

## ONLINE HOTEL RESERVATIONS: ACCESSING FACTORS INFLUENCING CUSTOMERS ATTITUDE AND BEHAVIOURS

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### Abstract

The booming trends of hotel online reservations worldwide had influenced many hotels to establish online purchasing. Malaysia hotel industry had also grabbing the opportunity of this current trend by establishing online purchasing at their hotel. This research paper is focus on the factors that influence customer's attitudes and purchasing behaviour in online purchasing, namely; information, trust, price and convenience. Additionally, this study identifies the influential and popular factor among four factors mentioned above. Secondary data is used in order to complete the objectives of the study. It provides quality and impactful research through the deeper exploitation of major data resources readily available from various sources. Many commentators in this field unanimously agreed that online purchasing significantly contributes to the prosperity of the hotel business as well as engaging customers to do repeat purchase. This is proven as various hotels are adopting online purchasing which can be seen in several industries too including retail shopping, supermarkets, transportation, telecommunication as well as food business. Price appeared to be dominant factor in influencing customer's online attitudes towards online reservations purchasing behavior. Probably, factors that contribute to the growth of this online purchase were basically comes from the potential of online purchasing as a powerful marketing weapon to attract customers with their purchasing behaviour. Several avenues for future research is discuss at the end of the paper.

**Keywords:** customers, convenience, online purchasing, trust, price, information

### 1.0 INTRODUCTION

Online purchasing is a current trend among various hotels worldwide (Casalo, Flavian, Guinaliu & Ekinci, 2015). Many hotels adopted online purchasing as part of their marketing strategies with the main focus to enhance customer retention and repeat business. Among the countries in the world, Malaysia is spotted as one of the country with the highest number of Internet users according to Nielsen Mobile Insights

Malaysia. Customers that using reservations online also are increasing. Asia Pacific countries such as Malaysia, Thailand, Singapore, Indonesia, China and India displayed a tremendous development on online travel sales. It is noted that the establish income from the middle-class customers had contribute to the tremendous growth of the online travel sector. The development of credit cards usage among customers also had contributed to the development of online travel sector. Online distribution channels had appeared as the most popular method applied by various hotels with these intense competitions. In line with the development of online purchasing in hotel, customers who are interested in making an online hotel reservation or booking can utilize two different methods. They can reserve a hotel room via hotel official websites or through a third party hotel websites. Big industry players used hotel official websites as a form of their reservation distribution channel such as Hilton.com, Shangri-la.com and Starwoodhotel.com. While on the other hand, third party hotel websites can be classified as Online Travel Agents (OTA). The popular and frequently used OTA are Trivago, Expedia, Agoda and Booking.

The increased growth of online purchasing however is still not effective enough. Suprisingly, many individuals browse hotel websites but do not proceed with any purchase (Wu, Chen, Chen & Cheng, 2014). Many of the organizations of online purchasing are, in fact, copying behaviours and basically fail to understand customers' online attitudes and purchasing behaviours. Convenient and easier had been identified as crucial factors that influence customers' online attitudes and purchasing behaviour. Other factors are trust, price as well as information. Limited empirical study is shown on strategies to encourage the growth of online hotel reservations (Casalo *et al*, 2015). Since online reservation are part of hotels marketing strategy, thus, by providing remarkable value on the hotel online purchasing may boost the customer's loyalty with the hotel. This research paper is focus on the factors that influence customer's attitudes and purchasing behaviour in online hotel reservations. Additionally, this study will identify the influential and popular factor among four factors that been examined, information, trust, price and convenience.

## 1.1 Problem Statement

The hotel industry is in the midst of a period dramatic change (Ponnapureddy, Priskin, Ohnmacht, Vinzenz & Wirth, 2017). The development of online travel agencies such as Expedia and growing traveller embrace of accommodation-sharing services like Airbnb, hotel chains (big and small) are among new innovation to steal customers hearts and mind and provide new experiences. In line with this tremendous development of technology, hotel online reservations can be seen as the most popular feature of hotels' marketing strategies. Fewer years back have seen an ongoing series of announcements by hotel chains on their online hotel reservations in an effort to improve profitability, taking advantage of the development of technology. Nevertheless, past studies displayed that hotel official websites were ineffective especially to cater to customers' wants and needs for online transactions (Jeon & Jeong, 2016). Additionally, Khatibi, Haque and Karim (2006) highlighted that customers reluctant to use hotel online reservation due to they received late reply from the hotel side (2 to 3 days or never at all), lack of trust, not familiar and not confident towards online and providing personal details. In addition, The Consumer Travel Survey highlighted that "nearly two in five online travel consumers say they believe that no hotel site has the lowest rates or fares." This means that customers will cross-shop to find the best deals from various Online Travel Agents (OTA) rather than hotels. Moreover, according to e-marketer (2012), customers will only reserve online if they found that the hotel website is easy to use, convenient and provide a good price deal. Depite the huge potential among online purchase in Malaysia, there are also barriers, which discourage customers to buy online especially using the hotel own websites. Chang, Lee and Wang (2016) highlighted that limited empirical studies being conducted in developing countries with

regards to customer behaviour in the e-commerce environment. This are also supported by Wu *et al* (2014) and Lien, Wen, Huang & Wu (2015) that highlighted limited studies being conducted in the areas of customers' online hotel room reservations.

Reversed scenarios happened for OTA as their main revenues of income comes from online booking. Collaborations with hotels on getting commissions for selling hotel rooms are also doing well. Infact, hotels gaining lesser revenue, as they need to pay commissions to these OTA. Probably, one of the major attractions of OTA is the huge discount offered to its online customers (Toh, Raven & Dekay, 2011). According to the Asian American Hotel Owners Association Chairman, Tarun, two major issues derived from the involvement of OTA in hotel industry. Firstly, "(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, these are the main reasons why OTA are more alluring to customers when making bookings online. Hoteliers need to supply continuous superior value in order to stay successful in current intense hotels competition (eMarketer, 2012). Customers' attitude directly influences their decision-making and a crucial step in fostering their purchase behaviour. With the rapid expansion in this online area and region, an in-depth understanding of factors that influence customers' online attitudes towards hotel reservation purchasing behaviour requires empirical evidence. This study is worth to carry out as four major factors use in this study; information, trust, price and convenience will be explored further.

## **2.0 FACTORS INFLUENCING CUSTOMERS ONLINE ATTITUDES & PURCHASING BEHAVIOUR**

### **INFORMATION**

Information act as the first factor that influence customer's online attitude and purchasing behavior. The attractive advertisement on social and mass media via creative and innovative information dissemination do influence customer's online purchasing behavior. Information such as hotels product characteristics, bedding type (whether its single or twin bedded), rooms layout, rooms view (whether its sea facing or garden view), quality and product details can entice customers to purchase it. This is supported by Harris, Brookshire and Chin (2016) study that highlighted online information is the main determinant for behavioural intentions. Customers' information needs must be met in order to secure online reservations transactions. The greater the hotels room information, the greater customers purchasing behavior to reserve a room.

### **PRICE**

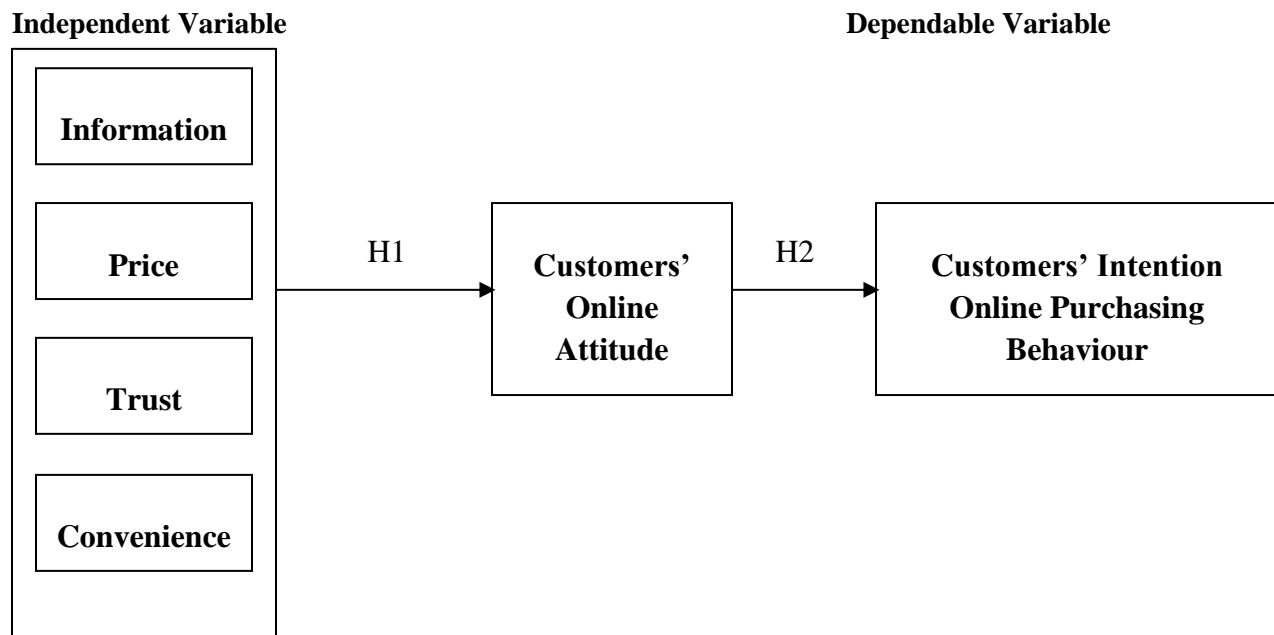
Price is crucial from customer's point of views since they need to commit a certain amount of money to reserve a room online. Customers normally want a quality product/service and in this case, a hotel room at a reasonable price. They will reserve and purchase it once they are satisfied with the quality of the rooms. According to Kim, Xu and Gupta (2012), objective prices offered by the current hotel has always been a comparison with reference prices offered by other hotels. Moreover, price is tangible component and plays a significant part in influencing customers to purchase online (Yoon, Oh, Song, Kim, & Kim, 2014). To conclude, the greater the price and quality of a hotels room promoted by hoteliers through their websites, the more positive attitudes of online customers will be towards the hoteliers.

## TRUST

With the current technology that evolved in hospitality industry tremendously, safety issues are the sneak peaks of many online customers. This is especially when they would like to do online hotel reservations or bookings. Personal information, transaction security and misuse of private customer data are basically some of the issues that customers concern. Subjects like hacking, fraud, spam and online scams regularly make headlines, raising security concerns as well as scepticism and mistrust. Customers will reserve a room and purchase online when they trust the hotels. Once the trust is being develop, customers will repeat their purchasing attitude again and again and they will not afraid to buy reserve a room online.

## CONVENIENCE

Convenience act as another factors that influence online customers' attitudes and purchasing behavior when they do hotels reservations/ bookings. Customer has the tendency to reserve a hotel room online with their convenience and easily access situation. The purchasing power becomes greater especially if the hotel rooms available, meeting all the criterias and can be access without difficulties. A local study conducted by Jin, Osman, Romle and Haji-Othman Rahim (2015) in Malaysia, reported that online bookers would access for fast transaction, a convenient system, ease of information and lower price as their key motivator to purchase online. To recap, Figure 1 classifies the four-above mentioned factors that influence customers to do online hotel reservations. The following model illustrates the relationship between the factors that influence customers' online attitude and customers' online purchasing behaviour.



**Factors influencing customer's online attitude**

**Figure 1: Conceptual Framework of the Study**  
Sources: Amaro & Duarte (2015)

### 3.0 METHODOLOGY

This chapter discusses the research methodology that signifies the subjects of the research; customers' online attitudes and customers' purchasing behaviour towards online reservations. It elaborates on the research design and method as well as the data collection processes.

#### 3.1 Research Design & Method

Churchill and Iacobucci (2005) highlighted that research design can be perceived as 'the framework or study plan, used as a reference for data collection and analysis'. It also served as the backbone of the study and blueprint to guide researchers throughout the study. For this research paper, researchers adopted secondary data as means to examine the objectives of the study. It provides quality and impactful research through the in-depth exploration of major data resources readily available from various sources that would be unfeasible for researchers to collect on their own. Researchers summarized all previous studies related to the topic be it qualitative or quantitative study. Through an in-depth literature search from previous study, it is promising for comprehensive discussions of customer's behavior and organizational innovation management.

#### 3.2 Data collection

This research paper is based on secondary data collection. The secondary data collection techniques signifies researchers to obtain information with regards to the research study (factors influencing customers' online attitude and customers' purchasing behaviour) and about the setting in which this research occurred. The evaluation of every variable in this study is deliberately searched through online database such as Ezaccess, Emerald Premium, and Google Scholars.

### 4.0 CONCLUSION

Researchers notably agreed with findings from previous studies that highlighted the importance of online purchasing as part of hotel marketing strategies especially now where technology dominates most of the organization operation. This is supported by many scholars that commended online purchasing significantly contributes to the prosperity of the hotel business as well as engaging customers to do repeat purchase (Ponnappureddy *et al*, 2017; Casalo *et al*, 2015). Not only hotels adopting online purchasing but also it is extended to several industries including retail shopping, supermarkets, transportation, telecommunication as well as food business. Generally, Chang *et al* (2016), stressed that people can have various attitudes with regards to online purchasing be it valuable or unacceptable views. The interface of the hotel websites, websites narratives organizations and people concerntrations all contributed to the attitudes. Additionally, Leung and Baloglu (2015) in their research highlighted that the successful of hotels brand websites can be measured from customers' attitude towards the website and their purchase. In order to stay competitive, hotels are advised to upgrade their websites and take advantage of the current online purchasing technology phenomenon. However, it can also portray opportunities for a hotel online purchasing to be unique from its competitors. An in-depth understanding of factors that influence customers' online attitudes in return for their online purchasing behaviour is strongly needed in order to build an effective online purchasing. The above statement strongly implicates the hotel operators. As part of a strong marketing strategy, online purchasing therefore cannot be abandoned by hotel operators or

potential hotel operators especially now in modern technology era. Hence, researchers suggest that every present and future hotel operators should not only emphasize on the service with regards to food and in-room facilities but need to accentuate on the extra elements; online purchasing focusing on room reservations that will woo and 'wow' customers thus leading to the successful of the operation. Malaysia, had witness the tremendous development of online shopping as part of the marketing tools by hotels. Thus, this study is hope to benefit academicians and industry players as it served as a starting point in the context of Malaysian customers in understanding the relationship of the factors that influence customers' attitude and their purchasing behaviour in reserving hotel rooms via online travel agents. This study acts as a foundation for understanding customers' online attitude and behaviour in the hotel industry.

Notwithstanding, researchers admit that this paper was solely based on the secondary data converged from previous studies done by several researchers. A study conducted by Chang *et al* (2016) discovered that various website factors will influence customers attitude towards favourable online purchase including ease of use, product information, entertainment, trust and currency. On the other hand, Lien *et al* (2015) encountered three variables that affected attitude toward online purchasing consist of awareness, preference and intention. To conclude, different people might have different attitudes towards online purchasing. These attitudes vary not only as the result of the activities performed but also as the result of personalities, lifestyles, social classes and other factors. Above all, this research paper answered the first objective of the study, which is to examine the factors that influence customers' attitude and purchasing behaviour in online hotel reservations. This study focused on four (4) constructs of factors influencing customer's online attitude namely information, trust, price and convenient. Priyankara (2014) highlighted in their study that customers prefer website that provided them with essential information. A local study conducted by Jin *et al* (2015) in Malaysia, reported that fast and convenient transactions as well as good price and comprehensive information all contributed to customers purchase online. However, safely regulated transaction is none of their main concerns since it was found to be insignificant. Additionally, according to Monga & Kaplash (2016), they studied various aspects of travel websites such as the information quality, personalization, trust, responsiveness and accessibility of the navigation that would lead to customer satisfaction or purchase of online travel services.

The second objective of this paper is to identify the influential factor among four factors; convenient, trust, price and information, that influence customers' attitude and purchasing behaviour in online hotel reservations. Price appeared to be dominant factor in influencing customer's online attitudes towards online reservations purchasing behavior (Jin *et al*, 2015; Casalo *et al*, 2015). Additionally, researchers agreed that psychological value as mentioned by Kraft's framework that consist of trust and security should be highlighted and crafted within hotel online purchasing, as it is essential to influence customers to purchase online. Customers would definitely go for a cheaper, worth option and value for money. The hassle-free access during online purchasing experiences would definitely be a worth effort for customers. This is supported by study done by Harris *et al* (2016) that postulated the intangible and emotional and recognition aspects between customers and the hotel during the online purchasing experiences. In addition, researchers believe that the current trend of a social media medium may bring advantages to the hotel operators. Hoteliers can reduce their marketing cost by using social media such as Facebook and Instagram to promote their hotel besides improving their hotel websites. However, hoteliers need to ensure that these social media or travel blog will be not used as a mean to spread the negative word of mouth, which if it does, it definitely will become threats to the hotel operators due to bad reputation from the negative word of mouth. To encapsulate, it is not easy to retain the best service to customer. Hotel operators need to inject good innovation in management to enhance competitiveness among their competitors. Hoteliers can be more creative in providing uniqueness from their rivals with regards to online purchase.

## 4.2 Suggestions for future research

Several industries in Malaysia business setting such as retailing, food business, airlines, telecommunications to name just a few, have adopted online purchasing in their daily business transaction. This is due to factors that contribute to the growth of this online purchase were generally comes from the potential of online purchasing as a powerful marketing weapon to attract customers with their purchasing behaviour. This study however offers several avenues for future research. For example, other factors such as Web experience, that influence customers' attitude towards online hotel reservation should be explored in an effort to better understand and manage hotel online purchasing (Chang *et al*, 2016). Web experience can be defined as customer's overall perception on the online organization and its products. This experience occurs when customers search, browse, find, select, compare and purchase online. Additionally, if there is a chance and given ample time, energy and money, the empirical study in local scenario of hotels should be done. This is because Malaysia is booming in terms of hotel industry. Therefore, it is vital to investigate whether the same pattern exist in Malaysia as compared to overseas on the relationship between customers' online attitudes and purchasing behaviour towards online reservations. In other words, research on the local hotel operators and customer will help to determine the same pattern and scenario exist in overseas. Lastly, this study can be simulated to other types of hotels as well as covering large sampling and population with regards to online purchasing matters.

## 4.3 Conclusion

In this research paper, online purchasing can be the reflection to the level of services that the hotel gives to their customer. Adopting an online purchase means hoteliers are committed to another level of service to customers. Management need to ensure that they achieve zero defect of 100% perfect service to each customer each day when it comes to online purchase issues. Customers are unpredictable and their actions towards the service received were difficult to measure by the establishment. Hence, hotel needs to ensure that they deliver the online purchase to as just as perfect as it is promoted and promised. In light of contributions of this research paper, it is hope to benefit academicians and researchers on the body of knowledge in customers' online attitudes and purchasing behaviour literatures. It also serve as a foundation for future academicians or researchers that would like to explore on customers' online purchasing field as this study will give better understanding on customers' online attitudes and customers' online purchasing behaviour. Moreover, this research paper will assist the hotel managers to better understand customers' online attitudes towards hotel reservations that may affect customers' purchasing behaviour. Hence, they can strengthen their hotel online reservations to make it more alluring and convenient for the customers. Additionally, the findings from this study will assist hotels with online purchasing to develop strategies to drive customer in engaging actively in an online hotel reservations system. It suggests methods for better strategic management of this online purchasing form. Moreover, from the suggestions of these findings, hotels would take advantage to conduct mega travel sales every three months to lure customers into committing hotel reservations on the spot by giving away many freebies. Hence the customers will seize the opportunity to buy value for money packages.

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