Customer Buying Intentions regarding Online Hotel Booking: An Empirical Analysis

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Rukmini Devi Institute of Advanced Studies

E-mail : effulgence@rdias.ac.in, Website : www.rdias.ac.in

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Dr. Saurabh Verma¹

Dr. Sunil Kumar Yadav²✉

Ms. Sukanya Sarkar³

Abstract

The travel and hospitality industry in India is quickly advancing with the rising appropriation of different tools, technologies and computerized interface to improve customer relationship, building loyalties and to run organizations proficiently. These incorporate portable web-based applications, Big Data investigation, computerized reasoning, Artificial Intelligence (AI) and virtual reality (VR). Indian travelers are adopting this technological change and booking hotels using internet. Tech savvy customers are the main focus group for these strategic decisions. The main aim of the study is to identify the key psychographic determinants affecting customer's buying intentions towards online hotel booking. The study was conducted in the state of Assam, a north eastern region of India. The respondents were the customers who were already having a past experience of booking hotel online. A step wise regression was applied to analyze the impact of independent variables on dependent variable. The present study revealed that Ease of use, Price, Convenience, Perceived risk and Online review system has a significant impact on the customers' booking intention while Trust towards site has no influence on the intentions towards online hotel booking. The present study will help the marketers to design their strategies by considering the key psychographic determinants influencing the buying intention of young internet savvy customers.

Keywords: Online hotel Booking, Booking Intention, Consumer Behavior.

INTRODUCTION

Travel and hospitality sector is one of the growing industries in the whole world. It has been immersed as a boon in the development among

service segment in India. According to KPMG report, the online sales of hotel booking is expected to rise up to Rs. 2796.9 thousand crore (USD38.7 billion) at a CAGR 14.8 percent between 2017 and 2021. Furthermore, "India 2019 Annual Research" a

1. Assistant Professor, Department of Management Studies, NIT Silchar (India), saurabhvermanitkkr@gmail.com

2. Associate Professor, Rukmini Devi Institute of Advanced Studies, New Delhi (India), sunilyadav29@gmail.com

3. MBA Scholar, Department of Management Studies, NIT Silchar (India), sukanyasarkar354@gmail.com

study done by World Travel & Tourism Council (WTTC) has analyzed that travel and tourism sector of India contributes 9.2 percent of the Indian GDP. This was revolutionized due to the rich cultural heritage of the nation which attracts tourist from different parts of the world and a sudden surge in the e-commerce website which are offering option for customers to book a destination online. The advancement in the field of Information Technology and digitization in the service sector has enhanced the online hotel booking industry. Even, hotel industry has also modified their ways of doing business by adopting various tools, technologies and digital interface. It is discovered that income created from the web based booking is developing at a pace of 10% every year (yStats.com). According to The Internet & Mobile Association of India (IAMAI) report, 627 million people are using internet in India. With the growth of technology, use of internet for booking hotels is also increasing rapidly. People uses internet to compare between hotels and the price, rather waiting in the queue at the front desk of hotels or searching for the hotel once they reached the destination. Booking can now be done before the stay. It is projected that by 2023, online hotel booking sales will contribute 55% of overall revenue in the hospitality sector (statista.com). Internet is used by customer and travel agents for booking and communicating information. Customers use various booking websites like Oyo rooms, Trivago, Goibibo, Make my trip etc. for searching, evaluating and booking travel products. Popular hotel booking websites in India are given below:

Oyo Rooms

It is the start-up that has changed the business model of hotel industry from aggregation to franchise. It provides variety of services like hotel room, long stays and flagship to customers. The main focus was to attract budget friendly customers. It doesn't own any hotel property and listed them as standardized budget hotel chain. Oyo room create value for their customer by providing them simple and easy to use app, reliability in searching hotels, discounts.

Make My Trip

It is the first company that have started online hotel booking in India. Apart from hotel accommodation it also provides flight ticket, holiday package, rail and bus booking etc. Make My Trip has covered 25% of the market share in the hotel industry. It provides convenient and hassle free services to its customer. The new "Pay at checkout" feature of the website has attracted many customers. In 2016, Make My Trip takes over goibibo results into overall market share.

Trivago

It is booking site that helps customers to compare search hotels and compare prices. It allows customers to compare price of hotels in just a few click. It creates a database of hotel from various websites. Trivago helps users to find best deals quickly and easily.

Booking.com

It is a part of booking holdings Inc. It offers 28 million accommodations, including homes, apartment and unique places to stay. The website provides variety of places to stay and filtering options for customers, which make easier for customer to search hotels.

Airbnb

They provide rating and review of customers who have booked from their site. It is an American company started in 2012 in India provides hospitality services. It is a platform for listing and renting local places like cottages, home stays, hotel rooms etc. Airbnb links host and travels by providing rooms without owning any rooms. It is mainly earn commission for every booking.

Background and Hypotheses Development

Abdullah et al. (2017) proposed a conceptual

framework to measure the factors related to hotel booking intention. The factors used in Technology Acceptance Model (TAM) were Interactivity, Ease of use & Usefulness of websites. It has been found that easy to use and useful website content affects the hotel booking intention of customers. It also measures the two way communication, responsiveness, use control as determinants of online booking intention. Aditya, f. T. (2019) in his study pointed out the impact of electronic word of mouth (e-WOM) and price on booking intention. The study was conducted on undergraduate students of University of Lampung and other online clients, results demonstrated that the factors of e-WOM has a significant effect on booking intention, while Hotel Price doesn't significantly affect booking Intention. Another study conducted by Agag G et al. (2016) has proposed a model to look at the variables which may impact the purchaser's booking intention on the web. The study found out that the websites which make their services and policies transparent for their customers develop trust towards the hotels.

It is found that Commitment toward the site & attitude influences the intention of the customers to book via online. Amaro et al. (2015) in their study had given a framework to analyze the determinants of purchase intentions of travel. The factors taken were attitude, compatibility and perceived risk. The results showed that convenience strongly affects booking intentions. The study further confirms that willingness to book a hotel online is related with the reputation of the online site. Bala Subramaniam, M., & Lekha, A. S (2019) identified direct association between booking intention of the hotels online and Price of the hotel rooms followed by security and quality of information. It also measures the awareness level among the customers. Similarly, BhatiaSevi V and Yoopetch C (2015) have also identified the factors of e-booking among the young generation. This paper is grounded by TAM model. The paper analyzed the impact of ease of use of websites and the usefulness on the intention. The study confirms that the Ease of use of the website certainly increase customer's intention to use the

online platform for booking. C Mongkhon vanita (2019) in his study points out the factor affecting online reservation decisions done through online website. For the study, 400 Thai travellers were selected. Results showed that the price of the room affects booking intentions. Further, the study confirms that the user friendly interface in the booking procedure has an impact on online booking decisions. Casalo, L.V et al (2015) confirms that the Travellers' online accommodation booking behaviors deeply rely on other users' opinion and the ratings given on the websites. The study investigated that both online booking intention and attitude toward online website differ based on the online rating given by the customers who has availed the services. Chang et al.(2013) analyzed the effect of trust, along with the factors of TAM on the willingness of customer to make booking hotels online. The results revealed that trust towards the site will increase perceived Ease of use along with usefulness of the website. It was concluded that, convenience to book hotel online increases the intentions towards online booking. Chen, H. (2012) reaffirms that value and trust are the two important factors for booking intentions. The results showed that perceived value have significantly influence on online customers' buying intention.

From the review of literature it can be concluded that many studies were conducted on identifying the factors responsible for online hotel booking intentions and the intensity to which these determinants affects the intention. Most of the research has been conducted in the western region of the world. Few studies have also been done in India still; no study has been conducted in the state of Assam. Assam being one of the beautiful states of North east and it attracts lot of tourists because of its natural beauty and vast tea estates. So it is important to understand the online booking intention of customers in the North Eastern part of India.

Objective of the study

To analyze the impact of key psychographic

determinants on consumers buying intentions of online hotel booking

Following hypotheses were made to satisfy the objective of the present study:

H1: *There is a significant relationship between ease of use search and booking intentions.*

H2: *There is a significant relationship between price and booking intentions.*

H3: *There is a significant relationship between perceived risk and booking intentions.*

H4: *There is a significant relationship between convenience and online booking intentions.*

H5: *There is a significant relationship between online review and booking intentions.*

H6: *There is a significant relationship between trust towards site and booking intention.*

RESEARCH METHODS

Sample and Procedure

The present study is based on descriptive research design. The required data were collected from both primary and secondary sources. Structured questionnaire has been distributed for data collection. Data were taken from the customer who have online hotel booking experience. The questionnaire consists of statements related to dependent and independent variables. To test the proposed hypotheses, a self-administered questionnaire was formulated. In order to gather the responses, a five point Likert scale has been used where "1= strongly agree to 5= strongly disagree".

Data Collection

The present study is conducted in Guwahati (Assam), India. Customers having past experience on online hotel booking are targeted population for the study. As the population is infinite, non-probability (Purposive Sampling) has been used. Cochran's (1977) formula for sample size has been used to determine the size of the sample.

$$SS = \frac{Z^2 \times p \times (1-p)}{e^2}$$

Z = 1.64 for 95% confidence interval

P= percentage population proportion (0.8 is used here)

e=0.05, Here e is the margin of error.

Sample size = 172

Statistical tool used

The collected data were analyzed using various statistical tools. The hypotheses formulated were tested using Step wise regression. IBM SPSS version 25.0 was used for the data analysis.

Reliability Analysis

To measure the reliability, Cronbach's alpha value of construct was calculated. Cronbach's alpha value was found to be 0.828 (table 1), while values of more than 0.7 or above is acceptable (McDaniel and Gates Co-efficient of reliability of 0.70 is considered satisfactory).

Table 1. Reliability Analysis Summary

Factors	Cronbach Alpha
Buying Intentions	0.744
Ease of Use Search	0.857
Perceived Risk	0.855
Price	0.765
Convenience	0.831
Online Review	0.862
Trust Towards Site	0.890

Brattelett's Test and KMO Measures are done to examine the appropriateness. Kaiser-Meyer-Olkin (KMO) measure is 0.796 (table 2) i.e. higher than 0.06 Bartlett's Test is also found to be significant for the study (sig=.000).

Table 2. KMO and Bartlett test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.769
Bartlett's Test of Sphericity	Approx. Chi-Square	1908.175
	df	253
	Sig.	.000

Data Analysis and Results

To establish relationship and identifying correlation between key psychographic determinants and booking intention, step wise regression was conducted. In order to conduct regression analysis the Dependent Variable taken is customers' booking intention; Independent Variables are price, Trust towards site, Convenience, perceived risk and online review. In stepwise regression method, at each step, statistically significant independent variables are identified. It also looks for the independent variables that mostly correlate with the dependent variable. This process is continued until all significant variables were included in the regression equation.

Table 3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.519 ^a	.269	.265	.513695192 974449	.269	63.023	1	171	.000	1.935
2	.603 ^b	.364	.356	.480756972 559214	.094	25.234	1	170	.000	
3	.640 ^c	.409	.399	.464541173 389949	.046	13.076	1	169	.000	
4	.680 ^d	.462	.450	.444514560 837463	.053	16.571	1	168	.000	
5	.702 ^e	.493	.478	.432862326 256244	.031	10.167	1	167	.002	

Dependent Variable is customers' booking intention; Independent Variables are Ease of use, price, Trust towards site, Convenience, perceived risk and online review

The table 3 shows the stepwise regression analysis. It shows variables Ease of Use, Online review, Convenience, Perceived Risk and Price having a significant relationship with booking intention, while trust toward hotel is not found to be significant. Multiple correlation coefficients is found to be 0.702. The value of adjusted r^2 is found to be 0.478 that is 48% variation in online booking intention as explained by the five exploratory variables. The Durbin Watson value is found to be 1.9 which is close to 2 that explains that no autocorrelation is present in the model (Durbin, 1950).

Table 4 depicts the ANOVA test result. It is found to be significant for the entire factor except for the trust towards the site has no found to be statistically insignificant. Hence H1, H2, H3, H4, H5 accepted, while H6 is rejected.

Table 4. Anova Explained for the variables

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.631	1	16.631	63.023	.000 ^b
	Residual	45.124	171	.264		
	Total	61.755	172			
2	Regression	22.463	2	11.232	48.594	.000 ^c
	Residual	39.292	170	.231		
	Total	61.755	172			
3	Regression	25.285	3	8.428	39.056	.000 ^d
	Residual	36.470	169	.216		
	Total	61.755	172			
4	Regression	28.559	4	7.140	36.134	.000 ^e
	Residual	33.196	168	.198		
	Total	61.755	172			
5	Regression	30.464	5	6.093	32.517	.000 ^f
	Residual	31.291	167	.187		
	Total	61.755	172			

Dependent Variable is customers' booking intention; Independent Variables are Ease of use, price, Trust towards site, Convenience, perceived risk and online review

Table 5. Regression Coefficients with online booking intentions as a dependent variable

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
5	MEAN_EOU	.333	.061	.335	5.439	.000	.802	1.247
	MEAN_CON	.217	.042	.294	5.150	.000	.933	1.071
	V							
	MEAN_REVIEW	.221	.057	.230	3.870	.000	.862	1.160
	MEAN_RISK	-.149	.038	-.219	-3.940	.000	.986	1.015
	MEAN_PRICE	.163	.051	.188	3.189	.002	.877	1.140

Dependent Variable is customers' booking intention; Independent Variables are Ease of use, price, Trust towards site, Convenience, perceived risk and online review.

Table 5 shows regression model of the study β values of the table indicates which predictor impact the regression model. The table shows that ease of use ($p < .005$, $\beta = 0.333$) is the most significant variable which helps in predicting the online hotel booking intention followed by online review ($p < .005$, $\beta = .221$), convenience ($p < .005$, $\beta = .217$), Price ($p < .005$, $\beta = .163$) and perceived risk ($p < .005$, $\beta = .163$). Further, the final regression equation has been formulated by using the unstandardized coefficient value(B) from the above table

$$Y = .409 + .333X_1 + .217X_2 + .221X_3 - .149X_4 + .163X_5$$

Where

Y=Online hotel booking intention

X1= ease of use

X2=Convenience

X3=online risk

X4=Perceived risk

X5=Price.

Table 6. Variables which are Excluded

	Beta In	t	Sig.	Partial Correlation	Collinearity Statistics		
					Tolerance	VIF	Minimum Tolerance
MEAN_TRUST	-.118 ^f	-1.883	.061	-.145	.757	1.322	.740

From the above table 6 it can be observed that only one factor has been excluded from the final mode i.e. trust towards the site ($t = -1.883$, $p > 0.05$) Hence it is found trust has no significant effect on intentions to book online.

DISCUSSION

The present study mark important contributions in the field of existing literature related to online Hotel booking. The findings revealed that, among all the variable that has highest effect on booking intention is, Ease of use, followed by Convenience, Online review, Perceived risk and Price. These findings are also supported by Kim et al.(2004). Trust toward website is found to have very less effect on online booking intention; it is supported by Lien, C. et al. (2015). The regression analysis done between variables justifies the objective of this study. Also, it was found those customers are willing to book hotels

online in the websites which are easy to use and where the prices for the hotels are reasonable. Further, customers book hotel based on the online reviews given by other guest as customers' book hotel from the sites where they have got positive reviews. Ease of use of the website impact the booking intention of online hotel booking user. In India, with the continuous improvement in innovation and digitization in the hotel industry, the patterns of customers booking intention are also changing. Now a day, most of the people make reservation of the hotels via the websites or mobile applications. Online websites for hotel booking doesn't require much efforts and prior knowledge to search evaluate and book hotels. The customers who are willing to buy online hotel booking can compare hotel prices, find best deals and get discounts via the online platform. Moreover, before making reservation customers search for the reviews about the hotels and thus these positive reviews about

hotels influences the customer. The findings of the study will provide insights to the brand marketers of the online booking websites to develop and modify their business strategy accordingly.

CONCLUSION

From the multiple regressions, it is found that, ease of use, convenience, price, online review and perceived risk have significant effect on online booking intention. Based on the findings, we can say that online booking companies should design their marketing strategies based on the buying patterns of customer. For new online users, convenience and price should be given importance. They should minimize the perceived risk associated with online reservations. In present times, as most of the customers are using online reservation systems, the marketer should enhance their ease of use facility, security and transaction facilities to attract and retain more customers. The online customer should easily access all the details regarding hotels in the websites and the important information should be displayed on the website. Furthermore, the website should include all necessary information related to hotel booking that may enhance the booking intentions. Moreover, it is found that higher perceived risk minimizes willingness to book hotels online. (H Chang and W Chen 2008) as perceived risk is directly associated with uncertainty of booking online. According to Casalo (2007), customer's perceived risk enhanced while making payment via online, as there is no direct interaction with hoteliers. They should try to reduce risk by implementing different strategies. Further, it is found that price play significant role in reservation. As online services are intangible, customers perceived quality of the product by analyzing the appropriate price. It is suggested that the online booking sites should make the pricing strategy properly. Hotel price may encourage or discourage the reservation intention. It can be suggested that price should not be exceed the bearable price range of customers. Secondly, the online booking sites should focus on the online reviews of the guest. They should manage complains

of customer effectively so that negative reviews in the website can be minimized. Online reviews are important to gather information about hotels and helps in decision making (Gretzel and Yoo, 2008). Online reviews will enhance e-WOM significantly. It positively impacts the booking intentions. Customers get information from various channels that results create challenges for marketers. The website should provide recent reviews that increase the reservation of hotels online. It also helps in creating trust toward the websites. Online hotel booking websites should focus on building customer relationship. Thirdly, the accessibility of the website should be improved. Online booking sites design should user friendly, ease to use, payment produce should be simple and secure. Useful information about hotels like price per night, image about the hotels should be provided. The information search should be easy because if customers are unable to search different hotels and compare price, it will affect the booking decision. They might shift to other websites and therefore they should design user friendly interface for both mobile and desktop version and it might incorporate various dialects for clients who doesn't get English. Online booking sites should give information related to travel issues like direction of the hotel, nearby tourist places, cab facilities etc.

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