FACTOR AFFECTING ONLINE HOTEL RESERVATION INTENTION: ATTITUDE AS A MEDIATOR

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PERPUSTAKAAN UNIVERSITI MALAYSIA SABAH

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTANCY UNIVERSITI MALAYSIA SABAH 2016

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Greetings / Salam Sejahtera,

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ABSTRACT

The purpose of this study was to investigate the factors affecting consumer's attitude and intention towards online hotel reservation. In the meantime, this study also examined the mediating effect of attitude towards online hotel reservation intention. There were six main variables posited in the conceptual framework, namely; convenience, ease of information search, price and transaction as independent variables, attitude as mediator and intention as dependent variable. The questionnaires were distributed in the area of Kota Kinabalu especially hotels and shopping mall. The obtained data was analyzed using SPSS and SmartPLS software version 2.0. As the results, there were 185 individuals in total that comprised various demographic backgrounds. Findings indicated that, convenience, ease of information search and price have significant relationship with attitude (mediator), while for relationship towards intention (dependent variable) there are only three variables significant namely, ease of information search, price and attitude. This study was important to assist the hotel industry with better understanding on the important factors especially in marketing of online hotel reservation. In turn, this finding indicated competitive advantage that can be achieved through online hotel reservation awareness to improve the hotel industry marketing strategies.

ABSTRAK

FAKTOR YANG MEMPENGARUHI NIAT TEMPAHAN HOTEL DALAM TALIAN: SIKAP SEBAGAI PENGANTARA

Matlamat kajian ini adalah untuk mengkaji mengenai faktor yang mempengaruhi sikap dan niat tempahan hotel dalam talian. Pada masa yang sama, kajian ini turut menguji kesan pengantara iaitu sikap terhadap niat tempahan hotel dalam talian. Terdapat enam pembolehubah utama yang diketengahkan di dalam konsep rangka keria iaitu kemudahan, kemudahan mencari maklumat, harga dan transaksi sebagai pembolehubah tidak bersandar, sikap (pengantara) dan niat tempahan hotel dalam talian (pembolehubah bersandar). Edaran soalselidik telah dijalankan di sekitar Bandar Kota Kinabalu yang terdiri daripada hotel and pusat beli-belah. Data yang dikumpul telah dianalisis menggunakan perisian SPSS dan SmartPLS versi 2.0. Hasil dapatan menunjukkan jumlah keseluruhan adalah seramai 185 responden yang terdiri daripada pelbagai latar belakang, Hasil penemuan menunjukkan, hanya terdapat tiga pembolehubah iaitu kemudahan, kemudahan mencari maklumat, dan harga mempunyai hubungan yang signifikan terhadap sikap (pengantara), manakala hubungan terhadap niat meneruskan tempahan hotel dalam talian (pembolehubah bersandar) hanya tiga pembolehubah mempunyai kesan yang signifikan iaitu kemudahan mencari maklumat, harga, dan yang terakhir sikap (pengantara). Kajian ini sangat penting untuk membantu pihak hotel dengan memberi kefahaman yang lebih baik terutama terhadap faktor-faktor yang penting dalam meningkatkan mutu pemasaran tempahan hotel dalam talian. Justeru, hasil penemuan ini dapat membantu kempen kesedaran untuk meningkatkan daya saing pemasaran di kalangan pihak hotel.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

Chapter one comprises of important information that needs it for this study, the first section discuss about background of the study, some relevant issues was highlighted, then proceed to the problem statement, research objective and questions, and the significance of the study also addressed. For the basic understanding of this study, the definition of key term also provides. And the last section in this chapter is organization of study that content of the sequences for the whole chapters used for this study.

1.2 Background of the Study

Information Communication Technologies, especially the internet, with its recent noticeable increase in users and function, where provided great transform in hospitality industry. According to Olsen and Connolly (2000) stated that hospitality industry experience the significant transformations it is because increasing in customer base in the Internet.

Purchasing via the Internet is one of the most rapidly growth form shopping (Levi and Weirz, 2001). Online reservation of hotel rooms has been on the rise due to the benefits to both travelers and hotels management. The internet in the most important channels for hotel rooms reservation (Ahmet et al., 2016). Consumer can access to internet at any time and able to reservation their hotel room by reviewing hotel information via hotel websites or Online Travel Agents (OTA) such as Expedia.com, Booking.com, and Agoda.com.

Using of internet as a reservation method can benefit the hospitality firms and also the customers by reducing costs and providing real-time information to both parties (Cobanoglu, 2001). According to Adeline and Toeh (2013), there is 27% of consumers reserve their hotel rooms via hotel official websites and 73% of them book hotel rooms via OTA. In their study, they found that most of the consumer reserved their hotel rooms by OTA compared to hotel official websites. Nowadays, almost 99% of consumers prefer for online hotel reservation. Malaysian consumers prefer online hotel reservation because the internet provides the benefits of cost saving, ease access to information search, and convenience (Adeline and Toeh, 2013). Hence, this study will explore four major factors that affecting the customer's attitudes towards online hotel reservation. These factors will be convenience, ease of information search, price, and transaction.

Because an explosive increase in the number of online hotel reservation is expected, hotel marketers need to understand the determinants of customer's online hotel reservation intention (Cline and Warner, 2001). This study will identify and analyses the factor that affecting hotel customer's online reservation intention in relation with their attitudes towards online hotel reservation. This will encourage more hotels to implement online hotel reservation as a part of their main marketing strategic. Online hotel reservation may reduce the marketing costs and increase the sales by identify potential consumers (Adeline and Toeh, 2013). By this marketing strategic, hotel's marketing department able to develop their strategies to attract more customer.

In this study will be organised as follows; the next section will represents literature pertaining to the study variables, theories and the hypotheses development. Then will demonstrate the data collection and measure will be use. Finally, in this study will explain the study results, discussion, and limitations for future research.

1.3 Research Problem

Online hotel reservation has becoming the best system that people like to refer before book hotel rooms. Online hotel reservation as a new platform for hospitality industry marketing communication provides customer with information of hotel's service will influence consumer's attitude and purchase intentions. Online hotel reservation is the lone of the popular contributor on the increasing Internet users in Malaysia (Cristian & Miyoung, 2008).

Internet retailing industry in Malaysia as shown in Table 2.1 (page 15), the tremendous growth, in the year 2002 reported 32.3% and rises to 68.6% in July 2016 (Internet Live Stats, 2016). It is indicated that online hotel reservation is effective platform for hospitality industry to market their hotel service information among the Malaysian consumers regardless of hotel services information (Adeline and Toeh, 2013).

Despite the growing online market, hotels are still searching for an efficient way to persuade travelers to reserve rooms directly on hotel-owned Web sites. In that, an effort provide the industry with best business strategies and have been preoccupied with examining the way in which hotels understand online hotel reservation and develop reliable internet strategies and understand the role of internet in new hotel chain (Cristian & Miyoung, 2008).

The changing of hotel rooms booking method, from traditional to online concept has influence by emerging of new technology especially in continues improvement of online hotel reservation. According to Ahmet et al, (2016) that convenience and ease of information search are the factors that accepted by consumers, in the case of online hotel reservation, these variables associated as characteristics that influence attitude toward the online hotel reservation and purchase intention. The convenience has been tested and found has a positive significance factor that influence customers buying intention (Abdul & Fariza, 2008), the research

outcome also highlighted that determinants of online hotel reservation is likely has a strong influence to increase hospitality industry sales volume.

Related to this study, the gap was addressed from previous studied that in order to fully understand on the factor affecting online hotel reservation on consumer's attitude and intention to continue using online hotel reservation, the researcher needs more and different variables. Beside the existing variables such as convenience and ease of information search, other variables' of online hotel reservation should be considered including price and transaction are among the variables were associated in the online hotel reservation content (Woo & Dong, 2004; Cristian & Miyoung, 2008).

Customer intention to continue using online hotel reservation can be entitled as how much online hotel reservation are able to operate to meet the desire of consumer. The measures of customer's intention are usually obtained from the investigation of current customer determining their tendency to reserve hotel using internet (Rayman-Bacchus and Molina, 2001). Most of studies have shown that convenience, ease of information search, price and transaction is directly and indirectly deciding customer attitude (Amaro and Duarte, 2015).

Therefore, this study attempts to examine factor affecting online hotel reservation, consumer intention toward online hotel rooms booking and attitude as mediator. What are the dimensions of factor affecting online hotel reservation that influence the intention to continue using online hotel rooms booking?

1.4 Research Objective

From the background of study and problem statement addressed the research objectives as follows:

- 1. To examine the relationship between factors affecting online hotel reservation and attitude.
- 2. To examine the relationship between factors affecting online hotel reservation and intention to continue using online hotel reservation.
- 3. To examine the relationship between attitude and intention towards online hotel reservation.
- 4. To investigate the mediating effect of attitude on relationship between factors affecting online hotel reservation and intention to continue using online hotel reservation.

1.5 Research Questions

Based on the problem statement in the previous section, this study attempted to answer the following research questions;

- 1. Do factors affecting online hotel reservation elements have a positive relationship with attitude?
- 2. Do factors affecting online hotel reservation elements have a positive relationship with intention to continue using online hotel reservation?
- 3. Do attitude have a positive relationship with intention towards online hotel reservation?
- 4. To what extend the relationship between factors affecting online hotel reservation and intention is mediated by attitude?

1.6 Significance of Study

The purpose of this study is to offer knowledge of factors affecting online hotel reservation and customer's attitude on intention to continue using online hotel bookings. The convenience, ease of information search, price and transaction that emphasized in this study were perhaps to be significant measurement to enhance the intention towards online hotel reservation. Moreover, this research will be useful for further refining online hotel reservation in terms of convenience, ease of information search, price and transaction in order to meet the consumer demand.

Furthermore, the advancement of knowledge on online hotel reservation is important for its development. The dissemination of new knowledge and development on online hotel reservation will help to increase people realization about online hotel reservation system.

Lastly, this study aided the managerial implication with better understanding on important factor especially in marketing of hotel industry. In turn, it will encourage practitioner awareness to create competitive advantage to improve the usage of online room reservation and develop progressive customer intention to continue using online hotel reservation.

1.7 Scope of the Study

The respondents of this study were mainly targeted on the customers that have experienced on online hotel room reservation. Structures and standardised questionnaire were distributed to the respondents and the data was analyzed via SmartPLS software in order to obtain the crucial information needed in this study. Variables posited in this research were including *Convenience, Ease of Information Search, Price,* and *Transaction* as the main independent variables, while *Attitude* posited as the mediator and *Intention* as dependent variable. These variables were discussed in details in Chapter 2 and Chapter 3.

1.8 Definition of Terms

This part provided the definitions and description of term that are frequently used in this study illustrated as below:

1.8.1 Online Hotel Reservation

Online hotel reservation refer to "an online distribution information system that enables customers worldwide to reserve hotel rooms, anytime, anywhere through the use of the wireless internet on their internet access devices" (Ahment et al., 2016).

1.8.2 Convenience

Convenience is defined as "the most common incentives for consumers to shop online" (Ahment et al., 2016).

1.8.3 Ease of Information Search

Ease of information search refers to "the degree to which a person believes that using particular information would be free of effort" (Fred, 1989).

1.8.4 Price

Price is defined as "the amount of money consumers must give up getting the product/service" (Che et al., 2015).

1.8.5 Transaction

Transaction is "a part of involving many of crucial personal information" (James & Elaine, 2014).

1.8.6 Attitude

Attitude is refers to "a learned predisposition to behave in a consistently favourable or unfavourable way with respect to a given object" (Adeline & Teoh, 2013).

1.8.7 Intention

Intention is "a vital predictor of actual buying behavior and this relationship has been empirically examined in hospitality and tourism industry" (Che et al., 2015).

1.9 Organization of Study

In order to theoretically and methodologically explained the research, the information included in this dissertation is as follows:

Chapter 1: Introduction of the research background and the current issues involved as well as addressing the problem and objective of the research conducted, and also the significant of the study.

Chapter 2: Literature Review, review and synthesis the relevance the various past researches that had been done previously. This examines previous researcher's discussion and the type of modal, theory and concepts that have been previously used as well as arguments and discussion that have been done. This will give readers more information on what has been done in this particular field. This is also to formulate the research questions, objectives and theoretical framework.

Chapter 3: Research Methodology explains the technique and method used to conduct the research. This includes the theoretical framework, hypothesis assumption, the nature and type of the study, instrument (design of questionnaire) used to conduct the research. This chapter also included the size and group of the sample as well as data collection method and the method for analysis of the data.

Chapter 4: Research Finding analysis the raw data collection and converted into data that able to response and support the hypothesis in chapter three by using the software SPSS and SmartPLS.

Chapter 5: Research Discussion and Conclusion reports the findings of the analyses in chapter four whether the result or oppose the hypothesis. It also discusses the limitation of the research which causes the results to vary and also discusses the conclusion that has been discovered from this research.