

ABSTRACT

Nowadays online reviews are the main indicator for hotel booking intention. Previous study proved that social media is one of the medium that contributes to hotel booking intention. This phenomenon has affected the hotel industry as well, especially in booking intention. Therefore, the purpose of this study is to explore the effectiveness of online reviews posted by customer. This research study applies argumentative study whereby various researchers' studies and their point-of-views were being compared and compiled to in order to have a bigger picture of the impacts that online reviews have on hotel booking intention. This study reveals the most prominent effect of online review towards hotel booking. Hence, it contributes to better comprehension about the effects of online reviews towards hotel booking intention for both industry and academic perspectives.

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TABLE OF CONTENT

	Page
CHAPTER 1 : INTRODUCTION	
1.1 Introduction	1
1.2 Background of the Study	1
1.3 Problem Statement	2
1.4 Research Objectives	3
1.5 Research Questions	3
1.6 Significance of the Study	3
1.7 Delimitations	4
1.8 Definition of Terms	4
1.9 Conclusion	5
CHAPTER 2 : LITERATURE REVIEW	
2.1 Introduction	6
2.2 Literature review	6
2.3 Conceptual Framework	16
2.4 Conclusion	17
CHAPTER 3 : RESEARCH METHODOLOGY	
3.1 Introduction	18
3.2 Research Design	18
3.3 Analysis Strategy	19
3.4 Conclusion	19
CHAPTER 4 : DISCUSSION	
4.1 Introduction	20
4.2 RO: To examine the effectiveness of online review towards hotel booking intention.	21
4.3 RO: To determine the most prominent effect of online review towards hotel booking intention.	22
4.4 Conclusion	29

**CHAPTER 5 : LIMITATION, IMPLICATION, RECOMMENDATION
AND CONCLUSION**

5.1 Limitation	30
5.2 Implication	30
5.3 Recommendation	30
5.4 Conclusion	31
REFERENCES	32

CHAPTER 1: INTRODUCTION

1.1 Introduction

Recently, researchers have shown an increased interest in analyzing the effect of online reviews on hotel booking intention. In this chapter, it will focus on the background of the study, problem statement, research objective, research question, conceptual framework, the significance of the study, and definition of the term.

1.2 Background of The Study

In this modern era, consumers or guests always come across online booking environment in which they will go through a boundless amount of information from a wide range of sources. This includes company-generated information, such as advertisements and descriptive content. Apart from that, user-generated content is also included. For instance, review content posted by previous guests, recommendation percentages as well as the rating scores. Certainly, the increased presence of online customer feedbacks has brought up an outstanding purchasing power for both companies and customers (Book, 2016).

According to the Oxford Dictionary, the review can be defined as a formal assessment of something with the intention of instituting change if necessary. Therefore, in the case of online reviews, they favour for about any type of product or service, providing customers or hotel guests the observation from others regarding a product or service before purchasing (Book, 2016). According to Park and Lee in 2009, those reviews portray a significant play in affecting decisions by providing the readers and telling them to buy the product or service.

Moreover, one subtle reason why online reviews are powerful is because information provided is through electronic-word-of-mouth (eWOM) (Book, 2016). Customers usually look at eWOM as a more trustworthy source of information than company-generated content, hence become more affected by others' opinions when making purchase decisions (Filieri & McLeay, 2014; Litvin, Goldsmith, & Pan, 2008; Pan, MacLaurin, & Crofts, 2007; Park & Lee, 2009). Apart from that, purchase decisions can be precisely influenced by online reviews, thence they provide a decisive source of information to the customers or guests before purchasing a product or service (Dou, Walden, Lee, & Lee, 2012).