Building E-Loyalty of Lodging Brands: Avoiding Brand Erosion

Brian Miller

SUMMARY. In the early days of the Internet, lodging Websites used the principle of “if we build it they will come.” However, with the proliferation and growth of travel Websites and consumers’ willingness to book hotel arrangements online, hotel-owned Websites are not capturing the same share of room bookings as achieved through offline distribution channels. Using proprietary Websites to attract, satisfy, and ultimately retain loyal e-consumers will become more critical in maintaining a competitive advantage in a marketplace being dominated by online travel agencies. This paper describes the importance of building e-consumer’s loyalty through the proprietary Websites of lodging brands. This paper explores hotel-owned Websites’ search engine exposure and salient factors that should be considered by the developers of hotel-owned Websites to positively impact e-loyalty of e-consumers. A framework for future empirical exploration is proffered. [Article copies available for a fee from The Haworth Document Delivery Service: 1-800-HAWORTH. E-mail address: <docdelivery@haworthpress.com> Website: <http://www.HaworthPress.com> © 2004 by The Haworth Press, Inc. All rights reserved.]

KEYWORDS. E-consumer loyalty, hotel proprietary Websites, travel industry intermediaries, e-consumer satisfaction, hotel-owned Websites

INTRODUCTION

In 1999, Bear Sterns reported that the Internet would be the best thing since the toll free telephone call for the lodging industry (Greenspan, 2003a). However, this premise has been hotly debated as being wrong (Starkov, 2002; Stock, 2003; Bergen, 2003; & Welch, 2003). What has proven to be accurate is that the convenience of the Internet has lured travelers to search online when making travel plans and this shift has resulted in significant gains for online travel agencies such as Expedia, Travelocity, and Orbitz. In April 2003, these online travel agencies brought 8.7, 7.2, and 6.6 million visitors to their sites respectively (Greenspan, 2003a). While these e-travel agent sites have grown, in e-consumer visitation (looker behavior), bookings, and ultimate satisfaction, this has not been the case for Websites owned and operated by lodging brands. Top ten ratings of e-consumer satisfaction with travel Websites, compiled by Nielsen Net ratings, do not include any proprietary Websites of lodging brands. The top ten included eight airlines as well as the travel

Brian Miller is Assistant Professor, Hospitality IT, Hotel, Restaurant and Institutional Management, University of Delaware, Newark, DE 19716 (E-mail: blm@udel.edu).


http://www.haworthpress.com/web/TTIM
© 2004 by The Haworth Press, Inc. All rights reserved. Digital Object Identifier: 10.1300/J073v17n02_11
intermediaries Expedia and Travelocity (Pastore, 2001). Nielsen Net Ratings also projects that 57 percent of e-consumers researched for lodging online compared to 52 percent who research for air travel online (Greenspan, 2003a) suggesting that e-consumers, if given the appropriate enticement, would visit and book more rooms with hotel-owned branded Websites.

In 2002, hotel bookings on the Internet, at $6.4 billion, accounted for roughly nine percent of total hotel room bookings (PhoCus Wright, 2003). This growth in online hotel reservation is forecasted to continue unabated and is expected to rise to $14.8 billion (Greenspan, 2003a). However, hotel-owned Websites are steadily losing ground to online travel agencies or intermediary travel Websites. Between 1999 and 2002, hotel-owned Websites have gone from capturing 57% to 51% of total online hotel room bookings (Starkov & Price, 2003; Greenspan, 2003b). Additional stress to hoteliers’ profits is created in the average room rate that the hotels receive through the various online distribution channels. The average room rate booked directly at the hotel’s Website is approximately $110.00 compared to $76.80 offered at travel intermediary Websites (Starkov, 2002).

Discussions occurring in the lodging industry about what has gone wrong with the industry’s failure to capitalize on the direct sales opportunity provided via the Internet conclude that a lack of understanding of the phenomenon of online distribution and limited efforts to identify the impact of the Internet on e-consumer purchasing behavior, resulting in the slow adoption by hoteliers to leverage the Internet as a distribution medium have contributed to the predicament that lodging brands are currently facing (Starkov, 2002). Hoteliers realizing the need to capitalize on the power of the Internet are now under pressure to define viable frameworks for improving their proprietary Websites. This research note examines the challenges facing proprietary lodging Websites in an environment of declining market share of online room reservations through their Websites. The paper concludes with the discussion on developing a framework and identifying salient factors that can be deployed by hotel-owned Websites to impact e-consumer loyalty positively.

THE E-COMMERCE OF HOTEL ROOMS

In 1996, KPMG Peat Marwick maintained that the Internet would provide significant opportunities for hotel companies to extend a “brand lock” on the consumer (KPMG, 1996). By 2000 most hotel organizations had agreed with this position and were placing hotel room inventory online for consumers to access through their Websites. However, as Burns (2000) noted, too many organizations only paid attention to updating and managing the sites during slow occupancy periods. Unfortunately, this failed strategy of managing the potential for electronic distribution through proprietary lodging brand Websites has led to a continued slippage in the conversion of room sales when compared to online travel agents and third-party Websites (PhoCus Wright, 2003).

Since the explosion of the Internet as a marketing tool, the lodging industry has struggled with the implications of travelers booking rooms online (Greenspan, 2003b; Marta, 2002b; McAuliffe, 2003; O'Connor, 2003; PhoCus Wright, 2003). The Internet as a medium for the distribution of rooms has changed the environment for consumers as well as the hotel industry. In the pre-Internet environment there was information scarcity with respect to who had access to hotel inventory (Frank, 1997). Today, the marketplace has evolved into an information democracy where anyone with access to the Web can receive, use, and diffuse information. Lodging organizations are therefore finding it more difficult to control their inventory and to sustain a competitive advantage with their branded Website. One result of this greater access to information awarded to customers is that they have become more empowered than they were prior to the advent of the Internet (Ostrom & Iacobucci, 1995). Customers can more easily initiate and control information, thus altering the traditional supply and demand balance. Moreover, with the astonishing amount of information provided by different travel sites, consumers are spending more time browsing the Internet in search of
relevant information and competitive prices (Stock, 2003). Consequently, in a world where information overload is substituting for information shortage, customers are weakening the traditional buyer-seller relationship (Frank, 1997).

Between the years 1991 and 2000 the demand for hotel rooms increased by 22.9 percent, while supply of rooms during the same period increased by 22.8 percent (Smith Travel, 2001) indicating that the demand for hotel rooms has only matched the pressure from the increase supply of rooms in the marketplace. The phenomenon of the increased access of information to consumers through the development of the Internet as a distribution strategy however, has not resulted in a significant increase in the demand for hotel room nights. In contrary, it has resulted in a shift of power from the supplier (hotels) to the consumer (Stock, 2003).

On the flip side, the advances of the Internet and Web technologies have expedited the development of e-commerce in the sale of hotel rooms. Travel start-up Websites have developed new business portals and provided the marketplace with larger inventories of rooms thereby expanding their markets and creating greater business opportunities (Pastore, 2001). However, the exponentially increasing information, consumer control, along with the rapid expansion of e-businesses have created a situation in which hotel operators are losing control of their room inventory. E-consumers’ access to this information coupled with hoteliers’ inability to provide competitive information on their own Websites is resulting in a larger supply of rooms being sold through travel intermediaries with higher distribution costs and at lower average room rates for lodging organizations (Marta, 2002a; PhoCusWright, 2003). As the number of channels for the distribution of hotel rooms online escalated hoteliers embraced this new distribution channel as a way to sell off dead inventory. However, the results of this strategy are leading hoteliers to feel that these new distribution modes have resulted in losing control of their hotel room inventory (McAuliffe, 2003).

Of the four primary distribution channels utilized in the lodging industry with respect to transaction cost, traditional travel agent ($13.50), online travel agent ($10.50), central reservation system (CRS) ($8.50), and hotel proprietary Website ($1.50), the least expensive channel available to the industry is through the lodging brand’s proprietary Website. The variance between selling hotel rooms through a traditional travel agent (most expensive) and selling it through the lodging brand’s Website is approximately $12 per transaction (Starkov, 2002). Similarly, after collecting room rates from Internet Websites of the 25 largest international hotel chains and four intermediary Websites, Expedia, Travelocity, TravelWeb, and WorldRes for selected dates, O’Connor (2003) reported that the mean room rate quoted from hotels’ proprietary Websites was $159 compared to $152 from Expedia. Moreover, when the hotels’ central reservation system (CRS) was called by phone the mean rate received was $163. It appears that hoteliers are discounting room rates offered on their brand’s Website as compared to those rates quoted off the CRS reflecting a savings from the lower transaction cost. However, when compared to third-party travel intermediaries the lodging brand’s Website was higher.

Additional pressure on room rates has been the adoption by online intermediaries of the merchant model. In utilizing the merchant model, intermediaries purchase large blocks of distressed rooms from hoteliers at deep discounts and are reported to sell them at 15 to 30 percent higher to the e-consumer (Marta, 2002b; PhoCusWright, 2003). This practice is providing record profits from Expedia and others, while hoteliers are struggling to survive (Starkov, 2002). Using the Internet to distribute hotel rooms has several other negative consequences for hoteliers, which include but are not limited to increasing the cost of distribution, reducing average room rates resulting in a degradation of the lodging brand’s pricing integrity, and no significant expansion in the demand for hotel rooms.

**HOTEL-OWNED WEBSITES RECEIVE LIMITED EXPOSURE ON MAJOR SEARCH ENGINES**

Before hotel proprietary Websites can begin to significantly make an impact on reduc-
ing the slide in market share of online room sales from third party travel sites they must identify and understand e-consumer search behavior. Windham and Orton (2000) found that 80 percent of respondents or Internet users in their study expected to turn to the Internet more often than current practice for making online purchases. More importantly, sixty-five percent regularly visited a search engine to begin their Internet search activities with travel purchases among the tenth most popular product purchased online. However, there has been mixed messages as to how e-consumers and e-businesses can maximize their efforts and expand their capture rate in the online market respectively. Greenspan (2003a) found that 56% of Internet users give up their search before going past the second page of search engine results. Moreover, over a quarter will move onto another search engine site before refining their keywords. Even with the potential of creating a competitive advantage through the development of proprietary brand Website, hotel companies have missed opportunities to generate traffic on their branded Websites by not considering a strategy to improve their Website visibility in search engines (CyberAtlas, 2001b).

To further examine this concept this author conducted an exploration of finding proprietary lodging brand Websites through search engines using intuitive keywords. After identifying the top seven search engines being used by e-consumers in 2003, this researcher ran a search using keywords to identify how e-consumers can easily locate hotels for booking rooms online. The seven most popular search engines used today in order of their popularity are Google, AllTheWeb, Teoma, Yahoo, AltaVista, MSN, and Lycos (CyberAtlas, 2001a). For each search engine, a common keyword was used to identify the results of hotel proprietary Websites returned from the search. Four keywords were used and included “hotel,” “hotels,” “lodging” and “travel.” Tables 1 and 2 present the results from each of the seven most popular search engines when using “hotel” (Table 1) and “hotels” (Table 2). When using “hotel” as the keyword Yahoo returned the most proprietary lodging Websites in the first two pages with 15 out of 40 links. AllTheWeb and MSN returned only four and six proprietary lodging Website links respectively within the first two pages. Similar results occurred when using the keyword “hotels.” Surprisingly, when the keyword used was “lodging” only Teoma (12) and MSN (6) returned any links to proprietary Websites. The results were even more discouraging for proprietary lodging Websites when using the keyword “travel” which resulted in no hotel-owned Websites found in the search results within the first two pages. It seems clear that one part of the Internet strategy that lodging brands need to address to overcome the lack of market share in online room bookings is to get more exposure with the popular search engines when using intuitive keywords.

When searching under the keyword “travel,” Expedia and Travelocity came up within the first two non-sponsored listings in each of the seven most popular search engines. Given the current state of affairs, e-consumers in search of hotel rooms on the Internet may very well find that using third party travel agents represents the most efficient search strategy in terms of time and cost. Hotel-owned Websites must begin developing a better strategy to position their Websites on Internet search engines to drive customers to their Websites. Conventional wisdom seems to contend that a large section of the e-commercial marketplace gravitates toward the sites that listed in their searches and ultimately purchase rooms online based on price alone (Starkov, 2002).

EMERGING HOTEL STRATEGIES

The marketplace is beginning to see evidence that hoteliers are attempting to take back control of their room inventories. Marta (2002a) suggests that hotel companies are being careful when directing activities toward their online sales efforts. However, a select few hotel brands are taking an aggressive approach. Recently, several hotel companies have announced e-commerce initiatives that guarantee e-consumers that the lowest Internet price at their hotels will be found on their proprietary Website. These promotions are a direct effort to increase the percentage of direct sales of hotel rooms purchased online toward those being achieved off-line.
Wyndham spent $4 to 5 million on upgrading their Website to include faster connections and technology to build repeat customer relationships. Additionally, they have rolled out a program, Wyndham.com WEBRATES, which guarantees e-consumers the lowest available Wyndham rate found on the Internet. With the new Webmatch Guarantee, if e-consumers find a lower Wyndham rate for the same property on another Website, Wyndham will match it (Wyndham Hotels and Resorts, 2003).

InterContinental Hotels Group is seeing an 80 percent increase in Internet revenue after their launching of “The Lowest Internet Rate Guarantee.” InterContinental Hotels Group proclaims to be the first hotel company to offer Web bookings more than eight years ago. The hotel company is reporting that their lowest Internet rate guarantee is proving to be a win-win-win situation for their customers, the individual hotels and for InterContinental Hotels Group. The company contends that since the launch of the “Lowest Internet Rate Guarantee” program, more people are booking direct on their Website than ever before. InterContinental Hotel Group, whose brands include the InterContinental, Holiday Inn, Holiday Inn Express, Crowne Plaza and Staybridge, ensures that guests can book with confidence the confidence that they will always get the best available rate, that their reservation will be there when they arrive, and that their security and privacy are always protected (InterContinen-
### Table 2. Web Search Results When Using Keyword Hotels

<table>
<thead>
<tr>
<th>Search Engine</th>
<th>AlltheWeb</th>
<th>Teoma</th>
<th>Yahoo</th>
<th>Altavista</th>
<th>MSN</th>
<th>Lycos</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hilton</td>
<td>Hyatt</td>
<td>Marriott</td>
<td>Hyatt</td>
<td>Days Inn</td>
<td>Country Inn &amp; Suites</td>
<td>Hyatt</td>
</tr>
<tr>
<td>Marriott</td>
<td>Radisson</td>
<td>Hilton</td>
<td>Radisson</td>
<td>Hilton</td>
<td>Marriott</td>
<td>Radisson</td>
</tr>
<tr>
<td>Hyatt</td>
<td>Sheraton (Starwood)</td>
<td>Radisson</td>
<td>Sheraton</td>
<td>Marriott</td>
<td>Days Inn</td>
<td>Sheraton</td>
</tr>
<tr>
<td>Radisson</td>
<td>InterContinental</td>
<td>Ramada</td>
<td>Hilton</td>
<td>Radisson</td>
<td>Ramada</td>
<td>InterContinental</td>
</tr>
<tr>
<td>Sheraton (Starwood)</td>
<td>Westin (Starwood)</td>
<td>Wyndham</td>
<td>Westin (Starwood)</td>
<td>Sheraton</td>
<td>Motel 6</td>
<td>Doubletree</td>
</tr>
<tr>
<td>Westin (Starwood)</td>
<td>Starwood</td>
<td>Hyatt</td>
<td>Marriott</td>
<td>Ramada</td>
<td>Hyatt</td>
<td>Westin (Starwood)</td>
</tr>
<tr>
<td>InterContinental</td>
<td>Wyndham</td>
<td>Holiday Inn</td>
<td>Fairmont</td>
<td>Holiday Inn</td>
<td>Starwood</td>
<td></td>
</tr>
<tr>
<td>Fairmont</td>
<td>InterContinental</td>
<td>Westin (Starwood)</td>
<td>Starwood</td>
<td>Concorde</td>
<td>Wyndham</td>
<td></td>
</tr>
<tr>
<td>Omni</td>
<td>Sheraton</td>
<td>Six Continents</td>
<td>Fairmont</td>
<td>InterContinental</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Holiday Inn</td>
<td>Days Inn</td>
<td>Wyndham</td>
<td>Starwood</td>
<td>Omni</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loews</td>
<td>Renaissance</td>
<td>Omni</td>
<td>Holiday Inn</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comfort Hotels &amp; Suites</td>
<td>Holiday Inn</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Four Seasons</td>
<td>Renaissance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Crowne Plaza Hotels</td>
<td>Omni</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fairmont</td>
<td>Wyndham</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Starwood</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:** There are 69,000,000 links found when searching “hotels” under Google search engine. There are 33,520,645 links found when searching “hotels” under AlltheWeb search engine. There are 11,890,000 links found when searching “hotels” under Teoma search engine. There are 61,800,000 links found when searching “hotels” under Yahoo search engine. There are 14,408,569 links found when searching “hotels” under Altavista search engine. There are 122,152 links found when searching “hotels” under MSN search engine. There are 40,871,865 links found when searching “hotels” under Lycos search engine.

...tal Hotel Group, 2003). Since launching the Internet guarantee in May 2002, the InterContinental Hotel Group’s Websites booked more than $3 million in a single day (InterContinental.com, 2003).

Cendant Corporation’s hotel group has also announced a best available rate guarantee that promises to provide online customers with the lowest rates available anywhere on the Internet for its Days Inn, Super 8, Ramada, Travelodge, Howard Johnson, Knights Inn, Villager, Wingate Inn and AmeriHost Inn hotel brands. Under the guarantee, if customers find lower published rates for any of their hotel properties in the United States and Canada through any other online travel site, they will receive the lower rate plus an additional 10 percent discount. Rudnitsky, CEO of Cendant’s hotel group, states “As the world’s largest hotel franchisor, we are committed to ensuring our customers’ trust and confidence in our brands. With the best available rate guarantee, our customers will get the best deals as well as quick, convenient service through our branded Websites” (Cendant Corporation, 2002). How effective these pricing strategies prove to be will be determined in the future, however, hotelier strategies should go beyond competition with the intermediary Websites, they must incorporate strategies that are gleaned from re-
search findings to create an experience for the consumer which will build e-commerce loyalty to their brand, thus averting their product from becoming a commodity.

**CONSUMER E-LOYALTY**

Building e-consumer loyalty will be vital to the success of hotels in reversing the trend of losing market share in the online room booking market and reducing distribution costs. Without motivating e-consumers to their proprietary Websites, hoteliers have limited opportunities to present their value proposition to the consumer and will be left to compete online solely on price. Therefore, consideration should be given to identifying strategies for increasing consumer e-loyalty with hotel proprietary brand Website.

Customer loyalty may be defined as the propensity of the consumer to hold an approving disposition toward a brand or company, which is exhibited through a sustained commercial relationship over time with a brand or company. Srinivasan, Anderson, and Ponnavolu (2002) defined e-loyalty as a “customer’s favorable attitude toward the e-retailer that results in repeat buying behavior” (p. 42). One factor that hotel companies need to hone in on is whether consumer loyalty has any relationship to consumer’s price sensitivity (Krishnamurthi & Raj, 1991; Mela, Gupta & Lehmann, 1997; Wernerfelt, 1991). Researchers that have addressed this topic have generally found that increases in consumer loyalty does reduce consumer’s sensitivity to price as well as permitting businesses to charge a premium over existing competitors and serving as a defense against lower-priced emergent competitors (Krishnamurthi & Papatla, 2003). Both of these assertions lend credence to the argument that hoteliers can positively impact the capture rate of online room bookings as compared to third party travel sites.

Srinivasan et al. (2002) identified seven factors that were found to be important to e-consumers while conducting commerce with retailers electronically. These factors have an impact on e-loyalty of e-consumers when visiting e-retailers’ Websites. The eight factors that were deemed to be important on e-retailers’ Websites were customization, contact interactivity, care, community, convenience, cultivation, choice, character, and trust. An eighth factor has already been described and that is trust. A brief discussion of each follows.

**Customization**

Customization relates to the ability to provide individualized products or services through flexible processes. Customization of the online hotel room purchase experience must allow for the consumer to change and direct the interface of the Website to better meet their needs. This would include identification of the e-consumer on return visits, multiple search strategies, variable options for delivery of search results, production and retrieval of travel itineraries, and multiple methods of payment for services. Other benefits derived by providing more customization for the e-consumer are increased perception of choice (Shostak, 1987), reduced confusion (Lidsky, 1999), and improved conversion from search to purchase (Ostrom and Iacobucci, 1995).

**Contact Interactivity**

To stimulate interest in the lodging brand’s Website it is important that the e-consumer can structure their search in a manner that is intuitive and relevant. Too often hotel Websites are created with the organization’s or programmer’s perspective. Website interactivity has the ability to bring together sales, service, and support effort of the hotel organization online because it is driven by the e-consumer. It requires integration between legacy brick and mortar systems and e-commerce communication systems. LaMonica (1999) writes that the value of interactive Web-based sites increases almost exponentially as they are integrated into other service channels.

**Care**

Efforts should be made by proprietary lodging Websites to communicate with the e-consumer during the pre- and post-purchase phase (Srinivasan et al., 2002). Collaborative e-commerce software tools should be considered as will allow the organization to interact online
with potential customers as well as current and past customers in a real time manner.

Community

Hagel and Armstrong (1997) and Frank (1997) suggest that building virtual communities promote the advantages of word-of-mouth advertising strategies and provide for an opportunity to compare information regarding e-consumers’ experiences respectively. Since 1997 the development of virtual communities has been seen by marketing and advertising worlds and the future to mass customization. In travel and tourism, the industry has attempted to create a “virtual plaza” where e-consumers could congregate and share information while carrying out their travel related e-purchases. Wang, Yu, and Fesenmaier (2002) suggests that there are operational issues that must be considered when setting up virtual communities. These surround the people, purpose, policy, and computer systems that are to be used.

Cultivation

The characteristic of the business transaction of reserving a room in the hotel provides lodging organizations with robust collection of consumer information. By utilizing this information lodging organizations can build e-consumer relationships that enhance the experience for the guest and provide opportunities to guide them through the purchasing experience. The traditional means for cultivating customers is to offer points for each room booked. These points are kept by the traveler and can be redeemed for prices and/or savings on future planned stays. Once an e-consumer has visited the Website, successful hotel Websites can begin to a carefully developed strategy to turn lookers into booker. Creating this experience for the e-consumer should not be seen as unnecessary, time-consuming, and burdensome.

Choice

Bergen, Dutta, and Shugan (1996) suggest that there are costs to the e-consumer when searching across multiple vendors. Their research found that shopping with vendors that offer multiple product lines reduce the cost of inconvenience to the e-consumer and that those vendors who appear to offer greater choice will garner improved e-loyalty.

Character

The Website of the lodging brand should be more than a brochure of the collection of hotel properties. It should be designed to reflect the image that the organization wishes to portray in the marketplace. By keeping the site fresh and updated with relevant e-consumer information, hotels can use the Website to not only promote the sale of rooms but also to create an important resource for travel information that goes beyond their facility.

Trust

Developing e-loyalty in a virtual environment and moving the e-consumer from a browser to electronic commerce require an essential prerequisite: trust (Papadopoulou, Andreau, Kanellis, & Martakos, 2001). Much more research into this dynamic component is needed to be learned before Website developers will truly know how to approach this factor. Additionally, as encoding software becomes more powerful and trusted in the marketplace, the mechanics of securing data electronically should become more routine. However, regardless of the technical merits required to secure customer data, hoteliers must apply ethical practices in the sale and delivery of their product. Practices of overstating property characteristics, hidden charges, and confusingly worded promotions will further exacerbate the challenge of promoting trust to e-consumers.

CONCLUSION

The e-commerce of hotel rooms will see double-digit growth into the foreseeable future. Hotel-owned Websites have seen a decline in market share of converting lookers to bookers against their online travel agents and third-party travel Websites. In addition to online booking of hotel rooms at proprietary hotel brand Websites at a slower rate than offline proprietary channels, hoteliers are faced with
an increase in distribution costs and a decrease in realized average daily rates (Starkov, 2002). The hotel industry will need to gain confidence in the prudence of this strategy through the efforts of research conducted by academics in the field of travel and tourism marketing. Research should help to construct a clearer picture of e-consumer behavior and identify actionable strategies for proprietary lodging brand Websites developers to capture and retain more online hotel room sales.

Potential research topics include: (1) An empirical review of reported factors that prior research have identified as salient in the development of e-loyalty. Survey instruments should collect information from e-consumers of lodging proprietary Websites. This type of research will provide greater precision as to the extent that e-consumers of hotels products expect when conducting e-commerce of hotel products. (2) Compare retail trends of other retail goods (such as books and music), which have been dramatically altered by consumers’ attraction to using the Internet purchasing these productions online. These efforts may lead to identifying similar themes and strategies that are applicable to those found in the change and growth of how consumers are purchasing hotel rooms. For example, airlines have been quick to accept the potential of direct sales of seats in an online environment (Bergen, 2003). This type of research could identify what element(s) were in place to produce this phenomenon. (3) Conduct qualitative research of decision makers in lodging organizations to identify long-term strategies for the distribution of their room inventory. How are the leaders in the lodging industry framing the problem of declining market share in online bookings, increasing distribution costs and the reduction of average room rates? What effect are these strategies impacting the challenges being faced by the hotel industry of flat hotel demand, lower average room rates, and lower occupancy? Further exploration along these lines will identify if specific Internet distribution strategies transcend service level products. (4) Through the use of the case study research method, researchers should identify hoteliers that are achieving higher direct online room bookings than the average proprietary lodging Websites. Through this research salient factors can be identified and verified with traditional consumer loyalty research to determine any variation with those that are found to be significant in moving the consumer toward e-loyalty of similar products purchased online. Completing an analysis of these successful proprietary lodging Website designs will provide information toward improving e-consumer visitation and satisfaction. Conducting auxiliary analysis of findings, which compare results to a similar evaluation of e-travel agents and online third-party travel sites, could expand this line of research.

Developing hotel proprietary Websites that build e-consumer loyalty for their brands should foster reestablishing the hotel organization’s control of room inventory, which will ultimately have a positive effect on room rates and reduce distribution costs while cultivating e-consumer loyalty toward their hotel brands.

REFERENCES


LaMonica, M. (November, 1999). Putting together the interactively puzzle. Infoworld, 21(44), 35.

Lidsky, D. (October 5, 1999). Getting better all the time: Electronic commerce sites. PC Magazine, 98.


