**CHAPTER 2**

**REVIEW OF RELATED LITERATURE AND RELATED STUDIES**

The review of the literature for this study focuses on related online hotel reservation system. This chapter presents the definition of different online hotel reservation system, the problems and how it is addressed by the used of these related systems.

**2.1. Related Literature**

The application of the Internet in the business world has become a major trend in practice and generated a hot stream of research in the recent literature. The Internet, as a collection of interconnected computer networks, provides free exchanging of information. Over 400 millions of computers or more than 400,000 networks worldwide today are communicating with each other (Napier, Judd, Rivers, and Wagner, 2001). As such, the Internet has been becoming a powerful channel for business marketing and communication (Palmer, 1999), and for new business opportunities - as it is often called as "*e-business*" or "*e-commerce*" today (Schneider & Perry, 2001). This new e-business or e-commerce *virtual* marketplace allows small companies competing with business giants by *just* having a better web presentation of their products/services. Under the same wave, online customers can enjoy a wider choice of products or services, more competitive prices, and being able to buy their favorite items/services from the sellers located thousands miles away. It provides communication between consumers and companies and through *electronic data interchange* (EDI), buyers and sellers can exchange standard business transactions such as invoices or purchase orders with remarkable ease [1].

The hotel industry is certainly full aware of this trend and fully willing to contribute its share in this effort. In fact, the industry has realized that during those early forays into cyberspace, the industry didn’t view e-booking strategically (many hotels simply considered online room bookings at the time as a way to pick up additional business by selling distressed inventory through those online travel agencies), and handed over too much control of inventory and pricing to those third party online travel agencies. Now the industry is in the unenviable position of trying to take back the reins after early shopping patterns have been established. While the pressure to sell their inventory rooms online will be continuing, the industry has developed its new online strategy striving to get a better grip on this emerging marketing channel [1].

Online hotel reservations are becoming a very popular method for booking hotel rooms. Travelers can book rooms from home by using online security to protect their privacy and financial information and by using several online travel agents to compare prices and facilities at different hotels. People can book directly on an individual hotel’s website. An increasing number of hotels are building their own websites to allow them to market their hotels directly to consumers. Non-franchise chain hotels require a “booking engine” application to be attached to their website to permit people to book rooms in real time. One advantage of booking with the hotel directly is the use of the hotel’s full cancellation policy as well as not needing a deposit in most situations (Online Reservation, Wikipedia).

Online hotel reservations are also helpful for making last minute travel arrangements. Hotels may drop the price of a room if some rooms are still available. Large hotel chains typically have direct connections to the airline national distribution systems. These in turn provide hotel information directly to the hundreds of thousands of travel agents that align themselves with one of these systems. Individual hotels and small hotel chains often cannot afford the expense of these direct connections and turn to other companies to provide the connections [2].

Several large online travel sites are, in effect, travel agencies. These sites send the hotels' information and rates downstream to literally thousands of online travel sites, most of which act as travel agents. They can then receive commission payments from the hotels for any business booked on their websites [2].

Lastly, people can book directly on an individual hotel's website. An increasing number of hotels are building their own websites to allow them to market their hotels directly to consumers. Non-franchise chain hotels require a "booking engine" application to be attached to their website to permit people to book rooms in real time. One advantage of booking with the hotel directly is the use of the hotel's full cancellation policy as well as not needing a deposit in most situations [2].

To improve the likelihood of filling rooms, hotels tend to use several of the above systems. The content on many hotel reservation systems is becoming increasingly similar as more hotels sign up to all the sites. Companies thus have to either rely on specially negotiated rates with the hotels and hotel chains or trust in the influence of search engine rankings to draw in customers [2].

The ultimate service provided by the companies to the hotels and the online consumer is that they provide a single database from which all reservation sources draw immediate room availability and rates. It is very important that hotels integrate with all the supply channels so that their guests are able to make accurate online bookings [2].

There are many ways of making the online reservation; most of the online reservation systems use the centralized system for making the reservation with the hotel directly. The online hotel reservation through the centralized system is just the tentative reservation, means that a client do not need to pay at the time of reservation and instead pay at the time of check in or check out.

**2.1 Related Studies**

## Hotelogix: The preferred PMS for Erbil Oscar Premium Hotel

Erbil Oscar Premium Hotel is a well-known 5 star located in the heart of Erbil, Iraq. The 60 room hotel, is minutes away from all the must see destinations of the city and has a swimming room, sauna, 24 hours Gym, restaurants and great business facilities [3].

Erbil is going to be the 2014 tourism capital of Iraq, and is a gorgeous city which has the perfect mix of ancient sights and modern day buildings and shopping malls [3].

In the selection process, Erbil Oscar Premium Hotel required cost-effective pricing software that could manage the entire hotel’s departments, i.e. restaurants, gym and swimming pool, minibars, etc, in an extremely easy to use manner [3].

They had nearly finalized to go ahead with a Legacy giant before they had even considered Hotelogix. But once they saw the *interface and features of Hotelogix*, they realized this was the solution they were looking for; Hotelogix gave them a complete property management solution [3].

Why they choose Hotelogix? Erbil Oscar Premium Hotel had practically signed up with a legacy software solution, but after speaking to Hotelogix’s reseller in Iraq, Ejaftech, they realized this PMS was better suited for their requirements [3].

**According to Mr. Shahab Hamid, owner of Erbil Oscar Premium Hotel, he gave** thanks to Hotelogix and Ejaftech Team, for providing such a good solution to us, which they selected immediately after working on it with your team.

According to the hotel, the biggest selling point was that Hotelogix was a *cloud based solution*; therefore they didn’t need to install any server or wired networks. This benefit was extremely cost effective for Erbil Oscar Premium Hotel and saved them a lot of money as compared to their other option. Also compared to an offline legacy model in Hotelogix, there is no Data destruction [3].

Erbil Oscar Premium Hotel is confident that Hotelogix shall give them great ROI and boost their occupancy levels.

Another great benefit has been that even though Mr. Hamid, the owner of the hotel, travels a lot, and is not always physically present at the property, Hotelogix can allow him to access his hotel from anywhere, anytime and anyplace [3].

Erbil Oscar Premium Hotel has been extremely impressed with the support given both by Hotelogix and their reseller in Iraq: Ejaftech. Once the hotel signed up, Ejaftech created a wireless network for them and provided full open time training and support [3].

They also appreciate that Hotelogix works with their customers and listens to their feedbacks and suggestions.

Mr. Hamid wishes Hotelogix and Ejaftech the best of luck, and is sure that Hotelogix will be very successful in Iraq [3].

## Avillion Hotel Group Prospers with SiteMinder

The Avillion Hotel Group is a successful and expanding Malaysia-based hotel portfolio featuring three deluxe properties which use SiteMinder’s Channel Manager to connect them to booking websites around the world as well as TheBookingButton- SiteMinder’s express, commission free booking engine which allows travellers to book direct via the three hotels’ own websites. Avillion’s growing Private Collection portfolio comprising exclusive homes and villas in Malaysia and Japan also uses TheBookingButton to power its direct bookings [4].

Renowned for their striking architecture, sumptuous surroundings and individualism, Avillion’s premium hotels, resorts and villas have all capitalised on SiteMinder’s automated channel management distribution platform to power revenue increases and cost savings just as impressive as the brand itself [4].

Business, Marketing and Sales Director for the Avillion Hotel Group, Ms Helen Tan, said that the TheBookingButton, which is 100 per cent commission-free, and SiteMinder’s flat-fee Channel Manager have helped Avillion achieve average cost savings of more than 50 per cent across its properties, compared to the previous, financially prohibitive, commission-based booking engine system it used [4].

The massive saving was achieved in just two years since 2010 when Avillion partnered with SiteMinder’s channel management and direct booking solutions. In addition to these sizeable cost savings, Ms Tan says bookings from online booking networks around the world have grown by an impressive 30 per cent since 2010 while direct reservations from Avillion’s own websites, using TheBookingButton from SiteMinder, have risen by a substantial 25 per cent [4].

Ms Tan explained that in 2010 they were seeking a channel management solution to expand their online reach and some of the online travel agents they work with suggested they partner with SiteMinder. They discovered SiteMinder also had a commission free booking engine that could help them increase their online bookings, provide a fresh new look and simplify their website reservation process so they are successful using both systems to power their growth [4].

They have found TheBookingButton to be very user-friendly with quick and easy steps for our guests to make and confirm reservations on their own websites. The fixed low monthly cost instead of commissions on every booking delivers to us substantial cost savings and efficiencies and the booking platform also allows guests to book other services such as limousines, spa packages and other leisure activities, adding to incremental revenue [4].

They have seen significant increases in revenue and cost savings across the board at their properties but what they like most about TheBookingButton and SiteMinder’s Channel Manager is the ease with which they can manage room allotment and the loading of rates and availability around the clock, which helps them to maximise revenue across the booking spectrum and minimise the amount of time and labour completing these tasks [4].

As their portfolio expands in what is a competitive market, they look forward to working with SiteMinder to reach more markets and bring more business through the doors of their beautiful properties [4].

**Exeter Court Hotel with Hotel Perfect Hotel Management Software**

Exeter Court Hotel is situated in the heart of Devon, Exeter Court is a 62 bedroom contemporary Hotel, perfect for accommodating both corporate and leisure guests. It is situated just off the A38, within close proximity to Exeter city and the airport, the Hotel is ideally positioned for corporate guests and offers a range of access to transport routes mean it is also perfectly placed for leisure guests to explore not only all that Exeter has to offer, but also the South West Devon coast and Dartmoor National Park [3].

As an existing customer, Exeter Court Hotel upgraded to Hotel Perfect Version 5 to take advantage of its many new features and modifications, such as the ability to store important documents on both reservations and event bookings, and its full compatibility with Windows 7. They also required a Channel Management solution to manage the vast amounts of bookings they receive via OTA's, and took the opportunity during the upgrade to receive additional training on their existing EPoS system [3].

Hotel Perfect delivered a seamless transition from Version 4 to Version 5, ensuring minimal effect on their everyday busy operations. In addition, we delivered our Channel Management solution enabling the Hotel to ensure rate parity across the various OTA's used. Receiving such a large amount of bookings via OTA's due to the Hotels attraction to both corporate and leisure guests, means that real time and automatic availability updates to all channels are imperative to avoid overbooking and eliminate constant updating. Hotel Perfect also delivered additional training for the Hotel in regards to loyalty guests within their existing EPoS system [3].

According to the owner of Exeter Court Hotel, they made the decision to upgrade their hotel management system shortly after they were informed that Hotel Perfect had developed V5. They are continually looking for ways to improve efficiency of their staff, theirr processes and to offer their guests the best possible service and theye found that V5 was able to tick all the right boxes and enable them to achieve these goals. The process from V4 to V5 was excellent, the training they received, their staff and support throughout this process has been second to none and they would not hesitate to recommend this superb product [3].

**REFERENCE LISTS**

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