A conceptual paper on Determinants of Consumer's Decision Making on Online Hotel Reservation

Mrs. RM.Sivagama Sundari[1]

Dr.N.Panchanatham[2]

ABSTRACT

Technology drives new opportunities that result in a competitive environment for the hotel industry. More consumers are nowadays passionate to book hotels online from the comfort zone from any part of the globe. The purpose of this conceptual paper is to understand the various factors influencing Consumer's Decision Making on Online Hotel Reservation. The study identifies the various factors such as Privacy &Safety, Easy and User Friendly, Transaction, Convenience, price, Information, Website Usability and accessibility which influences the Consumer Decision Making on Online Hotel Reservation. The study will be helpful for the marketers to frame the promotional strategies for capturing and withstanding the competitive market by acquiring more consumers'

Key Words: online hotel reservation, Consumers decision making, factors influencing.

Introduction :

"Growing consumer interest towards m-commerce is one of the key game-changers of this market as 76% of the aggregate online population in India is using mobile internet. The interest of consumer towards increase in smartphone penetration and digital payments usage, India's online hotel market will grow to $4 Bn with 31% penetration at a CAGR of 25% By 2020, one in three hotel rooms will be booked online – a clear indicator of the growing importance of digital in travel research, planning, and booking.

In general, a typical journey of an individual traveller encompasses the working together of many industries. From getting tickets to booking hotels, consulting travel agents to hiring tour guides and transportation services – the inherent scope has always been immense. With the addition of the term 'online' here, the one factor that has been added is – convenience.

The Google India and BCG report show that, for a majority of Indian consumers, a vacation is a well-thought-through the event. Planning for which begins several weeks in advance. On average, travel consumers spend 49 minutes spread over 46 days, visiting as many as 17 different online touchpoints to plan, research, and make a booking.

These touchpoints majorly include online travel aggregators aka OTAs (64% reach), search engines (33% reach), and maps (26% reach). 76% gain inspiration to travel from family and friends and word-of-mouth form an important input when it comes to travel bookings. Also, reviews and ratings from other users are the single most important criteria to select a certain booking channel.

However, each online session lasts less than three minutes due to the ubiquity of mobile. As stated in the report, "Through their journey, Indian travellers tend to flip back and forth across different online destinations, checking availability and comparing prices across different providers and connectivity."

_____

[1] Assistant Professor and Research Scholor,Meenakshi college of Engineering, Chennai, Tamil Nadu,India.
[2] Vice –Chancellor ,Tamil Nadu Teachers Education University, Chennai, Tamil Nadu,India.

Finally, the research finds that consumers use a mix of online and offline sources of information during their booking journeys. However, only 12% of consumers prefer to use offline sources for research. 57% of consumers believe that online channels give them better deals, while 41% find it more convenient to book online.

The growth of internet usage and the internet offers a new marketing platform for the hotel industry. In the tourism and hospitality context, the internet has become an essential tool for consumers to reach information and purchase tourism products (cronjevac,Gugic, Karlovcan ,2010). Online travel website (OTAs),/such as Expedia, Booking com, Agoda .com made easy for the customers to reach the information about online hotel booking (cronjevac,Gugic,Karlovcan ,2010). Research on consumer purchasing behaviour when making an online reservation is crucial & relevant.(Sye – Lyn Saw,Yen-Nee Goh, Salmi Mohamed Isha)

Searching for facts relevant to their plans, from flights to hotel booking, has become a necessary step in travellers' decision-making process. (Daye.D.2013). The principal acceptance is that consumers have a habit of relying on information about hotel products and services delivered by corresponding customers [Mohamed E.et al,2015]indicating the power and persuasiveness of online product reviews[Constantinides E, 2004] Kardon (2007) has shown that consumers rely on peer review since it is more independent and trustworthy than information provided by business entities.

Studies have shown that 72% to up to 90% of consumers trust online reviews as such as personnel recommendations. With the capability of integrating the social media sites with travel review sites, you can get the online review aspect and the personnel recommendation aspects.   The customer is interested to recommend the accommodation they stayed to friends and family online through FaceBook , E - mail etc., e – marketer JULY,2013.

The most frequently mentioned attributes /Property Characteristics that influence choice in leisure and business traveller settings are: location, service, star rating, security, food and beverage, image, price, room and hotel attributes, facilities for leisure time activities[Aeshah Aet.al 2018, Astrid Dickinger et.al,2008].

The significant factors that affected online reservation intention in both the online group were convenience, safety, and price. Ease of information search and transaction were the significant factors affecting online reservation intention . On the other hand, the online group considered ease of information search and transaction to be more important than price.[Woo Gon Kim*, Dong Jin Kim] Mowen and Minor (2001) maintain that consumer decision making is a series of processing results from perceiving problems, searching for solutions, evaluating alternatives, and making decisions.

The objective of the study :

1. To identify the various factors influencing consumer's decision making in online hotel reservation.

2. To give suggestions to the hoteliers or OTAs to improve their service in the growing online booking scenario.

Review Of Literature :

Aeshah A. Alabdullatif (2018), this study aim is to examine the role of online customer reviews and key elements of review characteristics, property characteristics in customers' online hotel booking decision. 600 survey responses were collected and finally shortlisted to 425. The study has proven with empirical evidence that the most influencing component of various review characteristics significantly affects customers' decision making on Booking.com.

.Furthermore, the paper has found evidence for the significant positive effect of property characteristics on the online booking decision.

Stany Wee Lian Fong et al. (2018) This study aims to examine the underlying relationship between the attributes of the online consumer reviews and the online hotel booking intention specifically in Malaysia context. 200 survey responses were collected from local travellers that have at least once booked a hotel through online method. The result reveals that usefulness, valence, and timeliness of the online consumer review significantly influences the online hotel booking intention of people in Malaysia.

Asilah Emir et.al, (2016) This article aims to propose a conceptual framework to investigate the factors influencing customers' intention to adopt online hotel booking website from Stimulus-Organism-Response perspective. The study reveals that the quality of information, convenience in information search, information accuracy, two-way communication, positive review & safety and security in personal details and online transaction highly influences the online hotel booking intention.

Abdul Rahim Abu Bakar et.al (2008), This study aims to examine, "The Determinants of Online Hotel Reservations among University Staffs, this study empirically investigated the relationship of the demographic characteristics and Internet usage behaviour on the determinants of online hotel reservations ". A sample of 193 respondents was collected using a structured questionnaire and analysed. The results revealed that the respondents with a higher level of education exercise more importance on the convenience factor while the usage level of the Internet and prior Internet shopping experience influence the transaction factor. Price is a key motivator to purchase online. The Online bookers used online hotel reservation to reduce their purchase-related costs and simultaneously get good rates as well.

Woo Gon Kim et.al (2004), This study examined the differences between demographic and behavioural characteristics of customers who purchased products online and customers who did not. The researchers conducted the survey from 8 hotels in Korea using quota sampling technique. The results showed that the determinants affect the respondents' online reservation intentions different according to their past online purchasing experience, the significant factors that affected online reservation intention in both the online group and the non-online group were convenience, safety, and price. Ease of information search and transaction were the significant factors affecting online reservation intention rather than price concerning the online group.

Kin Man Chow et , et. al,(2017) This paper aimed to examine how web design, responsiveness, reliability, enjoyment, ease of use, security, and customization influence e-service quality of online hotel booking agencies in Hong Kong. 162 valid responses were collected for analysis. Results found that web design and customization positively influenced e-service quality of online hotel booking agencies.

Constantinides E et.al. (2004) , In this study as an extension to Kotler's framework, 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 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, the creativity of the marketer in presenting their website is important in luring consumers to their website and buying from that site.

Finally, Szymanski and Hise (2000) determined that consumer's perceptions of online convenience, product information, site design, and financial security were the dominant factors in consumer assessments of satisfaction. After examining websites of retailers, Kagan et al. (2000) concluded that consumers wanted such advanced functions as checking real-time availability and tracking completed orders although current websites that had only basic transaction functions. The results also indicated that consumers wanted greater assurances of confidentiality and privacy. These findings are consistent with other studies that showed that issues such as privacy (Kelly and Rowland, 2000) and return policies (Wood, 2001) substantially influenced customer's perceptions of safety regarding online shopping .

Conceptual Framework of the Study :

From reviewing the above-given review of literature, it is very prominent that Privacy &Safety, Easy and User Friendly, Transaction, Convenience, price, Information, Website Usability and accessibility are some of the factors influencing Consumer's Decision Making on Online Hotel Reservation. Therefore, the conceptual framework is formulated as given below :
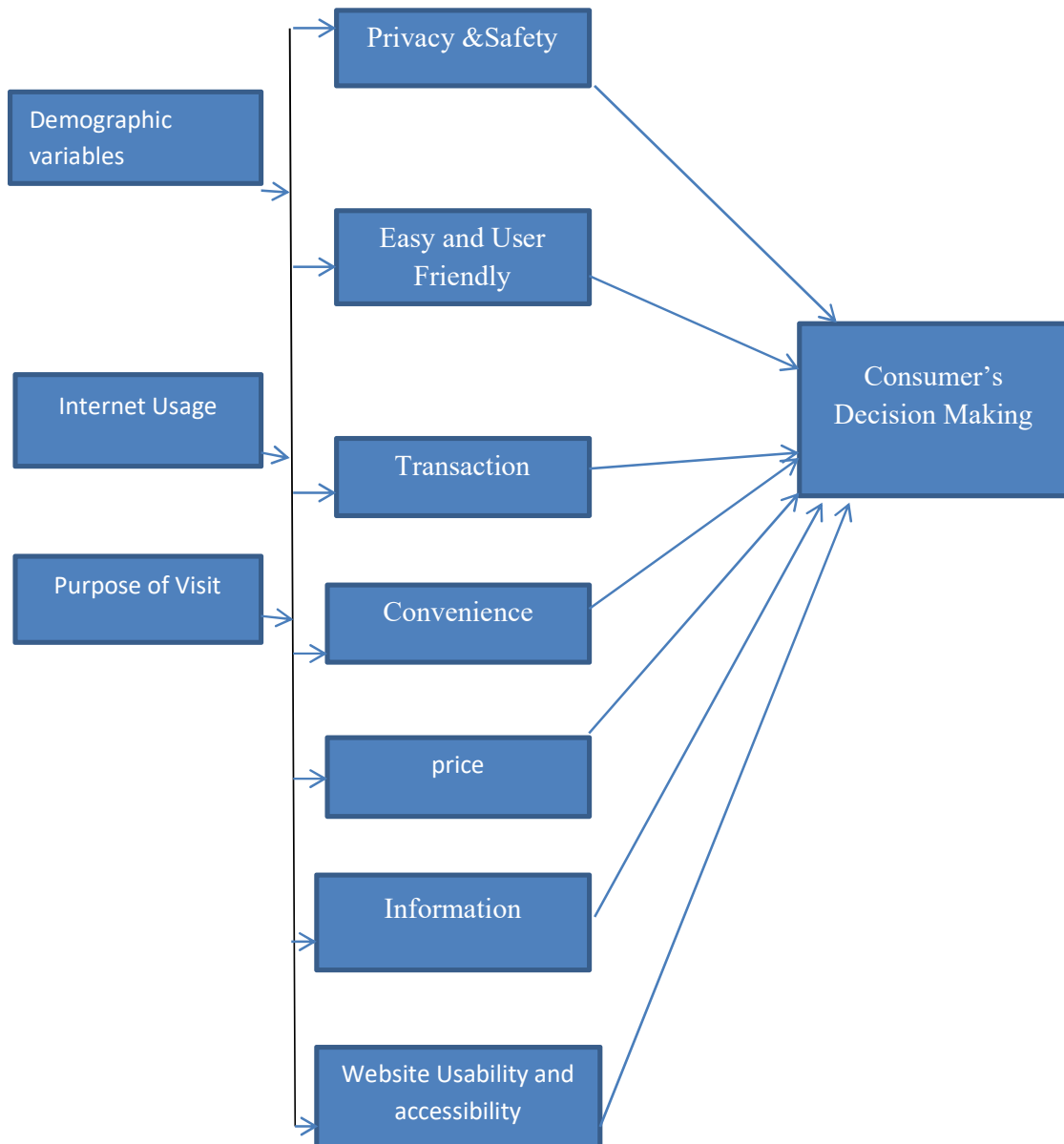
Findings/Result of the study :

     According to various review of literature the customer decision making is a process results from perceiving problems, searching for solutions, evaluating alternatives, and making decisions. Whereas acquiring product/Service knowledge and past Experience play a significant role in consumer's purchase decision making. The quality of the information provided on the hotel booking website and OTA 's website highly important for a customer before making a decision. The convenience plays a significant role in online booking, since consumers look for Hassel free environment and information dominants to book a room . The factor user friendly plays a significant role while searching for information, filtering the data's based on customer expectation, Easy to understand policies and procedures plays a significant role in adopting online hotel reservation . The hotel's product or service information must be reliable, accurate, easy to be understood, updated and comprehensive. The online booking should facilitate interactivity between the service provider and customers and service users and customers which will build a trust in consumers to book a hotel room through online. Price and Location (hotel attributes) plays a prominent role in final hotel selection.. Website usability and accessibility should be able satisfy their browsing experience by themselves. The interactive technology should be used by OTA and hoteliers for providing fast feedback on any inquiries and in performing online transactions. The online transaction should be fast, less procedural, and safe for consumers to adopt it, while booking hotel rooms online. The website safety features and privacy policy are highly concerned, since hotel customers need to provide their personal details and payment information such as credit or debit card number. Safety and security of personal information's and cancellation refund plays an important role in building trust towards online booking. Even though the hotel booking website offers interesting price , promotional offers and discounts for attracting the customers, it does not a guarantee that the customer will be using the online booking service if their safety and privacy are at assured. Besides, information's such as photos and past experience shared by the previous users in the form of online review, e-WOM plays a significant role in reserving hotel through online . Customers have more confidence on the hotel service performance if other customers who have experienced the hotel stay give positive or favourable feedback about their stay experience.

Conclusion & Recommendation:

     The purpose of this conceptual paper is to identify the various factors influencing customer decision making on Online Hotel Reservation. The conceptual study revealed the outcome after reviewing various review of literature is, " customer decision making plays an vital role in selecting a hotel through online hotel reservation ". From this study it is clearly understood that various factors such as Privacy &Safety , Easy and User Friendly, Transaction ,Convenience , price, Information ,Website Usability and accessibility, Past Experience influence the customer decision making on Online Hotel Reservation. This study is further proposed to investigate by collecting information (data's) by using structured Questionnaire from consumer's using online hotel reservation and searching information's through online before reserving a hotel Room .The analyses will be made to analyse the impact of relationship between demographic variables ,internet usage and determinants of online hotel reservations on consumer decision making on hotel reservation. The study will be very helpful for the hotelier's and OTA to understand the expectations of customers towards online hotel booking in order to win the customer and gain the competitive advantage and increase the market share .

REFERENCE :

Abdul Rahim Abu Bakar, PhD, Fariza Hashim, PhD, (2008   ) " The Determinants of Online Hotel Reservations among University Staffs" Malaysia Communications of the IBIMA Volume 4,

Aeshah A. Alabdullatif 1, M. Shakaib Akram 1(May 2018) " Exploring the Impact of Electronic Word of Mouth and Property Characteristics on Customers' Online Booking Decision" (TEM Journal. Volume 7, Issue 2, Pages 411-420, ISSN 2217-8309, DOI: 10.18421/TEM72-2)

Asilah Emir, Hazwani Halim, Asyikin Hedre, Dahlan Abdullah*(2016), Azila Azmi, Saiful Bahri Mohd Kamal " Factors Influencing Online Hotel Booking Intention: A Conceptual Framework from Stimulus-Organism-Response Perspective"   International Academic Research Journal of Business and Technology 2(2) 2016 Page 129-134

Astrid Dickinger MODUL University Vienna, Josef A. Mazanec (2008) - MODUL University Vienna Consumers' Preferred Criteria for Hotel Online Booking Conference Paper · January 2008 DOI: 10.1007/978-3-211-77280-5_22 · Source: DBLP

Constantinides E., (2001)"Influencing the online consumer's behaviour: the web experience", Internet Research, vol.14, no.1, pp. 111-126, 2004.

Kin Man Chow1* (2017)"E-service Quality: A Study of Online Hotel Booking Websites in Hong Kong " - Asian Journal of Economics, Business and Accounting 3(4): 1-13, 2017; Article no.AJEBA.35353 ISSN: 2456-639X

Mohamed E. Abd-Elaziz Wael M. Aziz Gamal S. A. Khalifa Magdy Abdel Aleem Ma'youf (Sep 2015)" Determinants of Electronic word of mouth (EWOM) influence on hotel customers' purchasing decision" Journal of Faculty of Tourism and Hotels, Fayoum University, Vol. (9), No. (2/2), page No - 1-30

Nuseir, M.T., Arora, N., Masri, M.M.A. and Gharaibeh, M.,(2010) "Evidence of Online Shopping: A Consumer Perspective", International Review of Business Research Papers, vol.6, no.5, pp. 90-106,

Stany Wee Lian Fong#1, Tan Pei Kian#2, Yeo Sook Fern#3, Soh Long Quan Int(April 2018) " The Impact of Online Consumer Review to Online Hotel Booking Intention in Malaysia " . J Sup. Chain. Mgt Vol. 7, No. 2, Szymanski, D.M., Hise, R.T., 2000. E-satisfaction: an initial examination. Journal of Retailing 76 (3),309–322.

Woo Gon Kim*, Dong Jin Kim(2004), "Factors affecting online hotel reservation intention between online and non-online customers" Hospitality Management 23 (2004) 381–395.

Xinyuan (Roy) Zhao , Liang Wang , Xiao Guo , Rob Law (2015) "The influence of online reviews to online hotel booking intentions " , International Journal of Contemporary Hospitality Management · August 2015 , DOI: 10.1108/IJCHM-12-2013-0542