An Empirical Study of Factors Influencing hotel customers' online booking Intention

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Abstract:
Given the increasing amount of people who book hotels online, it is important for those in the industry to know which factors influence hotel customers’ online booking intention. Consequently, the aim of this study is to investigate the factors that influence the customer’s intention to book a hotel online, these factors are: ease of use, social influence, perceived risk, and positive eWOM. A self-administered questionnaire was used to gather data and measure respondents’ perceptions, and a total of 214 students at University Utara Malaysia completed the survey. This study used a multiple regression analysis to test the hypotheses. The results showed that social influence has a high positive significant influence on customer's intention to book a hotel online, followed by ease of use and positive eWOM. It was also found that perceived risk has a negative significant influence on the intention to book a hotel online. Based on the results, implications are presented for practitioners.

Keywords: Online Booking Intention; Ease of Use; Social Influence; eWOM; Perceived Risk.

1 Introduction
Today, the internet is a useful tool for consumers and suppliers to enable purchasing and communicate information. Because of the importance to the travel industry, the internet has attracted the attention of both industrial practitioners and academic researchers (Qi, Law, and Buhalis, 2013). An increasing number of travellers use the internet to search for information and to arrange their travels (Li and Law, 2007; Litvin, Goldsmith, and Pan, 2008;IPSOS, 2012).

Statistic Brain (2016) agree and have stated that 148.3 million people make a booking on the internet each year; the percentage of people who book via the website is 57% and those who make a same day reservation from a smartphone is 65%. Therefore, we can know that the majority of customers make their reservation via the website rather than visiting a travel agent or personally attending the hotel (Radzi et al., 2017).

A survey has revealed that online shopping success is mostly determined by the customer’s intention to purchase (Park, 2010). Thus, there is now an urgent need for practitioners and academics to understand the important factors which influence customers’ booking intentions (Agag and El-Masry, 2016; Liu, Huang, and Kuo, 2018). There is an increasing need to understand how online information searches, reviews such as electronic word of mouth, and eWOM, influence consumer behaviour (Vermeulen and Seegers, 2009), particularly the propensity to book a hotel room (Sparks and Browning, 2011). People usually gather information about the hotel via
recommendations from family and friends, but they can also search other resources such as online reviews from previous customers (Radzi et al., 2017).

Additionally, many studies have tried to identify the factors which lead to customer intention to purchase travel online, with an emphasis placed on ease of use (e.g., Kim, 2008; Wang et al., 2015), social influence and the perceived risk which affects the online purchasing intention (Al-Maghrabi et al., 2011; Dai, Forsythe, and Kwon, 2014, San Martín, and Herrero, 2012), and positive eWOM (Liu and Park, 2015; King and Racherla, 2015).

However, there has not been much attention paid to integrating these factors into a comprehensive model, an integrated approach such as this is also lacking in studies of Malaysian hotels (Radzi et al., 2017). Furthermore, research addressing the online booking of hotels has produced contradictory results and is usually fragmented (Amaro and Duarte, 2013).

Although efforts have been made to research hotel customers’ online purchase intention, most research focuses on Western customers and cultures. Empirical studies relating to the Asia-Pacific Rim are uncommon (Bakar and Hashim, 2008). In addition, Radzi et al. (2017) stated that future research should focus on the factors influencing customer intention to book a hotel online in Malaysia. As a response, this paper identifies and analyses the important factors that affect hotel customers’ online reservation intention in a Malaysian context. Understanding online booking intention will assist hoteliers in increasing their revenues through improvement in marketing strategy, and through the provision of better service for attracting and retaining a greater number of online customers, if it is known which factors have a significant effect on online booking probability. It is through such understanding that marketers can build strategies to attract and retain these customers.

This research is organised as follows: the following section represents the literature which pertains to the study variables and theories in addition to hypotheses development. Next, we demonstrate our data collection and measurement operations. Lastly, we explain the study results, present a discussion and conclusion, and address the limitations of the study along with suggestions for future research.

2 Literature Review and hypothesis development

2.1 Online Booking Intention

In this study the dependent variable is customer intention to book a hotel online. Consumer purchase intention has been widely deliberated in marketing research and has been found to be a predictor of actual behaviour in an online shopping context (Ajzen, 2011; Lin, 2007). Crucially, intention measures are superior to behavioural measures in the capturing of the
An Empirical Study of Factors ..... D\ Abdul Malek H.A. Hazbar D\ Abdul alem Mohammed D\ Ataul Karim Patwary

consumer’s mind since actual behaviours may be influenced by what the seller is offering, e.g. coupons and discounted deals, instead of true preferences (Day, 1969). In addition, consumer data in regard to purchasing intention is somewhat easier to collect than those reflecting behaviour (Chandon, Morwitz and Reinartz, 2005). Thus, because of the difficulties in the measurement of consumers’ real behaviour, we have focussed on behavioural intentions as the best predictor of actual consumer behaviour (Agag and El-Masry, 2016).

2.2 Ease of Use

Davis (1989) defined perceived ease of use as “the degree to which a person believes that use of a particular system would be free of effort”. Participants should feel relaxed and comfortable in using the website without great effort. Therefore, website ease of use is vital for any organization in an online booking context (Aljukhadar and Senecal, 2015). Improved understanding, navigation, and ease of use are the features of good website (Aziz and Kamaludin, 2014). Websites which have ease of use affect customer’s intentions in purchasing online products and services (Venkatesh and Agarwal, 2006; Kim, 2016). The technology acceptance model explains that a person uses a system when it is easy to use (Kim, 2016). Aljukhadar and Senecal (2015) state that, in order to maintain a perceived ease of use website, website developers should consider site aesthetics, quality of information, interactivity, and trust as factors which significantly drive the attitudes and purchasing intentions of users. In this case, perceived ease of use is a main factor for a website in driving consumers to buy online (McKechnie, Winklhofer, and Ennew 2006; O’Cass and Fenech, 2003). A good website must be user friendly, easily understandable and navigable (Aziz and Kamaludin, 2014). Additionally, ease of use is an important aspect, and user friendliness of the website is likely to affect consumers’ intention towards their purchase decisions through an online service (Venkatesh and Agarwal, 2006; Shen and Chiou, 2010). Research supports the positive and significant relationship between ease of use and attitude towards online shopping (e.g. Agag and El-Masry, 2016; Ayeh, 2015; Zhu and Chan, 2014). Consequently, the first hypothesis of this study is proposed as follows:

H1: Ease of use is positively related to hotel customers’ online booking intention.

2.3 Social influence

Social influence is about accepting the opinions of other individuals who live in their social circle, such as friends, family, and peers (Al-maghrabi et al., 2011). Social influence is also a vital factor in the purchasing of online
products (Al-maghrabi, 2011), since online consumers search for advice from these social circles (Venkatesh and Davis, 2000). It is therefore important to determine how social influences affect user commitment towards using the information system (Malhotra and Galletta, 1999). More precisely, a social circle is an underlying factor which has a greater impact on online purchasing behaviour (Venkatesh and Davis, 2000). For example, when seeking a hotel to stay in, most travellers ask for recommendations from friends and colleagues first, then followed by online sources, such as the brand’s website (Verma, Stock, and McCarthy, 2012). Accordingly, this study proposes a second hypothesis as below:

**H2: Social influence is positively related to hotel customers' online booking intention.**

### 2.4 Perceived Risk

Perceived risk describes the quantity of risk that a consumer believes they are experiencing when selecting or deciding to purchase a product (Bauer, 1960). In other words, perceived risk is considered by the consumer when deciding to buy certain products (Sinha and Kim, 2012). Additionally, perceived risk could affect the consumer’s personal views in how they accept a loss in order to garner the expected results (Pavlou, 2003) which have a significant role in consumers’ willingness in purchasing products online (Chiu et al., 2014; San Martín, and Herrero, 2012). This decrease in perceived risk stimulate internet users’ online buying intention (Vila and Kuster, 2012). Previous studies have identified that perceived risk is closely linked to online purchasing (Suki, 2012; Egeln and Joseph, 2012) and negatively influences online purchase intentions and behaviours (Dai et al., 2014). Samadi and Yaghoob-Nejadi (2009) additionally discovered that online consumers consider risk as a primary concern when making an online purchase decision. Similarly, Vila and Kuster (2012) concluded that a reduction in perceived risk from consumers helps in stimulating internet users’ purchasing intentions. Accordingly, the following hypothesis is proposed:

**H3: Perceived risk is negatively related to hotel customers' online booking intention.**

### 2.5 Positive e-WOM

eWOM is represented by consumer opinions regarding products, recommendations, online reviews, services, or companies from which the information is independent and is not commercially influenced in communications between producers and consumers (Cantallops and Salvi, 2014). Positive word-of-mouth is of the specific dimensions of behavioural intention in the literature (e.g. Alcaniz et al., 2009; Huang, Weiler, and
An Empirical Study of Factors ……  D Abdul Malek H.A. Hazbar D Abdul alem Mohammed D Ataul Karim Patwary

Assaker, 2015). During purchasing decisions, tourists will listen to both aspects of WOM and e-WOM for reducing their perceived risk (Bronner and de Hoog, 2011; King and Racherla, 2015; Liu and Park, 2015). O’Connor (2008) states that marketers cannot neglect social media, such as Facebook, Twitter, or other online platforms since comments and views can be found on such sites (i.e. Tripadvisor.com) which significantly influence tourists’ decision in purchasing or booking products or services. Research has demonstrated a link between a positive e-WOM and consumer attitude towards purchasing hotel products (Liu and Park, 2015; King and Racherla, 2015; Mauri and Minazzi, 2013; Ye, Law, and Chen, 2011). Therefore, the following hypothesis is developed:

**H4: Positive eWOM is positively related to hotel customers' online booking intention.**

3 Method

3.1 Data collection and questionnaire design

A quantitative research approach was used, which distributed a self-administrated questionnaire. For non-probability snowball sampling, researchers created a small group related to the respondents where group members can further contact each other (Bryman and Bell, 2007). This study follows a similar process (e.g., Mauri and Minazzi, 2013, Chen et al., 2017) by the use of student participants. Because young adults use online media heavily to seek information and make purchases such as booking hotels, they will appropriately examine the investigation effects of factors related to online booking (Kucukusta et al., 2015; Xiang et al., 2014). University Utara students in Malaysia were requested to complete questionnaires, of which 350 were distributed. The researchers received 285 questionnaires back from a total of 350. Seventy-one questionnaires were incomplete, so the analysis was based on 214 responses. The perceived ease of use measurement scales are adapted from Agag and El-Masry (2016). The social influence scales were adapted from Shih and Fang (2004), and the measurement scales of perceived risk are adapted from Corbitt, Thanasankit, and Yi (2003). This research adopts the definition of Tsao and Hsieh (2012) in defining customer positive eWOM, which we measure against five measure items. The scale of the model’s dependent variable behavioural intention is to book online and is adapted from Agag and El-Masry (2016). Each item was measured using a 5-point Likert scale ranging from strongly disagree (1) to strongly agree (5).

4 Results and analysis

4.1 Respondents' profile

To obtain a profile of the respondents a frequency test was used with all demographic and other related factors. 65.4% of respondents were male and 34.6% female. Most respondents were in the 18-24 years age group.
(75.7%), followed by 25-34 (20.4%) and over 34 group (4.2%). The majority of respondents were on an undergraduate programme (71.5%), followed by a postgraduate programme (28.5%).

4.2 Assessing reliability and validity of the instrument

To check reliability, Cronbach Alpha was checked and was above 0.70 for all variables. Previous studies (e.g. Field, 2009; Hair et al., 2010; Pallant, 2007) have suggested that it is sufficient for research instruments regarding internal consistency. All items were chosen from well-established, empirically tested studies and thus content validity were valid. Furthermore, to test construct validity, exploratory factor analysis (EFA) was tested which provides an accurate means of conceptualizing unobservable constructs. Factors were highly correlated and differed from each other with higher loading factors above 0.70 (Sekaran and Bougie, 2016) (refer to Table 1.).

Table 1. Factor Loading and Reliability Test

<table>
<thead>
<tr>
<th>Factors and items</th>
<th>Loading factor</th>
<th>Eigenvalues</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ease of use</strong></td>
<td></td>
<td>3.39</td>
<td>0.89</td>
</tr>
<tr>
<td>Using Internet to book hotel would be easy for me to learn.</td>
<td>0.93</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I think that interaction with hotel online bookings does not require a lot of mental effort.</td>
<td>0.92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I think that it is easy to use hotel online bookings to accomplish my travel tasks.</td>
<td>0.89</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Social influence</strong></td>
<td></td>
<td>3.42</td>
<td>0.92</td>
</tr>
<tr>
<td>People important to me would think that using hotel online booking would be a wise idea.</td>
<td>0.93</td>
<td></td>
<td></td>
</tr>
<tr>
<td>People important to me would think that using hotel online booking is a good idea.</td>
<td>0.90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Most people important to me would think I should use hotel online booking.</td>
<td>0.92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My family important to me would think that using hotel online booking would be a wise idea.</td>
<td>0.91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My family important to me would think that using hotel online booking is a good idea.</td>
<td>0.88</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My family important to me would think I should use hotel online booking.</td>
<td>0.86</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Perceived risk</strong></td>
<td></td>
<td>3.67</td>
<td>0.88</td>
</tr>
<tr>
<td></td>
<td>( \text{Score} )</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------------</td>
<td>-------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I believe that hotel online booking is risky because the products/services delivered may fail to meet my expectations.</td>
<td>0.85</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I believe that hotel online booking is risky because the products/services delivered may be inferior.</td>
<td>0.87</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I believe that hotel online booking is risky because they may lead to financial loss for me.</td>
<td>0.88</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I believe that hotel online booking is risky because they may cause others to think less highly of me.</td>
<td>0.89</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I believe that hotel online booking is risky because the products/services delivered may fail to fit well with my personal image or self-concept.</td>
<td>0.76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I believe that hotel online booking is risky because they may lead to a time loss for me.</td>
<td>0.88</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Positive eWOM</strong></td>
<td>3.32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am willing to let other Internet users know that I am a customer of this hotel.</td>
<td>0.87</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am willing to provide more positive online information about this hotel available to other Internet users.</td>
<td>0.83</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am willing to positively discuss the services that provide in this hotel with other people on the Internet.</td>
<td>0.89</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am willing to share positive information about my experience in this hotel with others on the Internet.</td>
<td>0.90</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Online booking intention</strong></td>
<td>3.43</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My willingness to book hotel rooms from the website is high.</td>
<td>0.83</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If I were to book hotel rooms, I would consider booking it from the website.</td>
<td>0.87</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I expect to book hotel rooms online in the near future.</td>
<td>0.88</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.3 Hypothesis Testing

The study used multiple regression analysis to test the study’s hypotheses. These techniques are used to analyse the relationship between the dependent variable and several independent variables (Field, 2005; Hair et al., 2010). Table 2 shows the multiple regression results of the relationship between ease of use, social influence, perceived risk, eWOM and online booking intention. The model was significant \( F= 54.236; p < .001 \) with predictors explaining 54.24% of the variation in online booking intention. The three predictors (ease of use, social influence, positive eWOM) significantly influenced online booking intention, and perceived risk has a negative significant influence on hotel online booking intention. Regarding importance, social influence has a high positive significant influence on customer's intention to online booking hotel followed by ease of use and positive eWOM.

Table 2. Summary of multiple regression analysis for the factors (Ease of use, Perceived risk, Social influence and eWOM ) influencing hotel online booking intention

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Dependent variable</th>
<th>Coefficients (β)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Online booking intention</td>
<td></td>
</tr>
<tr>
<td>Ease of use</td>
<td>0.323</td>
<td>0.000</td>
</tr>
<tr>
<td>Social influence</td>
<td>0.358</td>
<td>0.000</td>
</tr>
<tr>
<td>Perceived risk</td>
<td>-0.155</td>
<td>0.006</td>
</tr>
<tr>
<td>eWOM</td>
<td>0.220</td>
<td>0.000</td>
</tr>
<tr>
<td>( R^2 )</td>
<td>0.509</td>
<td></td>
</tr>
<tr>
<td>( F )</td>
<td>54.236</td>
<td></td>
</tr>
<tr>
<td>( N )</td>
<td>214</td>
<td></td>
</tr>
</tbody>
</table>

5 Discussion and conclusion

The research findings are similar to previous studies which have demonstrated the link between the investigative factors and hotel customers’ online booking intention. In terms of the influence of ease of use on online hotel booking intention, the study results are in line with previous studies from Kucukusta et al. (2015) and Kim and Kim, (2004). Therefore, hoteliers can use advances in technology to aid convenience in selling travel online. For example, hoteliers can provide apps for mobile devices for booking hotels online. They also need to provide customers with effective ways by which to increase perceived ease of use and enhance the willingness to book hotel online (e.g. security approval symbol, service information, guarantees). Here, hoteliers should understand that internet ease of use and information...
An Empirical Study of Factors …...  
Abdul Malek H.A. Hazbar     Abdul alem Mohammed  
Ataul Karim Patwary

accessibility related to hotel booking always help consumers to make better decisions and therefore a relevant booking. The study results are also in line with previous research which has demonstrated that social influence is a psychological factor which influences consumer intention in making bookings/reservations directly via websites (Dillon and Morris, 1996; Eckhardt, Laumer and Weitzel, 2009). Thus, hoteliers should use social networking to assist guests to cooperate with each other before a stay, and most importantly make social contacts during the visit (Barreda et al., 2015).

The study results also align with previous research (e.g., Cantallops and Salvi, 2014; Chan et al., 2017) which show that positive reviews (eWOM) lead to a higher hotel booking intention. Therefore, users’ travel activities, and purchase behaviours are strongly influenced by internet accrued information (Xiang and Gretzel, 2010). Thus, hoteliers should be proactive in observing experiences and satisfaction levels of their guests. They should expand guest relations and continuously receive feedback during guest contact. Additional communication channels should be offered which would permit customers to give suggestions or raise complaints, for example via customer feedback questionnaires, e-mail addresses and hotlines. In addition, corrective action needs to be taken to minimise the chances that customers write a negative review on a tourism website (Chan et al., 2017). Further, positive eWOM helps the user to become more familiar with the services and products available in the hotel. It also helps users by providing information regarding the service quality of a specific hotel. In terms of the influence of perceived risk, the results show that perceived risk has a negative significant influence on the intention of booking hotels online.

An agreement with previous studies such as Hsin Chang and Wen Chen (2008) stated that a yield of high perceived risk triggers to a lesser intention of online purchasing and booking. The uncertainty level in relation to the online purchasing process influences consumers’ perceptions regarding the perceived risks. In addition, Casalo, Flavian and Guinaliu (2007) stated that consumers tend to have an increase in perceived risk while taking decisions and payment for the purchase or booking online, as consumers do not have the opportunity to discuss it with a salesperson, unlike an offline store or hotel premises. Also, consumers are legitimately aware of the consequences and are uninterested in believing in the unexperienced situations. Consequently, hoteliers must implement persuasive risk-reduction strategies to minimise perceived risk (i.e. informative advertising, publicity, free samples, and money-back guarantees).

Although the study significantly contributes to knowledge around the
subject, since it provides a framework used to explain the influence of these factors (ease of use, social influence perceived risk, eWOM) on consumers’ online hotel booking intention in Malaysia, some limitations have been identified which can be considered for future research. First, the study concentrated on the students of University Utara Malaysia, which is not adequate for generalising population. Thus, future research should cover a larger and more diverse sample size to evaluate the scenario from various consumer perspectives. Second, the proposed hypothesis model only covers the consumers who are a potential candidate for online hotel booking. Any future study can investigate the same hypothesised model in a different context related online booking and purchase activities. Finally, it will be interesting if future studies can investigate how demographic factors such as gender and age may moderate the influence on hotel customers' online booking intention.

References


An Empirical Study of Factors ....  

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