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### **Understanding the Sociological Roots of ‘No-Shows’ in Technology Mediated Transactions in Tourism**

The tourism industry has long understood the various benefits of information and communication technologies. These technologies are also blamed to be impersonal, sterile, and alienating. Not much attention has been paid to understanding whether transactions mediated by technologies take away the element of trust. A special question that we have taken up for investigation here is whether ‘high tech’ has the same privilege of ‘high touch’ in tourists honouring their commitments to tourism businesses. We hypothesize that e-bookings may imply lower social trust which in turn may result in high rates of ‘no-shows’. In other words, stringent legal control might be required to make tourists honour their e-bookings whereas informal trust is often enough for them to honour more traditional types of transactions. We examine this issue empirically based on primary data collected from the Argentine rental car industry.

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## **Introduction**

Technology in conjunction with facilitating conditions provided by globalization has remodelled our ideas of space-time and has amplified our overall comforts in travel. Digital technologies and ICTs (information and communication technology) contributed not only to the growth of tourism but also re-organized the travel consumption patterns worldwide. The blurring divide between tourism and the everyday is felt everywhere (Urry, 2000; Vannini, 2010). At a time when globalization homogenized social behaviours, digital technology produced paradoxical effects in the psyches of consumers. Although much has been written about the homogenization element of globalization, attention to the undesirable impacts of technology has been largely missing. In particular, we need to understand better how technologies impact the way we view some of the foundational assumptions about appropriate conduct in business. For this paper, we choose to discuss how technology mediated exchanges alter buyer-seller relations in the context of the travel and hospitality industry.

In order to better understand the trust issue in e-commerce, we compare electronic and traditional booking patterns in the Argentine rental car space. As noted elsewhere in this paper, a fundamental solution to the no-show problem should start from an understanding of its roots. This paper is a preliminary attempt in that direction.

## **Technology: Promises and Perils**

The crisis of 'peaceful' technology in the West was first noticed by the tragedy of Chernobyl (Beck, 1992). From that moment, the discussion on technology polarized. On one side, technology was seen as playing a crucial role in organizing society, conducive to the productive system. But on the other hand, it created a new cosmology of uncertainty and conflict (Korstanje & Skoll, 2014). Jacques Ellul, one of the famous critics in this area,

explained that technology will close the Weberian iron cage to the hegemony of rationality and instrumentality (Ellul, 1964).

Dutton (1998) offers a full-blown snapshot of the benefits and problems of technology in our modern world. Though access to ICTs has generated a more egalitarian society, it also involves a risk. Users may be manipulated and controlled by invisible forces. This last point wakes up a hot discussion to the possibilities to users resisting technology (Dutton, 1998). Innis (1990) warns that technology lends the world to more centralized, top-down scrutiny. Starting from the premise that it substantially changes the classical forms of communication, this text emphasizes the decline of oral communication. This results in the undermining of social trust, which we argue is a fundamental issue in the context of no-shows.

### **Technology - Tourism Linkages**

Technology and tourism have been inextricably intertwined. Buhalis (1998) suggests that ICTs enhances competencies in tourist organizations across almost all processes. Wong & McKercher (2010) focus on the belief that information, which is produced by technology, helps develop the necessary strength to keep the loyalty of tourists. Similarly, Rivera & Rodriguez (2011) allude to ICTs as a mechanism to improve competitive advantages of tourist firms in two ways: it allows enhancing trust; and, it measures the loyalty of consumers. The introduction of measurement gives to organization a valid diagnosis to improve its relation with clients. That way, consumers' loyalty in the tourist firm rises. A key indicator of consumer disloyalty is the volume of cancelled reservations in a specific season. Tourist operators may duplicate their costs if they do not pay attention to no-show rates (Quan, 2002). Though the problem of no-shows has not been directly claimed because of the use of ICTs, Dekay, Yates & Toh (2004) believe that a correct diagnosis of the problem of no-shows is needed.

### **Situating No-Shows in Tourism**

The plague of no-shows seriously affects the profits of the whole tourism industry. The big problem with no-shows in travel and hospitality rests on the perishable nature of the products. Industry players deal with the phenomenon in different ways. In the US, many hoteliers opted to overbooking as a valid way to absorb the problem of no-shows. They estimate the stable percentage of no-shows with the help of ICTs. As a result of this, other problems arose (Rothstein, 1974; Lieberman, 1993; Lai & Ng, 2005). Since this behavior declines the trust clients have in the hotel, the accuracy in used software to predict the no-show rates is of paramount importance for the success of this sub-sector. Hotels can also maximize their business prompting their clients to cancel the reservations if not needed (Mohanty, 2008). Quite aside from this, legislation and international laws prompted hotels to charge clients if they do not appear as agreed. This does not resolve the problem but controls the negative effects of no-shows for many hoteliers.

Toh (1986) describes no-shows as one of the most significant problems of tourism and hospitality. Toh found that hotels have done the better job compared to other subsectors such as airlines or cruiselines. Biyalogorsky et al. (1999) acknowledged that the nature of no-shows relates to uncertainty. From one moment to another, management needs to make consequential decisions. The tactics of hoteliers are usually aimed at maximizing the high-rate reservations and cancelling the lower-ones in the context of overbooking. If the client complains, compensation may be used as a valid resource. However, opportunities to optimize incomes in the context of uncertainty depend on the ability of the company to prioritize the higher rate reservations. Rather, Hadjinicola & Panayi (1997) discourage the overbooking tactic as a means to deal with no-shows. Whenever the capacity of hotels is oversold, not only the loyalty to the product declines, but also cancelations multiply.

In Argentina and worldwide, hotels are often obliged by regulation to implement a set of responses to reduce no-shows. This is not the case for rental car companies. For that reason, it is important to understand how the rental car sector copes with no-shows.

### **No-show and Reciprocity**

As discussed in earlier section, no-show rates in tourism have been growing like a plague. Our explanation explores not only the anthropological nature of reciprocity (gift-theory) but also offers an alternative view. Basically, as Sahlins (1972) puts it, reciprocity keeps the society united. The theory of gift, as it has been formulated by Mauss but developed by Sahlins, argues that giving-while-keeping leads persons to exchange (barter). However these types of reciprocity are not stable, they change according to the conditions of the players. Sahlins (1972) understands that reciprocity, when a person gives to return, engenders “a reciprocal exchange”. Following his conceptual model, reciprocity encompasses three directions,

- a) Generalized reciprocity, is activated putatively if one party does not demand a return for a given gift. Because of the vagueness of obligation, this type applies when one part is richer than the other.
- b) Balanced reciprocity signifies “direct exchange” where one party returns at the same moment to the other a counter-gift. Sahlins adds that this reciprocity flourishes whenever money is introduced in social relationships, as in the case of hotel room payments.
- c) Negative reciprocity alludes to the lack of one party giving back the gift because they want to maximize the gains. Theft is a clear expression of negative reciprocity.

The process of exchange as it is explained by Sahlins rests on social trust. In tourism and hospitality, the balanced reciprocity predominates over the other two types simply because one part pays with money for the service. Customers who do not show up at hotels not only evoke negative reciprocity, but also hinder developing or maintaining a durable liaison with the company. The application of charges cements the possibility that the client leaves the fields with impunity, they bring the debtor into a “balanced reciprocity”. To what extent technology helps in reducing social trust is the point of entry this paper wants to unravel. Are ICTs likely to alter no-show cases? At a closer look, lest a charge can be applied, trust declines if the consumers do not face personal attention by the company. As a result of this, we hypothesize the rates of no-show rise.

### **The Study**

Though no-show rates as well as their marginal effects on tourism have been historically recorded in the industrial economies, in Latin America and Argentina in particular, the sources of statistics have been seriously questioned because of their lack of objectivity. The fact is that private companies often provide only partial information, or biased information which is manipulated to protect their sectorial interests or make them look more competitive.

These are the reasons why we have selected an Argentinian rental car company as a case study. Though we recognize the outcome should not be generalized, interesting results may be discussed according to what has been investigated in the current specialized literature. Since the rental car companies are unable to implement charges for no-shows, they provide an interesting context. For a duration of 12 months, internal statistics generated by a private Rent-a-Car company, located in Buenos Aires Argentina, were compiled.

## Findings

The company has more than 20 locations in the country, and 700 vehicles as their fleet. Reservations are possible in person through interactions with staff at the locations, by contacting the central booking department or via ICTs (the company website as well as other booking platforms). The type No-show entails only those rentals where clients not only did not appear, but also never postponed or called to office to arrange a new pick up date. In 2012, the company produced a total of 51,357 reservations, 17,546 (34.16%) were generated by the Booking Department, while 16,489 were facilitated by ICTs (32%). The rest, 17,322 were sold by different offices (33%).

**Table 1 Status of Bookings**

	2007	2008	2009	2010	2011	2012
<b>Cancelled</b>	5939	6343	5807	8386	10659	10457
<b>Quotations</b>	1581	2936	3042	3489	2777	2667
<b>No-show reservations</b>	5548	3303	2927	3434	6301	3925
<b>On Request</b>	0	0	0	11	17	53
<b>Filled Res</b>	24034	27661	28870	31362	32646	31937
<b>% Filled</b>	64	68	71	66	62	60
<b>Reservations</b>	37102	40243	40646	47044	52628	52583
<b>Billed by Reservation</b>	9827502	18160257	23659459	25904798	22769469	29475093
<b>Billed by Walk in</b>	9146864	11245939	15762071	13922951	17273052	15222152

Cancelled = the reservation is cancelled with express authorization of client.

Quotation = the client asks for prices but did not reserve.

On request = the client wants to reserve but there is no assurance that the reservation will be honoured because of availability problems.

Filled = the reservation becomes an effective rental agreement.

Walk in renter = when the client agrees to the service without previous reservation on desk.

Direct Renter = when the client appears at office with previous reservation.

If the attention is drawn to the evolution of cancelled reservations from 2007 to 2012, we will realize the number doubled from 2007 (5,939) to 10,457 in 2012. Quotations do not exhibit a growth pattern. The percentage of billed/concreted reservations was 64% for 2007, it changed to 68% in 2008, 71% in 2009 and 66% for 2010. Ultimately, it drops to 60% for 2012. The idea that increased productivity produces more cancellations cannot be validated here.

**Table 2- No-show by year.**

	2007	2008	2009	2010	2011	2012
<b>Reservation no-show</b>	5548	3303	2927	3434	6301	3925
<b>Total reservations</b>	37102	40243	40646	47044	52628	52583
<b>% No-shows</b>	<b>14.95</b>	<b>8.21</b>	<b>7.20</b>	<b>7.29</b>	<b>11.97</b>	<b>7.46</b>

Following the previous argument, Table 2 shows a similar up and down trend. This asymmetrical fluctuation leads us to think other key factors are of importance. To expand on the presented numbers, we have to explore in the last year (2012) the percentage of no-shows by the source which had generated the rental. Reservations and direct rentals that originated in any of the 20 offices and the booking department involved human contact. In contrast, bookings made on the company website (marked as WEB) or other booking platforms (including global distribution systems such as Sabre or Amadeus and indicated und REZ) were devoid of human interaction.

**Table 3 – No-shows by year and Source.**

SOURCE	Booking Department	WEB	REZ	Total res
2007	4405	0	1088	37102
2008	757	0	1384	27661
2009	1054	0	1257	40646
2010	1131	0	1494	47044
2011	1145	23	2457	52628
2012	857	275	1974	52583

Table 3 reports the number of reservations computed as no-shows, for sources REZ (ICTs) are notably higher than personal reservations. The website was not implemented up to 2011. In 2012, for example, the booking department had only 857 no-shows, while the INTERFACE REZ or ICTs accounted for 1,974 cases. Undoubtedly, it is important to delve into the year 2012 to investigate the no-show problem further. This suggests the thesis that the source, whereby the reservation is generated, has some connection with the no-show rate.



**Table 4 No-shows by Source (2012)**

<b>Offices and Sources</b>	<b>No-shows</b>	<b>Total Bookings</b>	<b>% No-show</b>
BARILOCHE	107	1222	8.76
BUENOS AIRES	196	5236	3.74
CORDOBA	90	1453	6.19
COMODORO	5	145	3.45
IGUAZU	1	7	14.29
CALAFATE	23	288	7.99
JUJUY	10	551	1.81
SAN LUIS	0	6	0,00
MAR DEL PLATA	37	1183	3.13
MENDOZA	68	1814	3.75
NEUQUEN	12	232	5.17
ROSARIO	79	2112	3.74
SALTA	81	1822	4.45
TUCUMAN	69	1251	5.52
Booking Dept.	857	17546	4.88
REZ	1974	13826	14.28
WEB	275	2663	10.33
<b>Total</b>	<b>3884</b>	<b>51357</b>	<b>7.55</b>

Last but not least, Table 4 validates that those sources linked to ICTs show higher no-show percentages. They are characterized by the lack of personal attention in the process of confirmation. Since the reservations generated by ICTs are not based on human contact, neither personally nor by phone, this implies that trust could indeed be an important influence factor.

### **Conclusion**

The rental car sector is a fertile ground to study cases of no-show, precisely because this is one sector where charges are not authorized against clients until they actually show up. The study results indicate that lack of establishing social trust could be a key factor to explain the no-show rates.

The rental car data that we gathered indicates an alarmingly high no-show pattern for e-bookings. It represents a serious problem for the tourism industry, but few researchers have approached it empirically. Although the presented information is based on only one case

study, it still indicates the impersonality of technology in the process of sales. On one hand, ICTs permitted to manage a great volume of sales which can be systematized with efficiency and velocity by reducing the human error; on another, the lack of human contact which generates the necessary trust to balance the reciprocity, results in higher rates of no-show. Therefore, it is interesting to discuss the no-show phenomenon as an anomaly that turns the reciprocity between tourists and operators into a negative one.

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