Managing the relationship between intermediaries and meta sites

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MANAGING THE RELATIONSHIP BETWEEN INTERMEDIARIES AND META SITES

by

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Managing the Relationship Between Intermediaries and Meta Sites

is approved in partial fulfillment of the requirements for the degree of

Doctor of Philosophy in Hotel Administration
ABSTRACT

Managing the Relationship Between Intermediaries and Meta Sites

by

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Dr. Pearl Brewer, Examination Committee Chair
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Travel meta search engines have great potential to alter the travel landscape. Although their current booking impact is relatively low, these new entrants are well-funded, growing quickly, and gaining consumer visibility (Christodoulidou, Connolly, and Brewer, 2006). This research (a) explored whether travel meta sites are an opportunity or a threat to travel intermediaries, (b) examined the transactional relationship between travel meta sites, travel intermediaries, and their suppliers, and (c) compared the consumer’s perceptions regarding travel meta sites and travel intermediaries.

To examine the role of meta sites in the travel industry and the transactional relationships an information rich-case study approach was used. The results were triangulated using personal interviews with subjects-matter experts from the travel industry, document analysis, and a review of the literature. The outcomes of these studies revealed that the travel intermediaries should consider establishing partnerships with meta search engines now, while they are in a position of power to leverage an
opportunity. In addition, these research findings can act as a guide as to how travel meta sites and travel intermediaries should structure and maintain relationships with their suppliers. In order to examine consumer’s perceptions, an online survey was used to identify whether travel meta sites provide additional benefits for the customer over travel intermediaries. Factor analysis was used to identify the groupings and the measures of the customer’s perceptions. MANOVA was then performed to identify any significant differences in consumer behavior. Finally ANOVA was conducted to see whether travel meta sites and travel intermediaries, affect the factors of ease of use, intrinsic value, extrinsic value, loyalty, and decision autonomy.
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CHAPTER 1

EXPLORING THE ROLE OF TRAVEL META SEARCH IN THE HOSPITALITY INDUSTRY: OPPORTUNITY OR THREAT?

Introduction

Electronic commerce is approaching its fifteenth anniversary. Since its inception, businesses, and consumers have witnessed many innovations and adopted new tools and approaches for shopping and buying products and services. Virtually every industry has seen major changes to its competitive landscape, but perhaps no industry has experienced as much impact as the travel industry. Given the nature of the travel industry’s products and services and consumers’ tendency to thoroughly research their options, it has traditionally ranked among the top of the e-commerce charts in terms of innovations, booking volumes, and dollars transacted (Information Please Database, 2006). Perhaps the area of travel distribution has seen the greatest changes, with the (a) effects of disintermediation and re-intermediation, (b) the rise of merchant and opaque pricing models, (c) the number of new entrants in the distribution value chain, (d) the introduction of travel blogs and RSS (really simple syndication), and (e) the use of wikis (the ability for people to freely create and edit web page content). All these and many other great advances are changing the way travelers shop for and book travel-related accommodation.
It used to be that travel agents owned the booking process, as they were the key sources of information, privy to access to rates and availability, and the best equipped to match travelers with suppliers who could meet their needs, but the Internet has changed everything. It has opened up and simplified access to rates and availability and provided consumers with new tools and approaches to shop for and book travel accommodations. Internet travel bookings today account for more than one-third of all rooms booked (TravelCLICK, 2006) and are expected to reach 60% by 2008 (PhoCusWright, 2006).

With the business landscape becoming more competitive and commodity-like, the point of differentiation is shifting to price, putting increased pressure on all aspects of the hospitality value chain and forcing companies to rethink how they distribute their products and services to the marketplace.

When it comes to hotel distribution, many hotel companies heretofore have focused on shelf space where more is better and have followed a herding mentality; that is, if a competitor is using a specific channel or following a particular business strategy, the hotel companies feel they should also do the same as they fear they may be missing out on booking opportunities. These untargeted strategies are costly to travel suppliers in terms of technology infrastructure, support, and management oversight, and to consumers. They often result in confusion and frustration because they are poorly executed as evidenced by the number of discrepancies found in rates and availability when shopping multiple channels.

One of America’s greatest past times is travel, but increasingly, the shopping experience is removing much of the excitement from one’s trip. The industry trade literature commonly reports that the average traveler shops between three and five travel
sites before making a purchase decision. Consequently, many people love to shop and love to travel, but increasingly, they hate to shop for travel given the time and frustration involved. This is due to the need to shop so many sites to determine the range of rates and the knowledge that there always seems to be a better price out there. The exception, of course, is the archetypal bargain finder who gains satisfaction in turning over every stone and relishes in the fact that another, better price was found. For the price sensitive traveler, though, issues of trust, convenience, and confidence are constantly under scrutiny. These issues create uncertainties and questions such as where to consistently and reliably find the best price for hotel accommodations.

In recent years, new search tools are finding their ways to the marketplace to aid consumers in overcoming the problems of consistency and reliability. These search tools fall into a category known as travel meta search, a vertical search engine or travelbot focused on finding and comparing travel accommodations and pricing from many sources (i.e., web sites) with a single search from one site, the home of the meta search engine. Meta search engines differ from online travel agencies in that they do not process booking transactions. Instead, they refer or link consumers (usually through a pay-per-click model) directly to the source offering the accommodations and price meeting the traveler’s budget and needs. Although these are attracting a great deal of interest in the travel industry, the jury is still out as to their future and how these tools will fit into the distribution process long-term. Opinions vary greatly, with some questioning the underlying economic models, differentiation, and sustainability of the various players. Nonetheless, these meta search engines are gaining traction in the hospitality and travel industry, and industry executives need to pay attention, especially given InterContinental
Hotel Group’s aggressive efforts to participate in nearly every meta search engine and the number of recent press announcements (for example, Marriott and Hilton International signing deals with SideStep and SideStep signing on with Amazon.com to anchor its e-travel store).

These travel search engines have great potential in altering the travel landscape, especially for leisure and unmanaged travel. Like anything, there are advantages and disadvantages for the hoteliers as follows:

Advantages:

1. Another way to increase reach and visibility, especially with increased relationships forming between meta search engines and popular Internet portals,
2. Opportunity to attract unbranded customers,
3. Book direct allows brand to build, own, and manage customer relationship,
4. May help with revenue management by better matching product offerings with customer price-points,
5. Potentially cheaper distribution option (depending upon contract terms),
6. New, innovative functionality and approaches to distribution, forcing industry to improve,
7. Segment is gaining interest and some traction,
8. Opportunities to up-sell customers when they arrive at brand site, and

Disadvantages:

1. Semi-direct model,
2. Increases threat of commoditization with added focus on price and comparison-shopping,

3. Adds to the technical complexity of distribution and requires more/better technology integration,

4. May influence customers to book with competitors and third-party sites,

5. Screen scraping (when used) can hinder web site response time,

6. Segment is still immature and evolving,

7. Still unclear if meta search is producing incremental bookings or just redirecting bookings, and

8. Consumers continue to shop multiple sites/services (upwards of 5 on average).

The questions that arise regarding the meta sites are as follows: Do they represent opportunities or threats? Are they replacing the need for online travel agencies (OTAs)? How should travel suppliers effectively position themselves? Should they embrace them or try to thwart them? These are important questions needing to be addressed. One cannot be too quick to dismiss their potential because hindsight reveals the many mistakes hospitality and travel executives made when discounting the potential of the Internet. Thus, no one wants to make these same errors or be caught flat-footed as the industry’s distribution arena appears distribution poised for another great transition as travel suppliers, OTAs, and meta search engines fight for control of the distribution process and booking and ultimately, the consumer.

The purpose of this study, therefore, is to examine the role of travel meta search sites in the hospitality industry in general and explore whether they present a threat or an opportunity for travel intermediaries in particular. The theoretical frameworks utilized
were institutional theory and coercive isomorphism. This study is qualitative in nature using interviews and document analysis methods for data collection.

Literature Review and Theoretical Framework

The model suited for exploring this research is institutional theory from the field of supply-chain management. Institutional theory refers to the actions that an organization takes in order to be legitimized in its environment (Pfeffer, 1982). One branch of institutional theory is coercive isomorphism which is used as the lens to explain how external pressures exerted on organizations can lead to the adaptation of structures, techniques, or behaviors of other organizations for the purpose of survival (Scott, 1987). In supply-chain management, for example, it is not uncommon for companies like Wal-Mart or General Motors to insist on certain policies, procedures, and techniques to be used by its suppliers. Coercive isomorphism can be applied to travel meta sites which may eventually exert this adaptation pressure on the intermediaries in the travel arena. Pfeffer (1982) and DiMaggio and Powell (1983) claim that in the institutional perspective, structures and processes can become isomorphic for certain organizations. Many organizations will adopt practices that were popular when they were first created (Eisenhardt, 1988). In this way, as Stinchcombe (1965) argues, organizations are “imprinted at their birth.” With the passage of time, the practices that were adopted at birth become the norm for conducting business (Eisenhardt, 1988).

Currently, most travel intermediaries exhibit some level of resistance in co-operating with travel meta search sites and view them as a threat. The meta sites can redirect consumers to other booking alternatives and they are vying to become consumers’ starting point when shopping for travel-related products and services; thereby
displacing the influencing role and possible need for travel intermediaries. When travel intermediaries were born or founded, they perceived themselves as being the top of the travel distribution pyramid, and now this position is being challenged (Brewer, Christodoulidou, and Rothenberger 2005). Figure 1 illustrates the evolution of the travel distribution pyramid for travel sale outlets.

![Figure 1: Electronic Travel Distribution pyramid](image)

**Figure 1**

*Electronic Travel Distribution pyramid*


Based upon Figure 1, travel meta search sites may, in the future, face similar challenges and obstacles, just as the intermediaries currently face, in their quest for
success. Consequently, they may have to adjust their expectations and attitudes through coercive isomorphism and institutional theory to advance to the next level.

Isomorphism may be defined as the reasons that can make an organization adopt similar structures, strategies, and processes (Deephouse, 1996). In DiMaggio and Powell (1983), institutional isomorphism was shown to lead to organizational legitimacy, which can then lead to the acceptance of that organization in its external environment. In a study conducted by Deephouse (1996), the results suggest that there is “a positive relationship between strategic isomorphism and multiple measures of legitimacy...Organizations that conform to the strategies used by other organizations are recognized by regulators and the general public as being more legitimate than those that deviate from normal behavior” (p.1033). In the case of travel intermediaries, they are more likely to be recognized by the public if they follow suit and start looking at travel meta search sites as an opportunity. Likewise, travel meta search sites need to seriously consider travel intermediaries and ensure that they include them in their strategies.

In Teo, Wei, and Benbasat (2003), the authors concluded that “organizations are embedded in institutional networks...organizational actions are affected by actions at the level of the institutional environment, and should move upstream in the adoption process to work closely with key institutions and to capitalize on the imitative tendencies of organizations by providing visible and credible social and technical information” (p.43). In order for an organization such as an online travel intermediary to survive successfully, the intermediary needs to work closely with the key players in the process to institutionalize its processes either with other intermediaries or travel meta search sites. This reinforces Burt’s (1987) assessment that an organization will replicate the
movements of other organizations and share comparable attitudes, comparable consumers, and comparable suppliers because of mimetic pressures in institutional theory whenever something needs to change over time. Thus, the fundamental research question driving this study is “Do travel meta search sites represent opportunities or threats for travel intermediaries?”

Methodology

The most appropriate way to conduct this research was using a case study approach because it fulfilled the following characteristics:

1. The case study is preferred in examining contemporary events such as those involving hospitality technology since it involves direct observation and interviewing and because it provides a “holistic approach to studying events in their natural setting” (Connolly, 2005; Yin, 1994).

2. One of the strengths of the case study approach is that it can deal with a full variety of evidence such as documents, interviews, and observations (Connolly, 2005; Yin, 1994).

3. The use of multiple sources of evidence and multiple techniques provides a means by which the researcher can corroborate or triangulate his/her findings and ultimately establish greater credibility.

4. The goal of case studies is not to establish generalizability but rather to seek a greater understanding of phenomena which can then be used to develop a theoretical foundation and conduct more advanced research to build and test theories. Case studies (as with experiments) rely on analytical generalization. In analytical generalization, the investigator is striving to generalize a particular set of results to
some broader theory. A case study such as this one will not attempt to generalize to a population but rather aim for analytical generalization (Connolly, 2005; Yin, 1994).

5. The methods used to collect data in this study included personal interviews with subject-matter experts and industry practitioners, document analysis, and a review of the literature. The participating companies and participants in the interview process were held in strict confidentiality so that each participant could speak openly about the issues examined. For this reason, the names of the companies and each interviewee are omitted from this paper, which is standard practice for this type of research. "To encourage candor and to protect each company's and interviewee's identity, a promise of confidentiality is often made" (Connolly, 2005). The Institutional Review Board rules and regulations state that the confidentiality of the participants needs to be protected at all times while conducting and analyzing the research. The only researchers that were aware of the identity of the participants were the primary investigator, the secondary investigator, and the individual responsible for the transcription of the interview tapes. The data were analyzed and interpreted using primarily content analysis techniques (Holsti, 1969). Prior to the actual interviews taking place, a pilot study was conducted to test the appropriateness, clarity, and validity of the interview questions. For the pilot study, the interview questions were given to top executives of hotels and online travel agencies, for review and feedback.

The interviews were semi-structured as to allow the study to take on an exploratory nature. The interviewees were asked both about the facts of a matter as well as for the interviewee's opinions about the events. In some situations, the respondents
were asked to propose their own insights into certain events and these propositions were used as the basis for further questioning.

Two travel intermediaries and two travel meta sites were selected for this study. The companies that were selected ranged from small to large online travel agencies that varied both in size and scope. This sample is representative of the industry as currently there are only three well known travel intermediaries and a handful of well known travel meta sites. One-on-one interviews were conducted with key executives from travel intermediaries and travel meta search sites in order to obtain the current state of thinking regarding the roles, capabilities, and long-term potential and implications to the distribution landscape of technology advances and the rise of travel meta search engines. Some interviews were conducted in person while other interviews were completed using the telephone due to the logistics of geographic proximity. Each interview lasted about an hour. The interviewees were selected based in their involvement with revenue management, marketing, and contract management in the travel industry. The interviewees were presidents, vice-presidents, or higher-level executives in revenue management in these corporations. While every effort was made to find and include the key industry thought leaders, one must recognize that an interviewee's position and his/her personal characteristics represent a potential source of bias (Connolly, 2005). Limitations of this method included response bias due to auspices bias, i.e. the interviewee gives the interviewer what he or she wants to hear, and social desirability bias, i.e. inflated positive responses. To reduce the impact of potential biases, multiple interviews were conducted, and multiple sources of information (e.g., company documents and consultation with the bodies of knowledge) were used.
Each interview followed a basic outline of questions using open-ended questions to encourage discussion, provide a frame of reference, and establish depth without steering responses” (Connolly, 2005). These questions were presented in such a way so as not to divert the individual from stating his/her true opinions and knowledge. In some cases follow-up interviews were conducted to clarify opinions or responses to interview questions.

In collecting the data, two travel intermediaries and two travel meta search sites were used. To protect the confidentiality of the companies, a fictitious name was used to represent each company. A semi-structured interview format was used as a guideline to ensure that all topics were covered. Each interview was recorded (after receiving permission) in order to ensure accuracy in transcribing. The interview responses were transcribed onto a summary paper for each of the companies. In addition to the interviews, extensive document analysis was conducted from the different companies participating in this study.

Discussion and Findings

The data gathered through the different methods described above were analyzed using content analysis techniques. According to Holsti (1969), “The goal of content analysis research is to present a systematic and objective description of the attributes of communication...coding is the process whereby raw data are systematically transformed and aggregated into units which permit precise description of relevant content characteristics.” Two of Holsti’s five content analysis units were used in order to obtain both reliable and valid support for our research conclusions. The two methods used included latent analysis and manifest analysis. The latent analysis technique searches for
a single key word to draw inferences about the raw data with respect to the research hypotheses. The manifest analysis technique relies on the researcher’s interpretation of the interviewee’s raw data to first understand the central theme and then to draw inferences with respect to the research hypotheses or the research questions. These two approaches to content analysis added more validity to the analysis results.

Table 1 presents the aggregated data; the company names are suppressed for confidentiality purposes. The findings show that travel meta search sites provide an opportunity rather than a threat to the intermediaries due to several factors. First, it appears that each OTA has its own way of differentiating itself from other companies. For example, one intermediary strongly believes in market management and has reported 350 employees working on managing the market and establishing partnerships with large hotel chains and other hospitality distributors. On the other hand, the other intermediary has invested many resources in customer relationship management as its way of differentiating itself in the marketplace. One travel meta search site distinguishes itself by creating the largest hotel room inventory while the other travel meta search site focuses more on the technical side providing the consumer the ability to compare rates side by side in a matrix format.

Second, the intermediaries considered corporate travelers to be their primary customers. The travel meta search sites, however, consider leisure travelers to be their main market. This demonstrates that there are differences in the consumer that each category attracts, i.e. intermediaries attract corporate travel while meta sites attract leisure travel.
Another factor was the product offering. Each OTA felt that it represented a different niche in drawing customers to its site. For example, one intermediary offered specialized promotions based upon consumer preferences. The other intermediary strongly believed in offering the consumer a positive experience while shopping or purchasing on the site. One travel meta search site chose to offer direct chain deals to the consumer which frequently translated into better pricing for consumers. The other travel meta search site provided consumers with an affinity program that rewards them with points every time they booked travel accommodations through the referral system; these rewards can be exchanged for merchandise or free hotel nights. In addition, it was also interesting to observe the diversification (both in terms of depth and breadth) of products available through each of the companies included in this study.

While all OTAs aim to offer a one-stop shopping, not everyone felt that they could benefit from having a relationship with travel meta search engines. Both intermediaries interviewed could not identify any benefits from participating in travel meta search. However, both travel meta search sites agreed that intermediaries could clearly benefit from the relationship through increased exposure and additional value-added services to consumers. One meta site felt that its sophisticated booking technology strongly enhanced the capabilities of intermediaries. The other meta site stated that if intermediaries participated in its meta search services, consumers would feel like they were making more educated decisions about their selections for travel and accommodations when directed to an OTA.
Table 1

*Factors Impacting Whether the Meta Sites Pose Opportunities or Threats to the Travel Intermediaries.*

<table>
<thead>
<tr>
<th>Issue</th>
<th>Intermediary I</th>
<th>Intermediary II</th>
<th>Meta Site I</th>
<th>Meta Site II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differentiation</td>
<td>350 people in</td>
<td>Customer</td>
<td>Largest depth and</td>
<td>Side-by-Side</td>
</tr>
<tr>
<td></td>
<td>market</td>
<td>Relationship</td>
<td>breadth of content</td>
<td>comparison of</td>
</tr>
<tr>
<td></td>
<td>management</td>
<td></td>
<td>inventory</td>
<td>hotels</td>
</tr>
<tr>
<td>Primary</td>
<td>Corporate</td>
<td>Corporate</td>
<td>70% leisure</td>
<td>Mostly leisure</td>
</tr>
<tr>
<td>Customer</td>
<td>managed/</td>
<td>managed/</td>
<td>travelers</td>
<td>travelers</td>
</tr>
<tr>
<td></td>
<td>unmanaged travel</td>
<td>unmanaged travel</td>
<td>30% unmanaged business</td>
<td>travel</td>
</tr>
<tr>
<td>Product offering</td>
<td>Specialized</td>
<td>Experience</td>
<td>Chain direct deals</td>
<td>Affinity/Rewards</td>
</tr>
<tr>
<td></td>
<td>promotions</td>
<td></td>
<td></td>
<td>program</td>
</tr>
<tr>
<td>Diversification</td>
<td>Classic custom</td>
<td>N/A</td>
<td>Non mainstream</td>
<td>European traffic</td>
</tr>
<tr>
<td></td>
<td>vacation</td>
<td></td>
<td>airlines</td>
<td></td>
</tr>
<tr>
<td>One stop</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>shopping</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits from</td>
<td>None</td>
<td>None</td>
<td>Sophisticated</td>
<td>Users can make a</td>
</tr>
<tr>
<td></td>
<td>participating</td>
<td></td>
<td>booking</td>
<td>more educated</td>
</tr>
<tr>
<td></td>
<td>with each other</td>
<td></td>
<td>technology</td>
<td>decision where they</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>want to stay</td>
</tr>
<tr>
<td>Comparable consumers</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Comparable suppliers</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes/More</td>
<td>Yes</td>
</tr>
<tr>
<td>Consumer driver</td>
<td>Value</td>
<td>Value</td>
<td>Price/Value</td>
<td>Price/Location</td>
</tr>
</tbody>
</table>
In terms of what drives consumers to become customers, the intermediaries both agreed it was value while the travel meta search sites stated that price was the deciding factor. These differences are quite significant in the dynamics of market segmentation and desirability and can be explained by customer demographics. The travel intermediaries are focusing more on corporate travel, which tends to seek service, value, and assistance to compliance to travel policies whereas the travel meta search engines are focuses more on the price-sensitive leisure travel market.

Conclusion and Implications

The above findings support the studies in the literature of institutional theory and coercive isomorphism. It appears that consumers desire one-stop shopping and that the travel meta search sites can only provide this if intermediaries and travel suppliers agree to participate by sharing access to their inventories. External pressures such as those exerted from consumers can coerce intermediaries to yield to travel meta search sites and start a new era of relationships. If meta sites grow to be giants, then intermediaries may decide to join them for the purpose of survival (Scott, 1987).

Given that intermediaries currently target corporate travel, it may be to their advantage to join the travel meta search sites since these services focus on leisure travel. This could result in a growth in customers and market share by appealing to new market segments. In terms of product offerings, some travel meta search sites offer loyalty programs to attract traffic; as a consequence, this traffic can shift to intermediaries that participate in these meta sites. Overall, the meta sites offer their users additional tools to aid in their research, shopping, and decision-making processes regarding their travel
needs. Travel intermediaries should, therefore, consider joining these services rather than trying to compete with them.

References


CHAPTER 2

AN EXAMINATION OF THE TRANSACTIONAL RELATIONSHIP BETWEEN TRAVEL INTERMEDIARIES, TRAVEL META SITES, AND SUPPLIERS.

Introduction

The purpose of this study was to examine in what ways travel intermediaries and travel meta sites view the relationship with their suppliers. Historically, travel bookings were made over the phone or through a travel agent. In the last decade, electronic bookings have become the norm rather than the exception with on-line travel agencies also known as travel intermediaries that perform direct travel booking. In a recent survey of the major U.S. based airline websites, almost all the airlines charge a fee anywhere from $15- $50 if the ticket is not booked and issued electronically. In conversations with travel agents, they stated that most of the time, they charge a service fee for issuing a ticket. An online travel intermediary will sell the above products from several suppliers since they want to offer “full service” so that consumers can purchase their whole trip just by visiting one site (O’Connor & Frew, 2002).

Meta search engines are a new generation of search engines that simultaneously gather data from multiple travel sites to meet the requirements and specifications of the traveler in terms of price, value, convenience, etc. The way they work is that they search several web travel web sites, such as airlines, hotels, car rentals, and other online travel agencies, and they show the data collected from the
sites (Beirne, 2005). Some travel websites such Expedia and Travelocity do not participate at the present time. Meta Search engines are a relatively recent phenomenon that have emerged in the travel industry and are often criticize for not having the breadth of travel products that Intermediaries provide to their customers.

Currently some travel intermediaries are resisting working with travel meta sites; the travel intermediaries do not want to be part of the travel meta site search instrument. In an interview an executive from Mobissimo- a travel meta site, the executive stated that “We have talked to all of the intermediaries and right now they have adopted a strategy of wait-and-see….But if their market share is affected, they will participate because they will want to bring share back. Then they will decide whether they want to have Meta search, if they want to build it, buy it or have nothing to do with it. I think by next year the situation will change (Beirne, 2005).”

Table 2 shows the market share of travel intermediaries and travel meta. It appears that Expedia leads the way. However, as Table 2 indicates, there are fluctuations in the market with the meta sites slowly increasing their volume.

Overall, meta sites, aim at one-stop shopping in travel without being limited to a single outlet (Field, 2005). In a recent interview with Norm Rose of Travel Tech Consulting, Field (2005), he said the way to success for meta sites depends on their ability to fully access the content and give the consumer a comparison of travel products so the consumer will not to look anywhere else to buy. In the following pages, the theoretical framework that guided this research is described.
Table 2

Chart of Monthly Travel Market Share Based on Customer Visits

<table>
<thead>
<tr>
<th>Travel Site</th>
<th>Market Share</th>
<th>Market Share</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>May 2005</td>
<td>December 2004</td>
<td>Dec-May %</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>Change</td>
</tr>
<tr>
<td>Expedia</td>
<td>21.7</td>
<td>24.8</td>
<td>-3.2</td>
</tr>
<tr>
<td>Travelocity</td>
<td>16.2</td>
<td>15.8</td>
<td>+0.4</td>
</tr>
<tr>
<td>Orbitz</td>
<td>8.4</td>
<td>11.6</td>
<td>-3.1</td>
</tr>
<tr>
<td>SideStep</td>
<td>1.3</td>
<td>0.0</td>
<td>+1.3</td>
</tr>
<tr>
<td>Mobissimo</td>
<td>0.1</td>
<td>0.2</td>
<td>-0.1</td>
</tr>
<tr>
<td>Kayak</td>
<td>0.7</td>
<td>0.1</td>
<td>+0.6</td>
</tr>
<tr>
<td>Yahoo/Fare</td>
<td>0.3</td>
<td>0.1</td>
<td>+0.2</td>
</tr>
<tr>
<td>Other</td>
<td>51.3</td>
<td>47.5</td>
<td>+3.8</td>
</tr>
</tbody>
</table>


Literature Review and Theoretical Framework

In this study, transaction cost theory from the supply chain field was primarily utilized to support the research question. Transaction Cost Theory (TCT) is defined as the traditional study of organizations, economics, and law regarding purchasing transactions (Aubert & Weber, 2001). Through the sourcing decision-making, transaction cost theory has emerged in the Supply Chain field where it earned its place as one of the primary theories in this area. This research examines the logistics behind the relationship approach that travel intermediaries and travel meta sites adopt in forming relationships with their suppliers. Transaction cost theory elements such
as negotiation costs, enforcement costs, etc, are employed to assist with examining the supplier relationship structure.

Transaction cost theory originally made its appearance in the late 1930s when Coase's influential article "the nature of the firm" (1937) asked the question of why organizations attempt to organize within the organization transactions that could be carried out in the market. Then, TCT made its first appearance in the economics literature in the 1970s when Williamson (1975), motivated by Coase's work, developed a theory of transaction costs. Williamson (1975) stated that in TCT, the way that an organization structures its supply chain depends on the costs related to uncertainty, frequency, and asset specificity for a transaction. In the early 1980s, Ouchi (1980) argued that organizations function because they can save some costs by conducting transactions of goods and services in the market place. Williamson (1985) stated that the unit of analysis in Transaction Cost Theory is a transaction.

Williamson (1985) stated that there are two human factors and three environmental factors involved in Transaction Cost Theory. The two human factors are bounded rationality and opportunism. In order for organizations to protect themselves from opportunism, they need to take some measures. Two of the measures are legal ordering and private ordering (Tage, 1999). In legal ordering, the two parties have a formal contract where they include as many details as possible about the relationship. In private ordering, the organizations will join in some agreement such as joint ventures or some other type of reasonable commitment. Meta sites and travel intermediaries can enter either legal ordering or private ordering when negotiating their contractual agreements for developing a professional relationship. The three environmental factors are uncertainty, small numbers trading, and asset
specificity. The environmental factors are explained below based on Williamson's 1985 manuscript:

1. Uncertainty: uncertainty will force the organization to view the issues in the organization with bounded rationality and opportunism. When there is a lot of uncertainty, vertical integration can be one of the most efficient ways to deal with uncertainty. Both meta sites and travel intermediaries are struggling with the evolution of the next level of e-commerce, as there is a lot of uncertainty in this dynamic environment. Perhaps vertical integration could be one outlet for successful survival of both parties.

2. Small numbers trading: in an industry where there are only a few players, an organization such as a particular meta site, may face some challenges in persuading a travel intermediary to agree to a transaction format or some cooperation of some type or form.

3. Asset specificity: Many times the worth of a particular asset is connected to a transaction. For example, a meta site may be counting on the intermediaries to continue the relationship with the meta site; the meta site may not be able to survive without the presence of the intermediaries.

In the mid-1990s TCT evolved to where it explains how firms are organized and how they interact within the supply chain (Hobbs, 1996). In this case, it has been examined how meta sites and travel intermediaries are organized and how they interact within the supply chain. In this instance, when travel intermediaries are in an exchange relationship with the meta sites, they are basically vertically integrating in a light form.

Hobbs (1996) divides transaction costs in three ways:
1. Information costs – organizations and customers incur certain costs when searching for a product. In this case, the customers, (companies or individuals) of a meta site or an intermediary can sometimes spend a significant amount of time searching for a travel product on each website.

2. Negotiation costs – there are some administrative costs involved when negotiating and writing a contract. Every time a travel intermediary and a meta site evaluate or reevaluate their contracts, there will be some fees involved such as lawyers, brokers, etc.

3. Monitoring or enforcement costs – these are the costs of monitoring the quality of goods and services of a supplier. Meta sites need to ensure that the quality of travel products of the travel intermediaries is high and that those products physically exist once the customer makes the purchase. For example, when someone buys a hotel room on a meta site, that individual needs to feel confident that there will be a room waiting for him or her when he or she arrive at their hotel and that it was not a phantom transaction.

   Tage (1999) argues that organizations that adhere to TCT should provide for clauses such as safeguards and credible commitments in their transactions. Safeguards can refer to contingencies of what happens to one of the organizational parties in the relationship if one of the parties fails to deliver. For example, if an intermediary sells a hotel room night to a meta site but what if the room fails to be delivered to the consumer? Whose responsibility is it then? Should the consumer hold responsible the meta site who referred them to the intermediary or the intermediary who actually sold them the product?

   In a credible commitment situation, the two parties may agree to host joint training programs together (Tage, 1999) since the line of business they are in is so
similar. For example, both meta sites and travel intermediaries can join forces in offering computer training for travel software to their employees. In this manner, TCT can save costs to both parties while at the same time minimize opportunistic behavior. Hence, if meta sites and travel intermediaries can reduce their opportunistic behavior through entering a certain type of relationship behavior, then both parties can benefit.

In Golicic, Davis, McCarthy, and Mentzer (2002), the authors used transaction cost analysis to determine why organizations create relationships with other organizations when uncertainty arises. Perhaps this is what drives meta sites and some travel intermediaries to form a relationship with each other since there is a lot of uncertainty with the supply chain of travel products in e-commerce.

Methodology

1. The best way to conduct this study was using a case study approach. The case study approach is suitable in examining contemporary events so for current business hospitality issues this is a good fit (Yin, 1994). The method used for this case study was field study interviews. The participating companies and participants in the interview process were held in strict confidentiality. The Institutional Review Board states that the participants’ identity needs to be confidential and not revealed at any part of the process. The only individuals aware of the identity of the participants were the investigators and the person in charge of transcribing the tapes. Prior to the actual interviews taking place, a pilot study was conducted to test the appropriateness, clarity, and validity of the interview questions. For the pilot study, the interview questions were given to top executives of hotels and online travel agencies, for review and feedback.
Two travel intermediaries and two travel meta sites were selected for this study. The companies that were selected for this study ranged from small to large online travel agencies that varied both in size and scope. The sample is representative of the industry as currently there are only three well known travel intermediaries and a handful of well known travel meta sites. The interviewees were presidents, vice-presidents, or higher-level executives in revenue management in these corporations. These interviews were semi-structured as to allow the study to take on an exploratory nature. The interviewees were asked both about the facts of a matter as well as for the interviewee’s opinions about the events. In some situations, the respondents were asked to propose their own insights into certain events and these propositions were used as the basis for further questioning. One-on-one interviews were conducted with individuals working for travel intermediaries and for travel meta sites in order to obtain information rich data. The participants were selected based in their involvement with revenue management, marketing, and contract management. Some interviews took place in person while others were conducted over the phone due to geographical constraints. Limitations of this method included response bias due to auspices bias, i.e. the interviewee gives the interviewer what he or she wants to hear, and social desirability bias, i.e. inflated positive responses. To reduce the impact of potential biases, multiple interviews were conducted, and multiple sources of information (e.g., company documents and consultation with the bodies of knowledge) were used.

Analyzing Case Study Evidence

The data gathered through interviewing and document analysis was analyzed using content analysis techniques. Two of Holsti’s (1969) five content analysis units were used in order to obtain both reliable and valid support for the research.
conclusions. The two methods that were used were key word units and central theme units. Latent analysis and the manifest analysis were also used in this study. Latent analysis searches for a single key word to draw inferences about the raw data with respect to the research hypotheses. Manifest analysis relies on the researcher’s interpretation of the interviewee’s raw data to understand the central theme, and to draw inferences with respect to the research hypotheses.

Results

Table 3 presents the aggregated data; the company names are suppressed for confidentiality purposes. The informants stated that they have either formal or informal contracts or sometimes both with their suppliers. These relationships usually are developed through a negotiating process. In this paper, the suppliers for the intermediaries are the hotels. For the meta sites the suppliers can be either the travel intermediaries or the hotels. It appears that there may be a relationship between the size of the property and the formality of the contract. For example, large hotel chains have more formal contracts with the intermediaries or the meta sites than smaller hotels. However, it is interesting to note that the large intermediaries appear to have the negotiating power in contract writing and exercising.

Once a contract is in place, the negotiation costs for the renewal of the contract are low. The contracts are typically renewed annually and the process is recurring without generally any major changes. In every contract safeguards are also present. These safeguards provide a security blanket for legal liability in the event that a supplier fails to provide the product as promised. For example, when a traveler books a room with an intermediary or a meta site, he or she expects the room to be available when they check-in. If the room is not available, a safeguard in the contract for this type of incident can identify which party is responsible for resolving it. The
intermediaries appeared rather powerful in resolving customer service issues if a misunderstanding or a disagreement occurred between the sale and the hotel property when the customer arrived. Perhaps this is due to intermediaries performing the actual sale where as the meta sites usually view themselves as a referral service.

**Table 3**

*Factors Impacting the Relationship of Intermediaries and Meta Sites with Suppliers*

<table>
<thead>
<tr>
<th>Issue</th>
<th>Intermediary I</th>
<th>Intermediary II</th>
<th>Meta Site I</th>
<th>Meta Site II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracts</td>
<td>Formal</td>
<td>Formal</td>
<td>Formal</td>
<td>Formal/Informal</td>
</tr>
<tr>
<td>Negotiation</td>
<td>Usually</td>
<td>Usually</td>
<td>Usually</td>
<td>Usually</td>
</tr>
<tr>
<td>Safeguards</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>N/A</td>
</tr>
<tr>
<td>Commission</td>
<td>Varies</td>
<td>Varies</td>
<td>N/A</td>
<td>Varies</td>
</tr>
<tr>
<td>Structure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>Minimal</td>
<td>N/A</td>
<td>Minimal</td>
<td>Minimal</td>
</tr>
<tr>
<td>Costs with Suppliers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relationship</td>
<td>Active</td>
<td>Interactive</td>
<td>No</td>
<td>Interactive</td>
</tr>
<tr>
<td>Activities</td>
<td>Exchange of</td>
<td>Buyers</td>
<td>Limited</td>
<td>Partner</td>
</tr>
<tr>
<td></td>
<td>information,</td>
<td>participate in</td>
<td>customer</td>
<td>meetings</td>
</tr>
<tr>
<td></td>
<td>e.g. Value</td>
<td>agent training</td>
<td>service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Added</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Intelligence</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
When a consumer books through an intermediary, they will book the hotel night using their credit card or any other arrangements they may have place with the intermediary. However, when a consumer attempts to book through a meta site, he or she will be referred to the actual site that will then carry out the sale. Therefore, the meta sites are not directly involved in the actual sale. This may explain why the informants of the meta sites interviewed for this study only had one person each dedicated to customer service. The meta sites did state that they will assist in resolving a situation if the customer felt that they could not find resolution with the travel site that executed the actual sale. One meta site representative stated with the researchers that at one point in time, it came to their attention that a property was shutting down. The meta site immediately informed all their customers and asked them to go through the travel channel that they had booked their hotel night and ask for a refund.

As part of these agreements, the commission can be either flat or variable depending on the service level agreement that the two parties have. Some of the meta sites use the referral model where they receive commissions when the customer visits the supplier’s site. Intermediaries only receive a commission after an actual booking has occurred and no revenue will be earned if the customer just visits the site. Typically most intermediaries and meta sites receive a commission, either flat or variable, after an actual booking has taken place and the customer has paid for the reservation.

Overall, there are minimal technology costs that the travel intermediaries and the travel meta sites incur to maintain the existing web interface relationship. None of the intermediaries or the meta sites in this study felt that the technology costs were important enough to affect their relationship with their suppliers. However, one meta
site felt the technology cost structure could change in the future and the suppliers might be asked to help with the technology costs. As more consumers search for hotel prices electronically, the servers could become overwhelmed so the technology costs of maintaining and updating these servers might increase in the future. One meta site shared that they will be hiring dozens of engineers in the near future to cope with technology updates and server maintenance.

Finally, the relationship structure can also have an impact on the type of contractual agreement the intermediaries and the meta sites have with their suppliers. Most of the companies had a dynamic relationship with the suppliers through the rapport they developed with their suppliers. For example, based on the interviews conducted, it is not unusual for an intermediary or a meta site to participate in their supplier’s internal strategic meetings or employee training. Another intermediary provided Value Added Intelligence (VAI) to the hotel properties it works with. In VAI, for example, if a property is located in downtown San Francisco, the intermediary provides a market analysis of the downtown hotel market based on the information it gathers and the analysis it conducts with the other properties it works with.

Conclusion

Based on the open-ended questions other themes emerged. The first intermediary stated that as part of building a strong relationship with their suppliers, it offers VAI. The second intermediary stated that the hotels participated in the agent training that was provided to the intermediary’s employees; this helped the intermediary’s agents understand more about the hotel properties. In this way this intermediary can better provide the tools to help the hotels present themselves in the intermediary’s interface. The first meta site surprisingly revealed that they only have
one person in customer service since the meta site thinks of itself only as a referral service rather than a retailer. The second meta site shared that it participates in the partner meetings with their suppliers. In this way the suppliers received feedback as to how they could provide better service to the meta site. It seemed apparent that the intermediaries believed that building relationships and working with their suppliers was the path to increased revenues. By working with them to have their staff better understand the product, to provide market information that would be difficult for hotels to get in other ways, or however they feel that they can add value to the supplier does seem to be the trend. However, this is not yet clear for the meta-sites. Some may view themselves as a kind of super intermediary and build relationships; others may view themselves as a transactional go-between with no apparent responsibilities to the supplier or the consumer in terms of information.

These findings are supported by the studies in the literature of transaction cost theory. Both travel intermediaries and travel meta sites have formal contracts with their suppliers. Commissions and safeguards in the contracts vary depending (a) on the size of the supplier, and (b) the degree of importance of the relationship of the supplier to the intermediary or meta site. For example, a property in Las Vegas with over 3,000 rooms and an average occupancy rate of 98% may have more power in negotiating a contract with an intermediary than a small property in Adelaide, Australia with 80 rooms and a 55% occupancy rate.

The meta sites and the intermediaries can use these research findings as a guide to how they should structure and maintain the relationships with their suppliers. The type of activity each intermediary or meta site conducts with its supplier impacts the strength of their relationship. Particular attention should be paid to the kind of commission structure they negotiate with their suppliers. The frequency of
transactions can also have an impact if they choose to focus their attention on volume instead of dollar amount. These components of the activities can affect the service level agreements that they have with their suppliers. These results can be applied to meta sites outside travel such as amazon.com with various bookstores or other retailers participating as part of the amazon.com routine trading function.

References


CHAPTER 3

TRAVEL INTERMEDIARIES AND META SITES: A COMPARISON OF CUSTOMER PERCEPTION

Introduction

Travel intermediaries are on-line travel agencies that conduct hotel bookings in their attempt to earn a share of the travel market. An online travel intermediary will sell the hotel rooms from several suppliers, i.e. several hotels, since they want to offer full service (O’Connor & Frew, 2002). Intermediaries will often request customer preference and demographic information in order to be better able to serve their clientele in future visits. This customer-preference information can be used to put together custom packages and content displays in order to promote bookings in the hope browsing or looking through the site will turn into a booking (Carroll & Siguaw, 2003).

Intermediaries often criticize meta sites saying that they do not have the breadth of travel products that Intermediaries provide to their customers (Beirne, 2005). For example, Expedia has a direct relationship with 25,000 hotels, Travelocity has a direct relationship to over 20,000 properties, and Orbitz has tens of thousands (Beirne, 2005). In Table 4, a few of the most popular travel intermediaries are listed.
Table 4

Examples of Travel Intermediaries

<table>
<thead>
<tr>
<th>Travel Intermediaries</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expedia</td>
<td>Expedia.com</td>
</tr>
<tr>
<td>Travelocity</td>
<td>Travelocity.com</td>
</tr>
<tr>
<td>Orbitz</td>
<td>Orbitz.com</td>
</tr>
<tr>
<td>Hotels</td>
<td>Hotels.com</td>
</tr>
<tr>
<td>Student Universe</td>
<td>Studentuniverse.com</td>
</tr>
</tbody>
</table>

Travel meta search engines are a new generation of travel search engines that simultaneously gather data from multiple travel sites to meet the requirements and specifications of the traveler in terms of price, value, and convenience. These providers use the inventory of other travel websites to gather the information for the user and to present it on a single screen. This can be very convenient for the customer, as the service searches a number of travel sites that offer products that the customer may have wanted to looked at separately. These services are new and still evolving. In Figure 2, there is a snapshot of what the display of the Travelaxe meta site looks like after a search has been requested.
In Figure 2, the traveler has requested a hotel in Las Vegas through Travelaxe and the meta site retrieved the price for each hotel from several intermediaries such as AAA, Orbitz, Hotels.com, etc. Based on the booking made, the meta site receives its revenue by receiving a commission based on the total value of the transaction, which could be either or fixed a referral fee, depending on the agreement TravelAxe has with each supplier (Christodoulidou & Brewer, 2006). It appears that the focus of consumers using meta search engines is price (Beirne, 2005). In Table 5 there are some examples of some popular travel meta sites.

Table 5

Examples of Travel Meta Sites

<table>
<thead>
<tr>
<th>Travel Meta Sites</th>
<th>Inception</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travelaxe</td>
<td>1999</td>
<td><a href="http://www.Travelaxe.com">http://www.Travelaxe.com</a></td>
</tr>
<tr>
<td>Yahoo! Travel-Farechase</td>
<td>2005</td>
<td><a href="http://www.Farechase.yahoo.com">http://www.Farechase.yahoo.com</a></td>
</tr>
</tbody>
</table>

The meta sites are using alliances with major hotel, airline, and car rental companies to gain some of the market share from on-line travel agencies and intermediaries (Beirne, 2005). Currently, Expedia and Travelocity restrict meta sites from searching their site but Orbitz allows SideStep to search within their sites for data.
A consumer may feel that he or she can receive better value in travel by having to look at fewer travel sites to find the price he or she is looking for. Loyalty may also have an impact since some consumers may feel loyal to a travel website and may find it difficult at a conscious or a subconscious level to switch to another travel site. This study will examine how perception of better value, ease of use theory, and loyalty theory, can impact a consumer’s behavior of whether travel meta sites provide additional value for the consumer.

In this study three theories were utilized: better value, ease of use, and loyalty. Better value theory acknowledges that consumers will most likely choose a product or a service because it reflects their perception of receiving value for the time and cost involved. Attributes affecting better value include price, functionality, usefulness, necessity at the time of purchase, etc. According to Evans and Lindsay (1999), value is simply the relationship between satisfaction and price. Hence if a product can be purchased at a lower price but still provide satisfaction for the particular needs of the consumer, then there is a strong likelihood that the consumer will prefer the product with the lower price since he or she will receive better value for his or her money. In the case of travel search engines, if the customer wants to purchase a hotel night at the Hilton Las Vegas and there are several search engines that can quote a price for the same type of room, then the consumer will probably book the room with the travel search engine offering the lowest price. According to Strauss, El-Ansary, and Frost (2003) value involves the consumer’s perception of what a product offers in terms of attributes and brand name. Strauss et al. (2003) give a comprehensive definition of value and how this is determined using perception, price, expectations and experiences. All these attributes
contribute significantly to a customer's evaluation of better value and how this will determine whether they are using a meta site or a travel intermediary to pursue their travel plans and purchases. The authors also argue that in the event that a website does not fulfill the consumers' expectations, they will be likely to visit another site. In a rapidly changing environment such as travel, consumers are very demanding in what they want and the information on the travel search engines needs to be fully updated, otherwise it is of no use to the customer. For example, a customer would not accept purchasing a hotel night on a Meta site or a travel intermediary and then finds out that there is no room available when arriving at the property.

Ease of Use Theory was originally defined by Davis (1989) in his seminal piece as the extent to which an individual feels that using a particular technology system would be without effort. Davis (1989) stated that the perceived ease of use is a construct that reflects the individual's biased opinion of interacting with the system. Adams, Nelson, and Todd (1992) argued that users will be more likely to work together with a technology if they can minimize their cognitive endeavor while this encounter is occurring. It appears that users of information technology (IT) systems have a strong preference to minimize if at all possible their efforts in using an IT system or software. This suggests that the perception of ease of use is a measure for IT experience and capability so different internet users perceive the ease of use of any single travel website differently. Hence, users of travel search engines will be likely to have a rather strong inclination for using a meta site or a travel intermediary depending on which one they find easier to use and work with. Loyalty is the ultimate goal of many organizations in attaining customer retention. If an organization can achieve brand loyalty then those
customers that are loyal will not be likely to switch to another product regardless of advertising or promotions. In the case of the travel search engines, if a consumer is brand loyal to Expedia (i.e., one of the most popular travel intermediaries), then it may be difficult to persuade that consumer to try out a meta site such as Travelaxe. In defining loyalty, Oliver (1999) differentiated between satisfaction and loyalty; he defines satisfaction as enjoyable fulfillment. Morgan (2000), argues that the definition of loyal can take several meanings such as emotional loyalty (what I feel), and behavior loyalty, (what I do).

Literature Review and Theoretical Framework

Perception of better value theory

Better value theory is primarily popular in the supply chain and marketing literature. Riel, Lilijander, and Jurriehns, (2001), discuss how value perception, customer satisfaction, and loyalty are used in pursuing value for the customer in e-services. Parasuranam and Grewal, (2000) explored how technology influences customer responses on loyalty, satisfaction, and perceived value. Findings of studies such as this one are important for managers in charge of designing a portal site in order to determine value perception, satisfaction, and loyalty for that particular site. The authors also argue that in determining value and quality, the user-friendliness of a search engine may play a role and that the customers expect a high level of responsiveness from a search engine. In a meta site scenario, the customers may perceive a better value with this type of travel search engine if the results are reliable and user-friendly.

In determining better value in a self-service technology, such as a meta site or an intermediary, the customers may place some importance on efficiency (Meuter, Ostrom,
Roundtree, and Bitner (2000), saving time and money, ease of use, and being in charge (Dabholkar, 1996). In a self-service technology environment, Dabholkar (1996) argued that there was a strong positive effect of the user enjoying the website in determining quality and value. Supplementary services such as financial services, insurance, secured payment methods were also contributing to the perceived value of using one website vs. another. However, sometimes the user interface may act as a dissatisfier on value and loyalty if it does not meet certain standards. Instant satisfaction was also a factor in determining value for the e-commerce customer. These authors state that sometimes the customer is willing to pay a higher price in a brick and mortar store rather than waiting for the product to be delivered. In addition, the authors argue that the consumer has a lower level of tolerance for electronic commerce service than for traditional services, since shopping is more convenient and easier on the internet. Both supplementary and complementary services increased the perceived value of service.

Athanassopulos (2000) argued that value was the result of the customer’s service quality perception. Brady and Cronin (2001) studied the conceptualization of value for consumers and found that the value of what was received was relative to the value of what was paid. Another construct that has shown to influence better value is brand equity (Washburn & Plank, 2002). Brand equity may be defined as the additional value added to a product or service because of its branding (Aaker, 1991). A brand’s name can be affected by the perceived quality (i.e. value).

Sivaramakrishnan and Manchanda (2003) stated that consumers use the merchandise (or service) and price information in order to arrive at an estimate of the value of that particular merchandise or product. Monroe (1990) also argued that
consumers will evaluate the price of product to judge its value and whether it is worth its price tag or not. The consumer needs to consider both the product and the price in order to make an informed purchase decision. In the case of meta sites and travel intermediaries the consumers can value which search engine gives them the best value for their time and money and then they will be able to make an informed decision. There are instances that the consumer may fail to use all the information provided to make an informed purchasing decision. If the consumer fails to assess the value of a product properly, then this may have detrimental effects in deciding in terms of value which meta site or which travel intermediary to use.

Overall, based on the literature of better value theory, consumers will be likely to assess what type of on line travel agency offers them better value by looking at:

1. the product variety,
2. the quality product options,
3. meeting expectations, and
4. convenience.

Ease of use theory

Ease of Use Theory is primarily derived from the information systems fields and it refers to how users interact with a new system or software. In the early 1990s, there was some research in psychology, that a user's behavior regarding new systems in technology is formed by the type of experiences they had overall with technology (Trevino & Webster, 1992). There has been some research on what determines ease of use in Venkatesh and Davis (1994). Nielsen (1994) believed that it depends on how easy it is for the user to learn a new system. Venkatesh and Davis (1996) argued that
perceived ease of use is important because large investments in technology fail because of poor user interfaces. Davis, Bagozzi, and Warshaw (1989) argued that the perceived ease of use is determined by two factors which can impact intention; these two factors are perceived usefulness and the obstacle that individuals face at the beginning of having to accept, adopt, and use a new system. Muir and Morray (1996), argued that the more an individual is exposed to usability, the more likely he or she is to understand what they need to do to accomplish a task on a website such as placing an order.

The Technology Acceptance Model (TAM) has been used by many researchers to forecast user acceptance based on perceptions of the ease of use (Venkatesh & Davis, 1996). These authors studied the association between perceived ease of use and computer self-efficacy using the Technology Acceptance Model. Venkatesh (1999) argues that in the Technology Acceptance Model, the perceived ease of use can impact the behavior to use. Hence, if a meta site or a travel intermediary is perceived as easy to use, then this may impact the actual behavior of intending to use that meta site or the travel intermediary. In the Technology Acceptance Model, if a technology is perceived easy to use, it will also be perceived more useful So if a meta site or a travel intermediary is perceived as easy to use, then it will also be perceived as more useful. Therefore ease of use should have a large impact on the usage behavior of a user regarding meta sites or travel intermediaries. Agarwal and Karahanna (2000), defined perceived ease of use as how a user assesses that technology will not have any cognitive burden on him or her. Hence, the less cognitive effort one needs to be put forward in using a travel search engine, the higher the ease of use perception will be.
Venkatesh (2000) researched the determinants of perceived ease of use of a system by studying the formation of perceptions and how these perceptions change over time when the user gains more experience with the system. This is certainly an interesting statement since motivations of users on travel search engines can change over time and therefore impact their perception of ease of use. Hence, in the case of travel search engines, the user’s general beliefs about whether a meta site is easier or more difficult to use with regards to a travel intermediary could impact on the user’s perceived ease of use.

Yang, Peterson, and Huang (2001) studied Internet pharmacies and examined ease of use as one of the dimensions that can impact consumer perceptions of service quality and discussed that it can affect online consumer behavior. Ease of use was an antecedent factor in developing attitudinal theoretical models for studying consumer online purchase intention and behavior (Koufaris, Kambil, and Labarbera 2001). Bearden, Hardesty, and Rose (2001) and Flavian, Guinaliu, and Gurrea (2005), stated that there is a relationship between usability and self-confidence. Luna, Perracchio, and De Juan (2002) also found that the ease of working through a website can have an impact on consumer attitudes. Kim and Eom (2002) found that usability is very important in order to achieve user satisfaction. Ranganathan and Ganapathy (2002) also found that usability is very important in identifying the key elements of the quality of a website.

Nielsen (2003) defined website usability as an attribute of how easy a user assesses the user interface to be. Montoya-Weiss, Voss, and Grewal (2003) examined how the perceived ease of use of the Web site’s navigation structure is related to the perceived online channel service quality. The results of this study showed that the users
are affected by the information content, navigation structure, and graphic style. This can be applied in the case of meta sites and travel intermediaries where the web design and the risk perceptions may have an impact on the ease of use for a particular travel search engine.

Greer and Murtaza (2003) studied personalization of web sites and the factors that affect whether or not a user will personalize a website. Ease of use was one of the factors that were important in the use of personalization on a web site. Hence in travel search engines, the easier it is to personalize the travel preferences and travel plans, the higher that travel website will be used over other travel sites. The authors also stated that if a consumer can use a personalized web site, he or she will spend more money shopping than they would have spent on a non-personalized web site.

In Flavian et al. (2005), the authors argue that usability can be impacted by the following:

1. How easy it is to understand the system,
2. How simple it is to use a website at the early stages,
3. Speed of searching and finding what users are searching for,
4. Ease of navigating the website, and
5. The user having constant control of what they are doing with the system.

Overall, based on the literature of ease of use, consumers will be likely to assess what type of online travel agency offers them better value by looking at:

1. How easy it is to use a website,
2. How clear and understandable a website is,
3. How easy it is to become skillful at using a website, and
4. Functionality.

Loyalty Theory

In the early 1990s Gronroos (1994) conducted a study that revealed that Customer Relationship Management (CRM) can increase customer loyalty. Reichheld (1996) argued that loyal customers can increase profitability. Yin (1999) defines loyalty as repeat purchase behavior and Hart and Johnson (1999) argue that customer will be loyal if during the period time they have used the website they have been satisfied. Therefore, it appears that the relationship between satisfaction and loyalty is a rather strong one. Hence, if repeat customers of travel search engines are satisfied with their experience, it should follow that they are more likely to become loyal.

Kolesar and Galbraith (2000) state that in order for electronic retailers to develop greater customer loyalty, they need to deal with customer perceptions. Customers will usually evaluate services based on their total perception experience so the service process is equally important in influencing the customers’ perceptions as well as the result of the service deliverance (Bateson, 1995). Hence, the service process needs to be managed in detail, i.e. every part of the “servicescape” in order for the customer to have a complete experience (Bitner, 1992). In order for the complete experience to transpire, service providers need to take into consideration price, promotion, and place, with this shopping experience (Kolesar & Galbraith, 2000). These authors concluded that the initial relationship between a consumer and a website will have an impact on customer loyalty. It is apparent that first impressions are the first steps in the relationship between a travel search engine and the customer and one that can have a tremendous effect on the
perception of the customer regarding that travel search engine. This can determine the
level and the type of loyalty of the customer for that particular travel search engine.

Reichheld and Schefter (2000) argued that retaining a customer in the electronic
commerce arena and hence achieving electronic commerce loyalty is very important. An
important element of achieving electronic commerce loyalty is trust. Perhaps this is why
referrals are so important in the electronic commerce environment and can sometimes be
responsible for more than fifty percent of the new client base. They concluded that in
order to achieve electronic loyalty, the electronic commerce customers need to
experience exceptional quality during their service interaction with the service provider.
Shankar, Smith, and Rangaswamy (2000), argued that online customers may be more
loyal than traditional brick-and-mortar customers.

To achieve electronic commerce loyalty can be quite challenging since in an
electronic commerce environment, the customers can easily switch from one website to
another (Riel et al., 2001). Hence, this makes the acquirement and retention of
consumers difficult and costly. This is applicable to travel search engines since in reality
they offer a homogenous end product which is easily comparable.

Anderson and Mittal (2000) examined the importance of loyal customers in an
electronic commerce environment and concluded that loyal customers are important
because they are an important factor for the monetary success of the electronic commerce
organization. Loyal electronic customers usually purchase more than new customers and
they are likely to buy at regular prices and provide free advertising through word of
mouth (Riel, Lilijnader, and Jurrienhns 2001).
Taylor and Hunter (2002) in a study regarding the impact of e-loyalty in e-services found that loyalty programs work favorably for a customer’s perceptions and can lead to a more positive behavior through. Customer Relationship Management (CRM). Therefore, executives in marketing should seriously consider the loyalty programs and not just focus on satisfaction. Obviously, in a rapid changing e-commerce environment satisfaction is not sufficient for revenue streaming and that e-commerce retailers such as travel search engines should seriously consider implementing some type of loyalty program. Lee-Kelley, Gilbert, and Mannicom (2003) also found that CRM can increase loyalty.

Finally, Flavian et al. (2005) arrived at some interested findings regarding trust, usability, and customer loyalty. Their findings summarized that the elevated costs associated with enhancing the customer base, forces companies to find ways to keep their customers. In this study, perceived usability appeared to have a positive association on the customer’s trust and satisfaction. Finally if a user is satisfied with the website, it also increases his or her trust for that website.

In conclusion, it appears that consumers will be likely to be loyal to the on line travel agencies that offer them CRM, trustworthiness, and satisfaction. In addition, the ease of switching from one website to another website may also play a role.

Research Question

After a thorough review of the literature, the research question that was developed was as follows: Do travel meta sites create additional benefits for the consumer over travel Intermediaries? The method that appeared most appropriate to examine this
research question was the survey method. The survey covered questions related to ease of use, better value, and loyalty.

Methodology

The survey was constructed using 38 questions that were based on Torkzadeh and Dhillon (2002) measured the factors of Better Value, Ease of Use, and Loyalty. These factors influence the success of internet commerce. Their study measured items such as internet shopping convenience, internet customer relation, and internet product value.

The instruments that were developed in their study can be used to differentiate “between effective and ineffective Internet sites” (Torkzadeh & Dillon, 2002, p. 202). Overall, the authors concluded that these instruments are reliable and valid so they can effectively be used by the academic community for future commercial websites.

The 38 items developed in this survey were intended to measure 3 constructs (e.g. ease of use, better value, and loyalty). A five-point Likert-type scale was used, with a range from one (agree) to five (disagree). After constructing the survey, a panel of travel experts participated in the survey for pilot testing. The experts reviewed the survey and offered feedback on the questions.

The survey was posted on a private access website on the internet. The instructions asked the participants to share their views on how they book a hotel room on the internet. Once a participant filled out the survey, the responses are recorded and the panelist cannot take it again.

Five thousand participants, i.e. half males and half females, 18 years of age or older, were randomly invited to participate from an online panel of 2.3 million participants via email. Out of the 5000 emails sent, 1069 responded for a response rate of
21.38%. The pre-screening condition was that participants have stayed in a hotel in the past twelve months. Out of the 1069 respondents, 982 met the screening condition for a response rate of 19.64%.

Using the sample of 982 respondents, confirmatory factor analysis was conducted to identify the factors and their groupings. MANOVA was then performed to identify any significant differences in consumer behavior. Finally ANOVA was used to see whether the independent variable affected each dependent variable.

Data Analysis & Results

The participant demographics are illustrated in Tables 6, 7, 8, and 9. Overall, this survey demographic data reflects the U.S. Census data. The U.S. population was half male and half female and so was this sample. This sample was slightly older and more educated than the U.S. Census data. This is not surprising as it more closely matches the online travel population (Travelers’ use of the internet, 2004, p.26). In Table 9, more than one third of online travelers booked at least 7 nights year.

Table 6

<table>
<thead>
<tr>
<th>Gender</th>
<th>Current Study %</th>
<th>U.S. Census 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>50</td>
<td>49</td>
</tr>
<tr>
<td>Female</td>
<td>50</td>
<td>51</td>
</tr>
</tbody>
</table>
Table 7

Age Demographics

<table>
<thead>
<tr>
<th>Age</th>
<th>Current Study %</th>
<th>U.S. Census 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-32</td>
<td>13</td>
<td>29</td>
</tr>
<tr>
<td>33-48</td>
<td>32</td>
<td>31</td>
</tr>
<tr>
<td>49-60</td>
<td>34</td>
<td>17</td>
</tr>
<tr>
<td>Over 60</td>
<td>21</td>
<td>23</td>
</tr>
</tbody>
</table>

Table 8

Education Level

<table>
<thead>
<tr>
<th>Education</th>
<th>Current Study %</th>
<th>U.S. Census %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some High School</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>High School</td>
<td>14</td>
<td>32</td>
</tr>
<tr>
<td>Some College</td>
<td>35</td>
<td>27</td>
</tr>
<tr>
<td>Undergraduate College</td>
<td>30</td>
<td>17</td>
</tr>
<tr>
<td>Graduate College</td>
<td>20</td>
<td>8</td>
</tr>
</tbody>
</table>
Table 9

Average Hotel Night Stays per Year

<table>
<thead>
<tr>
<th>Length of stay</th>
<th>Respondents %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>36</td>
</tr>
<tr>
<td>4-6</td>
<td>28</td>
</tr>
<tr>
<td>7-14</td>
<td>26</td>
</tr>
<tr>
<td>More than 14</td>
<td>10</td>
</tr>
</tbody>
</table>

In order to summarize the data, we identified and analyzed the interrelationships among a large number of variables. In this study there were 21 items which were used to develop into a smaller set of factors. According to Hair, Anderson, Tatham, and Black (2005, p.95) factor analysis can “create an entirely new set of variables, much smaller in number, to partially or complete replace the original set of variables for inclusion in subsequent techniques.” Based on theory (Torkzadeh & Dhillon 2002) and earlier studies, five possible models of factor structure were proposed. These five factors were also tested for reliability and validity through factor analysis. As anticipated, the items clustered into five factors. The variables groupings are described and the results of the Factor Analysis are presented in Table 10.

Factors one, two, and three all had high Cronbach's alpha above the acceptable level of 0.7 (Hair et al., 2005) which indicates a high reliability. Due to the high loadings on the predicted factors, our study suggests that we have established convergent validity among the factors (Garson, 2006).
Table 10

Confirmatory Factor Analysis Results

<table>
<thead>
<tr>
<th>Factor 1</th>
<th>Factor 2</th>
<th>Factor 3</th>
<th>Factor 4</th>
<th>Factor 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of Use</td>
<td>Intrinsic Value</td>
<td>Extrinsic Value</td>
<td>Loyalty</td>
<td>Decision Making</td>
</tr>
<tr>
<td>Easy</td>
<td>0.821</td>
<td>0.269</td>
<td>0.071</td>
<td>0.029</td>
</tr>
<tr>
<td>Clear</td>
<td>0.827</td>
<td>0.283</td>
<td>0.069</td>
<td>0.068</td>
</tr>
<tr>
<td>Skill</td>
<td>0.772</td>
<td>0.278</td>
<td>0.014</td>
<td>0.103</td>
</tr>
<tr>
<td>Friendly</td>
<td>0.809</td>
<td>0.316</td>
<td>0.107</td>
<td>0.062</td>
</tr>
<tr>
<td>Functions</td>
<td>0.708</td>
<td>0.255</td>
<td>0.209</td>
<td>-0.061</td>
</tr>
<tr>
<td>Login</td>
<td>0.745</td>
<td>0.105</td>
<td>0.195</td>
<td>-0.142</td>
</tr>
<tr>
<td>Access</td>
<td>0.746</td>
<td>0.060</td>
<td>0.284</td>
<td>-0.213</td>
</tr>
<tr>
<td>Navigate</td>
<td>0.801</td>
<td>0.186</td>
<td>0.176</td>
<td>0.041</td>
</tr>
<tr>
<td>Variety</td>
<td>0.272</td>
<td>0.754</td>
<td>0.142</td>
<td>-0.060</td>
</tr>
<tr>
<td>Quality</td>
<td>0.313</td>
<td>0.751</td>
<td>0.191</td>
<td>0.010</td>
</tr>
<tr>
<td>Compare</td>
<td>0.168</td>
<td>0.753</td>
<td>-0.147</td>
<td>-0.101</td>
</tr>
<tr>
<td>Expect</td>
<td>0.226</td>
<td>0.654</td>
<td>0.224</td>
<td>0.098</td>
</tr>
<tr>
<td>Recur</td>
<td>0.246</td>
<td>0.601</td>
<td>0.277</td>
<td>0.186</td>
</tr>
<tr>
<td>Value</td>
<td>0.269</td>
<td>0.568</td>
<td>0.372</td>
<td>0.084</td>
</tr>
<tr>
<td>New</td>
<td>0.139</td>
<td>0.647</td>
<td>0.345</td>
<td>0.018</td>
</tr>
<tr>
<td>Open</td>
<td>0.172</td>
<td>0.099</td>
<td>0.787</td>
<td>0.035</td>
</tr>
<tr>
<td>Promote</td>
<td>0.259</td>
<td>0.407</td>
<td>0.477</td>
<td>-0.01</td>
</tr>
<tr>
<td>Complaint</td>
<td>0.093</td>
<td>0.394</td>
<td>0.574</td>
<td>0.157</td>
</tr>
<tr>
<td>Personal</td>
<td>0.360</td>
<td>0.396</td>
<td>0.470</td>
<td>-0.026</td>
</tr>
<tr>
<td>Loyalty</td>
<td>-0.062</td>
<td>0.046</td>
<td>0.096</td>
<td>0.935</td>
</tr>
<tr>
<td>Decision Autonomy</td>
<td>0.072</td>
<td>0.034</td>
<td>0.019</td>
<td>0.067</td>
</tr>
<tr>
<td>Overall Cronbach’s alpha</td>
<td>0.941</td>
<td>0.875</td>
<td>0.708</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Overall Cronbach’s alpha
This shows us, for example, in factor one, that a travel website that is clear and understandable plays a large role for a website to be perceived easy to use. In the factor two (producing intrinsic value) offering product variety plays a large role. Finally, it appears having access to a website and customer service 24/7 plays a large role in factor two (producing extrinsic value).

In the second part of the methodology MANOVA was performed. The results of the MANOVA are illustrated in Table 11. “Wilks’ lambda has the virtue of being convenient and related to the likelihood-ratio criterion...Pillai’s trace may be the most robust and powerful criterion among the others” (Norusis, 2003, p.523) Hence, in the study the overall or the combined effects of all five dependent variables, for any of the criterions mentioned above, are significant at the 0.01 level. This means that any changes in the independent variable will affect the composite scores of all the five dependent variables.

In the third part of the methodology Analysis of Variance (ANOVA) was performed. In ANOVA we test the null hypothesis that the population means are equal. Hence in most instances, we want to reject the null and prove the alternative that there are differences between the factors. According to Norusis (2004) when conducting ANOVA, we need to look at the variability of the sample means in order to make inferences about the population means. The independent variable is the travel search engine and the dependent variables are ease of use, intrinsic value, extrinsic value, loyalty, and decision making autonomy.
### Table 11

**Multivariate Tests**

<table>
<thead>
<tr>
<th>Effect</th>
<th>Test</th>
<th>Value</th>
<th>F</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>Pillai’s Trace</td>
<td>0.988</td>
<td>9989.299</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Wilks’ Lamda</td>
<td>0.012</td>
<td>9989.299</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Hotelling’s Trace</td>
<td>81.612</td>
<td>99898.299</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Roy’s Largest Root</td>
<td>81.612</td>
<td>9989.299</td>
<td>0.000</td>
</tr>
<tr>
<td>Search Engine</td>
<td>Pillai’s Trace</td>
<td>0.034</td>
<td>4.349</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>Wilks’ Lamda</td>
<td>0.966</td>
<td>4.349</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>Hotelling’s Trace</td>
<td>0.036</td>
<td>4.349</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>Roy’s Largest Root</td>
<td>0.036</td>
<td>4.349</td>
<td>0.001</td>
</tr>
</tbody>
</table>

The hypotheses that have been used for this paper are as follows:

H1: There are differences in the perception of ease of use for the consumer between travel meta sites and travel intermediaries.

H2: There are differences in the intrinsic value offered to the consumer between travel meta sites and travel intermediaries.

H3: There are differences in the extrinsic value provided to the consumer between travel meta sites and travel intermediaries.

H4: There are differences in the level of consumer loyalty between travel meta sites and travel intermediaries.

H5: There are differences in the level of decision making autonomy between travel meta sites and travel intermediaries.

In Table 12 the five factors are described. The coding is 0 for travel intermediaries and 1 for travel meta sites. The means for the Loyalty factor are quite

55
different which shows us that meta site users are more loyal to the travel website they use than the intermediary users. The means for the Decision Autonomy factor are also quite different which indicates that meta site users have a higher decision making autonomy as to which website to use than the intermediary users.

The ANOVA assumptions of independence, equal distribution of populations, and equality of variance have been met (see Table 13). Table 14 shows the significance levels for each dependent variable in summarized format in the ANOVA table. As we can observe from the table, there are no differences in the means of Ease of Use, Intrinsic Value, and Extrinsic Value variables. Therefore we failed to reject the null for these three variables. However, the Decision Autonomy variable is significant at the 0.05 level and the Loyalty variable is significant at the 0.01 level. Therefore, we reject the null for these two variables. These results show that there are:

(a) differences in the level of consumer loyalty between travel meta sites and travel intermediaries, and

(b) differences in the level of decision making autonomy between travel meta sites and travel intermediaries.
Table 12

Descriptives

<table>
<thead>
<tr>
<th>Factor</th>
<th>Group</th>
<th>N</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of Use</td>
<td>0</td>
<td>409</td>
<td>4.566</td>
<td>0.563</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>366</td>
<td>4.560</td>
<td>0.602</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>775</td>
<td>4.563</td>
<td>0.582</td>
</tr>
<tr>
<td>Intrinsic Value</td>
<td>0</td>
<td>409</td>
<td>3.898</td>
<td>0.735</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>366</td>
<td>3.836</td>
<td>0.740</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>775</td>
<td>3.869</td>
<td>0.738</td>
</tr>
<tr>
<td>Extrinsic Value</td>
<td>0</td>
<td>409</td>
<td>3.998</td>
<td>0.676</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>366</td>
<td>4.017</td>
<td>0.663</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>775</td>
<td>4.007</td>
<td>0.670</td>
</tr>
<tr>
<td>Decision</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Autonomy</td>
<td>0</td>
<td>326</td>
<td>85.444</td>
<td>28.679</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>298</td>
<td>90.315</td>
<td>23.173</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>624</td>
<td>87.770</td>
<td>26.287</td>
</tr>
<tr>
<td>Loyalty</td>
<td>0</td>
<td>406</td>
<td>1.844</td>
<td>0.873</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>364</td>
<td>2.170</td>
<td>1.117</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>770</td>
<td>1.998</td>
<td>1.009</td>
</tr>
</tbody>
</table>

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Table 13

Test of Homogeneity of Variances

<table>
<thead>
<tr>
<th></th>
<th>Levene Statistic</th>
<th>df1</th>
<th>df2</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of Use</td>
<td>0.027</td>
<td>1</td>
<td>773</td>
<td>0.870</td>
</tr>
<tr>
<td>Intrinsic Value</td>
<td>0.161</td>
<td>1</td>
<td>773</td>
<td>0.688</td>
</tr>
<tr>
<td>Extrinsic Value</td>
<td>0.114</td>
<td>1</td>
<td>773</td>
<td>0.736</td>
</tr>
<tr>
<td>Decision</td>
<td>18.911</td>
<td>1</td>
<td>622</td>
<td>0.000</td>
</tr>
<tr>
<td>Autonomy</td>
<td>29.186</td>
<td>1</td>
<td>768</td>
<td>0.000</td>
</tr>
</tbody>
</table>
Table 14

ANOVA of the Five Factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of Use</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>0.005</td>
<td>1</td>
<td>0.005</td>
<td>0.016</td>
<td>0.900</td>
</tr>
<tr>
<td>Within Groups</td>
<td>262.174</td>
<td>773</td>
<td>0.339</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>262.180</td>
<td>774</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intrinsic Value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>0.752</td>
<td>1</td>
<td>0.752</td>
<td>1.381</td>
<td>0.240</td>
</tr>
<tr>
<td>Within Groups</td>
<td>420.898</td>
<td>773</td>
<td>0.544</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>421.650</td>
<td>774</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extrinsic Value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>0.066</td>
<td>1</td>
<td>0.066</td>
<td>0.147</td>
<td>0.701</td>
</tr>
<tr>
<td>Within Groups</td>
<td>347.406</td>
<td>773</td>
<td>0.449</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>347.472</td>
<td>774</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Decision Autonomy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>3693.374</td>
<td>1</td>
<td>3693.374</td>
<td>5.382</td>
<td>0.021</td>
</tr>
<tr>
<td>Within Groups</td>
<td>426814.855</td>
<td>622</td>
<td>686.198</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>430508.229</td>
<td>623</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>20.335</td>
<td>1</td>
<td>20.335</td>
<td>20.477</td>
<td>0.000</td>
</tr>
<tr>
<td>Within Groups</td>
<td>762.664</td>
<td>768</td>
<td>0.993</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>782.999</td>
<td>769</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Limitations

As in every research study, there were limitations. One limitation of this research was that two of the factors loaded with one item. If a factor loads with one item, then there is the risk of Type I error where the null hypothesis was rejected when it was true. The issue of reliability also arised since without a Cronbach's alpha, there is not a way of knowing if the factor had a high reliability.
Even though it may be viewed as a problem at first, previous work in the academic literature shows that if an item does “not load with any other concept...this item will form its own dimension” (Rothenberger, Dooley, Kulkarni, and Nader 2003, p.831). In addition, the questions that loaded into these factors, were clear and there was no ambiguity on behalf of the reader of what the question intended to ask. Another limitation of this research was that the sample is not a totally random sample but a random sample from a very large opt-in database. These consumers had access and interest to online purchasing and to a computer, so inherently our sample does not completely reflect the U.S. census, i.e. not everyone uses computers and not everyone who has a computer uses it for online purchasing. This may explain why the age group of 18-32 is not as large as the U.S. census; perhaps not many consumers in the age group of 18-32 enjoy and have an interest in taking surveys on the internet. Consumers in the age group of 18-32 may be using the internet for business transactions and entertainment but may not want to spend their time taking surveys. While taking a sample from a specialized population in research is a limitation, a large sample such as the one in this study improves the sampling frame. Finally, since the questions were originally constructed for electronic purchasing overall, reliability may have been impacted since the original questions were slightly modified to fit the dynamics of the hospitality industry.

Discussion and Conclusion

According to Torkzadeh and Dhillon (2002, p.199), “the success of Internet commerce depends on how customers perceive its value.” The original premise was the customers would see differences in the perceived ease of use, intrinsic value, and

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extrinsic value between using meta sites or intermediaries. This outcome was different than expected; even though there were no significant differences displayed in the ANOVA individually, the literature and the data analysis validated that the components of each factor have an impact on how customers perceive value. For example, looking at the components of the ease of use factor, the variables such as easy, clear, skill, friendly, functions, login, access, and navigate, grouped together and they are all related as expected. This means that a user who finds a travel website easy to use would also expect the travel website to be clear and understandable, and user friendly.

When examining the second factor, intrinsic value, we noticed that product variety, product quality, comparison shopping, and expectations, all play role in forming the travel consumer’s perception of intrinsic value. This could be interpreted that at the subconscious level the customer’s cognitive shopping decision making is impacted by what he or she expects to find at the website in terms of quality and variety. The third factor, i.e. extrinsic value, is comprised of items that do not directly impact the shopping experience but are rather added value activities. Items such as customer convenience of shopping 24/7, promotions, prompt customer service, and safeguarding personal information can indirectly impact the shopping experience and impact the consumer’s decision making about which website to shop at. If online travel agencies want to focus on ease of use, intrinsic value, or extrinsic value, then they can look at the items that grouped under each factor.

These groupings may have an impact on how these online travel agencies structure their research and development, market acquisition expansion and retention, investments in technology, etc. The fact that there were no significant differences
between the groups for ease of use, intrinsic value, and extrinsic value, could be attributed to lack of awareness on behalf of the consumers. If consumers do not have complete information of what is available for booking a hotel room, then they may not be able to make an informed assessment of how satisfied they are with their current choice of online travel website.

As the data showed, there were significant differences found in the loyalty variable and the decision autonomy variable. The question asked for the loyalty factor was as follows: “If I found another travel website that better met my needs, I would switch to using the new website.” According to the analysis performed, meta site users are less likely to switch to another OTA if they found a comparable OTA that met their needs. This means that travel meta site users are more loyal than travel intermediary users. This could serve as a caution to the intermediaries that could benefit from these results and attempt to examine why the meta site users are more loyal and less likely to switch to another travel website compared to the intermediary users. Based on the literature, loyalty found among meta site users could be attributed to the satisfaction element and repeat visits. As Hart and Johnson (1999) stated if during their visit at a meta site the users were satisfied they are more likely to return. The opposite may hold true for intermediaries.

Loyalty currently may also be impacted by the fact that travel meta sites are still relatively new so there is commotion in the travel market arena with consumers being curious to try them out. Hence referrals can be quite important in spreading the word and attracting more loyal customers (Reichheld & Schefter, 2000; Riet et al, 2001). In addition, some meta sites offer reward or affinity programs to their customers.
(Christodoulou & Brewer, in press) and this may have an effect on loyalty; we are not aware of any intermediaries at this time which offer reward programs. At a subconscious level, consumers may be influenced by the fact that meta sites save them time and may be in this way offer better value than the intermediaries, if indeed they are considered a one-stop shopping. This may translate into increased satisfaction, and hence increased loyalty.

When analyzing the decision autonomy variable, the results showed that meta site users have higher decision making autonomy as to which website to use than intermediary users. The question asked for the decision making autonomy variable was as follows: “What percentage of your travel do you have the option of choosing how to book (either business or leisure as opposed to company managed travel?)” The majority of respondents answered that they use meta sites. This could be attributed to the fact that meta sites offer incentives such as reward programs and better technology (Christodoulou, Connolly, and Brewer 2006), and therefore appear more attractive to the consumer when they have a choice on how to book their hotel stays. This can potentially have large implications for the travel intermediaries; many travel intermediaries receive a large part of their revenue from agreements they have with corporations. Meta sites have not aggressively launched a corporate agreement program with organizations. Based on the outcome of the decision autonomy variable, one can speculate that it is likely for the travel meta sites to gain a great share of the market if they decide to launch a corporate agreement marketing strategy. Currently, online travel agency users are more attracted to the meta sites when they have autonomy in taking their travel decisions. This result should raise a red flag for the travel intermediaries who need to act fast while they still have the upper hand in the overall travel market share. The
meta sites can use the decision autonomy as a market strategy tool for expansion and retention.

Overall, this research followed accepted methodologies and due to the large sample size the findings can be generalizable to the online travelers. This research did not support any significant differences in the ease of use, intrinsic value, and extrinsic value factor. However, the study did support significant differences in loyalty and decision autonomy. Currently meta sites offer additional benefits to the consumers compared to travel intermediaries since the behavior of meta site users is pointing in that direction. These findings can be of great interest to executives involved in online travel as they experiment with attracting new customer markets, enhancing existing ones, and struggling with customer retention. Even though these results could be generalizable to other industries and commodities, a hotel room is unique in the sense that it is not a commodity. Hotel rooms vary within a hotel chain and many times they vary within the property itself. It is not unusual for hotel rooms in a property to be different in views, size, amenities, upgrades, etc. Therefore, all these elements make a hotel room a unique product.

Further research can examine the differences among individual travel meta sites and individual travel intermediaries. We believe that academics can contribute to the body of knowledge by examining further how ease of use, intrinsic value, extrinsic value, loyalty, and decision autonomy differ among individual online travel agencies. One of the challenges of electronic commerce is how customers can easily switch from one website to another (Riel et al., 2001). Future research can examine the elements involved

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in switching behavior and what can enhance customer retention and minimize switching behavior.

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CHAPTER 4

SUMMARY AND CONCLUSIONS

Contributions

The Role of Travel Meta Search in the Online Travel Industry

Chapter 1 explored whether travel meta sites pose a threat or opportunity to travel intermediaries. For this study, the latent analysis and the manifest analysis proved to be two techniques that were effective in measuring the research questions. Several factors were derived from this analysis. First, online travel agencies (OTA's) differentiate by each offering something unique to the consumer such as Customer Relationship Management (CRM) and breadth of content inventory. Second, travel intermediaries considered corporate travelers to be their primary consumer, travel meta sites considered the leisure consumer. Third, they all have a different product offering such as the experience while shopping at the travel site, chain direct deals, and affinity programs. Fourth, the travel meta sites stated that travel intermediaries can benefit from a relationship since in some instances the travel meta sites have a more sophisticated booking technology and in some cases more hotel suppliers.

The findings in this study support the business institutional theory and coercive isomorphism. Based on executives interviews, consumers desire one-stop shopping which is currently not possible since they have to search each travel intermediary separately as there is no travel meta site that can do an aggregate search. It may work to
the travel intermediaries' advantage to leverage this opportunity while they still have the power to do so instead of waiting until their hands are forced out of necessity. In addition, since travel intermediaries stated that they target corporate travelers, they could expand their consumer base by joining the meta sites since the meta sites focus their services on leisure travel. Travel intermediaries should, therefore, seriously consider becoming partnering to the travel meta sites and have a harmonious relationship instead of an adversary one.

Transaction Relationship

Chapter 2 identified the factors that can influence the relationship of travel intermediaries and travel meta sites with their suppliers. By knowing these factors, the travel intermediaries and the travel meta site can better identify how they can formal their contractual agreements with their suppliers and what they should expect from them as part of the agreement. After analyzing the factors, it appears that the relationship structure can have an impact on the type of contractual agreement the intermediaries and the meta sites have with their suppliers. Most of the companies have a dynamic relationship with their suppliers transpiring through the rapport they developed with them.

The results of this study support the literature of transaction cost theory. Both travel meta sites and travel intermediaries need to pay special attention to the kind and frequency of transactions they conduct with their suppliers. One effective approach for a strong relationship appears to be the close interaction some intermediaries have with their hotel suppliers. The information for the first two studies has been triangulated using
personal interviews with subjects-matter experts from the travel industry, document analysis, and a review of the literature.

**Consumer Perceptions**

Chapter 3 identified the factors that affect consumers perceptions regarding travel meta sites and travel intermediaries. In order to examine consumer's perceptions, an online survey was used to identify whether travel meta sites provide additional benefits for the customer over travel intermediaries. Factor analysis was used to identify the factors that impact customer's perceptions. MANOVA was then performed to identify any significant differences in consumer behavior among the factors. Finally ANOVA was conducted to see whether the independent variable affected each dependent variable. Significant differences were found in the loyalty variable and the decision autonomy variable. Based on the analysis performed, meta site users are more loyal and less likely to switch to another travel website compared to the intermediary users. In addition, meta site users have higher decision making autonomy as to which website to use than intermediary users.

**The Unified Model**

The literature and this dissertation support that the consumer plays a large role on how the market dynamics evolve. In a volatile and turbulent environment such as the online travel arena, the importance of the consumer can be paramount. The results of this dissertation and the literature showed that a loyal consumer attributes his or her loyalty to a travel meta based on the satisfaction element and the repeat visits. This can be further attributed to the results of chapter one which showed travel meta sites offer the largest breadth of content inventory and functional capabilities such as side-by-side
comparisons. Perhaps the success of travel meta sites can also be a product of their active participation with hotel partner meetings (chapter two).

Meta site users are also shown to have higher decision making authority as to which website to use than intermediary users. The majority of the participants of the survey responded that they use meta sites when they are not obliged to use their company’s assigned travel agency. This can have implications for the travel intermediaries since they receive a large part of their revenue stream from corporate agreements they have with corporations. The reward program that travel meta sites offer could potentially take away a large share of the market of the intermediaries should the travel meta sites decide to launch a corporate program.

Figure 3 depicts the relationship of the concepts explored in Chapters 1, 2, and 3. The literature on institutional and loyalty theories serves as the theoretical framework for the future relationship of travel meta sites and travel intermediaries. Institutional theory refers to the actions an organization will take in order to be legitimized in its environment due to external pressures such as customers. In Chapters 1 and 2 this was illustrated since the consumer is the external pressure that navigates the actions of the organizations regarding their business relationships. Loyalty theory refers to the dynamics on why a consumer is dedicated to a particular product or service. In Chapter 3 the findings of the survey showed that when the consumer is empowered to pursue his or her online travel booking, there are certain loyalty and autonomy dynamics that will lead the consumer to make a decision. Therefore, as illustrated in Figure 3, all these factors lead to the future relationship of travel meta sites with travel intermediaries.
These findings should be of great interest to executives involved in online travel as they experiment with attracting new customer markets, enhancing existing ones, and struggling with customer retention. Overall, travel meta sites offer their users additional tools to facilitate their research, shopping, and decision-making process regarding their travel needs. Travel intermediaries should, therefore consider joining these services rather than trying to compete with them. One cannot be too quick to dismiss the travel meta sites potential because hindsight reveals the many mistakes hospitality and travel executives made when discounting the potential of the Internet. Thus, no one wants to make these same errors or be caught flat-footed as the industry’s distribution arena appears poised for another great transition. The travel suppliers, OTA’s, and meta search
engines are fighting and will continue fighting for control of the distribution process and bookings and ultimately, the consumer.
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Dissertation Title: Managing the Relationship between Intermediaries and Meta Sites

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