

Factors Affecting Purchase Decisions for Booking Accommodations Online

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Abstract: Travelers are increasingly using the Internet to search for hotel information and to book their accommodations. With customers doing their own research and disrupting the travel-agency model, it is crucial for the hospitality industry to understand the factors influencing customer decisions and intentions when booking accommodations online. This study investigates these factors in a sample of 400 Thai travelers visiting Bangkok. The results revealed that price, payment method and simplicity of booking procedure factors were the most significant factors. The findings also revealed that age range was statistically significant ($p < 0.05$).

Keywords: factors, decision, booking, hotel accommodation, online.

Introduction

Advancement in communication technology is disrupting the travel industry, allowing travelers to play a much larger role in their own travel planning and hospitality arrangements. Booking online has become more popular, with the number of visitors searching hotel websites increasing continually (Tan, 2015). When customers search accommodation information, it's identified as a purchase stage (Neslin et al., 2006). This stage has a huge influence on the customer's booking intention.

However, previous studies on hotel website effectiveness have focused on only the general characteristics of website feature such as content and design (Huiizingh, 2000). Price and promotion are the main decision-making factors in making a hotel reservation (Law, 2005). The perception of reasonable prices results in greater customer perceived value (F. S. J. Lee, 2012), which leads to purchase intentions (C. F. Chiang and S. S. Jang, 2007). Hospitality industry players in China have invested in website development for hotel-reservation platforms across many channels, but these investments only saw a slight revenue increase with marginal benefit (Law et al., 2010).

Price is not the only important factor in hotel booking (Kim et al., 2006; Gupta, 1995); Naletova (2017) indicated more than 40% of online bookers consult hotel websites before making a hotel reservation, and almost 30% read previous guests' reviews before booking. In addition, Liu and Zhang (2014) showed that online travel agent (OTA) websites are outperforming direct bookings on hotel websites, whose performance varies according to the quality of each website.

This research aims to study the factors influencing customers' decision-making when booking accommodation online, specifically through the official website of the accommodations.

Literature Review

In the marketing literature, the effect of factors such as price and brand image on trust and perceived value have been widely discussed, yet there is little empirical research that investigates factors that affect customer decision-making when booking accommodations online.

Lien et al. (2015) examined the direct and mediating effect of brand image, price, trust, and perceived value on online hotel-booking intentions of customers in Taiwan. Price, brand image and perceived value were found to be the three critical determinants directly influencing purchase intentions, while the impact of trust was not significant. Findings showed that booking intentions will be high if the price is affordable or if there is good value offered for the price, if the hotel brand is attractive, and if the hotel is considered trustworthy. The study also examined results across gender differences, finding no significant difference between genders in purchase intention.

Ratchasanthiah (2016) explores the effect of trust, value, brand loyalty, service quality, brand image and social media on online hotel booking intention of customers in Bangkok. This study showed that recommendation and referrals from social communities online (forums, social media) were the primary factor in generating trust, and had the strongest influence on booking intention. While the brand loyalty, service quality, brand image, and social media in terms of rating and reviews did not affect the online hotel booking intention of customers in Bangkok, Luangpipat (2012) studied the impact of online review towards customers' hostel-booking decisions in Bangkok. The study found that online reviews had considerable influence over the hostel-booking decisions of a number of travelers.

L, Li et.ad.(2017) studied the theoretical relationship between hotel website quality (in terms of usability, entertainment and complementarity), e_trust and online booking intention. The results revealed that hotel customers were more focused on the complementarity of hotel websites than their usability, case of use and entertainment. Therefore, the four dimensions of website quality did not affect or insignificantly affected the online booking intention of hotel customers.

Methodology

The purpose of this study is to find factors affecting online reservation decisions made directly through hotel accommodation website. The population for this study is defined as Thai tourists visiting Bangkok hotels who have experience booking their accommodations online.

450 surveys were distributed to different hotel guests in Bangkok by the front desk clerks. 420 surveys (93.3%) were returned within two months between November and December, 2017. The survey questionnaire was developed in 3 sections. The first section includes demographic questions and the second section is about behavioral characteristics. The last section asked respondents to rate the importance of each determinant using a 5-point Likerting scale. After elimination, 400 completed questionnaires (88.8%) remained that were usable for sample data.

Results

Table 1 shows the demographic profile of the 400 respondents, categorized by gender, age, level of education, occupation, marital status and income level.

Table 1 Demographics of Respondent

Variables	Frequency (400)	Percentage (%)
Gender		
Male	180	45.0
Female	220	55.0
Age		
Below 20 years	70	17.6
20 - 39 years	197	49.3
40 - 59 years	94	23.5
60 and above	39	9.8
Marital Status		
Single	214	53.5
Married	147	36.8
Divorced	23	5.8
Separated	15	3.8
Do not answer	1	0.3
Education		
Below bachelor	93	23.3
Bachelor	265	66.3
Master	35	8.8
Doctorate	7	1.8
Occupation		
Government official	60	15.0
Private organization employee	166	41.5
Private business owner	110	27.5
Others	64	16.0
Income		
Below 20000 baht	124	31.0
20001 - 30000 baht	161	40.3
30001 - 50000 baht	81	20.3
50001 - 100000 baht	30	7.5
More than 100000 baht	4	1.0

The sample group includes 180 males (45%) and 220 females (55%). Most of respondents were 20–39 years old, single, and hold bachelor degrees. 41.5% were private-organization employees earning 20001 – 30000 baht per month.

Table 2 Online Booking Behavior of Respondents

Variables	Frequency (400)	Percentage (%)
1. Number of Booking		
Once	202	50.5
Twice	113	28.3
Three times	51	12.8
Four times	16	4.0
More than four times	18	4.5
2. Duration of Stay		
One night	96	24.0
Two nights	213	53.3
Three nights	74	18.5
Four nights	10	2.5
More than four nights	7	1.8
3. Purpose of Trip		
Visit relatives	17	4.3
Vacation	327	81.8
Business	51	12.8
Other	5	1.3
4. Tools for Booking		
Desktops computer	69	17.3
Mobile phone	259	64.8
Notebook computer	68	17.0
Desktop and mobile phone	1	0.3
Mobile phone and notebook computer	2	0.5
Other	1	0.3
5. Date of Stay		
Holiday	140	35.0
Sat - Sun	168	42.0
Mon - Fri	88	22.0
Others	4	1.0

The behavior of respondents for booking accommodation online is shown in Table 2. The maximum number of online reservation was once per month (50.5%) and twice per month (28.3%). The minimum number of online booking was four times per month (4%). A slim majority of respondents booked using the mobile phone (64.8%) and stayed two nights (53.3%). For the vast majority, the purpose of the stay was to take a vacation (81.8%) on a public holiday

Table 3 Factors Affecting Online Booking Decision

Variables	\bar{X}	S. D.	Importance Level
Website appearance	3.64	0.97	important
Payment method	4.02	0.87	important
Content	3.84	0.94	important
Simplicity of booking procedure	4.02	0.87	important
Price	4.16	0.81	important
Brand image	3.89	0.89	important
Customer rating	3.75	0.87	important
Customer review	3.72	0.94	important

Note: Importance Scale :

- 4.51 – 5.00 = very important
- 3.51 – 4.50 = important
- 2.51 – 3.50 = neither important nor unimportant
- 1.51 – 2.50 = unimportant
- 1.00 – 1.50 = very unimportant

The results from Table 3 show that price is the most important factor in online booking decisions, followed by payment method and simplicity of booking procedure.

Table 4 Factors Affecting Online Booking Decision by Demographics

Demographic Profile	Website appearance	Payment method	Content	Simplicity of booking procedure	Price	Brand image	Customer rating	Customer review
Gender F-value	9.736	0.007	0.690	0.000	1.813	3.162	0.086	0.414
p-value	0.0019*	0.9327	0.4145	0.9862	0.1836	0.0762	0.7689	0.5235
Age F-value	7.967	6.441	6.286	5.408	2.902	6.047	9.568	10.020
p-value	0.0000*	0.0000*	0.0000*	0.0000*	0.0138*	0.0000*	0.0000*	0.0000*
Marital Status F-value	5.366	3.208	3.230	1.003	1.434	1.979	3.771	4.210
p-value	0.0003*	0.0131*	0.0126*	0.4060	0.2220	0.0969	0.0051*	0.0024*
Education F-value	5.054	0.171	2.281	2.795	2.722	1.171	2.114	4.362
p-value	0.0019*	0.1710	0.0787	0.0401*	0.0441*	0.3210	0.0980	0.0049*
Occupation F-value	3.630	1.678	2.621	2.379	2.527	3.309	3.692	3.492
p-value	0.0064*	0.0023*	0.0346*	0.0513	0.0403*	0.0110*	0.0058*	0.0081*
Income F-value	4.184	1.107	5.147	1.149	0.541	1.560	1.854	1.575
p-value	0.0025*	0.3530	0.0005*	0.3330	0.7060	0.1840	0.1180	0.1800

* p< 0.05

The results from Table 4 show that there were not significant differences across gender lines, with website appearance being the only factor significantly differing between male and female (0.0019*). However, respondent ratings varied considerably according to age difference.

Only three factors such as simplicity of booking procedure, price and brand image were not the significant factors for the different marital status people with different education level give the different important only in website appearance simplicity of booking procedure, price, customer review. On the other hand, simplicity of booking procedure is only factor which people with different careers give the same important. There is significant difference among customers with different income in the two factors such as website appearance and content.

Table 5: Factors Affecting Online Booking Decision by Age Ranges

Age	N	Website appearance	Payment method	Content	Simplicity of booking procedure	Price	Brand image	Customer rating	Customer review
Below 20 years old Mean Std.	70	4.11 0.860	4.09 0.847	3.93 0.873	3.93 0.906	3.99 0.893	4.14 0.997	3.94 0.866	3.63 1.038
20-39 years old Mean Std.	197	3.59 1.009	4.17 0.863	4.02 0.901	4.17 0.825	4.21 0.803	3.92 0.851	3.86 0.754	3.94 0.861
40-59 years old Mean Std.	94	3.67 0.847	3.88 0.878	3.60 1.081	4.01 0.836	4.32 0.751	3.89 0.823	3.71 0.911	3.69 0.892
60 years old or above Mean Std.	39	3.00 0.761	3.38 0.815	3.21 0.894	3.44 0.882	3.85 0.670	3.23 0.777	2.95 0.916	2.87 0.801

Table 5 shows that brand image is the most important factor for people younger than 20 years old while price is the most important factor for older people.

Conclusion

This study investigated factors affecting hospitality booking decisions for Thai travelers booking online. The most significant factors that affected online booking purchases were price(Law, 2005), payment method and simplicity of booking procedure respectively. The results also showed that people at different age ranges give different importance to each factor, with differences across age groups being statistically significant at the 0.05 level. Hospitality marketers can make use of these demonstrated preferences when undertaking website and customer-interaction improvements.

There are other factors which could influence online booking decisions which could not be included in this study due to time constraints. Further research could expand this study into a larger sample size with in-depth interviews.

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