Online Travel Retail Site Usage And Generational Differences When Using Sites To Plan A Leisure Vacation

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Abstract

The growth of online travel agencies has modified how consumers explore possible vacation choices by allowing greater access to the travel and tourism supply chain. This growth also empowers potential travelers to be more discerning when purchasing travel products and services by giving them the opportunity to align their preferences (i.e., price, value, amenity, etc.) with the multiple product offerings available to them via online travel retail sites. This research explores a visitor's frequency of using online travel sites when planning a leisure vacation and if similarities exist in how frequently these sites are used in the planning process. It also examines if generational differences exist in utilizing these sites. The factor analysis showed that 10 types of online travel sites can be categorized into two factors, and the ANOVA indicated that site frequency usage differs by generation. These findings can be beneficial to both managers of online travel sites and direct suppliers of travel products.

Keywords: Online Travel Agencies, Tourism, Marketing

Introduction

In the last decade the internet has exploded with a plethora of online sites that directly sell travel and tourism services and products to consumers. These sites sell products not only directly from hotels or airlines, but also from intermediary channels and online travel agencies (OTAs). The evolution of onsite travel retail has disrupted the traditional supplier direct market whereas consumers perceive they have greater choice in product or service searches because of the multitude of site options. The supplier direct channel has responded by increasing its web presence, most recently by implementing sites that organize multiple direct suppliers within one site location. Roomkey.com is an example of a collaboration of hotel direct suppliers that is intended to regain its market lost to OTAs (Mandigo, 2012). As online competition for the travel consumer progresses among travel and tourism service providers, consumers benefit by having a broader view of travel products and services available for purchase, and the ability to compare products.

However, not all potential travelers may use online travel sites in similar fashion. Much consumer research has been recently focused on the demographic market shift occurring as the generations age. As the exponential growth of online travel retail has been occurring, the natural aging of the Baby Boomer, Generation X, and Millennials affects the travel and tourism market and its online market channel strategies. Researchers have recently been focusing on these generational differences especially since the Millennials' annual spending is expected to be over USD 2.45 trillion. By 2018, Millennial income is estimated to be USD 3.39 trillion annually, which will surpass that of the Baby Boomers (Oracle, 2010).

While much research has been conducted that explores the use of online travel sites in the trip planning process, limited studies exist which consider how potential visitors utilize these sites while planning a leisure vacation and if commonality exists among these sites in frequency of use. Additionally, there appears to be a shortage of research that explores the generational differences in how generations consume online travel sites and specifically if the frequency of using these sites differ by generation. This research explores how often tourists use online travel sites while planning a leisure vacation while also exploring if differences in usage exists when comparing Millennials, Generation X, and Baby Boomers.

Literature Review

The internet is extremely competitive with OTAs, intermediaries, tour operators, consolidators, meta search and corporate sites. The online community significantly influences tourism consumer behavior (Mills & Law, 2004). Potential tourists directly access a greater wealth of information provided by tourism organizations and private enterprises (Chakravarthi & Gopal, 2012), and site traffic is expected to increase as the economy continues to recover (Vinod, 2011). According to Vinod (2011), the OTAs witnessing the highest growth rates are those selling simpler products, such as only the hotel sites. The customers of these high growth OTAs search for travel-related information, make online air-ticket bookings and online room reservations, and utilize other online purchases themselves instead of relying on travel agencies to undertake this process for them (Morrison, Jing, O'Leary & Cai, 2001).

Rao and Smith (2005) placed online travel retailers into the following seven categories: (1) online agency, (2) supplier website, (3) distressed inventory distributor, (4) reverse auction site, (5) shopping bot, (6) search engine, and (7) portal. Online agencies sell multiple types of travel products from multiple suppliers; with online agencies, the customer is shown a list of products with different attributes along with price. A supplier website will sell its own travel products and travel products of its partners. These websites will show the customer a list of the company’s products with different attributes and product price. A distressed inventory distributor sells products from multiple suppliers, and a customer is shown a list of products with different attributes along with price. Reverse auction sites search for a supplier who is willing to fulfill the demand for the product at a customer’s price. Shopping bots search for multiple supplier websites and agencies, while a search engine provides a list of hyperlinks to travel providers. Lastly, portals provide booking access in their respective travel sections (Rao & Smith, 2005). However, the landscape of OTAs has changed significantly since 2005 whereas the evolution of social networking sites (i.e., Facebook, Twitter, etc.) and peer-to-peer rental sites (i.e., Airbnb.com, VRBO.com, etc.) are growing in their influence on travel planning (Fotis, Buhalis, & Rossides, 2012; Johanson, 2015).

When marketing to consumers, hospitality and tourism companies need to consider the differences in user behaviors of all their target markets, specifically Baby Boomers, Generation Y, and Millennials with its growing economic importance. Diversity in user behavior leads them to choose different avenues for their purchases, whether it is through OTAs or the hotel sites directly. While older consumers use the internet when researching vacation destinations, they are less likely to use travel review sites or social networking sites to finalize their travel decisions. Millennials have become a larger consumer base so much so that their online behaviors could have an influence on the internet’s future (Bai, Hu, Elsworth, & Countryman, 2004). These individuals were raised during the age of internet exploration and think of it as an integral segment of their life (Vinod, 2011). Rather than relying on testimonies from their social circle, this age bracket has a keen ability to identify discounts for travel packages. This disposition is seen as a motivator for making online purchases (Bai et al., 2004).

The amount of exposure consumers have, and their comfort level with using the internet to make purchases, influences their likelihood to purchase a vacation. The length of exposure to the internet as well as making purchases through companies online has shown to increase the level of trust in the consumer. This level of trust can be affected by companies trying to increase sales by providing false information (Ayeh, Au, & Law, 2013). The higher someone's proficiency at using the computer also determines how likely they are to use online travel resources (Bai et al., 2004).

To date, the number of travel and tourism mobile applications has reached over 2,000. The use of smart phones among all demographics to gather travel information and to utilize social networks throughout their trip continues to increase (Vinod, 2011). The likelihood of consumers utilizing these resources has a positive correlation when associated with user-friendliness. Therefore, consumers are likely to use resources if they are easily accessible (Ayeh et al., 2013) and Millennials desire the product to be current, concise, and understandable (Bai et al., 2004).

Though much research has explored the influence of online travel retailers on vacation planning, limited research exists that explores how frequently potential tourists use online sites when booking or planning a leisure vacation - more specifically, if similarities exist in the usage frequency of online travel sites. Hyde (2008) asserted that an association between the age of the tourist and the extent of the vacation plan may exist, whereas vacation plans might be more detailed for older tourists and less detailed for younger tourists. However, limited research exists which compares the usage of these sites across generations. Therefore, this research explores the use of online travel outlets and the frequency at which specific age groups utilize these items. It also explores the differences among Millennials, Generation X, and Baby Boomers in their use of social networking sites and other online travel resources in their vacation planning. Consequently, the following research questions and hypotheses were developed:

RQ1: Do similarities exist among online travel site usage by tourists when planning a leisure vacation?

H1: Online travel sites will be similar in usage frequency by tourists when planning a leisure vacation.

RQ2: Are online travel sites used at differing rates when comparing age groups?

H2: Online travel sites usage frequency will vary by generation when planning a leisure vacation.

Methodology

The Hilton Head Island, SC and Savannah, GA region of the US is a national and international destination. In 2013, the resort destination of Hilton Head Island hosted an estimated 2.59 million visitors while Savannah hosted approximately 13 million visitors. The tourism industry is the top employer for both communities (Ritchey, 2014; Regional Transactions Concepts, LLC Economic Modeling, 2015). Nestled between the two communities and approximately 15 minutes from Hilton Head Island and 30 minutes from Savannah lies Bluffton, SC. While Bluffton's tourism prominence lags when compared to Hilton Head and Savannah, the community has recently been recognized by US national publications as a rising community in which to retire. Most recently, it was ranked as one of the top 25 retirement communities in the US (Barrett, 2014). Consequently, this region of the US is in high demand by both tourists and future residents.

The University of South Carolina Beaufort's (USCB) Lowcountry and Resort Islands Tourism Institute (LRITI) partnered with the three communities to conduct ongoing tourism research at three prominent festival and special events. A standard survey instrument was developed examining the visitor point of origin of festival attendees, primary reasons for traveling to the destination, visitor length of stay, use of online travel sites when planning a leisure vacation, and selected demographics.

The three events where the research was conducted includes: (1) the 2015 Hilton Head Island Oyster Festival, (2) the 2015 Bluffton Arts and Seafood Festival, and (3) the 2015 Savannah Food and Wine Festival. The estimated total attendance for the Hilton Head Island Oyster Festival was 2,500, Bluffton Arts and Seafood Festival 25,000, and Savannah Food and Wine Festival 15,000. A survey research tent was placed at each event whereas using a simple random sample method researchers approached festival attendees and asked if they would like to complete an event survey. To complete the survey, participants had to be at least 18 years of age and an incentive was given to each participant for completing the survey.

Fourteen hundred total usable surveys were collected from the three events. Two hundred eighty-nine from the Hilton Head Island Oyster Festival, 629 from the Bluffton Arts and Seafood Festival, and 482 from the Savannah Food and Wine Festival. For this analysis, only surveys from visitors to the region were analyzed and surveys from local residents were excluded. Approximately 51% (n=148) of the Hilton Head Island Oyster Festival attendees were visitors, almost 37% (n=230) of the Bluffton Arts and Seafood Festival attendees were considered visitors, and 74% (n=356) for the Savannah Arts and Seafood Festival. In total, 734 festival attendees were considered visitors to the region. Table 1 below depicts the demographic composition for each event.

Table 1: Demographic and Trip Profile of Participants by Festival

Demographic	Hilton Head Island Oyster Festival	Bluffton Arts and Seafood Festival	Savannah Wine and Food Festival
Total Event Attendance	2,500	25,000	15,000
Gender: Male % of Population	30%	33%	17%
Gender: Female % of Population	70%	67%	83%
Average Income	$75,000-$99,999	$75,000-$99,999	$75,000-$99,999
Average Highest Level of Education	Associate Degree	Bachelor Degree	Associate Degree
Primary Reason for Visit	Pleasure vacation	Arts and Seafood Festival	Savannah Wine and Food Festival
Visitor Length of Stay	5 days	3 days	3 days
Millennial % of Population	16%	17%	32%
Generation X % of Population	18%	13%	32%
Baby Boomer % of Population	51%	58%	35%

For examining the use of online travel sites, respondents answered questions about their use of the following 10 sites when planning a leisure vacation: (1) online travel sites such as Orbitz, Priceline, etc., (2) hotel booking services such as Hotels.com, Expedia, etc., (3) peer-to-peer rental sites such as Airbnb.com, VRBO.com, etc., (4) travel specific social network sites (Yelp, TripAdvisor, etc.), (5) general social networking sites (Facebook, YouTube, etc.), (6) online travel reviewers/bloggers, (7) websites of local businesses at the destination (hotels, restaurants, etc.), (8) websites of the Chamber of Commerce and/or the Convention and Visitor Bureau at the destination, (9) airline central reservations websites, and (10) hotel/resort central reservations websites. The rating scale was similar to a Likert five-level scale: 5 = every time, 4 = almost every time, 3 = occasionally or sometimes, 2 = almost never, and 1 = never.

Results

Data were analyzed using Statistical Program for Social Sciences (SPSS) 23. A principal component analysis with Varimax rotation was conducted in order to explore for similarities in usage among online travel sites. It is a widely used market research technique for analysis of a set of variables that can be grouped together. The total of all visitors in attendance at the three events was used for the factor analysis. Additionally, Chronbach’s alpha was conducted to determine the reliability of the factor loadings produced from the factor process. Table 2 below depicts the mean scores, factor loadings, and reliability coefficients for the factor analysis.

Table 2: Factor Results

Factor	Mean	Factor Loading	Eigen Values	Variance Explained	Chronbach's Alpha
Factor 1			5.493	33.97%	.882
Online travel sites	3.30	.787			
Hotel booking services	3.30	.799			
Travel specific social network sites	3.33	.768			
General Social network sites	3.09	.680			
Peer-to-peer rental sites	2.91	.656			
Factor 2			1.163	31.20%	.851
Hotel/resort central reservations websites	3.43	.784			
Website of the Chamber of Commerce and/or the Convention and Visitor Bureau	3.03	.755			
Airline central reservations websites	3.10	.751			
Websites of local businesses at the destination	3.52	.735			
Online travel reviewers/bloggers	3.24	.643			

Total variance explained = 65.18%

The results of the factor analysis show that online travel sites can be categorized into two factors. The items loading on Factor 1 are related to Rao and Smith's (2005) categories of online agencies, distressed inventory distributors, reverse auction sites, and social network sites. The items loading on Factor 2 are primarily related to supplier direct sites and general travel review sites, as well as sites specific to the visitor's destination. Furthermore, the reliability coefficients (Chronbach's alpha) were .882 and .851 for Factors 1 and 2 - demonstrating a high reliability for both factors. Reliability coefficients of approximately .85 or higher are considered dependable psychological tests, whereas in experimental research, instruments with much lower reliability coefficients may be accepted as satisfactory (Rosenthal & Rosnow, 1991). The mean scores show that the online travel agencies have a higher frequency of usage for the first factor. However, the destination business websites and supplier direct sites are used more frequently when compared to the online travel agencies. Those sites are also the most used when compared to other sites within factor two.

Analysis of variance (ANOVA) and Least Significant Difference (LSD) post hoc analysis examined the differences in usage the sites among the three age brackets: Millennials (18 to 34), Generation X (35 to 49), and Baby Boomers (50 to 69). Results indicated significant differences among the generations for Factor 1 [$F(2, 625) = 10.815$, $p = 0.000$]. The LSD post hoc analysis specifically showed that Millennials and Generation X had higher frequency usage of the Factor 1 sites when compared to Baby Boomers. When examining for significant differences for Factor 2, that result also indicated a difference among populations [$F(2, 624) = 4.929$, $p = 0.008$].

The LSD test showed similar results to the previous ANOVA whereas Millennials and Generation X had higher frequency usage of online sites.

Discussion and Conclusion

While recent research does explore the usage of online travel sites when planning leisure travel, limited research exists that explores for similar usage patterns among sites. The results of the factor analysis indicated that online travel sites share underlying relationships whereas online agencies, supplier direct, and social networking sites are commonly used. The commonality of these sites might be related to specific travel product characteristics sought by potential travelers. For instance, Rao and Smith (2005) stated that online agency sites, distressed auction sites, and reverse auction sites are sites where customers are seeking a product with specific attributes (i.e., price, value, amenity, etc.). It is possible that these specific attributes are more highly regarded when compared to online travel sites that represent a specific brand or supplier direct sites (i.e., Marriott, American Airlines, Avis Rental Car, etc.). The social network sites loading on Factor 1 can be indicative of the visitor seeking feedback from previous traveling consumers, whereas previous traveler recommendations and feedback affirms their purchase choice from an online agency, distressed auction, or reverse auction site. It is conceivable that the information consumption from all channels within Factor 1 concurrently happen during the vacation planning phase.

Conversely, Factor 2 is comprised of supplier direct sites and sites that are related to a specific destination. These sites are brand and destination specific. The commonality among these items can be related to the consumer being brand dedicated or already having a specific destination in mind to potentially visit. The loading of the item “Online travel reviewers and bloggers” might be similar to the “Social network” item loading on Factor 1, whereas the visitors are seeking input in their trip planning process from reputable travel reviewers. However, instead of potential visitors seeking “third party” confirmation from general social networking sites, these consumers are seeking guidance and recommendations from seasoned travel writers. Consequently, Factor 2 is comprised of online sites that people visit with a specific brand or destination already in consideration, opposed to Factor 1, which is comprised of sites that are driven by travelers interested on other product characteristics separate of a given brand.

When examining the generational difference in how these sites are used, Millennials and Generation X utilize the sites more frequently when compared to Baby Boomers in planning a leisure vacation. The ANOVA supports the notion that hospitality and tourism companies need to consider the differences in user behaviors of all their target markets, specifically Baby

Boomers and Millennials. Regardless of the factor, Millennials and Generation X are more likely to explore multiple online travel sites.

Several limitations are apparent in this study when examining the results. The first limitation exists in the gender composition of the survey population. As indicated in Table 1, the female population comprised the majority of survey respondents when compared to males. The analysis does not describe the frequency usage and generational differences by sex which might yield different results when controlling gender. A similar issue may occur by not controlling for income and education level as well. Often, age correlates with income and education so future studies should include analyses that consider these other demographic variables when examining online travel site usage and generational differences. However, the implications of these findings, provides evidence to marketers that placement of their travel product or service in the online world is extremely important to reaching Millennials as well as developing latent demand from that generation. The marketers also need to be ready to adapt as these demographics age to ensure their ability to retain their consumer base.

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