Emerging Market Queries in Finance and Business

Online hotel booking systems in Romania

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Abstract

If in the past the websites were used by hotels only for promoting their products and services, nowadays are used to attract customers and to offer them the opportunity to book rooms online directly without using other intermediaries. The main objective of this article is to identify the level of online booking systems uptake by hotels in Romania. In order to support this objective we developed a qualitative study based on several research methods which include: websites analysis, documents review like promotional materials, personal observations and official statistics analysis. The paper starts with a presentation of the Romanian hotel industry focusing on the main characteristics of different types of hotel units. The Romanian hotel industry grew steadily in the last ten years, offering now a wide range of accommodations characterized by diversity, accessibility and affordability. Further, we focus on literature review, and because the existing hospitality literature has limited number of papers that investigated the perceptions of hotel website users on the importance of specific features of hotel websites, we create a framework with attributes for analysing the hotel websites. Next, we will present the result of a research we carried out in Romania on the implementation of booking engines on hotel's websites. Based on the results of this research we will overview the online booking engines used by hotels in Romania and we will highlight the main characteristics and features of these systems.

Keywords: online booking systems; website; hotel; reservations; e-Tourism

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1. Introduction

In the first part of our paper we will describe the Romanian hotel industry evolution and we will define, based on the literature review, the terms we will operate with in this article. Also, we will present the result of a research we carried out in 2013 on the implementation of booking engines by Romanian hotel. In the final part of this article we will overview the online booking engines used by hotels in Romania and we will end with some conclusions.

1.1. The Romanian hotel industry evolution

In the last years even if the number of hotels increased, there was a steady reduction of the accommodation capacity per hotel. Thus, if in 2000 the average capacity of a hotel was around 194 places, in 2012 this indicator had reached only 130 places (NIS, 2013). Different studies on hotel industry explained that this decreasing trend is generated by the reduction of hotels' capacity situated on sea side and spa resorts. In these areas the old hotels, built in 70', with high accommodation capacities became inefficient in the new conditions of the market and parts of the hotel had to be closed in order to maintain the accommodation standards and overall costs. On the other hand new companies which invested in the hotel industry have built small or medium capacities in order to become profitable in a short time and also as a measure to cover the risk of low demand. In this context the financial crisis from 2009 determined a decline in hotel industry investments which can be identified in the figure above.
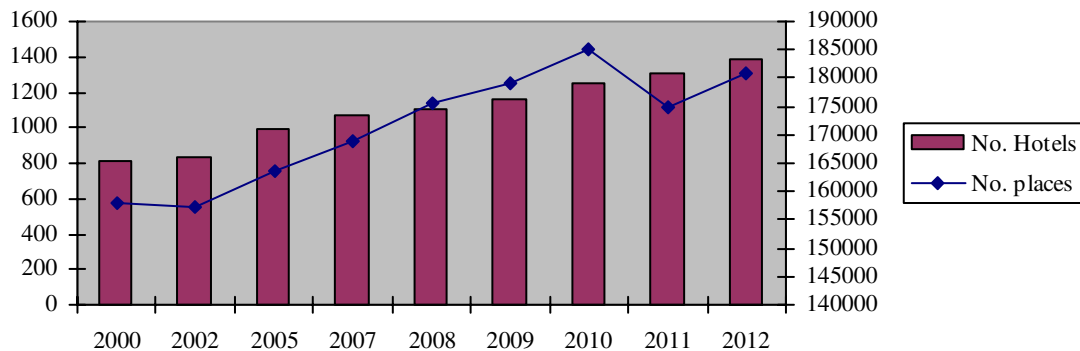

Fig. 1 The number of hotels and accommodation capacity in Romania (source: National Institute of Statistics, 2013)

In regards to the foreign hotel chain investment in Romania, starting with 2011, a higher interest for Romanian market was observed. Romanian hotel market is still considered as a risky one, so many companies like Marriott, Sheraton or Hilton are waiting for a strong evidence of stability. In 2012 a new hotel chain came in Romania, this is Europa Group with an investment of 4 stars hotel in Bucharest. On the other hand the most important hotel chain present on Romanian market is Wyndham, which considered that it's a good time to reinforce its market position with 11 hotels and 24.9% room capacity, with Ramada brand. Also, the international hotel chains consider Romanian hotel market in a maturity stage and they took into consideration other cities for their investments. The total number of hotels owned or administrated by an international hotel chain reached 50 and the majority of them are in Bucharest.

Another important characteristic for evaluating the Romanian hotel industry development is the structure of hotel industry based on type of classification, upscale represented by 4 and 5 stars hotels and budget

represented by 1 and 2 stars hotels. Based on this criteria it results a balanced structure of the Romanian hotel industry with a higher percentage of the budget hotels (32% of the total number of hotels) comparing with upscale (18%).

The number of 1 and 2 stars hotel and corresponding bed places constantly decreased since 2000 (Fig. 2). The situation for 2 star hotels shows an oscillating evolution for bed places. Hotels classified at 3 and 4 stars hotels registered an important increase in number and corresponding bed places, mainly in the last seven years. The 5 star hotels witnessed a decrease of their development rhythm.
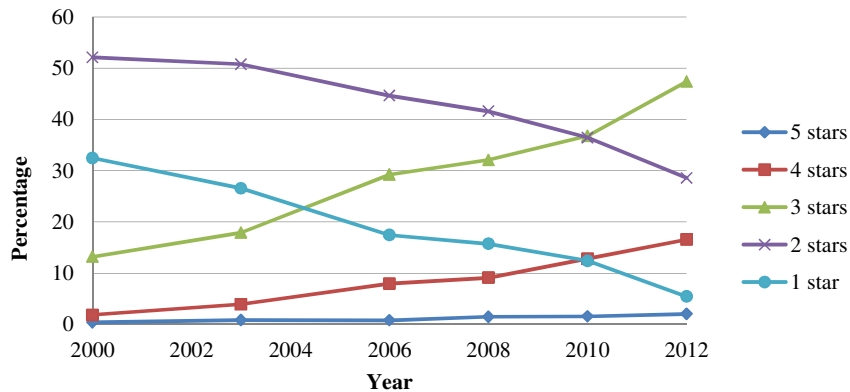

Fig. 2 The structure of hotel industry based on type of classification, number of hotels and accommodation capacity in Romania
(Source: National Institute of Statistics, 2013)

The increase in the categories of 3 and 4 star hotels can be partly explained by the construction of new hotels, and/ or renovation and modernization of the existing hotels. Another reason for this growth is represented by the desire of the hotel owners to rank their hotels at 3 stars or higher because this could be representative for their status as business people. This attitude was confirmed by a study published by Roibu, 2007. Another explanation is that 3 stars hotel (which represent in 2012 47%) was considered by many entrepreneurs more suitable for these conditions of the market and they pursued to declassified themselves.

Regarding the hotel's average occupancy rate we identified for the last years that this rate remained at 30% which means a level of survival, not good for investment and development in this sector. This rate is lower in comparison with the previous years, when the average occupancy rate was around 41%. Also a surprising result it was the occupancy rate higher for five stars hotels (36%) comparing with the rest of hotels, the lowest being registered by three stars hotels (27%). An explanation for this result can be the idea that upscale (luxury) hotels, in general, are new investments in the industry and as a consequence with small capacity, and can be easily sold in the Romanian market. Too many rooms available for hotels determine a better organization of the marketing and reservation departments and a solid strategy for gaining clients in the market.

2. Online booking systems

The term E-Tourism was defined by Buhalis in his book *E-tourism: Information Technology for Strategic Tourism Management* as "the digitisation of all the processes and value chains in the tourism, travel, hospitality and catering industries that enable organisations to maximise their efficiency and effectiveness" Buhalis, 2003: XXV. It is also defined as "the application of ICTs (Information and Communication Technologies) on the tourism industry" Buhalis, 2013: 2. E-tourism can offer "a possibility to create added value for tourist products" Cosma et al., 2006: 358. The evolution of the Internet has implications in all fields of activity, especially in tourism and has changed the strategic and operational management of businesses in

tourism sector. The Internet supports all business functions (e-commerce, e-marketing, e-human resources, e-management, etc.) and all sectors of the tourism industry: e-airlines, e-hospitality, e-tour operators, e-travel agencies and e-destinations Buhalis, 2008.

The customers and suppliers of touristic services are able to share information across different regions of the world using the Internet. The number of worldwide Internet users exceeded 2.40 billion by June 30, 2012 and more than 34.3 % of the total population is now using the Internet. In Romania the number of Internet users grew in the last years and reached 9.6 million in 2012, but the penetration rate (44.1%), is lower than the European average according to Miniwatts Marketing Group's statistics.

A reservation is "an advanced booking to reserve space for a designate time and date" Tesone, 2005: 152. Because the moment of the service purchase is not the same with the moment of consumption, a reservation is considered a booking transaction. Usually the reservation is followed by the confirmation. Clients can pay for the hospitality services in advance or at the end of their stay (before they depart from the facility).

Nowadays clients' preferred method of booking a room in a hotel is the online method. There are a number of studies on the online travel market. More than 148 million travel bookings are made on the Internet each year, and the percentage of Internet travel reservation is of 57% Statistic Brain, 2012. According to the same source the online travel sales reached 162.4 billion dollars in 2012.

Hotels use different Internet distribution channels and we mention the following:

- Online Travel Agents (OTAs): Expedia, Orbitz, Travelocity, Priceline, Lastminute, Opodo;
- third-party websites (portals) - online reservation portals like booking.com, tripadvisor.com;
- Global Distribution Systems (GDS): Sabre, Galileo, Worldspan, Amadeus;
- Hotel's websites, etc.

Usually hotels use multiple online distribution channels in order to be more visible on the Internet and to attract as many clients as possible. The Internet sources for hotel booking are: brand websites (65.4%), merchant websites (19.5%), opaque website (11.3 %) or retail websites (3.7%) Statistic Brain, 2012. The most profitable distribution channel is the hotel website. Many hotels developed their own websites in order to promote their products and services, to attract clients and also to offer them the opportunity to book a hotel room directly on the website, without using other intermediaries. In this way hotels don't have to pay commissions to online travel agencies or to other third parties, they can sell their services directly to clients. Finding new ways to encourage clients to reserve rooms directly on the hotel website should become a major strategic objective for hotels' marketing departments Matei, 2013. There are some actions every hotel should take to attract more clients to their website: to redesign the hotel website from the user perspective; to create Call to Action; to keep the website updated with the latest news, products and services; the integrated and automated management of online reservations Matei, 2013.

An online booking system should support all the phases of the reservation process: they should offer information on room availability and tariffs, should allow clients to fill in personal data, confirm booking and make online payments. Online booking engines were defined by Landvogt (2004) as "tools to store, publish and update the dynamic data availability and prices, and additionally provide the users with a regular reservation process" Ivanov, 2008: 2.

The integration with the Property Management Systems (PMS) is very important therefore PMS providers offer also website booking systems compatible (integrated) with the PMS. In this way, all information needed is automatically retrieved from the PMS and bookings, cancellations and amendments made online are automatically updated into the PMS database.

Another important aspect of an online booking system is to accept online payments and also to ensure the security of transactions. The providers of online booking software often offer Search Engine Optimization (SEO) services. SEO is defined as "the process of improving the website ranking and visibility in search engines by figuring out what terms or phrases people are searching, and using those terms on your website so

you will routinely rank among the top results in nearly every search" Carr and Collins, 2013. Many clients use search engines to find a hotel and SEO can help hotels to be more easily reached by clients.

3. Methods

As we mentioned earlier, this paper aims to identify the use of online booking systems by hotels in Romania. In order to achieve the paper's goal we conducted a research on Romanian hotels websites in the time span March 2013 – May 2013. The research methods include websites observation, web content analysis, analysis of documents review like promotional materials, personal observations and official statistics analysis.

For identifying the hotels from Romania we used the database offered by the Ministry of Regional Development and Tourism, which is available online at the following hyperlink: http://www.mdrt.ro/en/turism/unitati-clasificate. This yielded a total of 1219 hotels located in Romanian cities. From this list 279 hotels were in one of the following situations: the hotel didn't have a website; the website was not reachable using a search engine; the website was under construction or the website was down. Therefore we examined 940 hotel websites and we proposed an analyse model with the following criteria: the existence of online reservation section on the website, the online reservation methods available for clients, how quickly and easily clients can reach the online reservation section and the characteristics of the online booking engine.

4. Results

The findings of the analysis on the hotel's websites show that 73.7 % of the websites have an online reservation section. From the total number of hotels (1219) 56.8% offer clients the possibility to reserve a room online (Fig. 3).
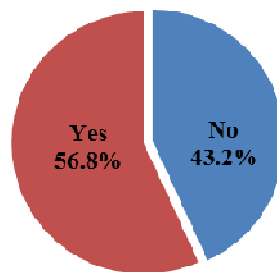

Fig. 3 Percentage of hotels offering clients the possibility to reserve a hotel room online

Chung and Law (2003) identified five major hotel website dimensions: facilities information, contact information, reservation information, surrounding area information and management of websites Cantoni et al., 2011: 243. Reservation information is considered by travellers the most important dimension of a hotel website. Analysing the hotels' websites we observed that online bookings can be made in the following ways:

- using an online reservation form (41.3%);
- using an online reservation system implemented on the hotel website (5.6%);
- using an online booking engine (4.8%);
- redirecting the customer to a third-party website (3.9);
- or redirecting the customer to the hotel chain booking engine (2.2%).

Some hotels offer multiple ways to make an online booking, so the client could choose the preferred method. The online reservation forms are simple or complex. The complex ones offer clients information about room availability and tariffs. In some cases the reservation form is located in contact section of the website. In any case the online reservation form must be easy to complete.

Analysing the collected data we can observe that there are some differences between budget and upscale hotels in what concerns the implementation of online reservation. 19.5% of the hotels classified as 1 star included in our study have online reservation section and the percentage is lower than in the case of 2 stars hotels. The percentage of hotels offering online reservation on their own website increases by category as it can be seen in the following chart (Fig. 4.), 5 star hotels having the higher percentage (88%).
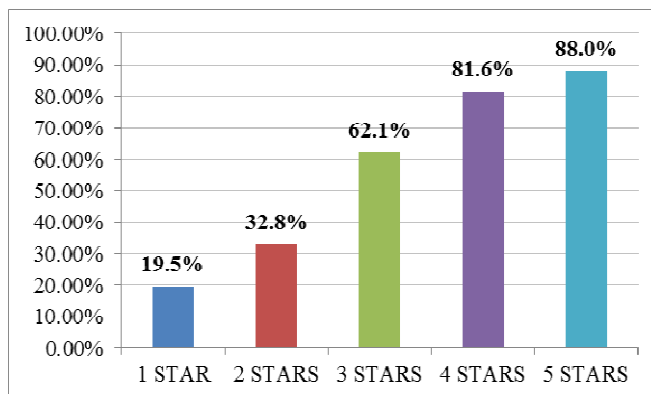

Fig. 4 Percentage of hotels offering clients the possibility to reserve a hotel room online, by category

The main objective of a website, as a sales tool, is to increase the number of reservation. The website design has an important role in transforming visits into bookings. In the website design/redesign process the marketing department must be involved in order to find new ways to attract customers. The online reservation section must be placed in a visible area of the website and must be easily reachable by the website's visitors. We observed that the online reservation section is placed on the home page in 41.7% of the analysed websites. Some websites have a quick reservation box included on the home page which allows clients to introduce the arrival and departure date and the number of rooms. A new window will be open and users can interact with the booking engine to make the reservations (usually users are redirected to the booking engine website). In many cases the online booking engine and the website are provided by different web companies and are stored on different web servers.

Online booking systems are used by 12.8% of the analysed hotels. The commercial online booking engines used more frequently by hotels in Romania are: iHotelier, iBooking Hotel and EHBOX (Table 1).

Table 1. Web booking engines implemented by Romanian hotels

Web booking engines	Number of hotels	Provider's website
iHotelier	17	http://www.travelclick.com
iBooking Hotel	14	http://www.ibooking.com
EHBOX	6	http://www.ehbox.com
Synxis	5	http://www.globres.com

Web booking engines	Number of hotels	Provider's website
Evodist	3	http://evolutiondistribution.com
myfidelio.net	3	http://www.myfidelio.net
Clock Hotel Software	2	http://www.clock-hotel-software.com
ITS RezExchange	1	http://www.itsrezexchange.com
eZee Reservation	1	http://www.ezeereservation.com
FastBooking	1	http://www.fastbooking.net
Globekey	1	http://www.globekey.com
WuBook	1	http://en.wubook.net
Online Booking Manager	1	http://www.onlinebookingmanager.com
Pegasus Solutions	1	http://www.pegs.com
Reseliva Booking Engine	1	http://www.reseliva.com
Simple Booking	1	http://www.simplebooking.it

Micros offer two Internet bookings solutions: Micros mylink and Opera Web Suite. We analysed the booking engines used by Romanian hotels and some of the main features of these systems are:

- integration with PMS;
- integration with hotel website;
- booking notifications by email, fax or SMS;
- offer the possibility to use promotional packages (promotional codes) to attract customers;
- multi-language support;
- multi-currency support;
- automatic response massages, automatically created confirmation or cancellation messages;
- support for online payments;
- customizable user-interfaces, etc.

Hotel chains like BestWestern, Ramada, Hilton, Ibis, Intercontinental, Marriot, NH, Novotel, Goldentulip, Howard Johnson, K+K Hotels have their own online booking systems and hotels which are part of a hotel chain use the booking engine of the hotel chain.

Some hotels prefer to register their property to retail websites, for example booking.com, because they have a number of advantages: can be reached more easily by clients worldwide, each property has its own web page, the content of the web page is available in different languages, etc. Booking.com is the number one travel website by traffic (according to alexa.com), followed by tripadvisor.com, expedia.com, priceline.com, southwest.com, agoda.com, kayak.com and travelocity.com. More than a half of studied hotels (52.5%) are registered on bookings.com.

5. Conclusions

In Romania the hotel industry seems to become mature with a high level of competition, but still showing enough opportunities for the potential investors in this sector. A problem for all hotels is the low level of occupancy rate, which means an important problem in attracting more clients and tourists. This imply also to be more efficient in promoting activity, quick and flexible enough to established new offers and sell them through many distribution channels.

If the hotel works with many distribution channels it is very hard to update the hotel rates and availability on each intermediary's extranets, and also to update manually the booking or cancellations in PMS. This problem can be solved using Channel Manager Software.

Hotels should focus on their own website, which is a direct distribution channel, and should find ways to encourage clients to make bookings on their website. According to our study, 22.8% from the analysed hotels don't have their own website and 56.8% allow clients to make online bookings. Online booking systems are used by 12.8% of hotels.

More and more the online reservations are made using mobile devices (tablets) or smartphones, so hotels should develop also a mobile version of the website which should include a mobile booking engine. Social media tool can be also used by hotels to promote services to a wider audience and to strengthen the relations with clients, business partners or suppliers. Hotels can create a Facebook fan page and can integrate in their page an online booking engine that allows Facebook users to book hotel rooms online.

The findings of this study can contribute to a better understanding of online booking systems used by hotels in Romania. This study has also a number of limitations and we mention the following: the research focused only on hotel websites from Romanian cities; only hotel websites which are visible in search engines were analysed; web content analysis could generate subjective judgement.

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