross-tabulation of selected tables and figures.

When data is presented in table format where 'Percent' represents the percentage of respondents from the total sample that provided an answer; 'Valid Percent' represents the percentage when calculations exclude missing data; while 'Cumulative Percent' is the addition of 'Valid Percent' variables above a current row within the table (Kent State University, 2022:7). When statistical data is presented in table format, mean values are calculated by reviewing responses (also known as data points). The data points are added and divided by the total number of responses. Variance is calculated by subtracting the mean from the value of each data point/response. The derived values are squared with the results added, which provides the variance. Standard deviation is calculating the square root of the variance (Hargrave, 2021:2).

3.5.2 Questionnaire design

The questionnaire was developed with the consideration of the research objectives. The researcher conducted an extensive review of industry literature related to direct bookings, OTA bookings and guest decision making when selecting a booking channel. The researchers previous employment with the Federated Hospitality Association of South Africa entailed the organising or regular industry events and regular engagement with hotel General Managers. The themes surrounding direct bookings were discussed regularly. During this period many conversations related to the themes of this study took place. General Managers shared a number of industry insights which aided in the development of the questionnaire. The questionnaire included 27 questions in total. This predominantly consisted of closed-ended questions, four Likert scale questions and five open-ended questions.

A selection of nominal, ordinal, interval and ration scale questions were used in the online questionnaire. QuestionPro (2021:2–14) define these questions as:

- The nominal scale is used to categorise by labelling variables that do not include quantitative order or value. An example would be the differentiation made between four- and five-star hotels.
- The ordinal scale is used to order non-mathematical ideas that maintain discretional qualities. An example would be ranking aspects to the bookings process that needs improvement from first to fifth.
- The interval scale is used for statistical analysis of a numeric scale where the difference between the variables is known. An example would be the use of Likert scale questions where respondents select their level of agreement with a statement on a scale from one to five, with two extremes at either end of the spectrum (from 'strongly disagree' to 'strongly agree'). The points on the scale can be given numerical value.

- The ratio scale is used to order responses, where the difference between variables is known, as well as the true value of zero as an option. An example would be asking about the number of rooms at a hotel.

The online questionnaire was divided into three sections. Section A referred to general questions related to the hotel classification that were significant to the findings, for example, star grading, number of rooms, independent or chain hotel. Section B focused on the hotel website and digital marketing with questions related to direct bookings, while the questions in Section C referred to OTAs. The open-ended questions were included in the questionnaire to establish if there were any trends or commonality in responses, to determine if any key factors were omitted from the questionnaire and for responses to support the quantitative data.

3.6 Strategy for data collection

According to Taylor (2017:114), data collection uses various techniques to obtain relevant information from the real world to address a specific research problem. As this is a quantitative study, the focus will be on objective data, ignoring emotions or environmental context (Rahi, 2017:2). Apuke (2017:43) contends that there are several types of quantitative research, namely: survey research, correlational research, experimental research and causal-comparative research that are defined as follows:

- Survey research involves scientific sampling methods, where a questionnaire is designed to measure characteristics within a population and produce statistical outcomes.
- Correlational research is used to determine if there are relationships between variables within a population, and to what degree.
- Experimental research is an approach where independent variables are influenced, and the effects of these interventions on a study group are measured.
- Causal-comparative research is where the reasoning or cause of pre-existing differences between variables are investigated in retrospect (Apuke, 2017:43–45).

Collecting primary data allows for an establishment of reality in a specific moment in time, with information that is directly obtained from the targeted audience (Da Silva, Alvarenga & Costa-Felix, 2019:825). Primary data was collected in the form of an online questionnaire. Paterson, Jackson, MacIntosh and O'Gorman (2016:170–171) note that one of the most common ways of collecting primary data for a quantitative study is with the use of a questionnaire. He goes on to explain that careful consideration is needed when determining the sample used, as the primary data would be used to make inferences related to the entire population. With regards to this study, no subsampling was needed where the entire population is being considered.

Data was collected in the month of May 2021. A list of four-and five star hotels in the Cape Town Metropole was sourced from the TGCSA.

3.7 Pilot study

A pilot study was conducted in February 2021 in order to make sure that the questions are clear and understandable (refer to Appendix B). Williams (2015:140) notes that a pilot study can either be a feasibility study on a small scale, or a trial run of a research instrument. Allison, O'Sullivan, Owen, Rice, Rothwell and Saunders (2016:51) recommend the use of a pilot study to evaluate the questionnaire and determine if any survey modifications are needed before conducting full research. The process increases the reliability and validity of the study.

The selection procedure used for the pilot study was the selection of a hotel that fell outside of the Cape Town Metropole and that was graded either four or five stars. After receiving consent from the hotel's general manager, the online questionnaire was emailed to the general manager, revenue manager, marketing manager or reservations manager, to test the comprehension of the questionnaire and receive feedback to establish if changes were necessary. There were two hotels that agreed to participate in the pilot study where one online questionnaire was completed per hotel. The hotels that participated in the pilot study were not included in the study, as they fell outside the scope of the research.

The hotels used for the pilot study were:

- A hotel in Stellenbosch with 80 rooms
- A hotel in Franschhoek with 61 rooms

Both hotels' general managers were called to request permission to conduct a pilot study in order to receive feedback regarding the online questionnaire. The general manager of the hotel in Stellenbosch, as well as the general manager of the hotel in Franschhoek completed the online questionnaire.

The feedback received was generally very positive, where both saw value in the study as being topical and relevant to industry discussions. The online questionnaire was well understood with good question comprehension. The respondents also completed the questionnaire on the allotted time suggested in the email that supported the online questionnaire. The suggestions for editing the online questionnaire were as follows:

- To include the respondents email address to determine who answered the online questionnaire, to confirm that it was either the general manager, revenue manager, marketing manager or reservations manager.
- To include a question that directly asks hotels for their free/foreign independent traveller (FIT) direct booking percentage.

- In certain instances, ask a follow-up open-ended question to understand the reasoning to the answers provided.

The suggestions were accepted and the online questionnaire was amended to accommodate the alterations. The suggested amendments were in line with the objectives of this study and provided the necessary data that ensured the objectives were fully met.

3.8 Ethical considerations

Mustajoki and Mustajoki (2017:7) see research ethics as a skill set that supports the individual researcher as well as the research community in making choices and decisions. They elaborate by indicating that this approach, referred to as 'ethics by guided dialogue', ensures ethical considerations are made throughout the process, in everyday situations. Conroy and Smith (2017:697) define ethics as the consideration of professional protocols, and optimal issues, that are routine in nature and can be treated in a tick-box fashion. Examples include anonymity and consent.

It is vital that researchers conduct their studies with the utmost integrity to ensure the process and findings deliver credible results. Researchers could be tempted to omit certain information that results in findings that better support a preconceived idea of the situation (Mustajoki & Mustajoki, 2017:33). Resnik (2020:2) details the importance of ethics when conducting research, where the pursuit of truth is imperative, and because research entails cooperation amongst different people, ethics promotes sound values throughout the process.

With regards to this study, permission to conduct research was requested from hotels, with approval given by general managers, before making contact with relevant personnel to complete the online questionnaire. This was done be calling the hotel, emailing general managers and at times by sending WhatsApp messages to general managers where there was an existing relationship with the researcher due to previous employment with the Federated Hospitality Association of South Africa. The questionnaire included an introduction to the research to explain its purpose as well as to suppress any concerns. It informed respondents that their participation was voluntary and that they were able to withdraw from the study at any stage. Respondents were also assured that data provided would be known to the researcher and supervisors only and be managed with the utmost integrity. Data related to specific hotels would not be presented with no hotel names used in relation to individual hotel data. Data would only be presented as an outcome from collective responses. Respondent email addresses and other personal contact information provided by respondents would be kept confidential.

No financial or sensitive information was requested. Ethical approval was obtained from the Cape Peninsula University of Technology, Faculty's Research Ethics Committee, on the 28th

of April 2020 (refer to Appendix D). The research only commenced once ethical approval was obtained.

3.9 Validity and reliability

Taherdoost (2016:23) defines research reliability as the ability to replicate a study under constant conditions and deliver consistent results. It can therefore be said to be the consistency of measure and an indication of the quality of the research (Drost, 2004). Questionnaires are among the most widely used data collection tools for conducting research (Taherdoost, 2016:23). The purpose of the questionnaire is obtaining the relevant information, that meet research objectives, by providing reliable and valid information. The research process for this study was clearly defined which increased the reliability and ability for findings to be replicated (Cherry, 2020:2). Open-ended questions were asked as they increase the reliability of data as respondents provide information they considered to be most relevant.

Heale and Twycross (2015:66) explain that in a quantitative study, validity is said to be the 'extent to which a concept is accurately measured'. It addresses whether the research addressed its intended purpose. The connection between data collected and research objectives are made for this study to be considered as valid and represent true findings amongst hotels which fall outside the scope of this study (Patino & Ferreira, 2018:183).

A pilot study was conducted in order to refine the questionnaire and test the comprehension of questions, where the necessary changes were made based on the feedback received. The questionnaire was also examined by the CPUT Ethics Committee prior to any fieldwork commencement. Participants were asked to answer questions as truthfully as possible to increase the validity of the research.

3.10 Summary

This quantitative study, with limited open-ended questions, made use of a descriptive as well as a cross-sectional design, as well as a pragmatic paradigm. Data was collected using an online questionnaire, created with Google Forms, and analysed using SPSS. Open-ended questions were analysed to determine trends in responses. The entire population of four- and five-star hotels in the Cape Town Metropole was considered, which consisted or 63 hotels originally. This was later revised to 54 hotels due to the Covid-19 pandemic.

A pilot study was conducted to verify comprehension of questions and ensure the data addressed the research objectives, while all ethical considerations were adhered to during this process. The data obtained will be presented in Chapter 4.

4. CHAPTER 4: DATA PRESENTATION AND ANALYSIS

4.1 Introduction

In Chapter 2, the researcher discussed the hotel booking environment, where a guest who seeks to book a stay either engages directly with the hotel by phone, email, booking directly via the hotel website, or by using one of the online travel agents (OTAs) selling rooms on behalf of the hotel. The data presented in Chapter 4 will determine, from the results of data collected, if direct bookings are a strategic objective for Cape Town hotels, the channels through which hotels receive bookings, the challenges to receiving direct bookings, as well as initiatives in place to encourage direct bookings. Chapter 2 also deduced that an effective booking strategy has the potential to dramatically affect direct bookings (Green & Mazzocco, 2018:19–20). However, hotels do seem to find this challenging (Emir et al., 2016:129). It is, therefore, important to understand potential challenges to hotels receiving direct bookings, and if measures are being put into place to encourage more direct bookings.

The researcher gathered data from respondents with the use of an online questionnaire. This quantitative study contains closed-ended questions with a minimal number of open-ended questions to support the quantitative data. Data was compiled with the use of Statistical Package for the Social Sciences (SPSS) version 27. All ethical considerations were adhered to during the data collection process. The results are presented in graph and table format.

4.2 Results and analysis

The original population size for this study of four- and five-star hotels in the Cape Town Metropole was *n* = 63 hotels as per the Tourism Grading Council of South Africa (TGCSA) website (TGCSA, 2021:1). Due to the Covid-19 global pandemic, nine of the 63 hotels were either permanently or temporarily closed at the time of data collection (May 2021). The population size was, therefore, revised to *n* = 54 hotels.

From the *n* = 54 revised population of eligible hotels, 38 participated in the study. A response rate of 70,37% . Ali et al. (2021:111–112) study on response rates within the hospitality industry findings indicate that the average response rate among hospitality managers across various distribution methods was 44,8%. This was in line with previous findings regarding average response rates for management in 2010 (Anseel, Lievens, Schollaert & Choragwicka, 2010:335) and 1999 (Baruch, 1999:421). Ali et al. (2021:111–112) study further indicated that the highest response rate was 70,19% when distribution was face-to-face, which was a similar response rate achieved in this study, however, questionnaire distribution was online. The researcher, therefore, deduced that a response rate of 70,37% (38 out of 54) for an online questionnaire, distributed via email to top managers in the hotel industry was in order considering the current volatility in the hospitality industry due to the Covid-19 pandemic.

When data is presented in table format, 'Percent' represents the percentage of respondents from the total sample that provided an answer; 'Valid Percent' represents the percentage when calculations exclude missing data; while 'Cumulative Percent' is the addition of 'Valid Percent' variables above a current row (Kent State University, 2022:7).

SECTION A

This section asked respondents to classify their hotel and is required in order to provide perspective to further data and analysis within the context of variables significant to a hotel's identity and performance (Bigne, Nicolau & William, 2021:1–12).

4.2.1 Question 1: What position do you hold at the hotel?

Rationale for the question: The questionnaire indicated that either the general manager, revenue manager, marketing manager or reservations manager was to answer the online questionnaire. This was to ensure the hotel representative had the necessary insight and knowledge to supply accurate data.

Table 4. 1: Question 1: What position do you hold at the hotel?

	Frequency	Percent	Valid Percent	Cumulative Percent
General Manager	17	44,7	44,7	44,7
Revenue Manager	11	28,9	28,9	73,7
Marketing Manager	3	7,9	7,9	81,6
Owner	4	10,5	10,5	92,1
Managing Director	1	2,6	2,6	94,7
Assistant General Manager	1	2,6	2,6	97,4
Resident Manager	1	2,6	2,6	100
Total	**38**	**100**	**100**	

Result: The findings show that 17 responses came from general managers, 11 responses came from revenue managers, and three from marketing managers. responses were also provided by one managing director, one assistant general manager and one resident manager.

Analysis: General managers were initially contacted to request permission to conduct research at the hotel. They were able to complete the questionnaire themselves or send it to the revenue manager, marketing manager or reservations manager for completion. The majority of the questionnaires (17) were, therefore, completed by the general managers themselves. This is in line with Banoobhai-Anwar's (2016:84) Cape Town study findings, where the highest number of responses came from the position that was initially contacted to answer the online questionnaire before alternative positions were considered. Smaller hotels are often owner-run, therefore, owners responded. A few responses came from managing directors, assistant general managers and resident managers who selected 'other' and indicted their position. These responses from managing directors (as defined by Study.com, 2020:1), assistant general managers and resident managers were accepted as these positions hold the necessary seniority to supply accurate data (Joshi, 2015:92).

4.2.2 Question 2: What is your hotel's current star grading?

Rationale for the question: The study by Bigne et al. (2021:3) confirms that star grading is a significant variable in the performance of a hotel. The results corroborated previous findings referring to the relationship between star grading and guest expectations (Nunkoo et al., 2020:10) and indicated that the higher the hotel's star grading, the greater the guest expectation throughout the guest's journey (Tefera & Govender, 2016:1). According to the TGCSA (TGCSA, 2019:2) star grading significantly influences guest expectations and experiences, meaning that guests have higher expectations for a five-star hotel than for a two-star hotel. The hotels that met the scope of this study (four- and five-star), therefore, strive to exceed guest expectations in all areas of their engagement with the hotel. This differentiation is, therefore, made to determine if there were trends in responses based on the different hotel classification and allows other data to be considered within this context.

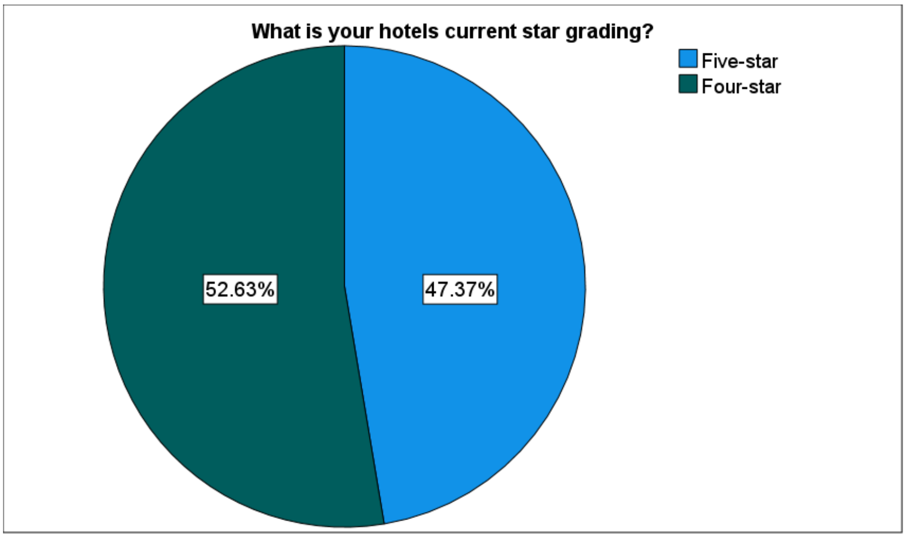

Figure 4. 1: Question 2: What is your hotel's current star grading?

Result: From the 38 responses, 52,63% were from four-star hotels while 47,37% of responses came from five-star hotels.

Analysis: The data set is giving a fair representation of both four- and five-star hotels included in this study. This is an important variable and provides context to subsequent data.

4.2.3 Question 3: How many rooms does your hotel have?

Rationale for the question: This was to differentiate between large and small hotels. As large hotels have more rooms to sell, strategies across different hotel sizes may, therefore, vary. The TGCSA (2019:4) make the distinction between large and small hotels and state that a large hotel has a minimum of 80 rooms, whereas small hotels have approximately 10 rooms. The TGSA (2019:4) also stipulates that a hotel is required to have a reception area as well as dining facilities in order to receive this classification.

Table 4. 2: Question 3: How many rooms does your hotel have?

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 20	7	18,4	18,4	18,4
21-50	6	15,8	15,8	34,2
51-100	4	10,5	10,5	44,7
101-150	6	15,8	15,8	60,5
151-200	7	18,4	18,4	78,9
201-300	3	7,9	7,9	86,8
301-400	3	7,9	7,9	94,7
More than 400	2	5,3	5,3	100
Total	**38**	**100**	**100**	

Result: The findings indicate that seven hotels had less than 20 rooms, six had between 21 and 50 rooms, four had between 51 and 100 rooms, six had between 101 and 150, seven had between 151 and 200 rooms, three had between 201 and 300 rooms, three had between 301 and 400 rooms, while two hotels with more than 400 rooms responded.

Analysis: Different cities and regions have different hospitality offerings (type and size of hotels) based on the demand and the need within a particular area. Collectively, 30 hotels that responded had less than 200 rooms, with eight having more than 200 rooms. Results show that 79% of data, therefore, came from hotels with less than 200 rooms in Cape Town. This is a significant factor in understanding the Cape Town industry findings within its context as hotels of different sizes would have different strategies and experience different challenges (Bigne et al., 2021:3). Over 90% of Banoobhai-Anwar's (2016:76) research data was collected from five-star hotels in the Cape Town Metropole with less than 200 rooms, which is in line with these results as this study includes four-star hotels as well.

4.2.4 Question 4: Would you consider your hotel to be: Independent, part of a small group, part of a hotel chain or another facility?

Rationale for the question: According to Trilyo (2018:1), hotels are classified into independent or chain as one of the main differentiating factors. This classification was to determine the landscape of hotels in the Cape Town Metropole as this could play a significant role in the hotel strategy, level of control, and decision-making as independent hotels are able to operate autonomously, whereas chain and small group hotels need to conform to a collective authority. The study by Banerjee and Chua (2016:129) makes the clear distinction between independent and chain hotels as the differentiation proved to be of utmost significance in determining guest expectations and overall guest rating. Independent hotels have the ability to be flexible and offer a value proposition that is unique, whereas group and chain hotels often have to comply with set criteria in line with affiliated hotels across geographical regions.

Table 4. 3: Question 4: Would you consider your hotel to be independent, part of a small group, part of a hotel chain or another facility?

	Frequency	Percent	Valid Percent	Cumulative Percent
Independent	12	31,6	31,6	31,6
Part of a small group	9	23,7	23,7	55,3
Part of a hotel chain	17	44,7	44,7	100
Total	**38**	**100**	**100**	

Results: There were 12 responses received from independent hotels, nine responses from hotels that are part of a small group and 17 responses from chain hotels.

Analysis: There is no clear predominant classification across four- and five-star hotels in the Cape Town Metropole, however, the majority of respondents are a part of a hotel chain (44,7%). Results indicate a mix between independent (31,6%), small group (23,7%) and hotel chain (44,7%).

SECTION B

This section focuses on hotel bookings, the hotel website, as well as possible digital marketing initiatives that may be in use to promote hotel direct booking channels.

4.2.5 Question 5: Rank the order in which independent traveller bookings are received from most to least in order of the volume of bookings received? (1 being the highest number of bookings and 6 being the smallest number of bookings)

Rationale for the question: This question was asked to determine the predominant method in which hotels are receiving their independent traveller bookings, from the most popular to the least popular booking channel. This directly addresses one of the objectives of this study which determined the channels through which hotel bookings are received at selected hotels. Respondents were able to rank from first to sixth choice. The mean value was used to determine the ranking. Mean represents the most common selected average of a data set (Statistics How To, 2021:2). The smallest value represents the most popular channel with the highest value representing the least popular channel.

Table 4. 4: Question 5: Rank the order in which independent traveller bookings are received from most to least in order of the volume of bookings received? (1 being the highest number of bookings and 6 being the smallest number of bookings)

Booking Channel	Average Rank	Standard Deviation
OTA	2,0	1,252
Own Website	3,0	1,294
Email	3,16	1,516
Telephone	3,55	1,309
Tour Operator	3,87	1,695
Walk-in	5,42	1,106

Table 4. 5: Statistics output: Question 5

		Own website	Telephonic	Tour Operator	OTA	Email	Walk-in
N	Valid	38	38	38	38	38	38
	Missing	0	0	0	0	0	0
Mean		3,00	3,55	3,87	2,00	3,16	5,42
Median		3,00	4,00	4,00	1,00	3,00	6,00
Mode		2	3[a]	4[a]	1	3	6
Std. Deviation		1,294	1,309	1,695	1,252	1,516	1,106

[a]. Multiple modes exist. The smallest value is shown

Result: Table 4.4 ranks the order of bookings received according to their mean, with Table 4.5 providing further statistical output. Mean values are calculated by reviewing responses (also known as data points). The data points are added and divided by the total number of responses. Variance is calculated by subtracting the mean from the value of each data point/response. The derived values are squared with the results added, which provides the variance. Standard deviation is calculating the square root of the variance (Hargrave, 2021:2).

OTA mean value ranked first as the most popular channel with a mean value of 2,0, while walk-in guests was the least popular booking channel with a mean value of 5,42.

Analysis: From the 38 respondents, 20 selected OTA as their first choice for receiving bookings. More than half of the respondents receive the majority of their independent traveller bookings from OTAs. This shows that the value of OTAs cannot be denied as they are providing hotels with the majority of their independent traveller bookings. With each OTA booking coming at a cost of between 15% to 30%, hotels are paying significant fees to OTAs each month in the form of commissions (Guo et al., 2020:2). Further data presented in this chapter will provide insight into whether hotels' decision-making is a part of the reasoning behind OTA popularity, by hotels offering OTAs preferential rates or by hotels having inadequate websites and technology to encourage direct bookings.

4.2.6 Question 6: Select your percentage of independent travellers that book direct

Rationale for the question: The focus of this study revolves around bookings made directly and bookings made via OTAs. Therefore, the researcher needed to determine the current level of direct bookings received at the hotels in question and to establish if the problem of OTA dependency defined in Section 1.2 exists.

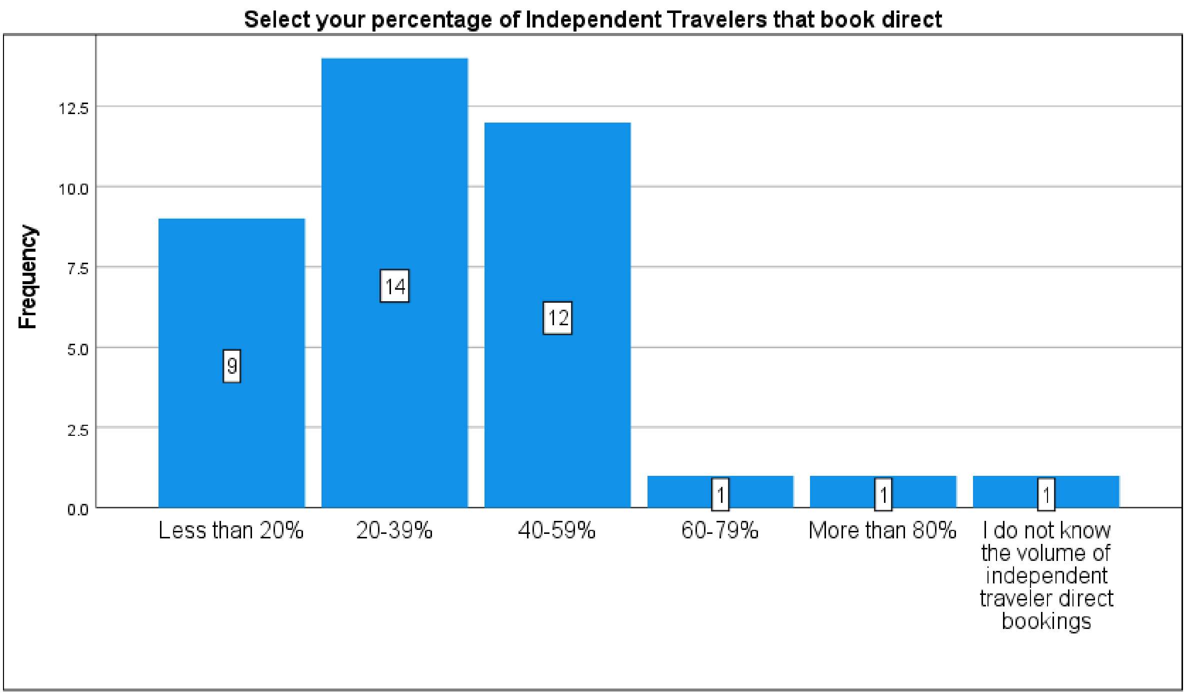

Figure 4. 2: Question 6: Select your percentage of independent travellers that book direct

Result: The highest response rate was 20%–39% with 14 responses. Data further indicated that 12 hotels receive between 40%–59% of independent traveller bookings direct, with nine respondents receiving less than 20%. 'More than 80%', 'I do not know the volume of independent traveller direct bookings', and 60%–79% received one response each.

Analysis: The large majority of results varied up to 59%, with only two respondents indicating that they receive more than 60% of bookings direct. What is significant are the nine respondents that receive less than 20% of bookings direct, who are likely paying large fees to OTAs each month in the form of commissions. However, based on the researchers experience in the Cape Town industry, it was presumed that this number would be significantly higher. Regardless of this presumption, there is still significant opportunity for hotels to place greater emphasis on the use of their direct booking channels to shift a portion of hotel bookings from OTA to direct channels to enhance profitability, by reducing room distribution costs. Collectively 23 respondents receive less than 40% of bookings direct, which represents 60% of all responses.

4.2.7 Question 7: Growing direct bookings is a strategic focus for my hotel

Rationale for the question: This question directly addresses one of this study's objectives to determine if direct bookings are a strategic focus for respondents. Respondents could choose from a five-point Likert scale which ranged from strongly disagree to strongly agree.

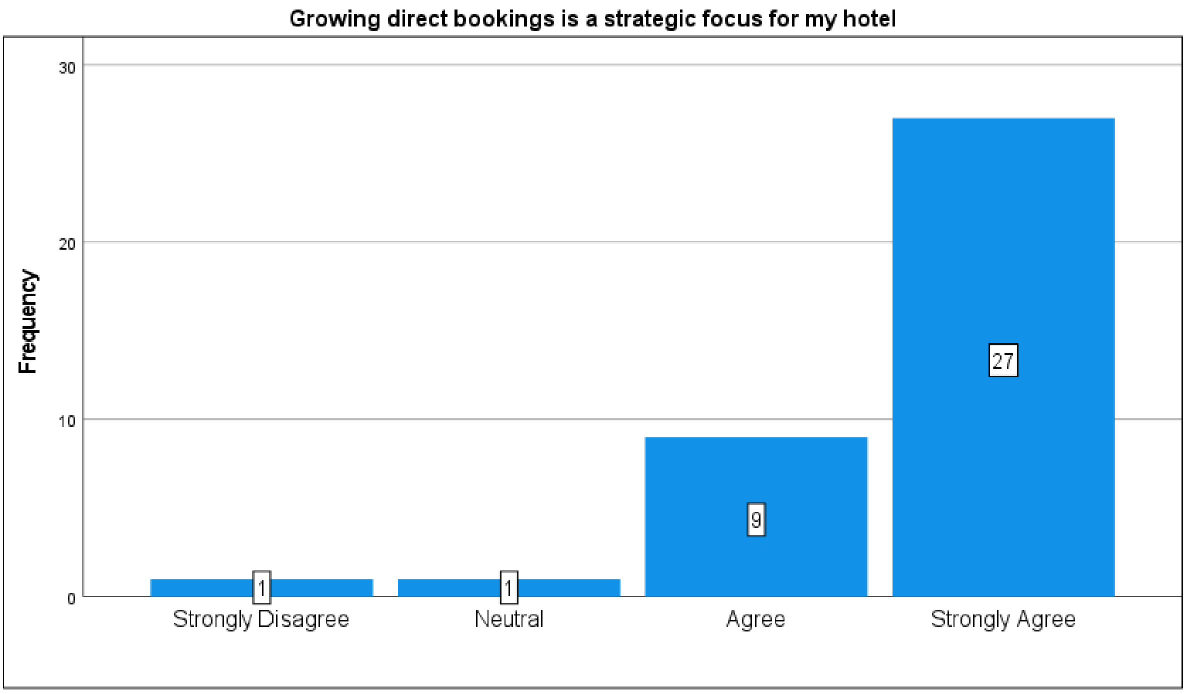

Figure 4. 3: Question 7: Growing direct bookings is a strategic focus for my hotel

Result: The data shows that 27 respondents strongly agreed with nine agreeing. Neutral and strongly disagree received one response each, respectively. None of the respondents disagreed.

Analysis: The overwhelming majority either agreed or strongly agreed with this statement with a response rate of 94,7%, indicating that the hotels in question are looking to put measures in place that result in the growth of direct bookings. When reviewing the level of direct bookings in Figure 4.2 and the fact that respondents indicated that their predominant booking channel for independent travellers was via OTAs in Table 4.4, it is pleasing to see that hoteliers are looking to focus on direct bookings and increase their direct booking guests.

4.2.8 Question 8: Do you currently have any loyalty programmes for guests at your hotel?

Rationale for the question: Loyalty programmes are one of the strategies implemented by hotels to encourage repeat business and drive direct bookings (Koo et al., 2020:1). One of the strategic objectives of this study questions what hotels may be doing to encourage direct bookings. La Rose and Rowson (2017:13) define its benefits where the relationship with the guest is strengthened by repeat bookings directly with the hotel. Respondents had the option to select ‘yes’ or ‘no’.

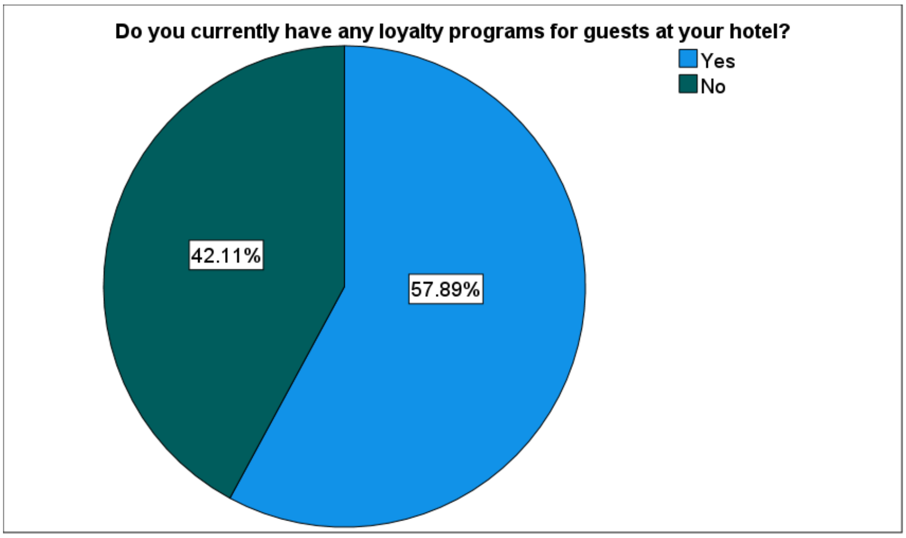

Figure 4. 4: Question 8: Do you currently have any loyalty programmes for guests at your hotel?

Results: The data indicates that 57,89% of hotels make use of loyalty programmes, while 42,11% do not.

Analysis: The overwhelming majority (94,7%), agree that direct bookings are a strategic focus; however only 16 (42,11%) of the respondents do not make use of loyalty programmes, despite the benefits to encourage more direct bookings (Ye et al., 2019:969). A large proportion of respondents are, therefore, missing the opportunity to use this proven tool to encourage repeat business via direct booking channels. The reasoning behind this decision making process is addressed in follow-up questions.

4.2.9 Question 8.1: If you answered 'Yes' to question 8, please advise how it works? (e.g. Are the rewards instant or accumulative? Is it a monetary reward or points system?)

Rationale of the question: The La Rose and Rowson (2017:13) study indicates that the majority of respondents preferred loyalty rewards in the form of room discounts. The study by Yoo, Berezan and Krishen, (2018:1058), however, refers to the decline in effectiveness of conventional loyalty programmes, such as discounts, and states that more innovative partnership loyalty programmes, where hotels offer rewards beyond their core offering by partnering with other businesses, are far more successful. The researcher thought it would be of interest to determine if there may either be commonality among Cape Town hotels, or if they may be offering guests unique incentives to build loyalty.

Result: One of the respondents answered 'No' to Question 8 responded to Question 8.1, therefore, 23 responded with the following answers, which were copied verbatim from the online questionnaires:

Table 4. 6: Question 8.1: If you answered 'Yes' to question 8, please advise how it works? (eg. Are the rewards instant or accumulative? Is it a monetary reward or points system?)

1	Points system accumulative [*sic*]
2	Return guests receive discounted room rates, amenities and upgrades subject to availability
3	10% to 17.5% discount depending on previous number of visits
4	Accumulative and monetary discounts given
5	Monetary Reward
6	Marriott Bonvoy loyalty program, you accumulate points and move up in status according to your points
7	Instant, Points
8	Points awarded on check out and loyalty rewarded according to tiers
9	only for corporate, 10 nights = 1 comp night
10	Accumulative and Points system
11	ACCUMULATIVE / POINTS SYSTEM [*sic*]
12	Accumulative points system
13	Instant discount on registration
14	Discount according to the number of stay [*sic*]
15	Points
16	Accumulative & Points System
17	It is an in-house rewards system where we encourage our guests to be conscious of their [*sic*]
18	It is accumulative & on points system
19	Discounts on BAR rates
20	Informal, based on number of historical stays get complimentary night or discounted rate
21	accumulative
22	Accumulative and points system
23	Returning Guests receive a special Rate [*sic*]

Analysis: Common threads in responses were related to a points system that received 11 mentions. Discounts were the next common response with six mentions, where repeat business/return guests received five mentions. Koo et al. (2020:2) define loyalty programmes as well as their uses for hotels where the hotels in question appear to be using a version of the conventional loyalty programmes defined in their study as points and discounts. These initiatives however do not appear to be exceedingly effective when reviewing participating hotels level of direct bookings.

4.2.10 Question 8.2: If you answered 'No' to Question 8, please advise why?

Rationale for the question: The researcher's presumption was that the majority of respondents would have direct bookings as a strategic focus for their hotel, which was reported on and confirmed in Question 7. Considering that loyalty programmes are one of the tools used to increase direct bookings, confirmed by the Koo et al. (2020:2) study, the researcher wanted to understand the reasoning or potential challenges experienced by hotels that are not making use of any loyalty programmes.

Results: From the 16 that responded 'No' to Question 8, 15 responded with the following which was copied verbatim from the online questionnaires:

Table 4. 7: Question 8.2: If you answered 'No' to Question 8, please advise why?

1	working on a local membership and then overseas membership
2	Mix of budget and time constraints
3	Combination of limited budget and time constraints
4	Have not gotten around to it
5	I do not feel loyalty programs drive more business, instead we focus on delivering individualised gifting and value added services to build value
6	The group is too small to offer a reward system
7	We offer return guests value add and discounts
8	We offer return rates/discounts to regular guests
9	Small, independent hotel
10	We are small, we look after our regulars on a personal level each one different
11	Prior to COVID, the hotel runs at over 90% occupancy for the year
12	Future plan
13	Still looking for the correct program to use
14	We do not currently have a rewards / points system in place as a hotel group
15	We do not have a global rewards program yet

Analysis: There appears to be no clear and predominant factor that would prevent a hotel from making use of any loyalty programme as responses are varied. Time constraints received three mentions, with the cost of implementation and hotel size receiving two mentions each.

These were the only barriers referred to by more than one respondent. The researcher has come across these barriers before as common sentiments among hoteliers.

4.2.11 Question 9: What booking engine does the hotel use?

Rationale for the question: One of the objectives of this study is understanding of potential challenges experienced by hotels to receive direct bookings. Hotel technology, and in particular the booking engine, can hinder direct bookings and be a significant factor to a guest choosing alternative reservation options (Singh, 2018:2). Understanding the booking engine technology in use at Cape Town hotels is, therefore, important to this study.

Table 4. 8: Question 9: What booking engine does the hotel use?

	Frequency	Percent	Valid Percent	Cumulative Percent
SynXis	8	21,1	21,1	21,1
Booking Button	3	7,9	7,9	28,9
TravelClick	3	7,9	7,9	36,8
Bespoke	7	18,4	18,4	55,3
Pegasus	3	7,9	7,9	63,2
NightsBridge	6	15,8	15,8	78,9
Eres	4	10,5	10,5	89,5
Semper	2	5,3	5,3	94,7
Marsha	1	2,6	2,6	97,4
I do not know	1	2,6	2,6	100
Total	**38**	**100**	**100**	

Results: The findings show that eight hotels make use of SynXis, with seven using a Bespoke booking engine. NightsBridge received six responses, with Eres receiving four responses. Booking Button, TravelClick and Pegasus received three responses each, two respondents use Semper, with one using Marsha, and one not knowing which booking engine was in use.

Analysis: SynXis is the most commonly used booking engine with 21,1% of responses. There appears to be no technology provider that dominates the booking engine market amongst Cape Town hotels as responses vary.

4.2.12 Question 10: How old is your current website? (How long ago was it built?)

Rationale for the question: The hotel website is one of the hotel's most important channels to receive brand recognition and direct bookings. The study by Kamal et al. (2018:161) confirms an effective website to be a crucial factor to a guest when making a booking. One of the research objectives of this study is to understand the potential challenges to a hotel receiving direct bookings. With technological advancement, changes in guest expectations, as well as trends over time, the researcher felt it important to determine when hotel websites were built, as one of the research objectives is to determine potential challenges to hotels receiving direct bookings. Oracle Hospitality (2016:3) confirms that guest expectations evolve over time due to technological advancement, whereby 64% of respondents from the USA felt it important for hotels to invest in their technology. Respondents could select one of the supplied options or provide an alternative answer (‘other’).

Table 4. 9: Question 10: How old is your current website? (How long ago was it built)

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than one year old	10	26,3	26,3	26,3
Between one to two years old	8	21,1	21,1	47,4
Between three to five years old	7	18,4	18,4	65,8
More than five years old	12	31,6	31,6	97,4
Continuously updated	1	2,6	2,6	100
Total	**38**	**100**	**100**	

Results: From the data obtained 12 respondent websites were more than five years old and ten were less than one year old. Results further indicate that eight respondent websites were between one to two years old, while seven indicated that their website was between three to five years old. One of the respondents selected ‘other’ and advised that their website was ‘continuously updated’.

Analysis: The answers were varied across the provided options. Orbits Media reviewed the Top 200 websites according to Alexa (a global website analytics company established in 1996) and found that the best websites lifespan on average was 2,66 years (Crestodina, 2017:2). Forbes reported similar findings in 2021 and indicated that a website lifespan was two years and seven months (Trivette, 2021:3). Half of all responses (19 out of 38) stated that their websites were beyond three years old. Hotel websites may, therefore, be falling short of guest usability expectations due to the age of respondent websites and is in line with Shasha’s (2016:iii) online reservation usability findings. This could be a contributing factor to discouraging direct bookings. There is potential for further study with regard to the usability of Cape Town hotel websites from a guest’s perspective.

4.2.13 Question 11: My hotel website is managed: internally by dedicated personnel; by head office; by an outsourced supplier or other

Rationale for the question: Kamal et al. (2018:161) demonstrated that an effective website, which loads quickly, is user-friendly and has the technology to easily facilitate a booking, increases the probability of travellers to complete a booking. Law's (2019:2) findings indicate that information quality has been an important metric in determining the effectiveness of a website. The researcher, therefore, thought it would be beneficial to determine who manages hotel websites, as this may impact the hotels level of control.

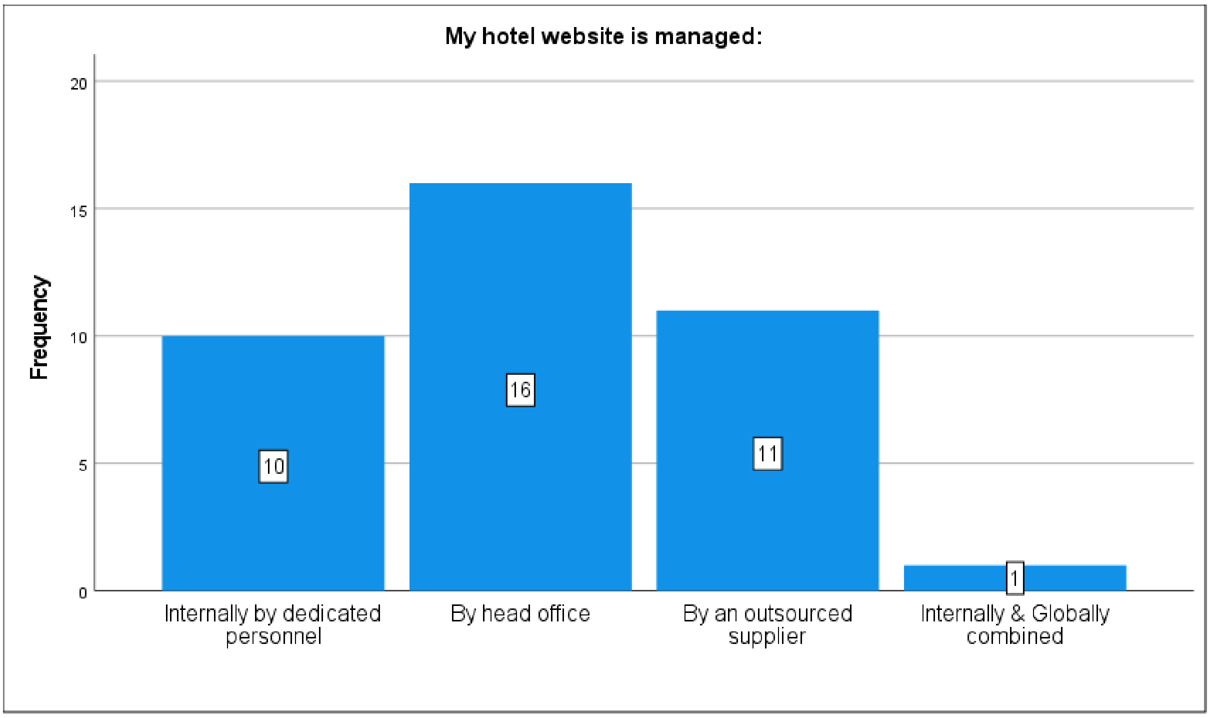

Figure 4. 5: Question 11: My hotel website is managed, internally by dedicated personnel, by head office, by an outsourced supplier or other

Results: The data revealed that 16 respondent websites were managed by head office, while 11 make use of an outsourced supplier. A further 10 respondents employ dedicated personnel, where one respondent selected 'other' and advised their website is managed 'internally and globally combined'.

Analysis: What is interesting is that 42,1% of respondent websites are managed by head office and are not controlled by the hotel themselves. Hotels either do not have the ability to edit the website or need to request that changes be made to respond to situations. This means that these hotels do not have direct access to one of their most important channels to receiving business which could hinder their responsiveness and negatively affect direct bookings. The researcher believes that group and chain hotels' head offices may feel that expertise is lacking at hotel level and likely employ or outsource personnel to manage multiple hotels to ensure uniformity across a brand and maintain control. However, this may influence individual hotel website performance. Only 26,3% of respondents have employed inhouse expertise for this role, it would be interesting to see if a hotels' level of control of their website contributes towards website effectiveness in future studies.

4.2.14 Question 12: How often is your website content updated?

Rationale for the question: As the hotel website is one of the main online platforms for guest engagement (Lanier & Lanier, 2017:79), regular updating of content is a vital component to enhance the hotel website's SEO (Chotikitpat et al., 2015:3219). One of the objectives of this study is to understand potential challenges to hotels receiving direct bookings. This question was, therefore, needed to understand if the hotel's website content is being refreshed and updated on a regular basis to enhance its performance.

Table 4. 10: Question 12: How often is your website content updated?

	Frequency	Percent	Valid Percent	Cumulative Percent
More than once per week	8	21,1	21,1	21,1
Once every two weeks	8	21,1	21,1	42,1
Once per month	12	31,6	31,6	73,7
Once per quarter	3	7,9	7,9	81,6
One per year	2	5,3	5,3	86,8
As we receive new content or updates	1	2,6	2,6	89,5
Between once or twice per year	1	2,6	2,6	92,1
When needed	1	2,6	2,6	94,7
Specials are updated monthly	1	2,6	2,6	97,4
Not sure	1	2,6	2,6	100
Total	**38**	**100**	**100**	

Results: In this instance, 12 hotels responded saying that their websites are updated once per month. 'More than once per week' and 'once every two weeks' received eight responses each. Three respondents selected 'once per quarter' and two selected 'once per year'. 'Other' responses received were 'between once or twice per year', 'when needed', 'specials are updated monthly' and 'not sure'.

Analysis: Chotikitpat et al.'s (2015:3221) study, as well as Diachuk, Britchenko and Bezpartochnyi's (2019:122) study, mention the importance of updating website content regularly to improve its SEO and performance. Roy (2021:3) defines 'frequently updated' as two to three times per week, which is confirmed by Hammond (2019:1). Only eight respondent's (21,1%) websites are, therefore, considered as 'frequently updated'. The more frequent updating of the correct content, as well as content generation associated to their website domain, should improve hotel websites SEO. This will result in improved website ranking and visibility (Katumba & Coetzee, 2017:3).

4.2.15 Question 13: My website is the most important channel for direct business

Rationale for the question: With a number of questions referring to the hotel website, as well as the literature review focusing on the hotel website, the researcher felt it important to confirm that it was, indeed, an important channel to receive direct bookings. Respondents could choose from a five-point Likert scale which ranged from strongly disagree to strongly agree.

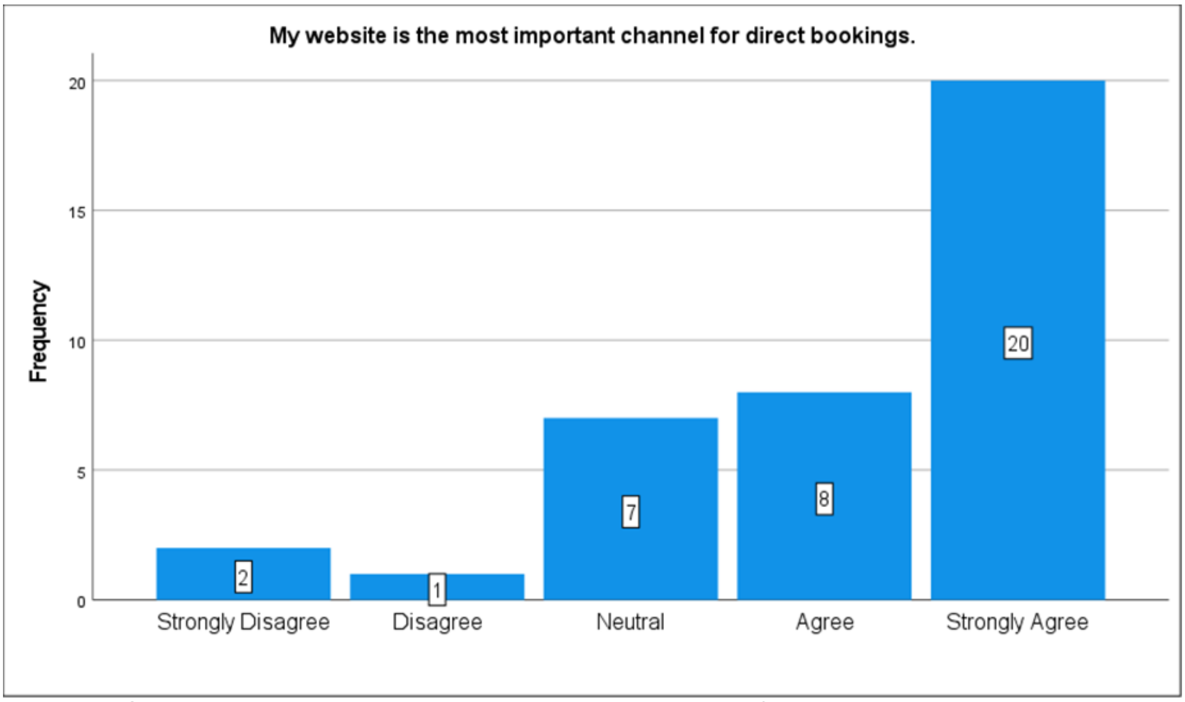

Figure 4. 6: Question 13: My website is the most important channel for direct business

Results: The findings show that 20 respondents strongly agreed with the statement. There were eight respondents that agreed, where seven were neutral and three disagreed.

Analysis: More than 70% of respondents indicated that their website is their most important channel for direct bookings. These findings are in line with the literature review, which indicated that online booking methods were the preferred method for guest to book rooms (Teng et al., 2020:1). What is significant is the relatively large percentage (26,3%) of respondents who do not acknowledge their website as an important channel for direct bookings. These respondents may be missing an opportunity to optimise their website to increase the hotels performance. What is contradicting is the majority of respondents indicated that their website is the most important channel for direct bookings, however, Table 4.9 shows that 31,6% of respondent's websites are more than five years old, while the analysis of Table 4.10 showed that only 21,1% of websites are considered as frequently updated.

4.2.16 Question 14: Rank the booking process aspects, from 1–5, that need to be improved most in order to receive more direct bookings via your own website? (1 needing the most improvement, 5 needing the least improvement)

Rational for the question: Shasha (2016:3) indicated that guests often find the booking process on hotel websites to be unsatisfactory. This is corroborated by Singh (2018:2) who states that the hotel booking engine is the fundamental reason that guests choose an alternative booking method. This question addresses one of the objectives of this study which seeks to determine possible barriers to hotels receiving direct bookings.

Table 4. 11: Question 14: Rank the booking process aspects, from 1–5, that need to be improved most in order to receive more direct bookings via your own website? (1 needing the most improvement, 5 needing the least improvement)

Booking Channel	Average Rank	Standard Deviation
Booking engine functionality	2,18	1,540
Offers/rates on own website	2,68	1,233
Own website content	3,05	1,138
Own website design	3,50	1,371
Own website guarantees	3,58	1,348

Table 4. 12: Statistics output: Question 14

		Own website design	Own website content	Booking Engine Functionality	Offers/ Rates on own website	Own website guarantees
N	Valid	38	38	38	38	38
	Missing	0	0	0	0	0
Mean		3,50	3,05	2,18	2,68	3,58
Median		4,00	3,00	1,00	2,00	3,50
Std. Deviation		1,371	1,138	1,540	1,233	1,348

Results: Table 4.11 ranks the booking process aspects requiring most improvement according to their mean, with Table 4.12 providing further statistical output. Mean values are calculated by reviewing responses (also known as data points). The data points are added and divided by the total number of data points. Variance is calculated by subtracting the mean from the value of each data point/response. Variance is the average squared deviation of values from the mean, where the square root of the variance generates the standard deviation (Hargrave, 2021:2). Booking engine functionality was ranked first as the aspect of the booking process that required the most improvement with a mean value of 2,18, while own website guarantees (as known as booking terms and conditions) was considered the least defective aspect with a mean value of 3,58.

Analysis: With the mean value of 2,18, Singh's (2018:2) findings are echoed by the majority of respondents who indicated that their booking engine functionality is the area that requires the most improvement in order for their website to receive more direct bookings. If hotels are investing in direct booking initiatives and attracting guests to their hotel website but lack the technology to effectively facilitate a booking, their efforts may not be reaching their full potential due to inadequate technology. Technology providers should be aware of their hotel clients' sentiments and take the necessary corrective action.

4.2.17 Question 15: Does your hotel invest in metasearch and pay-per-click marketing (PPC)?

Rationale for the question: Hoteliers are able to promote direct bookings through digital marketing. Pay-per-click and metasearch are forms of paid online advertising that promotes the hotel website in an attempt to increase direct bookings (Avvio, 2020:4).

Table 4. 13: Question 15: Does your hotel invest in metasearch and pay-per-click marketing (PPC)?

	Frequency	Percent	Valid Percent	Cumulative Percent
Only pay-per-click	5	13,2	13,2	13,2
Only metasearch	3	7,9	7,9	21,1
Both pay-per-click and metasearch	16	42,1	42,1	63,2
The hotel does not make use of metasearch and pay-per-click	14	36,8	36,8	100
Total	**38**	**100**	**100**	

Results: The results indicate that 16 respondents invest in both pay-per-click and metasearch, while 14 responds do not invest in either. A further five respondents invest in pay-per-click only, where three invest in metasearch only.

Analysis: The majority of respondents make use of some form of paid online advertising in the form of metasearch or pay-per-click (63,2%), which helps to address one of the research objectives to determine what hotels are doing to encourage direct bookings. When comparing the level of direct bookings in Figure 4.2 with responses in Table 4.13, pay-per-click and metasearch appears to have little impact on hotels direct bookings when compared to hotels that do not make use of this form of paid advertising. These initiatives come at an expense to hotels which should be aware of their cost of acquisition on direct bookings to evaluate the return on their investments.

4.2.18 Question 16: If you make use of pay-per-click and/or metasearch what is your monthly budget?

Rationale for the question: Richard Toms (2019) refers to the spending power of larger OTAs to substantially invest in paid advertising. For context Booking.com paid Google more than 1 billion US dollars for performance marketing in 2018 (D'Onfro, 2018:1). Therefore, it is important to establish the budget allocated to this direct booking investment.

Table 4. 14: Question 16: If you make use of pay-per-click and/or metasearch what is your monthly budget?

	Frequency	Percent	Valid Percent	Cumulative Percent
R15 000 or less per month	13	34,2	34,2	34,2
More than R15 001 per month	5	13,2	13,2	47,4
More than R30 000 per month	4	10,5	10,5	57,9
More than R50 000 per month	1	2,6	2,6	60,5
More than R80 000 per month	1	2,6	2,6	63,2
The hotel does not make use of metasearch or pay-per-click	14	36,8	36,8	100
Total	**38**	**100**	**100**	

Results: The data showed that 13 respondents spend R15 000 or less per month and five spend 'more than R15 001' per month. Four respondents spend more than R30 000 each month, where 'more than R50 000' and 'more than R80 000' received one response each, as well as 14 respondents indicated that they do not invest in pay-per-click or metasearch.

Analysis: More than 50% spend R15 000 or less each month out of the 24 respondents that invest in pay-per-click and metasearch. Collectively 90% of those that invest in pay-per-click and metasearch spend R 50 000 or less each month. What needs to be analysed is the return on this investment. As mentioned in the analysis of Table 4.13 pay-per-click and metasearch do not appear to be making an impact on the level of direct booking at participating hotels. For context, the respondent that spends more that R 80 000 each month receives between 20%-39% direct bookings. This was the most common response in Figure 4.2. This hotel does not know their cost of acquisition for direct bookings referred to in Figure 4.8, meaning that they are unaware of the return on their R80 000 pay-per-click investment. The data in Table 4.13 referring to respondents that do not invest in pay-per-click or metasearch confirms the data in Table 4.14 with 14 responses each.

4.2.19 Question 17: Which channel offers the BAR (Best Available Rate) for your standard room when comparing today's availability? (Double occupancy, same room)

Rational for the question: Masiero and Law's (2016:11) findings regarding guests booking behaviour confirms that the rate was extremely important to guest's decision making. Emir et al. (2016:129) concur and advises that guests review multiple online platforms in search for the best deal. The ability of revenue managers to control price across multiple booking channels can be a challenging task as hotels often attempt to display the same rate across platforms. This is referred to as rate parity (Rashek & Mihailescu, 2016:151).

Table 4. 15: Question 17: Which channel offers the BAR (Best Available Rate) for your standard room when comparing today's availability? (Double occupancy, same room)

	Frequency	Percent	Valid Percent	Cumulative Percent
My hotel website	8	21,1	21,1	21,1
OTA	6	15,8	15,8	36,8
Hotel website and OTA are the same	24	63,2	63,2	100
Total	**38**	**100**	**100**	

Results: The findings indicate that 24 respondents selected that the hotel website and OTA displayed the same rates, thus achieving rate parity (Rashek & Mihailescu, 2016:151). A further eight respondents indicated that they offer better rates on the hotel website compared to six hotels who offer preferential rates on OTA websites.

Analysis: Hotels may presume that they are offering the same rate across booking channels due to the use of a channel manager, referred to in section 2.4.2 and, therefore, selected 'hotel website and OTA are the same'. Even though the same rates may be loaded within the channel manager and sent to different platforms the researcher is unsure how many respondents physically checked online before selecting their option. In the researchers experience very few hotels achieve rate parity or better rates on the hotel website due to the on-selling of rates and undercutting by OTAs which is confirmed by Cohen (2017:5). The prevalence of rate parity may be due to the parity clause explained by Mantovani et al. (2021:1–2), which restricts hotels from offering better rates on the hotel website.

4.2.20 Question 17.1: Kindly provide the reasoning behind your answer to question 17? (My hotel website, OTA, hotel website and OTA are the same)

Rational for the question: A follow-up question to Question 17, which stated that the room rate was an important factor in guest decision making when selecting a booking channel. This open-ended question, therefore, assisted the analysis by providing further insight into the data. It also addressed two objectives of this study which seeks to understand what hotels are doing to encourage direct bookings, as well as identify potential challenges to receiving direct bookings.

Results: Respondents provided further insights, four chose not to respond, where 34 indicated the following which was copied verbatim from the online questionnaires:

Table 4. 16: Question 17.1: Kindly provide the reasoning behind your answer to question 17? (My hotel website, OTA, hotel website and OTA are the same)

1	heavily dependent on operators and the foreign market
2	It should be the same, however due to parity differences this is a continual challenge we face
3	we strive to achieve the same however parity issues are a continual challenge we face
4	Members of the loyalty program enjoy better rates than OTA's
5	Rate parity
6	Website reservations equates to lower commissions
7	OTAs require rate parity to improve your ranking, visibility and ultimately conversion
8	We cannot contractually offer less on our website than the OTA's
9	Contract with OTAs but we do offer cheaper packages on our own website
10	Rate parity on all channels is important
11	Improve direct bookings without paying OTA commission
12	We have a Bonvoy member rate on our own website which is marginally cheaper than on the OTA sites
13	The OTA loyalty programs
14	Rate integrity on OTA's
15	Although we offer the same rate, loyalty program members get a further discount on our own site. They also get loyalty benefits booking on our site and none through OTA's
16	We can afford to, not paying commission
17	Offering same rates on the platforms
18	Parity
19	BIGGER MARKET [*sic*]
20	Common rates
21	Rate & Availability Parity
22	bigger exposure
23	Parity
24	Rate Parity
25	All distribution channels are used since each has a different reach
26	Rate Parity
27	We offer BAR on both, although own website is slightly lower
28	Hotel website to generate more enticing rates via direct
29	Rate integrity is very important to us and although we pay commission to OTAs the marketing exposure and additional visibility we receive in return compensates for this
30	Not all OTA's can connect to the Channel Manager and therefore there is no parity

31	We maintain strict parity standards across all of our channels. All publicly available rates whether it is distributed this way or net and marked up needs to be the same. This is to maintain ethical booking standards
32	Rate parity, but we make use of promo codes to offer discounted rates on our own booking engine that the OTA's cannot see
33	Loyalty members get the best rate available
34	They have a huge platform

Analysis: There were 18 responses related specifically to rate parity or the desire to attempt to achieve rate parity with the OTAs, which are the most common sentiments. In addition to this, four have indicated that loyalty programmes affect the rates offered to loyalty members. A further three have stated that they feel OTA popularity and exposure is why they offer them preferential rates, as well as three respondents advising that they do not want to pay high commissions, which is why the hotel website offers the best rates. Two respondents made mention of contractual obligations preventing hotels from featuring cheaper rates on their own website. The possible reason that rate parity was the most common response is likely due to the parity clause that restricts hotels from offering better rates on the hotel website (Mantovani et al., 2021:1–2). Even though hotels may be forced to feature the same rate on their website as advertised on third part websites, they still have the ability to offer better value for direct bookings. During the researcher’s employment at a digital marketing agency, a clear direct booking message was prominent on hotel client websites. Auxiliary services such as breakfast included, and other hotel services were offered only to guest’s booking directly. This naturally comes at a cost to the hotel; however, they serve as an incentive to encourage direct bookings where the cost needs to be reviewed in the context of OTA commission costs.

4.2.21 Question 18: Do you currently offer any incentive on your hotel website to guests that book directly with the hotel?

Rationale for the question: Encouraging guests to book directly via the hotel website can be a challenge for hotels, as guests review multiple online platforms in search of the best deal (Emir et al., 2016:129). If hotels are indeed displaying the same rates across online booking platforms, then offering guests an incentive to book via the hotel website could be a significant factor in the guests’ decision making process. This question also addresses one of the research objectives, which seeks to understand what hotels are doing to increase direct bookings.

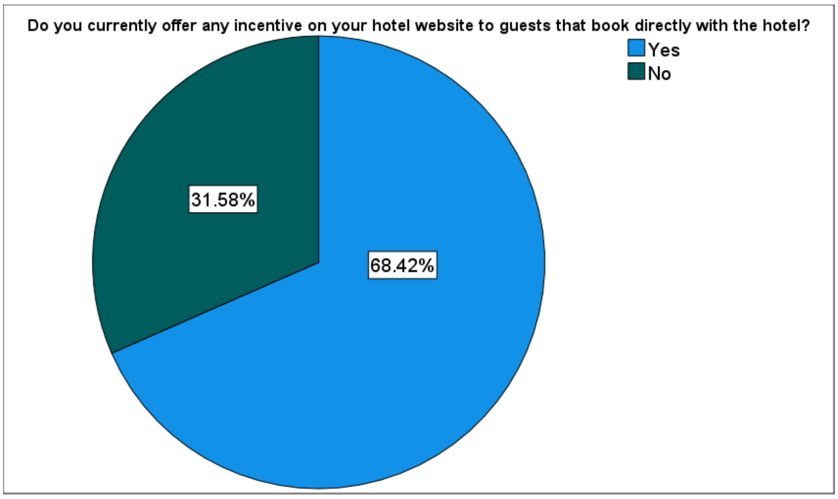

Figure 4. 7: Question 18: Do you currently offer any incentive on your hotel website to guests that book directly with the hotel?

Results: The results show that 68,42% (26 out of 38) of hotels offer guests an incentive to book via their hotel website, while 31,58% do not.

Analysis: The majority of respondents recognise the need to entice guests to book their stay via the hotel website and are offering an incentive in an attempt to increase their direct bookings. The first step in this approach is ensuring that the room rate and the hotel website are either better or the same as rates advertised on OTA platforms. Rashek and Mihailescu (2016:155) describe the challenges of rate parity and explain that hotels often offer rooms to third parties at a discounted rate. The third party is meant to package the hotel rates with other travel services such as flights or car rental, as well as the third party costs and present an all-inclusive package cost for purchase. Instead, these third parties on-sell this discounted rate which threatens a hotels rate parity strategy. If this results in higher room rates on the hotel website compared to other online platforms, then the incentive to book via the hotel website will be ineffective.

4.2.22 Question 18.1: If you answered 'Yes' to question 18, kindly elaborate on the incentives?

Rationale for the question: The options provided by the researcher were in line with industry experience. Respondents also had the option to select ‘other’ to provide an alternative response. This was a follow-up question to Question 18 to provide further insight into the data. Respondents were able to select multiple options.

Table 4. 17: Question 18.1: If you answered 'Yes' to question 18, kindly elaborate on the incentives?

		Responses		Percentage of Cases
		N	Percent	
Incentives via the hotel website [a]	Discounts	15	40,5%	57,7%
	Loyalty points	7	18,9%	26,9%
	Value adds	13	35,1%	50,0%
	If you are a member	1	2,7%	3,8%
	Discounts to loyalty members	1	2,7%	3,8%
Total		**37**	**100,0%**	**142,3%**

[a] Dichotomy group tabulated at value 1

Results: As respondents could select multiple options, 'percentage of cases' indicates the percentage of respondents that selected the specific variable when responding, where 'percentage' indicates the prevalence of a variable in relation to all variables selected. From the 26 respondents who offer incentives when booking via the hotel website, discounts received 15 responses. Loyalty points was selected by seven respondents, where value adds received 13 responses. 'Other' was selected by two respondents who indicated 'if you are a member' or 'discounts to loyalty members'.

Analysis: The two 'other' responses received can be said to be a form of loyalty incentive. Responses are varied across the provided options. The majority of hotels (68,42%) are proactively encouraging guests to book via the hotel website which are similar findings to Independent Hotel Show (2019:2), where 70% of hotels offered incentives to guests to encourage direct bookings.

4.2.23 Question 18.2: If you answered 'No', kindly advise why?

Rationale for the question: The researcher wanted to understand the respondents reasoning for not offering any incentives to guests when booking a room direct via the hotel website.

Results: From the 12 hotels that indicated that they do not offer incentives in Question 18, 11 provided the following which was copied verbatim from the online questionnaires. One respondent chose not to respond:

Table 4. 18: Question 18.2: If you answered 'No', kindly advise why?

1	We offer packages
2	OTA contractual obligations
3	Not able to offer special discounts on the website yet
4	Financial constraints due to Covid-19

5	Not sure
6	Guests are encouraged to join rewards program
7	Radisson rewards members will receive preferential rates as part of loyalty program
8	Respect for global revenue generators
9	BAR rates is already offered
10	Rate integrity is very important to us and although we pay commission to OTAs the marketing exposure and additional visibility we receive in return compensates for this
11	The channel manager can only offer one discount. Should a client see a better discount on OTA, this cannot be afforded through the website and the client will have to contact the hotel directly to receive further discounts

Analysis: There appears to be no common thread among respondents. Other than technological constraints mentioned, the overarching sentiment appears to be that they do not see the value in incentivising guests to book via the hotel website. Respondents also appear to have the notion that an incentive speaks to discounting the room rate on their website when examining their reasoning, rather than offering additional value adds as an incentive. It would be of interest to gauge the guest's perspective on incentives offered, and if it would encourage them to book direct when offered on hotel websites.

4.2.24 Question 19: Do you know your current cost of acquisition percentage for direct bookings? (e.g. any marketing or third party costs as a percentage for direct booking revenue received)

Rationale for the question: Guo et al. (2020:2) advise that OTA commissions range from 18%–20% for bookings received. As much as this study is geared towards the benefits of direct bookings, with the financial benefits being one of the focal areas, this would naturally be relative to the cost of bookings that come via direct booking methods.

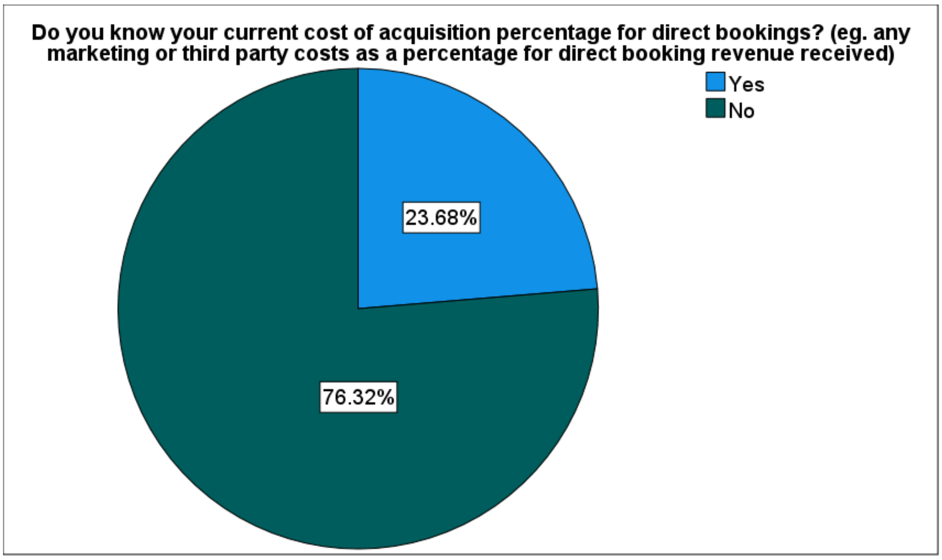

Figure 4. 8: Question 19: Do you know your current cost of acquisition percentage for direct bookings?

Results: The data indicates that 76,32% of hotels do not know the cost of receiving direct bookings, while 23,68% of hotels do.

Analysis: Most respondents do not know the costs associated to direct bookings, which is of concern to the researcher, as hotels may realise that direct booking costs could potentially be very low, driving respondents to invest in a direct booking strategy. Conversely hotels may realise that their direct booking costs are higher than OTA commission costs where the overwhelming majority who indicated that direct bookings is a strategic focus for their hotel in Figure 4.3 may consider changing their strategy. If cost of acquisition is unknown to hotels, then they are unable to make informed decisions, which may change their approach and strategy as hotels appear to be unaware if they receive a return on their direct booking investments. The digital marketing company that previously employed the researcher maintained a cost of acquisition for direct bookings of between 6% and 8%.

4.2.25 Question 19.1: If you answered 'Yes' to the above, kindly advise what the cost of acquisition is in percentage form?

Rationale for the question: A follow-up to Question 19 to allow respondents who know their cost of acquisition for direct bookings, to provide further information in order to compare it to OTA commission. Respondents were able to enter their own response.

Results: From the 23,68% (nine) of respondents who did know their cost of acquisition for direct bookings, eight provided the following which was copied verbatim from the online questionnaires:

Table 4. 19: Question 19.1: If you answered 'Yes' to the above, kindly advise what the cost of acquisition is in percentage form?

1	2%
2	20%-25%
3	15-18%
4	+/-5%
5	15%
6	Confidential
7	3%
8	15%

Analysis: The responses received were wide-ranging from 2%–25%. There may, therefore, be opportunity for learnings and best practises to be shared with those incurring a high cost of acquisition. Hotels that want to grow direct bookings and invest in direct booking initiatives need to be aware of their return on investment of specific marketing activities to ensure money is spent on initiatives that generate good business and that corrective action is taken against those that do not. Should hotels receive a good return on investment for specific initiatives, such as pay-per-click and metasearch, then spending more in these areas may result in a decrease in acquisition costs for bookings received. Additionally, should respondents with a low cost of acquisition manage to shift a percentage of their bookings from OTA to direct booking methods, where the cost of the booking changes from 20% for bookings via OTAs, to 2% via direct booking channels, this would result in a significant increase in the hotel's financial performance.

SECTION C

This section is related to the use of OTAs. Respondents have the opportunity to advise from their perspective on the use of OTAs, the value they offer hotels as well as their sentiments towards their hotels mix between direct and OTA bookings.

4.2.26 Question 20: Which OTAs is the hotel listed with? Select as many relevant options being used

Rationale for the question: With the central theme of the research revolving around bookings that are direct and via OTAs, the following provides an understanding of the OTA platforms being used by respondents. Respondents were able to select multiple options as well as specify any 'other'. TravelGround, Lekker Slaap and SafariNow represent South African based OTAs.

Table 4. 20: Question 20: Which OTAs is the hotel listed with? Select as many relevant options being used

		Responses		Percentage of Cases
		N	Percent	
OTA listings [a]	Booking.com	37	17,8%	97,4%
	Expedia	38	18,3%	100,0%
	Agoda	26	12,5%	68,4%
	Hotel Beds	31	14,9%	81,6%
	Orbitz	10	4,8%	26,3%
	TravelGround	16	7,7%	42,1%
	Trivago	13	6,3%	34,2%
	Lekker Slaap	15	7,2%	39,5%
	SafariNow	22	10,6%	57,9%
Total		208	100,0%	547,4%

[a] **Dichotomy group tabulated at value 1**

Results: Respondents were able to select multiple options where 'percentage of cases' indicates the percentage of respondents that selected the specific variable when responding.

‘Percentage’ indicates the prevalence of a variable in relation to all variables selected. Expedia received 38 responses, closely followed by Booking.com with 37 responses. Hotel beds received 31 responses, Agoda received 26 responses, SafariNow received 22 responses, TravelGround received 16 responses, Lekker Slaap received 15 responses, Trivago received 13 responses and Orbitz received ten responses.

Analysis: All respondents are listed with Expedia, while 97,4% are listed with Booking.com. This confirms the literature review which states that Booking.com and Expedia are the most widely used OTAs (Martin-Fuentes & Mellinas, 2018:466).

4.2.27 Question 21: Which channel manager are you currently making use of?

Rationale for the question: The channel manager allows hotels to sell rooms on multiple platforms at the same time while managing rates and availability (Hertzfeld, 2016:22). A respondent indicated that channel managers’ limitations were the reason they were not able to achieve rate parity with OTAs in Table 4.16. It is, therefore, a critical component to the discussion.

Table 4. 21: Question 21: Which channel manager are you currently making use of?

	Frequency	Percent	Valid Percent	Cumulative Percent
SynXis	4	10,5	10,5	10,5
Siteminder	13	34,2	34,2	44,7
Eres	7	18,4	18,4	63,2
NightsBridge	7	18,4	18,4	81,6
Marsha	1	2,6	2,6	84,2
We do not use a channel manager	1	2,6	2,6	86,8
TravelClick	1	2,6	2,6	89,5
Bespoke	3	7,9	7,9	97,4
Erevmax	1	2,6	2,6	100
Total	**38**	**100**	**100**	

Results: Siteminder was the most commonly selected channel manager used by 13 respondents. Eres and NightsBridge received seven responses each, with four respondents using SynXis. Respondents who selected ‘other’ indicated that they make of Bespoke channel managers being used by three respondents, where Marsha, TravelClick and Erevmax received one response each. One respondent indicated that they do not use a channel manager.

Analysis: Siteminder is the most commonly used channel manager, used by 34,2% of respondents. The technology enables hotels to connect to 450 different channels and claim to be in use by over 35 000 hotels (Siteminder, 2021:5). What is significant is that a number of channel managers come with an integrated booking engine as a package. Siteminder's integrated booking engine is Booking Button, however, Table 4.8 shows that Booking Button is only being used by 7,9% of respondents. This means that hotels feel the need to source an alternative booking engine, other than the provided option associated to their channel manager. However, hotels still feel that the booking engine is the area requiring most improvement in the booking process as seen in Table 4.11.

4.2.28 Question 22: OTAs are a vital sales/distribution channel for my hotel

Rationale for the question: With the study investigating the nature of hotel bookings and possible reasons for their source, the researcher needs to understand the perceived value of OTA platforms to hotels' sales distribution. Respondents could choose from a five-point Likert scale ranging from strongly disagree to strongly agree.

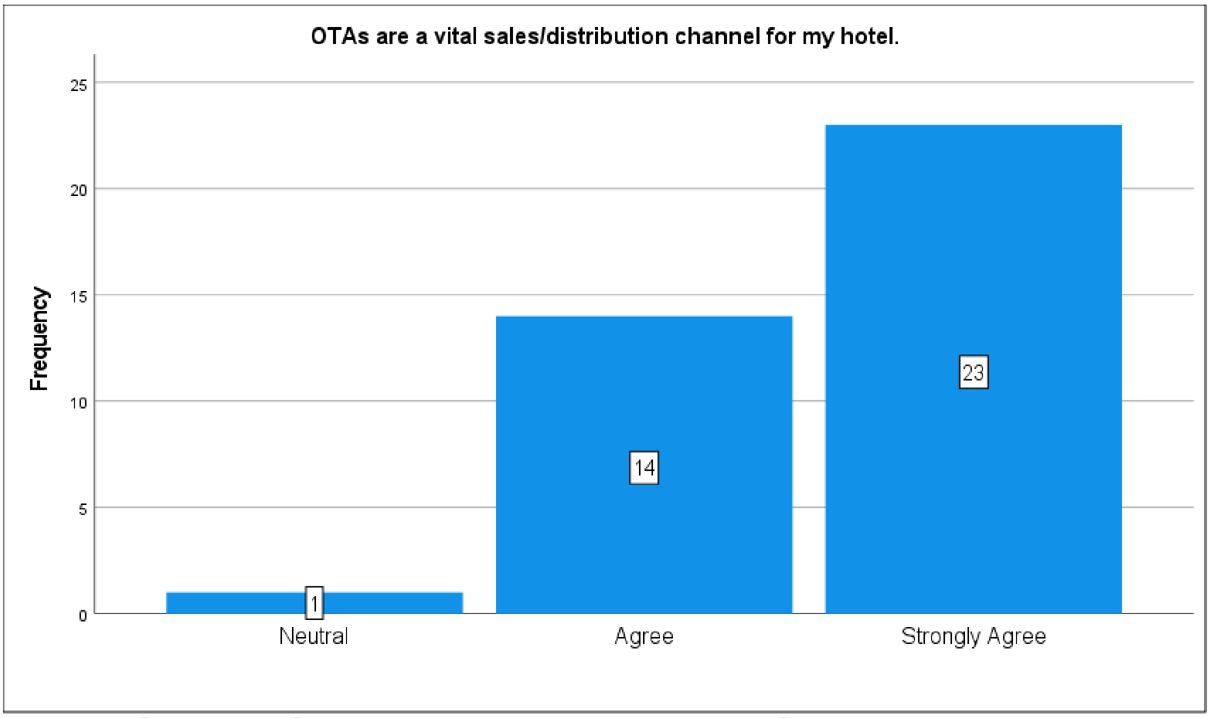

Figure 4. 9: Question 22: OTAs are a vital sales/distribution channel for my hotel

Results: The data shows that overall, 37 respondents agreed with this statement, where one respondent was neutral.

Analysis: None of the respondents disagreed with this statement. These findings confirm what was mentioned in the literature review, which stated that OTAs are very important to a hotel's success (Raab et al., 2018:124–125). Jan (2018:2) and Prieto (2018:7) suggest that 50% of travellers visit the hotel website after finding a hotel on an OTA platform, where the opportunity presents itself to convince the guest to book directly via the hotel website. If hotels have the correct direct booking strategy in place, with the appropriate messaging and technology that adequately supports the booking process, then hotels can potentially grow their direct bookings with the help of OTAs.

4.2.29 Question 23: Without OTAs I would not be able to maintain current occupancy levels

Rationale for the question: While bookings via OTAs come at a cost to the hotel (Masiero & Law, 2016:1), if hotels feel that they could not get the business without the use of OTAs, then this provides insight into respondents thinking and approach towards OTAs. Respondents could choose from a five-point Likert scale ranging from strongly disagree to strongly agree.

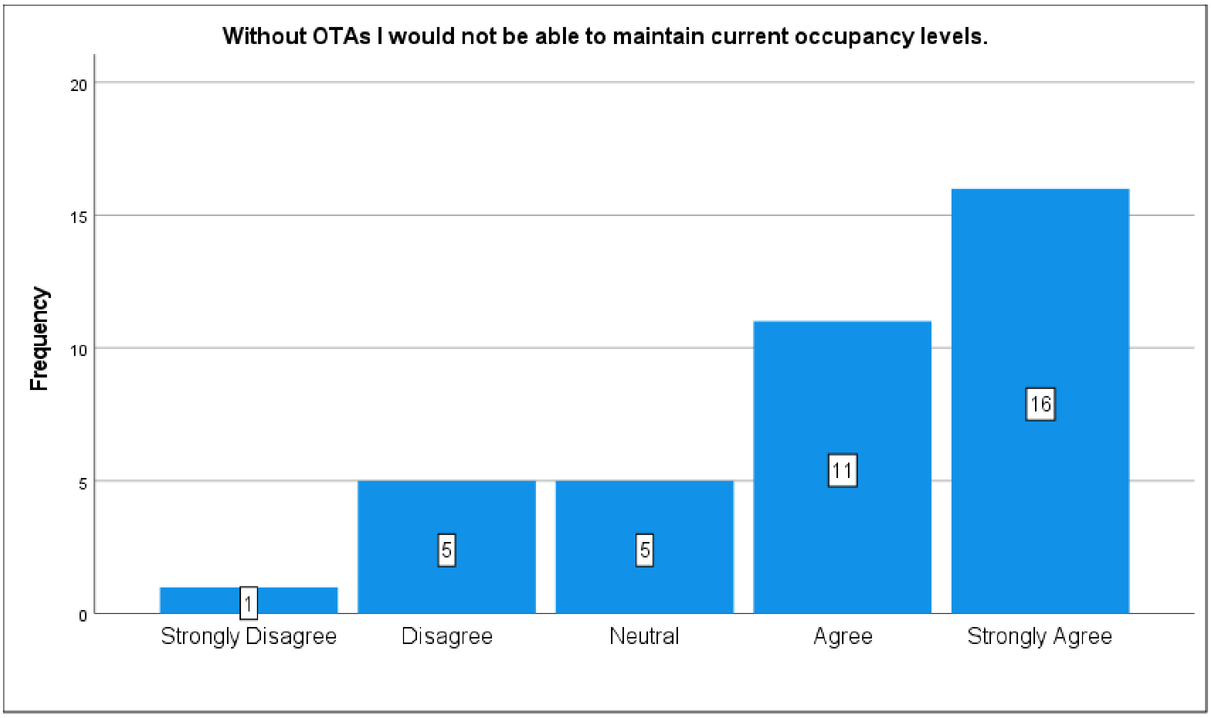

Figure 4. 10: Question 23: Without OTAs I would not be able to maintain current occupancy levels

Results: The findings indicate that overall, 27 respondents agreed with this statement, with six disagreeing, and five remaining neutral.

Analysis: The majority of respondents feel that their hotel would be less successful without OTAs. Should OTAs change conditions for their use, or if predominantly used OTAs ceased to exist, then it could have a significant impact on hotel performance. Although none of the respondents disagreed with Question 22, 11 did not agree that they could not maintain occupancy levels without the use of OTAs, which is of significance. These hoteliers feel capable of getting the business from sources other than OTAs. This could address the confidence that these hoteliers have in their hotel brand as well as Cape Town as a destination as they feel guests would still come, only the booking channel would change.

4.2.30 Question 24: Select your percentage of independent traveller bookings that come via OTAs

Rationale for the question: Collaborative research in 2019 of 150 hotels indicated that a mix of 70% direct and 30% via OTA was optimal due to the cost of commissions (Independent Hotel Show, 2019:2). Bedard (2021:2) of Amadeus however refers to OTA bookings being double the amount of your direct bookings, while Green (2021:2) of Hotel Management, stated that on average OTA bookings accounted for 51% of hotel bookings in the United States of America. Opinions are, therefore, conflicting where a baseline for Cape Town hotels needs to be established for hotels to determine if their mix between OTA and direct bookings is better or worse than international industry averages.

Table 4. 22: Question 24: Select your percentage of independent traveller bookings that come via OTAs

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 20%	5	13,2	13,2	13,2
20–39%	12	31,6	31,6	44,7
40–59%	10	26,3	26,3	71,1
60–79%	5	13,2	13,2	84,2
More than 80%	5	13,2	13,2	97,4
I do not know the volume of independent traveller bookings that come via OTAs	1	2,6	2,6	100
Total	**38**	**100**	**100**	

Results: The results show that 12 respondents receive 20%–39% of their bookings from OTAs. A further ten respondents receive 40%–45%, where 20%, 60%–79% and ‘more than 80%’ received five responses respectively.

Analysis: At the beginning of this study the presumption was that hotels in Cape Town received the overwhelming majority of their bookings from OTAs. This may be the case for a few of the hotels, however the majority in Cape Town appear to receive between 20%–60% of bookings via OTAs with a minimal amount receiving below 20%. There is a slight contradiction to these results as 20 of the 38 respondents indicated that they receive the majority of their bookings from OTAs in Question 5. Bigne et al.’s (2021:4) findings, when studying 1085 hotels, indicated that on average they received 37,1% of bookings via OTAs where many variables needed to be considered as they affect the performance of a hotel. Bigne’s findings can be said to be in line with the findings of this study. It can, therefore, be said that the level of OTA bookings may be dependent on several variables such as hotel size, independent or chain hotels, star grading and region.

4.2.31 Question 25: Does your hotel have any initiatives planned to influence the figures in the question above (24)?

Rationale for the question: A follow-up question to Question 24. While OTAs are critical to a hotel's performance, a relatively small shift in bookings from OTAs to direct booking methods has a substantial effect on a hotel's profitability (Mest, 2017:8).

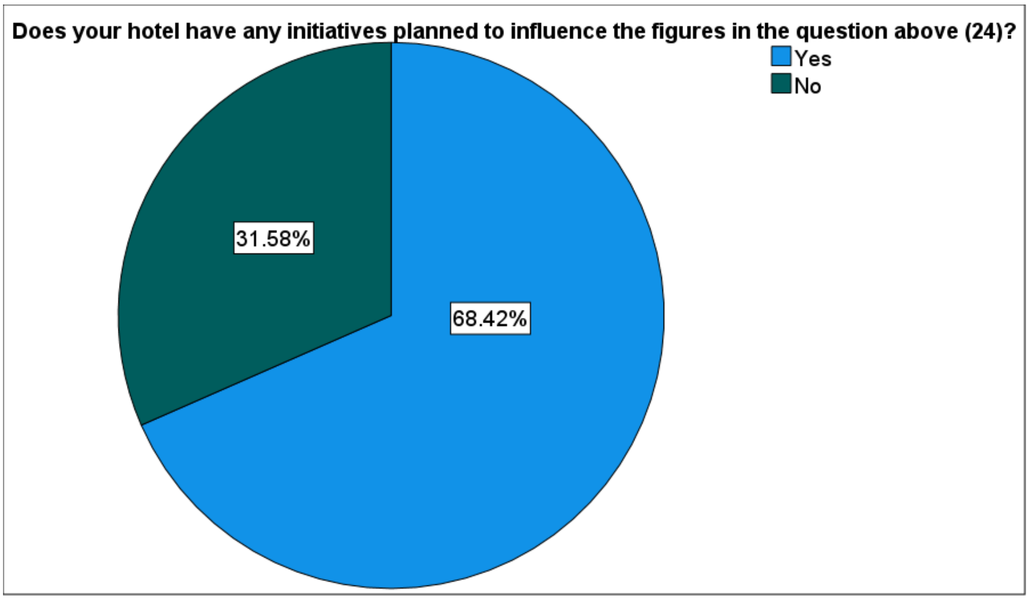

Figure 4. 11: Question 25: Does your hotel have any initiatives planned to influence the figures in the question above (24)?

Results: The majority (68,4%) of respondents plan on putting measures in place to influence their bookings from OTAs.

Analysis: This means that the majority of respondents are not satisfied with their current level of OTA bookings and feel that action can be taken to influence their level of OTA bookings.

4.2.32 Question 25.1: If you answered 'Yes' to the above, kindly advise how it works?

Rationale for the question: Once it is established if respondents are looking to influence bookings from OTAs in Question 25, this open-ended question provides insight into how this should change. A follow-up to Question 25 for those respondents who responded 'Yes'.

Results: Of the 26 that said 'yes' to Question 25, 23 responded with the following which was copied verbatim from the online questionnaires:

Table 4. 23: Question 25.1: If you answered 'Yes' to the above, kindly advise how it works?

1	Continual marketing efforts through social media and email campaigns
2	Reduce OTA dependence
3	new channel manager and new direct booking platform
4	Daily yielding/tweaking. Deals with OTA's
5	Drive more direct bookings through website optimization and advertising campaigns driving booking to our website or reservations and central res
6	Return guests are encouraged to book directly with the hotel
7	Yearly rate and promotional planning. Sales strategy and early booker campaigns
8	New website with discounts offered to direct bookers
9	offer better rates directly
10	Global PR and advertising and onsite promotion of the benefits of booking direct
11	Deals
12	Ensure rates and value ads are across all channels, do not favour one
13	FOCUSED TEAM INVOLVEMENT TO ENSURE THE MOST IS MADE OF ANY / ALL OPPORTUNITIES [*sic*]
14	Restrictions on source markets
15	New improved loyalty program
16	Discount/upgrades if book directly
17	Confidential
18	Discounts
19	Increase global agreements and direct connect partners
20	Win back strategy, educating guests while staying at the property to book direct next time and receive a discount
21	Drive more bookings directly through the use of the loyalty program
22	Strategy
23	Mobile

Analysis: The majority of respondents intend to implement a strategy that shifts OTA bookings to direct booking methods. Common responses were related to improved marketing efforts, updating of technology, optimising their website and reviewing loyalty programs. This is in line with the findings in Figure 4.3 where 94,7% of respondents are looking to grow direct bookings. This provides insight into the current status of the situation, where hoteliers recognise that there is a problem with the mix between their OTA and direct bookings and that corrective action can and needs to be taken. What remains unknown is if hoteliers' initiatives mentioned to influence OTA bookings are the correct ones and if they possess the necessary skills to effectively implement these initiatives that result in meaningful change.

4.2.33 Question 25.2: If you answered 'No', kindly advise why?

Rationale for the question: A follow-up to Question 25 for those that responded 'No' to influencing their OTA bookings, in order to understand their reasoning. This was asked as an open-ended question.

Results: From the 12 who responded 'No' to Question 25, 11 provided the following which was copied verbatim from online questionnaires:

Table 4. 24: Question 25.2: If you answered 'No', kindly advise why?

1	head office managed
2	This is a leisure hotel and therefore most bookings coming through are independent travellers
3	Not sure of a strategy
4	We ensure that our OTA content is strong and our rates and packages are well displayed but we do not participate in unique campaigns that would affect our rate parity and jeopardize our brand loyalty to Marriott.com
5	Driving direct bookings
6	Not sure
7	Happy with paying a % for their marketing work
8	Choose to not answer
9	We prefer direct booking via our own channels - Marriott.com
10	The hotel does not have the same impact that OTA's have in terms of viewers
11	While it is beneficial to receive BAR bookings on a lower commission % than STO rates our transient business mix is still heavily reliant on tour operators and DMCs - there is little we can do to maximise on the OTAs without undercutting the Destination Marketing Companies (DMC's)

Analysis: The underlying sentiment in six of the responses was that they were satisfied with their current situation and level of OTA business. In addition to this, three of the 12 respondents indicated that they did not want to influence OTA bookings and intend to drive direct bookings, indirectly supporting the analysis of Question 25.1. Two were unsure how to influence change. The researcher believes that there is no question, from reviewing the literature and data, that OTAs play an integral part in hotel room distribution and sales, where the purpose of this research is not to disprove this notion. Instead, this research is meant to encourage those with an undesirable mix between OTA and direct bookings, to rethink their strategy and consider implementing initiatives that shift a percentage of these bookings from OTA to direct booking channels, as a minimal shift results in a significant increase in the hotels financial performance (Mest, 2017:8).

4.2.34 Question 26: Over the past five years, my hotel bookings via OTAs has: increased, decreased, stayed the same, or I do not know

Rationale for the question: Since their inception, OTAs have seen significant growth in market share and popularity each year, as reported on by Talwar et al. (2020:2), Ye et al. (2019:969) and Yudi, Agung and Putu (2021:174). The global Covid-19 pandemic of 2020 does, however, seem to have influenced guests' booking behaviour, caused significant change in popular OTAs market share, and caused an acceleration in the growth of direct bookings in international markets (D-Edge Hospitality Solutions, 2020:2–9).

Table 4. 25: Question 26: Over the past five years, my hotel bookings via OTAs has: increased, decreased, stayed the same, or 'I do not know'

	Frequency	Percent	Valid Percent	Cumulative Percent
Increased	31	81,6	81,6	81,6
Decreased	3	7,9	7,9	89,5
Stayed the same	4	10,5	10,5	100
Total	**38**	**100**	**100**	

Results: Over the past five years 31 respondents OTA bookings have increased, three have decreased, and four have stayed the same.

Analysis: The overwhelming majority (81,6%) have seen an increase in their OTA bookings in the past five years. The Covid-19 pandemic does however appear to have influenced booking behaviour where Azcarate (2021:1–2) agrees with D-Edge Hospitality Solutions (2020:2-9) opinion and stated that OTAs were forced to cut marketing budgets. Guests also contacted hotels directly to discuss safety concerns and flexible cancellation booking conditions, resulting in substantial growth in direct booking percentages for hotels.

This presents an opportunity for hoteliers to win back the relationship with the guest by promoting direct communication and attempting to influence travellers booking behaviour, where direct booking channels could potentially become the preferred booking channel if hoteliers put measures in place that maintain this momentum. For this shift in behaviour to be sustainable, hotels would need to assure guests that they receive the best room rate and booking experience when booking direct. One can, however, be assured that OTAs will do their utmost to attract guests to their platforms once travel demand returns, by restoring their advertising budgets and revising their strategy.

4.2.35 Question 27: Why do you feel guests' book via OTAs?

Rationale for the question: An open-ended question to give Cape Town hoteliers' the opportunity to express their thoughts and opinions as to why guests book via OTAs in order to determine if there are any trends in responses.

Results: The data provided by 37 of the 38 respondents indicated the following, which was copied verbatim from the online questionnaires:

Table 4. 26: Question 27: Why do you feel guests' book via OTAs?

1	Convenience
2	Convenience, hotels are rated, guests can see comments from people that stayed, loyalty programs
3	There is less involvement of more parties and most OTAs allow for direct messaging with the hotel
4	Brand loyalty, security, ease of booking, choice of multiple accommodation
5	Loyalty - Reward Programs plays a big part
6	Convenience, ease of booking, sense of trust (especially with the bigger OTAs), perception that they are receiving a discounted rate even if they are not
7	Easier booking process, brand loyalty
8	International guests may have a loyalty to a particular OTA because they use them to book hotels all over the world. Many people also believe that they will get the cheapest rates on the OTA's - cheaper than on the hotel's own website - which may be the case for certain hotels, but not for Marriott
9	Convenience, and perception of cheaper rates
10	Ease of booking (not complicated) variety of properties that they trust and can cancell easily without cost
11	Accessible, easy and convenient
12	Loyalty and trust. Ease of using their sites
13	Security
14	More selection, loyalty points per OTA, a feeling of security perhaps, not aware that they are the most expensive option
15	Better marketing
16	OTA's aggregate a variety of accommodation offers into one place
17	Flexibility, mobile access, impression that discounts are larger on OTA
18	Channel distribution and reach
19	Ease of booking. Brand recognition and loyalty programs
20	They are able to see other guest reviews, compare rates
21	Easy access, combination with flights, visibility of market and choice
22	Easy & Reliable
23	Ease of access and click through process, lots of marketing
24	MARKET SHARE *[sic]*
25	convenience, rewards
26	They think they get better value, but they don't
27	new guests visiting a new city use ota as the choice is easy to see all on offer
28	easy functionality but because of the destination the use of operator has become vital

29	Location is booked not Brand
30	The loyalty offered to their customers and the OTA's have a much larger audience than we do or ever will have
31	Ease of booking, security, spoilt for choice, brand loyalty
32	Easy & quick - 1 stop shop
33	Easy
34	Simplicity, huge choice, security. Enjoyment of browsing through numerous selections
35	Selection and it is easy
36	Trust
37	Marketing strategies and reach is greater than own websites

Analysis: There were 21 mentions related to ease of use and convenience. Loyalty to OTAs was referred to on ten occasions. Variety of choice received eight mentions, while reach and marketing was referred to on seven occasions. Perception of better pricing with OTAs as well as security received five mentions each. Trust was mentioned on four occasions. Convenience and ease of use, therefore, appears to be the predominant thread amongst respondents. If respondents, who have control over their hotel website and the technology being used to book a room, are aware that OTAs offer a more convenient user-friendly experience then they should be taking corrective action to remedy their direct booking channel shortcomings. This is easier said than done as hotels often make use of supplier technology to achieve instant booking functionality on their website as seen in Table 4.8. In the researcher's opinion, chain hotels or group hotels that do not have control over these variables may find this to be a more challenging exercise.

4.3 Cross-tabulation

The data confirms that hotels are looking to increase their direct bookings, as seen in Figure 4.3. Table 4.11 highlighted the hotel booking engine functionality as the aspect of the booking process that required the most improvement to receiving direct bookings. These findings are in line with the findings in Table 4.26 where the common thread among respondents was that guest's book OTAs because of convenience and ease of use. Table 4.8, which advises on the booking engines being used by respondents, needs to be emphasized in light of these findings as technology providers need to be aware of their hotel client sentiments towards their product and attempt to modify their booking technology to better meet the needs of industry.

Figure 4.6 reveals that the majority consider their website as the most important channel for direct bookings. Respondents should, therefore, consider placing greater emphasis on Question 10 and Question 12. These questions refer to website age and frequency of updating respondent websites. The Konidaris and Koustoumpardi (2018:205) study findings indicate that website quality and quantity of information, and the technology it uses, affects the website ranking and subsequently online bookings. These fundamental variables to optimising website performance need to be prioritised to maximising respondent's website potential to attract direct bookings.

4.3.1 Cross-tabulation of Figure 4.3 and Figure 4.6

Rationale for the question: The hotel website is the most important channel for direct bookings, which is confirmed by the Teng et al. (2020:1) study that indicated that guests prefer to book rooms online. With the majority of respondents indicating that growing direct bookings is a strategic focus for their hotel, it needs to be established if respondents are aware of the importance of their hotel website as the primary vehicle to achieve this outcome.

Table 4. 27: Cross-tabulation of Figure 4.3 and Figure 4.6

		My website is the most important channel for direct bookings					
		Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Total**
Growing direct bookings is a strategic focus for my hotel	Strongly Disagree	0	0	0	0	1	1
	Neutral	1	0	0	0	0	1
	Agree	0	0	2	5	2	9
	Strongly Agree	1	1	5	3	17	27
Total		**2**	**1**	**7**	**8**	**20**	**38**

Results: Of the 27 respondents who strongly agree that growing direct bookings is a strategic focus for their hotel, 17 strongly agree that their website in the most important channel for direct bookings.

Analysis: The majority of respondents who focus on direct bookings for their hotel are aware that their website is their most important channel for attracting direct bookings. This means that hotels should be aware that their websites need to be optimised to achieve their strategic focus of growing direct bookings. The data, however, appears to show that even though there is awareness, the hotel website is not being optimised for a number of respondents when reviewing responses in Table 4.9 and Table 4.10, which refers to the website age and frequency of updating content. This means these respondent websites will not realise its full potential to attract direct bookings.

4.3.2 Cross-tabulation of Figure 4.3 and Figure 4.7

Rationale for the Cross-tabulation: If the overwhelming majority indicate that growing direct bookings is a strategic focus for their hotel, then it needs to be determined if they are actively putting initiatives in place that drive this strategic focus. Incentives offered to guests that book directly with the hotel would be considered as an initiative that drives direct booking.

Table 4. 28: Cross-tabulation of Figure 4.3 and Figure 4.7

		Do you currently offer any incentive on your hotel website to guests that book directly with the hotel?		Total
		Yes	No	
Growing direct bookings is a strategic focus for my hotel	Strongly Disagree	1	0	1
	Neutral	0	1	1
	Agree	4	5	9
	Strongly Agree	21	6	27
Total		**26**	**12**	**38**

Results: Findings show that 21 of the 27 respondents that consider direct bookings as a strategic focus for their hotel offer an incentive on their website to guests who book direct.

Analysis: The majority of those focusing on, and attempting to grow direct bookings, see the value in incentivising guests to booking direct. The effectiveness of this needs to be questioned when reviewing the level of direct bookings from respondents. The principal variable that is important to the effectiveness of an incentive is the room rate. Park et al. (2018:14) findings indicate that travellers booking online considered rate information extremely important to their decision making. In Table 4.15 the majority of respondents indicate that their rate on the hotel website is the same as OTA platforms, however, parity is hard to achieve. Thus, an important variable to the success of incentives offered when booking direct via the hotel website is the comparison of room rates advertised between OTA platforms and the hotel website. For example, if a discount offered on the hotel website for booking direct results in a rate that is still higher than the one being advertised on an OTA platform then this incentive is of no value to the guest. In addition to this, value adds offered (such as a complimentary bottle of wine) as an incentive needs to result in better total value in conjunction with the room rate when compared to what is being advertised and offered on OTA platforms. This may seem to be obvious, however, the researcher's experience both in the industry as well as from the perspective of a guest has shown otherwise.

4.3.3 Cross-tabulation of Table 4.3 and Figure 4.5

Rationale for the question: Question 4 indicated that the hotel classification between independent, chain and group hotels could play a significant role in the hotels level of control and decision making capabilities. With the hotel website being the most significant channel for direct bookings, confirmed by Teng et al. (2020:1) and by respondents when the question was asked in Figure 4.6, what needs to be determined is if this classification affects the hotels level of control over their most valuable direct booking channel.

Table 4. 29: Cross-tabulation of Table 4.3 and Figure 4.5

		My hotel website is managed:				
		Internally by dedicated personnel	By head office	By an outsourced supplier	Internally & globally combined	Total
Would you consider your hotel to be:	Independent	6	1	5	0	12
	Part of a small group	4	2	3	0	9
	Part of a hotel chain	0	13	3	1	17
Total		**10**	**16**	**11**	**1**	**38**

Results: Findings indicate that 13 of the 17 chain hotel websites are managed by head office where no chain hotel manages their own websites internally by dedicated personnel. Half of the independent hotels manage their website internally by dedicated personal (six of 12 hotels). Responses from the nine small group hotels are varied.

Analysis: The majority of chain hotels do not have direct access to their website. The researcher has previously spoken with hotel marketing personnel who shared their frustration when making requests to head offices over edits being made to their hotel website. Particularity for the larger hotel chains, requests may take several days to be completed as a centralised head office department often deals with requests from a large number of hotels around the world, where the request may first need to be approved. These hotels may, therefore, find it challenging to respond to rapidly changing situations. During the Covid-19 pandemic, different countries and cities travel restrictions and legislation changed on a regular basis at short notice (Petersen, McCloskey, Hui, Kock, Ntoumi, Memish, Kapata, Azhar et al., 2020:88). Hotels that were not able to respond to these dramatically changing situations may have, therefore, lost revenue generation opportunities.

4.3.4 Cross-tabulation of Table 4.8 and Table 4.2

Rationale for the question: Respondents have suggested that the booking engine functionality was the aspect to the booking process that required the most improvement in Table 4.11. In an open-ended question, the majority of respondents also indicated that guests book via OTAs because of convenience and ease of use in Table 4.26, which supports the findings in Table 4.11. It should, therefore, be determined if there is a common booking engine provider used at hotels according to the number of rooms at a hotel, as one of the prominent variables that classifies hotels in the hospitality industry (Bigne et al., 2021:3).

Results: SynXis is being used by eight respondents, as the most common response, and is only in use by hotels with more than 50 rooms. Bespoke is the second most common response used by seven respondents from 51 to more than 400 rooms. NightsBridge, used by six respondents, is only being used by hotels with less than 20 rooms.

Analysis: These findings are significant as the booking engine has been highlighted as the aspect requiring most improvement to receive more direct booking where the top three have been identified to classify usage in relation to hotel size. Hotels need to choose wisely when reviewing potential technology partners as website usability plays a critical role in the success of the hotel website (Bucko & Kakalej, 2018:215). Technology providers pricing is also often linked to the number of rooms at a hotel, which is the case for Siteminder (who offer clients Booking Button as their booking engine solution) (CultBooking, 2021:12–13) and NightsBridge (2021:1).

One of the limitations when it comes to technology being used at hotels is choice, due to systems integration, which can be described as the bringing together of independent systems to create one new system (Rais, 2016:80). The channel manager and booking engine working together in one seamless process. If technology providers offer a full solution, meaning an integrated package of channel manager with booking engine as an example, then hoteliers need to view these different services in isolation. This packaged option may be more cost effective in the short-term, however, if the booking engine that comes with a channel manager is inadequate, then it may negatively affect direct bookings and prove to be very costly for the hotel.

When it comes to bespoke booking engines one would presume that due to customisation by hotels, the software would be ideal. Starkov's (2019:3) article, however, suggests that hoteliers focus investment on guest services technology rather than guest engagement, acquisition and retention technology which means that their efforts are concentrated on the guest experience once they arrive at the hotel rather than the process of getting the guest to book the hotel. This has resulted in the progressive growth of OTA market share.

Table 4. 30: Cross-tabulation of Table 4.8 and Table 4.2

		How many rooms does your hotel have?								
		Less than 20	**21–50**	**51–100**	**101–150**	**151–200**	**201–300**	**301–400**	**More than 400**	**Total**
Which booking engine does your hotel use?	SynXis	0	0	1	1	2	1	2	1	8
	Booking Button	0	1	0	2	0	0	0	0	3
	TravelClick	0	0	0	2	1	0	0	0	3
	Bespoke	0	0	1	1	1	2	1	1	7
	Pegasus	0	2	1	0	0	0	0	0	3
	NightsBridge	6	0	0	0	0	0	0	0	6
	Eres	0	2	1	0	1	0	0	0	4
	Semper	1	1	0	0	0	0	0	0	2
	Marsha	0	0	0	0	1	0	0	0	1
	I do not know	0	0	0	0	1	0	0	0	1
Total		**7**	**6**	**4**	**6**	**7**	**3**	**3**	**2**	**38**

4.4 Summary

In summary, it can be deduced that direct bookings are a strategic objective for the majority of respondents, where direct booking initiatives, such as paid advertising and the offering of incentives to encourage direct bookings, are being used by the majority of respondents. Respondents are however receiving the majority of their bookings from OTAs as the highest ranked booking channel for receiving independent traveller bookings, where there are opportunities to grow direct bookings when reviewing direct booking percentages. Respondents have highlighted the hotel website booking engine functionality as a barrier to receiving direct bookings, as the majority feel that OTAs offer a more convenient user-friendly experience. These outcomes, therefore, support the objectives defined in Chapter 1, which were to establish if direct bookings are one of the strategic objectives for hotels, to determine the channels though which hotel bookings are received, the understanding of the main challenges to hotels receiving direct bookings, and to establish what hotels are doing to encourage more direct business.

Respondents agree that the hotel website is the predominant channel for direct bookings, with the majority indicating that they achieve rate parity. It is good to see that the majority also offer incentives to book via the hotel website, encouraging more direct bookings, however the website needs to be updated more regularly to enhance performance.

The presentation by McKinsey and Company (Mest, 2017:8) has, however, emphasised that a relatively small shift in bookings from OTA to direct booking channels has a substantial effect on a hotel’s profitability. In light of these findings, the majority of respondents receive less than 40% of bookings direct where a larger commitment to a direct booking strategy could have a substantial effect on the hotel’s profitability. For context to the discussion, Mest (2017:8) reported on a presentation by Del Ross, senior advisor at McKinsey & Company, which stated that if a hotel with 150 rooms, that charged an average of $150 per room per night, shifted 5% of their bookings from OTAs to direct bookings, they would generate $118 000 in net profit, increase asset value by $1.3 million dollars and achieve 2,9% increase in RevPar without attracting any new guests.

The next chapter notes the recommendations and conclusions to this study.

CHAPTER 5: RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

A summary of the study will be presented in this chapter, which will include recommendations to the hospitality industry and overall conclusions. The purpose of conducting this study was to investigate hotel strategic objectives regarding direct booking at four- and five-star hotels in the Cape Town Metropole.

The relationship between hotels and online travel agents (OTAs) can be said to be complex as the literature and respondents have indicated that OTAs provide vital room distribution, exposure and sales opportunities for hotels. While this is the case, these bookings often come at a substantial cost to hotels, paid in the form of commission. The management of this relationship is, therefore, paramount to the success of a hotel, where OTAs present an opportunity to increase hotel occupancy and revenue generation, as well as the prospect to convert OTA business to direct bookings with the correct strategy in place.

This was a quantitative study where data was collected from four-and-five star hotels in the Cape Town Metropole. SPSS version 27 was used for data analysis of close-ended questions in the form of graphs and tables, where a limited number of open-ended questions were copied verbatim from respondents to establish if there were trends in responses.

The overwhelming majority of respondents indicated that increasing direct bookings was a strategic objective for their hotel. It is, therefore, important to understand the success of Cape Town hotels putting measures in place to achieve this objective, while understanding possible challenges.

5.2 Findings

The findings from Chapter 4 are presented within the context of the sub-questions stated in Chapter 1. Recommendations are made in accordance with each objective.

5.2.1 Sub-question 1: Are direct bookings a strategic objective for the hotels?

The data analysis in Chapter 4 has confirmed that direct bookings are a strategic focus for the overwhelming majority (94,7%) of respondents. Hoteliers, therefore, recognise that their mix between direct and OTA bookings is disproportionate and feel that action can be taken to promote their direct booking channels. The success in implementing this strategic objective must be questioned when reviewing the level of direct bookings at a number of respondent hotels. Hotels, however, do not appear to know the cost of their efforts and investment in attempting to achieve this strategic objective. A minimal amount (23,7%) of respondents are aware of their cost of acquisition for direct bookings. It is, therefore, challenging for hotels to determine the return on their direct booking investments.

5.2.2 Sub-question 2: How do the selected hotels receive the majority of their bookings?

Results have shown that participating hotels receive the majority of their bookings from OTAs with a mean of 2,0. The value of OTAs has been referred to in the literature review (Raab et al., 2018:122; Šimunić et al., 2018:456), as well as been highlighted by respondents, where the overwhelming majority feel that OTAs are a vital distribution channel for their hotel. Hoteliers do however appear to be dissatisfied with the reality that the majority of their FIT bookings come via OTAs. They are, therefore, attempting to win back the direct booking guest, as they have indicated that growing direct bookings is a strategic objective for their hotel.

5.2.3 Sub-question 3: What are the main challenges to a hotel receiving direct bookings?

The hotel website has been identified as the most important channel to receiving direct bookings, which confirms what was stated in the literature review (Teng et al., 2020:1). The data however revealed that over 30% of respondent websites were older than 5 years old, where the average longevity of a website was stated as 2,6 years (Crestodina, 2017:2; Trivette, 2021:3). Only 21,1% of respondent websites are being updated more than once per week, affecting website SEO, ranking as well as performance (Chotikitpat et al., 2015:3219). Respondent website quality and its ability to attract and encourage direct bookings may require further investigation and could be a deterring factor to guests booking via hotel websites.

Website booking engine functionality has also been identified as the biggest barrier to hotels receiving direct bookings, where the majority indicated in an open-ended question that guests' book via OTAs because of convenience and ease of use. Guests' may, therefore, find the booking process on hotel websites to be cumbersome which may discourage direct bookings.

Only 15,8% of respondents indicated that they intentionally offer better rates on OTA platforms. The remaining proportion of respondents indicated that they either offer the same or preferential rates on their own websites, compared to their OTA distribution. The researcher has however reviewed online rates at a number of respondent hotels who think that they offer better rates on their hotel website or achieve rate parity. On many occasions a better rate could be booked on OTA platforms. This can be due to undercutting by OTAs and the unwanted on-selling of rates between third parties discussed in Chapter 2 (Cohen, 2017:5; Triptease, 2016:2).

5.2.4 Sub-question 4: What are hotels doing to encourage more direct bookings?

The data has indicted that slightly more than half (57,9%) of the respondents are making use of a form of loyalty programme to encourage repeat business through direct booking channels. Results further revealed that more than 63% of respondents invest in paid advertising in the form of pay-per-click and/or metasearch to encourage direct bookings. A further 68,4% of respondents incentivise guests to book direct, and 47,4% have websites that are less than 2 years old with 21,1 % of respondent websites being updated more than once per week.

It can, therefore, be deduced that while the large majority of respondents consider growing direct bookings as a strategic objective, only a portion of the population are making use of direct booking initiatives to proactively stimulate and encourage direct booking channels. These initiatives appear to be benefiting a few of the respondents, however, with the majority (76,3%) of respondents being unaware of the cost of their investment, it is challenging to establish if their investments are truly beneficial to the hotel's financial performance.

5.3 Recommendations

OTAs play a significant role in the hotel industry. This research strives to shed light on the value of using OTAs effectively, with a direct booking strategy in place to shift business from OTAs to direct booking methods. The purpose of the research is not to discourage the use of OTAs.

5.3.1 Sub-objective 1: To establish if direct bookings are one of the strategic objectives for the hotels

The researcher believes that this objective has been met as the data revealed that 94,7% of respondents consider growing direct bookings as a strategic objective for their hotel. This is in line with the literature in Chapter 2, which referred to several hospitality industry studies and articles that focus on the growth of direct bookings as a relevant consideration for improving a hotels performance in the current booking landscape for the hospitality industry (Cendyn, 2020; Green & Mazzocco, 2018; Jan, 2018; Mest, 2017; Morales, 2017). The researcher recommends that hotels who receive a large number of bookings via OTAs consider the implications of shifting a minimal amount of bookings to direct channels to increase hotel profitability, RevPar and asset value. These hotels should be considering initiatives that potentially grow direct bookings in order to increase the hotel performance.

5.3.2 Sub-objective 2: To determine the channels through which hotel bookings are received in selected hotels

The researcher asked respondents to rank booking channels from most common to least common and the results were as follows (according to their mean value): OTAs (2.0); own website (3,0); email (3,16); telephone (3,55); tour operator (3,87); and walk-in (5,42). While this data highlights the value of OTAs for respondent hotels as the most commonly selected booking channel, the reasoning behind the prevalence of OTA channels needs to be investigated. Hotels need to be putting measures in place that promote the use of direct booking channels in order to reduce room distribution costs. The researcher recommends that hotels continue to work in partnership with OTAs to sell rooms as they provide immense opportunities for exposure, occupancy growth and revenue generation. Bigne et al. (2021:1–12) refers to different hotel variables that result in different norms, for example hotel size, location, star grading, independent or chain. Hoteliers, therefore, need to consider these variables when analysing their hotel's mix between OTA and direct bookings. Hotels with a disproportionate mix need to place greater emphasis on the factors that were extensively discussed in Chapter 2 that either encourage or deter guests from using direct booking methods to shift a proportion of their OTA bookings to direct booking channels.

This objective itself appeared significant at the time of composing the research proposal (Chapter 1). Upon reflection, there was little value in hotels stating how they receive bookings, as this is well-documented in industry. The researcher, therefore, slightly shifted the focus of this objective later in the study after discussions with industry professionals, reviewing the literature in the existing body of knowledge, and from the feedback received during the pilot study. The most commonly used booking channels by independent travellers presented itself as a more significant objective as the findings would either support or disprove the suggested problem being analysed in this study, which is related to hotel dependency on OTAs to sell rooms.

5.3.3 Sub-objective 3: To understand the main challenges to a hotel receiving direct bookings

Hotels that took part in this study have identified the booking engine functionality as the aspect to the booking process requiring the most improvement. In an open-ended question, over 50% of respondents indicated that guest's book OTAs due to convenience and ease of use, which supports this notion. The literature revealed that room rate is one of the most important considerations for a guest when booking a room (Park et al., 2018:14; Emir et al., 2016:129), where the majority (63,16%) of respondents indicated that they achieve rate parity with OTAs. The literature also revealed that rate parity was hard to achieve (Rashek and Mihailescu, 2016:153). Upon investigating online availability and room rates at respondent hotels, the researcher came across preferential rates on OTA platforms for hotels who indicated they achieve rate parity with OTAs. As previously stated, OTAs often find a way to ensure their platform offers the best rates by undercutting room rates or leveraging third party partnerships to offer the best rate. OTAs may also advertise a rate that does not represent the total cost, where additional charges are added later in the booking process. Hotels, therefore, often unknowingly offer better rates on OTA platforms, which discourages guests from booking direct.

The researcher's recommendation would be for hotels to review the hotel website as Teng et al. (2020:1) revealed that guest's prefer making bookings online, as well as over 70% of respondents in this study indicated that their website was the most important channel for direct bookings. Hotels should possess a website that loads quickly and promotes a user-friendly guest journey. The website needs to be discoverable when guests use key words in search engines to refine their choice according to their needs. Hotels should, therefore, ensure their website has good SEO and can be found either through organic ranking or via pay-per-click marketing. The booking process needs to be simple and convenient where hotels should avoid any unnecessary questions or processes to conclude a booking. Guest preferencing and additional information can be requested in the period leading up to a guest's stay, allowing hotels to begin engagement, relationship building and potential upselling opportunities with guests prior to arrival. Hotels need to review their agreements with OTAs and ensure that OTAs are not permitted to undercut room rates or make use of rates that have been undesirably obtained through their own third party relationships. Should hotels continue to find cheaper rates on third party platforms, then they would need to take action against these OTAs and re-evaluate their relationship and distribution. This will assist in hotels maintaining rate integrity and achieve rate parity. In turn mean that direct booking incentives advertised on hotel websites indeed offers guests better value when booking direct.

While OTAs remain an essential partner to hotels to distribute and sell rooms, hotels with an undesirable mix between direct and OTA bookings should consider implementing a strategy that shifts a percentage of their bookings from OTA to direct booking channels to enhance the hotels financial performance and relationship with their guests. In the researcher's opinion, if a hotel is receiving below 50% of FIT bookings direct, then there is great opportunity for improvement.

5.3.4 Sub-objective 4: To establish what hotels are doing to encourage more direct business

While the overwhelming majority of hotels (94,7%) indicated that they wish to grow direct bookings, only a portion of respondent hotels have initiatives in place that encourage and promote direct bookings. Certain respondents have good websites which offer the same or better rates than displayed by OTAs, make use of pay-per-click and metasearch to encourage direct bookings, and have a good mix between direct and OTA bookings. Conversely, there are respondents who indicate that they wish to grow direct bookings, however, they have websites that are beyond five years old, which are not frequently updated. A few of these respondents also indicate that they achieve rate parity or offer better rates on their hotel website, however, the researcher has put this to the test and has often found preferential rates on OTA websites when comparing the same date and room type to hotel websites.

If hotels truly want to improve the effectiveness of their direct booking initiatives, then they need to start with the room rates. Hotels may have the best website that is optimised and makes use of pay-per-click with good SEO. The website may, therefore, be visited by prospective guests and have the optimal booking process, however, if guests are offered more expensive rates for rooms compared to what OTAs offer, then these initiatives may be futile. The priority should be for hotels to ensure they offer better or the same rates on their hotel website compared to their OTA distribution. Without better value offered on the hotel website, it is a challenge to expect guests to use the hotel website to make a booking, where direct booking initiatives may be implemented in vain.

5.4 Limitations to the study

The Covid-19 pandemic was a hindrance to the progression of this study as well as the response rate from hotels that fell within the scope of this study. The pandemic resulted in the temporary or permanent closure of a few hotels at the time of data collection. This resulted in hotels that were closed to be excluded from the study. The challenging business environment created by the pandemic placed tremendous strain on hotels who were often reluctant to participate in the research study during this trying time. This cause a few hotels that were open at the time of data collection, to not participate in this study. Many follow-up calls and emails were required to achieve the response rate of 70,37%.

The online questionnaire, sent via email, presents possible constraints to the study. Trust was an essential part of the process as the researcher did not conduct interviews in person. The researcher was dependent on the hotel to ensure the appropriate personnel completed the online questionnaire, however, the questionnaire clearly stated the personnel permitted to complete the online questionnaire (general manager, revenue manager, marketing manager or reservations manager), where this was validated by one of the questions in the online questionnaire. There had to be confidence in the hotels providing accurate information for the findings to be credible.

5.5 Further research potential

Further research could be conducted in the following areas:

- As this study focused on four- and five-star hotels in the Cape Town Metropole, future studies could include other graded hotels as well as hotels outside of Cape Town.
- This study referred to the challenges hotels experience in attempting to achieve rate parity due to OTA undercutting and the on-selling of rates between third parties. It

would be of interest to determine if guests are able to find cheaper rates on OTA platforms for hotels who implement a rate parity strategy in future studies.

- A case study could be conducted among hotels who receive the majority of their bookings through direct channels to determine the reasons why and establish if there is commonality between different hotel strategies in order to compile a direct booking guide for hotels from proven data.
- An investigation into incentives that appeals to guests and would encourage them to make use of a booking channel would be of interest to understand what persuades their decision making.
- Based on hoteliers' feedback, future research could investigate the current practices of different distribution channels and compare guests' reactions. A comprehensive analysis of the growth and potential of emerging distribution channels will also be useful.
- Future research could consider developing forecasting models that help hotel operators to optimize the revenues generated through different distribution channels.

5.6 Concluding remarks

After reviewing the literature in the existing body of knowledge and analysing respondent data, the study objectives have been realised.

It has been determined that four- and five-star Cape Town hotels consider growing direct bookings as a strategic objective. Hotels are receiving the majority of their independent traveller bookings from OTAs; however, the level of OTA and direct bookings are varied among respondent hotels.

While the majority of hotels consider their website as the most important channel to receiving direct bookings, the hotel website age, frequency of updating the hotel website content, and booking engine functionality are potential barriers to receiving direct bookings. The majority of respondents also feel that guests' book OTAs because of convenience and ease of use. The researcher also found that cheaper rates were available on OTA platforms for a number of hotels who claim to achieve rate parity. The majority of hotels offer an incentive on their website to promote direct bookings, as well as make use of paid advertising in the form of pay-per-click and/or metasearch, however, a minimal amount of hotels appears to be aware of the cost of acquisition for direct bookings. This makes it challenging to know the return on investment on direct booking initiatives.

While OTAs are vital partners to hotels to assist with exposure and the sale of rooms, hotels who receive the overwhelming majority of bookings from OTAs need to consider the growth of direct bookings as a strategic objective for their hotel.

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APPENDIX A: ONLINE QUESTIONNAIRE

Cape Peninsula
University of Technology

Hotels' strategic objectives regarding direct bookings at four-and-five-star hotels in the Cape Town Metropole

My name is David Heuvel, a master's student at the Cape Peninsula University of Technology, Faculty of Business and Management Sciences, conducting research into hotels' strategic objectives regarding direct bookings at four-and-five-star hotels in the Cape Town Metropole.

Thank you for taking the time to complete this questionnaire. The aim of this study is to determine if direct bookings are a strategic objective of four-and-five-star hotels, in the Cape Town Metropole. It will define the possible benefits of attracting direct bookings for hotels through cost reductions and relationship building with guests, along with ways to increase direct bookings.

The participation in this study is voluntary where all data received will remain strictly confidential.

This questionnaire is to be completed by either the hotel General Manager, Revenue Manager, Marketing Manager or Reservations Manager. One questionnaire to be completed per hotel, which should take between 10–15 minutes to complete.

*** Required**

SECTION A: Hotel Information

Kindly advise the hotel name (Please note the hotel name will only be known by the researcher, with all information remaining strictly confidential. All participants will remain anonymous. This is purely for follow-up purposes):*

Kindly provide your email address (Please note that your email address will only be known by the researcher, with all information remaining strictly confidential. All participants will remain anonymous. This is purely for follow-up purposes):

1. What position do you hold at the hotel?*

Mark only one oval.

- General Manager
- Revenue Manager
- Marketing Manager
- Reservations Manager
- Other: ______________________

2. What is your hotel's current star grading?*

Mark only one oval.

- Five Star
- Four Star
- Other: ______________________

3. How many rooms does your hotel have?*

Mark only one oval.

- Less than 20
- 21-50
- 51-100
- 101-150
- 151-200
- 201-300
- 301-400
- More than 400

4. Would you consider your hotel to be:*

Mark only one oval.

- Independent
- Part of a small group
- Part of a hotel chain
- Other: ____________________

SECTION B: Direct Bookings

5. Rank the order in which Independent traveller bookings are received from most to least in order of the volume of bookings received? (1 being the highest number of bookings and 6 being the smallest number of bookings):*

Mark only one oval per row.

	Own website	Telephonic	Tour Operator	Online Travel Agent (OTA)	Email	Walk-in
First choice						
Second choice						
Third choice						
Forth choice						
Fifth choice						
Sixth choice						

6. Select your percentage of Independent Travellers that book direct*

Mark only one oval.

- Less than 20%
- 20 - 39%
- 40 - 59%
- 60 - 79%
- More than 80%
- I do not know the volume of Independent Traveller direct bookings.

7. Growing direct bookings is a strategic focus for my hotel.*

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree						Strongly Agree

8. Do you currently have any loyalty programmes for guests at your hotel?*

Mark only one oval.

- Yes
- No

8.1. If you answered 'Yes' to question 8, please advise how it works? (E.g. are the rewards instant or accumulative? Is it a monetary reward or points system?)

8.2 If you answered 'No' to question 8, please advise why?

Hotel Website

9. What booking engine does the hotel use?*

Mark only one oval.

- SynXis
- Booking Button
- TravelClick
- Profitroom
- Net Affinity
- Bespoke
- Other: ____________

10. How old is your current website? (How long ago was it built?)*

Mark only one oval.

- Less than a year old
- Between one and two years old
- Between three and five years old
- More than five years old
- Other: ____________

11. My hotel website is managed*

Mark only one oval.

- Internally by dedicated personnel
- By head office
- By an outsourced supplier
- Other: ______________________

12. How often is your website content updated?*

Mark only one oval.

- More than once per week
- Once every two weeks
- Once per month
- Once per quarter
- Once per year
- Other: ______________________

13. My website is the most important channel for direct business.*

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree						Strongly Agree

14. Rank the booking process aspects, from 1 – 5, that needs to be improved most in order to receive more direct bookings via your own website? (1 needing the most improvement, 5 needing the least improvement).*

Mark only one oval per row.

	Own website design	Own website content	Booking engine functionality	Offers/rates on own website	Own website guarantees
First choice	⬭	⬭	⬭	⬭	⬭
Second choice	⬭	⬭	⬭	⬭	⬭
Third choice	⬭	⬭	⬭	⬭	⬭
Forth choice	⬭	⬭	⬭	⬭	⬭
Fifth choice	⬭	⬭	⬭	⬭	⬭

Digital Marketing

15. Does your hotel invest in meta search and pay-per-click marketing (PPC)? Select one. *

Mark only one oval.

- Only pay-per-click
- Only meta search
- Both pay-per-click and meta search
- The hotel does not make use of meta search and pay-per-click.

16. If you make use of pay-per-click and/or meta search, what is your monthly budget?*

Mark only one oval.

- R 15 000 or less per month
- More than R 15 001 per month
- More than R 30 000 per month
- More than R 50 000 per month
- More than R 80 000 per month
- The hotel does not make use of meta search or pay-per-click

17. Which channel offers the BAR (Best Available Rate) for your standard room when comparing today's availability? (Double occupancy, same room)*

Mark only one oval.

- My hotel website
- OTA
- Hotel website and OTA are the same

17.1 Kindly provide the reasoning behind your answer to question 17? (My hotel website, OTA, hotel website and OTA are the same).

18. Do you currently offer any incentive on your hotel website to guests that book directly with the hotel?*

Mark only one oval.

- Yes
- No

18.1 If you answered 'Yes' to question 18, kindly elaborate on the incentives?

Check all that apply.

- Discounts
- Loyalty points
- Value Adds
- Other

18.2 If you answered 'No', kindly advise why?

19. Do you know your current cost of acquisition percentage for direct bookings? (e.g. any marketing or third party costs as a percentage for direct booking revenue received)*

Mark only one oval.

- Yes
- No

19.1 If you answered 'Yes' to the above, kindly advise what the cost of acquisition is in percentage form?

SECTION C: Online Travel Agents

20. Which OTAs is the hotel listed with? Select as many relevant options being used.*

Check all that apply.

- [ ] Booking.com
- [ ] Expedia
- [ ] Agoda
- [ ] Hotel Beds
- [ ] Orbitz
- [ ] TravelGround
- [ ] Trivago
- [ ] Lekker Slaap
- [ ] SafariNow
- [ ] Other: ____________________

21. Which channel manager are you currently making use of? *

Mark only one oval.

- ( ) SynXis
- ( ) Siteminder
- ( ) Eres
- ( ) NightsBridge
- ( ) RoomRaccoon
- ( ) Rate Gain
- ( ) Other: ____________________

22. OTAs are a vital sales/distribution channel for my hotel.*

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree						Strongly Agree

23. Without OTAs I would not be able to maintain current occupancy levels.*

Mark only one oval.

	1	2	3	4	5	
Strongly Disagree						Strongly Agree

24. Select your percentage of Independent Traveller bookings that come via OTAs*

Mark only one oval.

- Less than 20%
- 20 - 39%
- 40 - 59%
- 60 - 79%
- More than 80%
- I do not know the volume of Independent Traveller bookings that come via OTAs.

25. Does your hotel have any initiatives planned to influence the figures in the question above (24)? *

Mark only one oval.

- Yes
- No

25.1 If you answered 'Yes' to the above, kindly advise how it works?

25.2 If you answered 'No', kindly advise why?

26. Over the past 5 years, my hotel bookings via OTAs has: (select the most relevant option)*

Mark only one oval.

- Increased
- Decreased
- Stayed the same
- I do not know

27. Why do you feel guests' book via OTAs?*

APPENDIX B: PILOT STUDY

Online Questionnaire:

My name is David Heuvel, a Cape Peninsula University of Technology, Faculty of Business and Management Science, Master's student doing research into hotels' strategic objectives regarding direct bookings at four-and-five-star hotels in the Cape Town Metropole.

Thank you for taking the time to complete this questionnaire. The aim of this study is to determine if direct bookings are a strategic objective of four-and-five-star hotels, in the Cape Town Metropole. It will define the possible benefits of attracting direct bookings for hotels, through cost reductions and relationship building with guests, along with ways to increase direct bookings. Hotels that fit the scope of this study will be four-and-five-star hotels, as per the Tourism Grading Council of South Africa, in the Cape Town Metropole.

This questionnaire is to be completed by either the hotel General Manager, Revenue Manager, Marketing Manager or Reservations Manager. One questionnaire to be completed per hotel.

Section A

1. What position do you hold at the hotel?	
General Manager	☐
Revenue Manager	☐
Reservations Manager	☐
Marketing Manager	☐
Other (open field)	☐

2. What is your hotel's current star grading?	
Four star	☐
Five star	☐

3. How many rooms does the hotel have?	
Less than 20 rooms	☐
21 – 50 rooms	☐
51 – 100 rooms	☐
100 – 150 rooms	☐
151 – 200 rooms	☐
201 – 300 rooms	☐
301 – 400 rooms	☐
More than 400 rooms	☐

4. Would you consider your hotel to be:	
Independent	☐
Part of a small group	☐
Part of a hotel chain	☐
Other (open field)	☐

Section B: Direct Bookings

5. Rank the order in which FIT bookings are received from most to least in order of the volume of bookings received?	
Own website	1
Telephonic	2
Tour Operators	3
Online Travel Agent	4
Email	5
Walk-In	6

6. Statement: **Growing direct bookings is a strategic objective for my hotel.** (Please cross one box only)	1. Strongly Disagree	2. Disagree	3. Agree	4. Strongly Agree

7. Do you currently have any loyalty programmes for guests at your hotel?	
Yes	☐
No	☐

Hotel Website

8 What booking engine does the hotel use?	
SynXis	☐
Booking Button	☐
Eres	☐
NightsBridge	☐
Travel Click	☐
Sabre	☐
Bespoke	☐
Other (open field)	☐

9. How old is your current website? (How long ago was it built?)	
Less than a year ago	☐
Between one and two years old	☐
Between two and five years old	☐
More than five years old	☐
Other (open)	☐

10. My hotel website is managed	
Internally by dedicated personnel	☐
Head office	☐
Outsourced (supplier)	☐
Other (open)	☐

11. How often is your website content updated?	
More than once per week	☐
Once every two weeks	☐
Once per month	☐
Once per quarter	☐
Once per year	☐
Other (open)	☐

12. Statement: **My website is the most important channel for direct business.** (Please cross one box only)	1. Strongly Disagree	2. Disagree	3. Agree	4. Strongly Agree

13. Rank the aspects, from 1 – 6, of the booking process that needs to be improved most in order to receive more direct bookings via your own website? (1 being most important, 6 being least important).	
Own Website design	1
Own Website content	2
Booking engine functionality	3
Offers/rates on own website	4
Own website guarantees	5
Other (open field)	6

Digital Marketing

14. Does your hotel invest in metasearch and pay-per-click marketing (PPC)? Select one.	
Only PPC	☐
Only Meta Search	☐
Both PPC and Metasearch	☐
The hotel does not do either	☐

15. If you make use of pay-per-click and/or metasearch what is your monthly budget?	
R15 000 or less per month	☐
More than R 15 000 per month	☐
More than R 30 000 per moth	☐
More than R 50 000 per month	☐
More than R 80 000 per month	☐
The hotel does not do either	☐

16. Which channel offers the BAR (Best Available Rate) for your standard room when comparing today's availability? (double occupancy, same room).	
My hotel website	☐
OTA If OTA, please advise which OTA is used and why?	☐

17. Do you currently offer any incentive on your hotel website to guests that book directly with the hotel?	
No	☐
If Yes, please advise which incentives are offered?	☐

18.Do you know your current cost of acquisition for receiving direct bookings?	
No	☐
If Yes, please advise in percentage form?	☐

Section C: Online Travel Agents

19.Select which OTAs you are listed with.	
Booking.com	☐
Expedia	☐
Agoda	☐
Hotel Beds	☐
Orbitz	☐
TravelGround	☐
Trivago	☐
Lekker Slaap	☐
SafariNow	☐

20. Which channel manager are you currently making use of?	
SynXis	☐
Siteminder	☐
Eres	☐
NightsBridge	☐
RoomRaccoon	☐
Sabre	☐
Rate Gain	☐
Other (open field)	☐

21. Statement: **OTAs are a vital sales/distribution channel for my hotel.**	1. Strongly Disagree	2. Disagree	3. Agree	4. Strongly Agree

22. Statement: **Without OTAs I would not be able to maintain current occupancy levels.**	1. Strongly Disagree	2. Disagree	3. Agree	4. Strongly Agree

23. Select your percentage of FIT bookings that come via OTAs.	
Less than 20%	☐
20 – 39%	☐
40 – 59%	☐
60 – 80%	☐
More than 80%	☐

24. Does your hotel have any initiatives planned to influence the figures mentioned in the above?	
Yes	☐
No	☐

24.1. Please explain briefly what initiatives are planned if you answered yes to question 24?

25. Over the past 5 years, my hotel OTA business has: (select the most relevant option)	
Increased	☐
Decreased	☐
Stayed the same	☐

26. Why do you feel guests' book via OTAs?

APPENDIX C: PERMISSION TO CONDUCT RESEARCH

Date:

Hotel Consent Letter

Researcher name: David Heuvel (email address)

Student Number:

Supervisor: Desré Draper (email address)

MTech in Tourism and Hospitality Management

To Whom It May Concern,

We the (Hotel Name) are willing to participate in this research study. The researcher is granted permission to engage with the hotel where the hotel will provide the necessary information to answer the questions presented in the form of an online questionnaire.

The online questionnaires will be sent to one member of staff as delegated by the General Manager and will be completed by either the General Manager him/herself, Marketing Manager, Revenue Manager or Reservation Manager.

The researcher is to treat the questionnaire and data with integrity where the hotel name along with the personnel involved will remain anonymous. The hotel, along with the personnel, reserve the right to withdraw from the research at any stage.

Hotel Name: ________________________

Name and designation: ________________________

Signature of respondent: ________________________

Date: ________________________

APPENDIX D: ETHICAL CLEARANCE CERTIFICATE

Cape Peninsula
University of Technology

P.O. Box 1906 • Bellville 7535 South Africa •Tel: +27 21 4603291 • Email: fbmsethics@cput.ac.za
Symphony Road Bellville 7535

Office of the Chairperson **Research Ethics Committee**	**Faculty:** **BUSINESS AND MANAGEMENT SCIENCES**

The Faculty's Research Ethics Committee (FREC) on **28 April 2020**, ethics **Approval** was granted to **David Heuvel (208131043)** for a research activity for **M Tech: Tourism and Hospitality Management** at Cape Peninsula University of Technology.

Title of dissertation/thesis/project:	**HOTELS' STRATEGIC OBJECTIVES REGARDING DIRECT BOOKINGS AT FOUR-AND-FIVE-STAR HOTELS IN THE CAPE TOWN METROPOLE** Lead Supervisor (s): D Draper/ I. Banoobhai-Anwar

Comments:

Decision: Approved

	28 April 2020
Signed: Chairperson: Research Ethics Committee	**Date**

APPENDIX E: EDITING CERTIFICATE

2 April 2022

DAVID HEUVEL
Faculty of Business and Management Sciences
Cape Peninsula University of Technology
Cape Town

RE: CERTIFICATE – EDITING OF MASTER'S THESIS

I, the undersigned, herewith certify that the editing of the Master's thesis of David Heuvel, *"HOTELS' STRATEGIC OBJECTIVES REGARDING DIRECT BOOKINGS AT FOUR- AND FIVE-STAR HOTELS IN THE CAPE TOWN METROPOLE"*, has been conducted and concluded.

The finalised thesis was submitted to Mr Heuvel on 2 April 2022.

Sincerely

AJordaan

Professor Annelie Jordaan
DTech: Information Technology
Ph: 065 990 3713

Member: SATI 1003347

South African Translators' Institute (SATI)

APPENDIX F: TURNITIN REPORT

Turnitin Originality Report

Processed on: 10-May-2022 16:54 SAST
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HOTELS' STRATEGIC OBJECTIVES REGARDING DIRECT... By David Heuvel

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