Exploring Consumers’ Attitudes and Behaviours toward Online Hotel Room Reservations

Adeline Kok Li-Ming1,*, Teoh Boon Wai2

1Centre for Tourism, Hospitality and Culinary Management, Sunway University Business School, Sunway University, Petaling Jaya, 46150, Malaysia
2Darts Inspire, Petaling Jaya, 47400, Malaysia

Abstract Marketers in Malaysia need to have solid understanding on consumers’ online attitude and buying behavior. This is mainly due to the shift and trend that consumers are moving fast into online purchasing. Malaysia is rank one of the ten countries in the world with the highest number of internet users. The travel market in the Asia Pacific region is fast growing and more consumers are reserving their hotel reservations via online travel agencies. Hence, the main purpose of this conceptual paper is to explore the factors that influence consumers’ attitude and purchase behaviour toward online hotel room reservations. Four factors which are information, trust, price and convenience have been identified in this study. The focus of this study will be on consumers who reserve their hotel rooms via online travel agents. The research plans to adopt a survey method using stratified random sampling and the hypotheses will be tested using structural equation modelling.

Keywords Consumers Attitude, Online Buying Behaviour, Online Hotel Room Reservations

1. Introduction

Even though the number of internet users is high in Malaysia however according to the Nielsen Mobile Insights Malaysia[1], those who go online in Malaysia are mainly for social networking and instant messaging. Many of Malaysian internet users spend time online to socialize rather than to purchase. Researches also indicate 81% of those who browse websites do not actually make purchases [2]. Hence online purchasing in Malaysia can still be developed further so strategies need to be in place to encourage this growth. This exploratory research can assist in understanding online consumers’ attitudes and behaviours when making online hotel room reservation.

Consumers who are interested in making a hotel room reservation online can use two different methods to make their reservations. They can either reserve the hotel room via hotel official websites or a third party hotel websites. Hotel official websites is a form of distribution channel where hotels used to market and sell to their consumers. Many hotels especially major international hotel chains choose to use this form of distribution channels such as Hilton.com and Starwoodhotel.com.

The other method is that consumers can use to reserve hotel rooms online is via a third party which is also known as Online Travel Agents (OTA). These OTA are considered intermediaries that assist the hotels in selling their rooms. Among the frequently used OTA are Expedia.com, Booking.com, Agoda.com and Asiaroo.ms.com.

Consumers that are searching and making reservations online are on the rise. According to eMarketer[3], it is estimated that in the United States, 114 million internet users will explore travel online and 93.9 million will make reservations online in 2012. This is said to catch on in the Asia Pacific region. PhoCusWright report[4] revealed that they are anticipating sales across the Asia Pacific region to boost from USD79 billion in 2012 to USD91 billion in 2013. The same report also revealed that this region showed the most rapid travel market growth globally in 2010. Countries in the Asia Pacific region especially China, India, Indonesia, Singapore, Malaysia and Thailand also showed remarkable development in the online travel sales. It is reported that the rapid growth in the online travel sector is due to the fact that there is an increase in the wealth of the middle-class consumers. With this segment increasing, the consumers who want to travel and the adoption of credit cards have pushed the online travel sector to grow in order to capture the demands of the consumers. The growth in this region is also due to the fact that there are many new hotels in this region and in order to reach its competitors more effectively, hotels are using its online distribution channels.

Most consumers that book hotel rooms online are inclined to book via OTA rather than the hotel official websites. PhoCusWright report[4] showed that OTA which make of 62% is the main source that is used by most United States travellers when booking their hotel room online. In addition to that, Moroson and Jeong[5] found that only 27%
of consumers reserve their hotel rooms via hotel official websites as compared to 73% of them who book via OTA. In their study, they found that most consumers prefer OTA as it is easier and convenient for them to use compared to hotel official websites.

Past researches exposed that hotel official websites were ineffective in reacting to consumers’ wants and needs for online transactions. Schmidt, et al.[6] found that hoteliers’ were not keen in creating more effective websites as OTA were doing a good job in selling their rooms online and hotel revenues continue to generate from these OTA. On top of that, hotels had to compensate commissions to OTA for selling their rooms and this might disturb the existing sales and lower their revenues from the OTA.

Even though the online travel reservation market in this region is estimated to reach US$51.6 billion in 2011 and will grow by 40% a year, research on online travel trends and buying behaviour in this region is still very limited[7]. According to PhoCusWright[4] overall OTA expect between 10 to 20% of their reservation profits to come from Asia Pacific in 2012 and 2013. Expedia presently has an annual gross travel reservation of US$24.3 billion. With the rapid growth in this online area and in this region, it is vital to conduct a research to have better understanding of online attitudes and behaviours.

The travel industry is a very competitive industry. This industry consists of well-established agents, and also frequent new players. Online portals, online search companies, online travel agencies, shopping websites, traditional travel agencies, travel suppliers, and OTA are amongst the key players in this industry. In order to get loyalty from online consumers, online business must constantly provide better service than competitors[8]. This is because in the online environment, consumers can easily go to any websites to search information, check out offers and compare prices. Even though online consumers are pleased with the service provided, they will still search for substitutes[9].

One of the major attractions of OTA is the major discounts that OTA offer to its online customers[10]. This is mainly because of the deal that OTA have with the hoteliers. The Asian American Hotel Owners Association Chairman, Tarun[11] stress two major concerns involving the OTA in the hospitality industry. He disputed that the association should rethink and be more concern on: “(1) Agreeing the OTA to command rate parity and prevent hoteliers from providing discounts on their own guests that were lower than listed on the OTA website; (2) Allowing OTA to command last room availability and require hotels to list their last vacant guest rooms on the OTA at discounted prices.” However this will be beneficial to consumers and also the main reasons why OTA are so attractive to consumers when making their bookings online.

Consumers’ attitude towards online reservations is the foremost reason that impacts online purchase behaviour. Attitude directly influence decision making and is a crucial step in a consumer’s purchase behaviour. Haque et al.[12] found that generally attitude towards online purchase is undesirable among Malaysians.

There are also several factors why consumers were reluctant to use online booking. Research showed that when a consumer post an enquiry on the agency’s website, the consumer will only get a reply from an agent, either shortest by 2 to 3 days or never at all; consumer has lack of trust, vendors that consumers are not familiar; and consumers feel lack of confidence towards online transactions and providing private personal details[13][14]. However, in Jarvelainen and Puhakainen[13], it was concluded that experienced online buyers were more likely to consider internet more suitable for hotel reservations compared to inexperienced peers. The Travel Consumer Survey[15] showed that “nearly two in five online travel consumers say they believe that no one site has the lowest rates or fares.” This means that consumers will cross-shop and try to find the best deals from various OTA.

PhoCusWright[4] revealed that there were a few main reasons why some consumers who surf the OTA website did not complete their transaction. This means that in the end the consumers choose not to make the hotel room reservation via that particular OTA. The main reason why consumer did not buy online was 43% consumers found that the price for the service or product found online were too high. 11% of the consumers found that they cannot trust the website so they end of not buying online. 9% of the consumers found that the information online was unclear and another 6% of them found the online transaction too slow. In addition to that, the Hospitality & Touris mIndustry Report - customer satisfaction measurement found that consumers will only book online when they found the website is easy to use, convenient and the website provides a good price deal[3].

A research on travellers in Singapore revealed that they very much depend on pricing when they book online. Major travel agencies would take advantage to conduct mega travel sales every three months to lure consumers into committing package on the spot by giving away many freebies. Hence the consumers will seize the opportunity to buy value for money packages. The Malaysian consumers buy online because they the internet provides the benefit of cost saving lower price, easy access to information and convenience[12]. Even though there is high potential in online purchase in Malaysia, there are also several barriers which discourage consumers to buy online. Hence based on these issues, this research will explore four major factors that predict the attitudes toward online hotel room reservation. These factors are information, trust, price and convenience.

There are very few researches in this area and most of the existing studies on online purchase investigate consumers purchase intentions and they do not offer a solution to problems the actual online shopping. Besides that, these researches have also provided contradictory findings. Even though many studies have been conducted to understand consumer behaviour in the e-commerce environment but
most of them are based on developed countries while empirical studies in developing countries are rare[16].

This is similar in the case of the online travel industry where there are still very limited studies in the areas of consumers’ online hotel room reservations[17]. Despite the growing online markets, hotels are still searching the best ways to get consumers to reserve hotel rooms through online reservations. There are also very little studies conducted to understand the online consumer behavior when making online reservations[18]. With the trend and growth towards online travel agency, this exploratory research will be focused on online hotel room reservations made via OTA. The areas of OTA are under explored. This study will significantly add knowledge to this area as OTA is considered relatively new in this region.

2. Literature Review

According to Schiffman & Kanuk[19], “in the context of consumer behavior, attitude is a learned predisposition to behave in a consistently favourable or unfavourable way with respect to a given object”. People can have positive and negative affective attitudes toward online shopping. These attitudes are affected by individual differences in affect intensity, the website’s narrative structure and the interface of the website. In the tricomponent attitude model, attitude involves three main components which are cognitive, affective and conative[20].

Bruner & Kumar[20], in their research, they found that consumers’ attitude toward the website is a valid measure of website effectiveness and significantly correlated to consumers’ attitude toward the brand and their purchase. This was reinforced by website characteristics that include ease of use, product information, entertainment, trust, and currency[21]. Past research has shown that several website factors will affect consumers forming a favourable attitude toward online purchase.

A study conducted by Sukpanich & Chen[22] found that there were three variables that affected attitude toward online shopping. These three factors consist of awareness, preference and intention. Different people have different attitudes towards online shopping. These attitudes vary not only as the result of the activities performed, but as the result of personalities, lifestyles, social classes and other factors. Previous researches suggested different views on this subject.

There were also some studies that researched on consumer responses toward online shopping. Schlosser et.al[23] in their study found that consumers prefer website that provided them with essential information but dislike online vendors that hard sell their products and services online. There were also studies that found that consumers disliked websites. One of the main reasons for the dislike was that they found consumers felt that websites took a long time to download.

Online hotel room reservation recognition has gained notice in the academic research in the past five years. There are several reasons why this topic has drawn the researcher’s attention. Firstly, it is said that in order to contest in the present business environment, most hospitality businesses must implement an internet based booking system in order to cut down on their distribution costs[24]. As a result of adopting this system most businesses have looked for the best formula to maximize the value of deploying the system while at the same time is able to tackle customers to use their system. The topics that had been discussed include determinants of the online reservation system; the antecedents of customer satisfaction with online travel services; preferences of online buyers and browsers in the context of travel websites; factors affecting online reservation attention between the online and offline consumers; and online airfare reservation services: a study of Asian-based and north American based travel web sites.

In Malaysia, consumers like to go online. However consumers are skeptical about online shopping as they are lack of confidence and do not trust this technology. Abdul Rahim and Fariza[24] conducted a study to understand the relationship between demographic characteristics of consumers which include education level, age, income and occupation with other determinants such as convenience, ease of information, fast transaction, and price and safely regulated for the intention of hotel reservations. The result showed that educated online bookers would look for fast transaction, a convenient system, ease of information and lower price as their key motivator to purchase online. However, safely regulated transaction is none of their main concerns since it was found to be insignificant.

Meanwhile, Nusair and Kandam pully[25], tried to look at different aspects by doing a content analysis on six prominent travel websites in the United States. The purpose of their study was to identify the key dimensions of a quality website which include navigation, information quality, trust, personalization and responsiveness would influence customer satisfaction or purchase of online travel services.

According to Elliott & Speck[21], “Two-thirds of e-shoppers indicate that they will not shop on a poorly designed web site, and affluent e-shoppers are even less likely to”. Many studies have shown that consumer characteristics and environmental experiences which include demographic, economic, social, psychological and culture are main factors that influence consumer buying behaviour.

On the other hand, many studies have also shown that the marketing mix namely the 4Ps – product, price, place and promotion have influenced the buyers’ behaviour[26]. In his model, Kotler has introduced another factor influencing the online consumer behaviour which is the web experience. Web experience is defined as consumer’s overall perception on the online firm and its products. This experience is when consumers search, browse, find, select, compare and purchase online. The consumers’ impressions are affected by the website’s design, atmosphere, events and other online features while interactions online.

As an extension to Kotler’s framework, Constantinides[27]
in his research added the web experience to include three main factors which are functionality factors, psychological factors and content factors. In functionality, he included usability and interactivity. This means that consumers are exposed to an easy, fast and interactive website. In the psychological factor, he included the trust and security issues when consumers go online. This factor is vital in gaining the trust from buyers in using and buying from a particular website. The final factor is content which he included aesthetics and marketing mix. In this factor, creativity of the marketer in presenting their website is important in luring consumers to their website and buying from that site.

In the Malaysian context, Lim, et al.[28] found that Malaysian are medium internet users and they pursue information and purchase online moderately. Furthermore in their research findings they found that Malaysia consumers tend to have a greater plan to purchase more via the internet in the next few years to come.

3. Theoretical Underpinning of Study

The theories underpinning this study are technology acceptance model and theory of planned behaviour. In the technology acceptance model by Davis in 1986, he sets a number of features that influence consumers’ decision. This model also deals with the when and how consumers will use information technology[29]. According to Ajzen and Fishbein[30], there are two things that are used to predict behaviour intention and behaviour of individuals including of attitude and subjective norm. Furthermore, it has one more factor that can influence behaviour intention. That factor is added to the model which is perceived behavioural control[30]. David[29] stated that to predict behaviour intention of information technology, researcher should focus on attitude only.

The theory of planned behaviour is an extension of the theory-of-reasoned-action[31]. It added an additional factor leading to intention which is perceived behavioural control which is the consumer’s perception of whether the behaviour is or is not within his or her control. This theory offers a solid theoretical basis for examining whether attitudes are associated to intentions and in engaging in a specific behaviour which could be associated to the real behaviour. Centred on this theory, beliefs on online purchase and motivation should also influence online purchase. On top of that, beliefs on essential opportunities and resources to involve in online purchase could stimulate consumers’ online buying behaviour.

4. Research Framework

The framework for this study relies on the models developed by Cromme, Lawley and Sharma[32]; and Lodorfos, et.al[33]. Croome, Lawley and Sharma[32] in their study acknowledged the elements that influence online purchase behaviour and established a model of the buying decision process and empirically verified the model. The results of their research found that consumers prefer to buy non-bulky items online. This includes air tickets, hotel room reservations, music, books and cameras. They found that pricing, product information and trust were important drivers of online buying.

The constructs information, trust, price, convenience and attitude toward online hotel room reservation will be used in this study to test the hypotheses. Based on the frameworks above, this research framework is as stated in figure 1.

5. Methodology

A survey based data gathering method will be used in this research. According to Leedy and Ormrod[34], “Research is a viable approach to a problem only when there are data to support it”. Nesbary[35] defines survey research as “the process of collecting representative sample data from a larger population and using the sample to infer attributes of the population”. Surveys are conducted to gauge with substantial accuracy the percentage of population that has a particular characteristic by gathering data from a sample that could represent the population.

A pilot study of 100 respondents will be conducted. When a researcher conducts a pilot study, the researcher will be able to inquire suggestive comment and criticism on the measurement used. The pilot study can also assist the researcher to treat the data collected in the areas of content and the procedures to be followed. It will also give an avenue...
to the researchers to conduct a trial run for the questionnaire. These include examining the wording of the questions, spotting ambiguous questions, testing the method that was used to gather the data and evaluating the effectiveness of the respondents. Validity and reliability tests will also be conducted.

As it often impossible to study the whole online consumers in Malaysia due to number of people, places, or things within the population, this research make use of a sample to select research subjects who should represent the online consumers in Malaysia. According to Cooper and Schindler[36], “a sample has been identified as a part of the target population and researchers should carefully select the sample to represent the population of the study”. Patten[37] stress the importance of quality sample as sample affects the research generalizations. The bigger sample size, the better it is to represent the population. However, it is important to note that sample size alone will not constitute the capability to generalize a research. Patten[37], illustrated that an unbiased sample should be obtained for a research.

In this study, the researcher will employ the stratified random sampling which is type of probability sampling. According to Sekaran[38], “stratified random sampling is the most efficient among all the probability designs where all groups are adequately sampled and comparisons among groups are possible”. In this type of sampling population is distributed into significant divisions then the subjects are chosen in proportion to their original numbers in the population.

This research will use the data that was collected from the Household Use of the Internet Survey 2009 conducted by the Malaysian Communications and Multimedia Commission [39] to divide the segments. In this research, they found that the Malaysian internet users’ monthly income was divided as shown in table 1 below. The sample of this study will be stratified according to percentage below which is proportionate to the percentage of the internet users in Malaysia.

<table>
<thead>
<tr>
<th>Household Income</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>RM5,000</td>
<td>10.1</td>
</tr>
<tr>
<td>RM3,000 but less than RM5,000</td>
<td>18.9</td>
</tr>
<tr>
<td>RM1,000 but less than RM3,000</td>
<td>23.1</td>
</tr>
<tr>
<td>Less than RM1,000</td>
<td>5.2</td>
</tr>
<tr>
<td>No income</td>
<td>42.7</td>
</tr>
</tbody>
</table>

According to Sekaran[38], the decisions on sample size should be based on the confidence level desired, the acceptable risk in the confidence level, the variability in the population, the cost and time constraints and the size of the population. Based on this, the respondents for this research will be obtained from Selangor which has a population of 4.5 million; the sample size will be 384. Selangor is chosen as it is the state that has the highest number of internet users in Malaysia (23.9%).

This study’s hypotheses will be tested using Structural Equation Modelling (SEM). It is intended to use structural equation modelling via Analysis of Moment Structures (AMOS) software to measure the goodness-of-fit of the proposed model and study the regression weights to validate the hypotheses. The structuring modelling allows for simultaneous examination of the relationships among constructs.

So in this case, the factors influencing consumers’ attitude towards online hotel room reservation and the relationships between this attitude and their buying behaviour can be studied together.

For such mixed variables structural equations, Joreskog and Sorbon[40] recommend the use of polychoric and polyserial correlations. Correlation is the extent to which two variables are related to each other, where at a single number describes the degree of relationship between two variables. This number is called the correlation coefficient and enables the researcher to quantify the strength of the linear relationship between two variables.

6. Conclusions

The growth of online shopping as a promotional and selling tool by marketers is on the rise especially in this region. This study offers a beginning point especially in the context of Malaysian consumers in understanding the relationship of the factors that influence consumers’ attitude and their buying behaviour in reserving hotel rooms via online travel agents. This study serves as a base of understanding consumers’ online attitude and behaviour in the hotel industry. Further and more in-depth research can be built from here.

REFERENCES


