



Article Title

DO DOMESTIC AND INTERNATIONAL CUSTOMERS BEHAVE ALIKE IN ONLINE HOTEL BOOKING?

Citation

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Abstract

The aim of this research is to explore online hotel booking behaviors of domestic and international customers. We examine the impact of review rating (location rating and service rating), review volume and hotel characteristics on the proportion of online domestic bookings. Using data from London and Paris hotels, we evaluate a variety of models to explain fractional dependent variables.

Methods

Data Overview Source of their data is www.booking.com. Booking.com is one of the leading online hotel booking platforms. Their dataset contains online hotel reservations for London and Paris, two most visited cities in the world, between December 2010 and February 2011. After dropping no-star hotels, our data set includes 665 London hotels and 769 Paris hotels. They collected following features for each hotel: the number of domestic and international bookings, average room price per night, star rating, the number of customer reviews, average customer rating and score breakdown (see Figure 3 for a sample hotel rating score). They calculate the service rating by taking the average of each dimension's score except location. Chain is a dummy variable taking the value of 1 if a hotel is part of a hotel chain and 0 if it operates independently.

Results

Our results show that price, review volume and location rating have a significant and negative impact while service and star rating have a significant and positive impact on the proportion of domestic bookings. However, the proportion of international bookings does not increase if the hotel belongs to a chain group. Moreover, domestic customers are more sensitive to changes in price and service rating whereas international customers are more responsive to changes in location rating. The results suggest that that domestic and international customers' online hotel booking behaviors show significant differences.

Conclusion

In this study, researchers analyze the effect of review rating, review volume and hotel characteristics on the proportion of online domestic bookings. They find that most of their empirical results are consistent with our expectations which form the basis of our hypotheses. Price, review volume and location rating are significant and negatively associated with

proportion of domestic online sales in all model specifications. Furthermore, service and star rating are significant and positively associated with proportion of domestic online sales in all model specifications. However, chain name does not lead to higher proportion of international customers. They also report marginal effect of these variables on our dependent variables. They have also estimated the number of domestic and international bookings. They find that price has a significant and negative impact while location and service rating have a significant and positive impact on the number of domestic and international bookings. However, the impact of star rating on the number of domestic and international bookings is not significant. The number of international bookings decreases while the number of domestic bookings is not affected by whether a hotel is a part of hotel chain. Furthermore, domestic customers are more sensitive to changes in price and service rating while international customers are more responsive to changes in location rating. These findings support Their findings and provide additional insights for the explanation of our hypotheses. Their results suggest that that domestic and international customers' online hotel booking behaviors show significant differences. Thus, different marketing strategies should be designed for domestic and international customers in the hotel booking process. Furthermore, their empirical models allow hotel managers to estimate proportion of domestic (international) sales based on publicly available information retrieved from the Internet. Moreover, models presented in this study can be used to develop techniques for a preferred mix of domestic and international sales, make an efficient use of fixed capacities, improve hotels' occupancy rates and generate more revenue and profits.