

 INTERNATIONAL ACADEMIC RESEARCH JOURNAL INTERNATIONAL ACADEMIC RESEARCH JOURNAL of BUSINESS AND TECHNOLOGY WWW.IARJOURNAL.COM IARJ - BT	 INTERNATIONAL ACADEMIC RESEARCH JOURNAL
	ISSN :2289-8433
	<u>International Academic Research Journal of Business and Technology</u> Journal homepage : www.iarjournal.com

Factors Influencing Online Hotel Booking Intention: A Conceptual Framework from Stimulus-Organism-Response Perspective

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Article Information

Keywords

Hotel websites
 Online hotel booking
 S-O-R model
 Perceived value
 Perceived interactivity

Abstract

The advancement of Internet technology has forced hoteliers to invest significant amounts of money and efforts to develop and maintain their own direct booking websites. Though more and more hotel customers have used Internet to search for hotel information, online hotel booking adoption is still in its infancy in Malaysia. Thus, it is crucial for the hoteliers to understand the factors influencing their customers' intention to book hotel accommodation online. The aim of this article is to propose a conceptual framework to investigate the factors influencing customers' intention to adopt online hotel booking website from Stimulus-Organism-Response perspective. Based on review of related literature on online hotel booking adoption, five independent variables i.e. 1) information quality, 2) perceived interactivity, 3) safety and privacy, 4) price and promotion, and 5) electronic word-of-mouth (e-WOM) are proposed as stimuli. These stimuli are expected to influence perceived value (organism) and consequently online hotel booking intention (response). Finally, implications and contributions of the study, as well as recommendation for future research are discussed.

INTRODUCTION

Today, many people use Internet to carry out their business because due to tremendous growth in the use of world wide web all over the world (Wong & Law, 2005). Hotel website provides huge opportunities for the hoteliers to generate more revenue by increasing the number of reservation through their own direct booking websites (Law, 2005). In line with the growth of online shopping, the number of visitors to hotel websites has also increased (Tan, 2015). However, research has shown that hotel customers prefer to compare the hotel room price from multiple travel websites, rather than looking at the hotel website only (Guillet & Law, 2010). Besides, research has also reported that hotel customers prefer to book their accommodation through intermediaries' website to get lower price and to save their travel costs (Dabas & Manaktola, 2007). Because of that, the adoption rate for online hotel booking in Malaysia especially via hotel official website is still lower than other developed countries.

Previous studies have identified several factors that influence customer intention to book hotel accommodation online. Though factors such as time and sensitivity content (Wong & Law, 2005), security of payment system (Wong & Law, 2005), and price (Law & Chung, 2003a) were widely discussed, only few scholars have studied the role web related factors such as website interactivity, e-WOM and information quality as predictors to online hotel booking intention. To fill the gap, we propose a conceptual framework to study the

effects of five independent variables i.e. 1) information quality, 2) perceived interactivity, 3) safety and privacy, 4) price and promotion, and 5) electronic word-of-mouth (e-WOM) on online hotel booking intention through customer perceived value construct as mediator. The main objective of the present study is to determine the effects of the identified stimuli on online hotel booking intention. Second, the role of customer perceived value as mediating variable will also be studied.

The next section presents a summary of literature review related to online booking and the use of Stimulus-Organism-Response (S-O-R) model as underlying theory. Following that, definition, conceptualization and previous empirical finding related to the studied variables are discussed. Next, the proposed conceptual framework and research propositions are presented. Finally, the contribution and implication of the proposed conceptual framework, limitation and recommendation for future research are discussed.

LITERATURE REVIEW

Online Booking

Every year, around 148.3 million travel bookings were made on the Internet (Statistic Brain, 2016). More and more travelers use the Internet to find hotel information for their holiday. The most popular online hotel booking channels are hotel website and online travel agent website. These two channels of online hotel booking have their advantages and disadvantages (Liu & Zhang, 2014). Statistics shows that 65.4% of tourists prefer to book hotel accommodation through the brand or official website such as Marriott hotel website. 19.5% prefer to book from merchant website like Travelocity and Expedia (Statistic Brain, 2016). However, there is still a limited number of booking through hotel website (Statistic Brain, 2016).

Stimulus-Organism-Response Paradigm (Mehrabian-Russel Model)

Many researchers have adopted Stimulus-Organism-Response (S-O-R) model as underlying theory to study online booking adoption (Hsu, Chang, & Chen, 2012; Luo, Han, & Yu, 2016). Similarly, the conceptual framework proposed in this article is supported by S-O-R paradigm, or also known as Mehrabian-Russell model. Mehrabian and Russell (1974) claimed that environmental *stimulus* (S) influence users' behavioral *responses* (R) through elicit *organism* (O) (Yang, 2015). *Stimulus* can be conceptualized as the factors influencing internal states of an individual. Whereby *Organism* refers to the internal processes and outcomes of the stimulus, normally play a mediating role between stimulus and responses. *Response* is the final outcomes of stimulus and organism. It includes factors like individual's intention and actual behaviour. In this article, we propose 1) information quality, 2) perceived interactivity, 3) safety and privacy, 4) price and promotion, and 5) e-WOM as *stimuli* or independent variables for the conceptual framework. The *organism* is represented by perceived value construct and finally the hotel customers' intention to book or not to book via online represents the *response*.

CONCEPTUAL FRAMEWORK AND RESEARCH PROPOSITION

Figure 1 illustrates the proposed conceptual framework for the present study. The framework is developed based on Stimulus-Organism-Response model (Mehrabian & Russell, 1974). The five independent variables are classified as stimulus, whereby the perceived value and online hotel booking intention constructs are categorized as organism and response respectively.

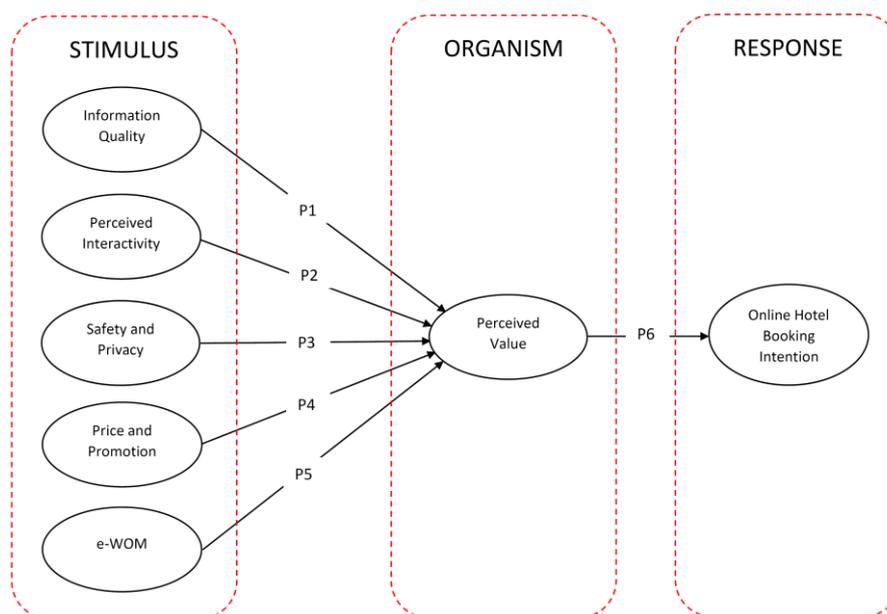


Fig. 1.
The conceptual framework

Information Quality

The quality of information on a hotel website is very importance because hotel customer will normally browse the hotel website to obtain the hotel information. Information is ‘data that are processed, manipulated or organized into or within a context so that they get a meaning’ (Jylhä & Suvanto, 2015, p. 4). In the previous study, there are two approaches that can be used to conceptualize information quality, ‘information-as-artifacts’ and ‘information-as-deliverables’ (Lillrank, 2003). According to Wong and Law (2005) information quality is one of the most important factors to determine the success of a hotel website. All the details and information should be communicated to the customers in a clear and concise manner. Customers will be satisfied and loyal to the hotel if the hotel website can provide information accurately (Tan, 2015). Scholars have identified five indicators to identify whether a website provides quality information or not. They are variety of hotel web characteristic, connection to other sites, useful of content, visual appearance and information of rate (Wong & Law, 2005). Accordingly, we offer the following proposition:

Proposition 1: Information quality has significant influence on customer perceived value.

Perceived Interactivity

Since interactivity is an importance characteristic of marketing communication, hotel website interactivity is vital to attract customer attention towards online purchase or online booking. Therefore, customer perception on hotel website interactivity is among the most importance features associated with this medium. Abdullah, Jayaraman, and Kamal (2016) defined perceived interactivity as the degree of users’ capability to modify the form and content of a mediated environment in real time. Furthermore, the interactivity appears as an noticeable features to differential the web from the others traditional media (Wu, 1999). In their conceptual paper, Abdullah et al. (2016) proposed that perceived website interactivity influence customer perceived value, represented by the trade-off between monetary benefits, non-monetary benefits, and security and privacy as sacrifices. Perceived interactivity also relates to customers’ online trust and customers have higher intention to engagement with the media content when they trust it. In support, based on their empirical findings, Jeon, Jang, and Barret (2016) found that perceived website interactivity influence repurchase intention through perceived utilitarian value and online trust. Therefore, we suggest the following proposition:

Proposition 2: Perceived interactivity has significant influence on customer perceived value.

Price and Promotion

Having a basic hotel website may not be enough to convert online browsing into hotel booking. Price and promotion factors also play important roles to induce website visitor attention and turn it into online booking intention (Law, 2005). Price refers the amount of money expected, required, or given in payment for something. Promotion refers to raising customer awareness of a product or brand to generate sales and create brand loyalty (Azila Azmi, Sulaiman, Aszyanti, Mohd, & Razali, 2015). Generally, when hotel accommodation and facilities are reasonably priced through effective promotion strategy, the intention to book will be higher. Price is always a key factor for users when purchasing hotel accommodations (Law & Chung, 2003b) and tourism products online (Law & Chung, 2003a). According to Law and Chung (2003), the price and promotion given by the hotel should suitable with the value of hotel room and facilities in their property. This will lead to higher customer satisfaction. The pricing method should follow the season which is peak and off season (Law, 2005). Thus, the following proposition is made:

Proposition 3: Price and promotion have significant influence on customer perceived value.

Safety and Privacy

To inspire visitors’ interest to book hotel accommodation through hotel website, hoteliers need to ensure safety and privacy issue are taken cared adequately (Tan, 2015). In this article, safety refers to the condition of being protected from some likelihood for danger, risk, or injury. Privacy on the other hand, refers to the ability of an individual or group to seclude critical information about themselves. Since hotel websites are available online and can be accessed by everyone, hotel customers concern with the security and privacy of the information they share on the website. For instance, customers may be asked to reveal their personal information such as name, address, age, gender, personal financial position, credit card number, and social insurance or social security number to make online booking. This information may be exposed to various risks such as online scam, online hacked and so on (Law, 2005). Therefore, the hotel website should be able to provide great protection and all customers’ personal information is kept in a secure location. Tan (2015) suggested that hotel website should ensure all the customers’ personal information can only be accessed by authorized personnel and customers’ privacy should be maintained. When customers have trust on hotel booking website, they will have a greater intention to adopt online booking. Therefore, we propose the following proposition:

Proposition 4: Safety and privacy have significant influence on customer perceived value.

Electronic word-of-mouth (e-WOM)

There are various definitions made in previous studies on e-WOM (Abdullah, Hambali, Kamal, Din, & Lahap, 2016). Hennig-Thurau, Gwinner, Walsh, and Gremler (2004) defined e-WOM as any positive or negative statement made by the potential, actual or former customer about a product or company, which is made available to a multitude of people and institution via the internet. According to Tsao, Hsieh, Shih, and Lin (2015), Internet platform is the most popular channel to exchange information about travel experiences, views, opinion or knowledge. Tsao et al. (2015) found that positive comments on the Internet give more impact on traveler intention to book online rather than negative comments. Sparks and Browning (2011) revealed that online e-WOM increases sellers' reputation, creates buyers' confidence and greater intention to make hotel reservation. Another study claimed that when a hotel receives many good customer reviews, the hotel receives higher online room sale because hotel customers try minimize uncertainty and risk (Ladhari & Michaud, 2015). The recent survey by PhoChus Wright has revealed that around 80% of tourist read the online review before they decide to book hotel accommodation and about 53% of the tourist will not book a hotel if there is no review from other customers (Tsao et al., 2015). Since Fang, Ye, Kucukusta, and Law (2016) have recently discovered that e-WOM characteristics influence customer perceived value, we develop the following proposition:

Proposition 5: e-WOM have significant influence on customer perceived value.

Perceived Value

Though customer value construct has been widely studied (Kim, 2011), its definition and conceptualization are still inconclusive (Abdullah, Jayaraman, & Kamal, 2016; Kamal, Zawawi, & Abdullah, 2016). To understand customer perceived value, marketing scholars have added and tested various elements of the give and get (also known as benefit and sacrifice components) for online context (Lexhagen, 2008). Thus, in this article, we conceptualize customer perceived value as the customers' evaluation of a product utilization by comparing the give and get components (Zeithaml, Berry, & Parasuraman, 1996). Since many empirical research has proven the important role of customer perceived value in shaping behavioral intention, we proposed the following proposition:

Proposition 6: Perceived value has significant influence on online hotel booking intention.

Online Hotel Booking Intention

Hotel website is an important tool for the customer to search and decide on which hotel to stay. The promotion offers on hotel website are the most influential factor in enhancing hotel sales (Abdullah, Hambali, Kamal, et al., 2016; Abdullah, Radzi, Jamaluddin, & Patah, 2010; A. Azmi, Buliah, & Ismail, 2016; Din et al., 2016; Li, Wang, & Yu, 2015). The specialty about hotel website is that it has become the essential venue for customer to access information on price and customers review about the hotel. Nowadays, hotel website had been classified into their hotel star rating. For most hotel websites, their website contents and interactivity features play influential role in determining customers' intention to book through the website. The difference in website quality of among the hotel websites can easily recognize by the customer (Li et al., 2015). Recently, Abdullah, Jayaraman, Shariff, Bahari, and Nor (2016) proposed the relationship between perceived website interactivity and online hotel booking intention through perceived ease of use and perceived usefulness. Following their article, online hotel booking intention is conceptualized in this study as the likelihood that a hotel website user to purchase or to reserve hotel accommodation through hotel website soon.

CONCLUSION AND RECOMMENDATION

This article proposes a conceptual framework to understand the factors influencing hotel customers' intention to book hotel accommodation online. Five independent variables were proposed as stimuli i.e. 1) information quality, 2) perceived interactivity, 3) safety and privacy, 4) price and promotion, and 5) e-WOM. These stimuli are expected to influence hotel customers' intention to book online through perceived value construct as mediating variable. The proposed conceptual framework was developed based on review of past literature related to online booking adoption. We believe the proposed framework is applicable to the context of the present study.

From the theoretical point of view, the present article aims to confirm the applicability of S-O-R model in the context of customer-to-technology service interaction. Traditionally, most of the individual hotel bookings were made through telephone calls. Customers normally speak to reservation clerk or officer with regards to hotel room rates inquiries, rooms availability, check-in and check-out date, payment option, and personal details of the customers. In online booking environment, hotel booking website replace the services personnel. Therefore, to provide at least the same or better service quality, the online booking technology need to be able to replicate or outperform the capability of the service personnel in executing booking service. For that reason, the

quality of the information provided on the hotel booking website is crucial. Hotel customers should be able to search the related information conveniently. The hotel's product or service information must be accurate, easy to be understood, updated and comprehensive. The online booking website should also be interactive by allowing two-ways communication between the website user and the booking website. Website user should be able to control their browsing experience themselves. Besides, interactive technology should be responsive to the website user by providing fast feedback on any inquiries and in performing online transactions.

Since hotel customers need to provide their personal details and payment information such as credit or debit card number, the website safety features and privacy policy are major concerned. If the website users perceived that their safety and privacy are at risk, they may not be using the technology to book for hotel rooms. Even though the hotel booking website offers interesting price and promotion for the hotel service, it does not guarantee that the customer will be using the online booking service if their safety and privacy are at stake. Besides, e-WOM is also a strong factor that can influence travellers to book through the hotel websites. 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.

From the practical perspectives, the proposed framework could provide useful insight in developing and maintaining their online hotel booking website. A properly managed website can attract customers to book directly without going through intermediaries or third party websites to perform online hotel booking. Direct booking enable the hotel to reduce distribution costs and increase revenue. It also can be useful for the customer to increase their satisfaction while booking the room through the hotel website, easier for the customer to access hotel websites and increase their experience through the interesting features that provided by hotel websites.

This article is conceptual in nature. The proposed framework is developed based on a synthesis of findings from previous literature related to online booking adoption. Therefore, empirical investigations on the proposed conceptual framework is needed to determine its applicability in different context.

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