

# The major distribution channel of hotel industry marketing essay



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Internet has become the major distribution channel of hotel industry. Hotel in Malaysia have started to implement this type of distribution channel to their organization. One of the tools that can introduce the hotel globally and being a medium to interact with the customers is by using hotel website.

Therefore, hotel website needs to be effective so that it meets the preferences of the tourist. This study is to conceptualize the relationship of hotel website dimensions with the intention to purchase online by the international tourists, and the most important dimension that attracts online purchasing. The hotel website dimensions will be measured by two categories of variable which are performance attribute (Stepchenkova et al., 2009) and information quality (Rong et al., 2009). Sample of 384 foreign tourists at Kuala Lumpur International Airport will be selected.

The rapid movement of the technology has given a positive impact to the world. The born of internet has simplified the method of obtaining information from the other part of the world. Internet is one of the recent expansions in communication and information transfer (Heung, 2003). The development of the internet has increased dramatically and many countries in the world have made efforts to improve their internet services (Wan, 2002). According to global Internet usage statistics published by Miniwatts Marketing Group (2009) currently there are 1.6 billion users in month-end June 2009. This higher usage of the internet is due to the preferences of people that more focus on time saving and convenience. As is today, the internet is acts as the widest information gathering tool providing broad, deeper, materials and richer advertisement content, cost and time saving, and a user-friendly software etc (Heung, 2003). However, not all products

are suited to this kind of channel of distribution. There are a few criteria that suggest the differences between these two, whether the products can go through online or not. Due to their perishable nature, hospitality and tourism products are particularly suitable for this virtual distribution channel. To demonstrate, Eyefortravel (2007) found that 66.9% of travel website users in the U. S. subsequently made online purchases, mainly of airline tickets and hotel rooms. Researchers have stated the importance, and hence the advantages, of setting up websites for hotels (O'Connor, 2003; O'Connor and Frew, 2004). In addition, like other e-business application areas, hotel website users can be broadly classified into browsers (lookers) and purchasers (buyers) (Law and Hsu, 2006). As the number of people using the Internet for their shopping steadily rises, it is increasingly important for retailers to understand why consumers decide to buy products online or offline.

Hotel industry is the fastest growing service and in fact it is projected that this industry has a very bright future and will be one of the service led economies in Malaysia (Public Bank, 2005). As one of the tourists' favourite destination, many hotels are competing with one another to tackle market by giving the best products and services to the tourist. Smith and Jenner (1998) noted that hotel products and services are perfectly suited to online selling because they possess the necessary characteristics that can function in the electronic environment. The marketing sector of hotel industry would not be improved if they still using traditional ways such as newsletters and tele-marketing to communicate with their customers. Therefore, the hotel

industry in all over the world will gain a new opportunity if they started to acknowledge and implement the service marketing through the internet.

## **Problem Statement**

Most hotels nowadays have all the internet marketing tools as part of their services in order to market their products and to interact with their customers. These tools seem to be very efficient mediums in playing their roles to the business such as hotel websites. A hotel website stays open 24 hours a day, 7 days a week, and can be accessed by potential buyers at their leisure time. This channel welcomes customers from all over the world, without physical and geographical barriers (Law and Leung, 2000). A hotel website also lessens the hotel's dependence on intermediaries, discounters or traditional channels (Starkov, 2002). To enjoy all of these benefits, hoteliers can establish their websites and then differentiate among their businesses at a relatively low cost. In response to this e-business opportunity, most hotels have already established their own websites to facilitate promotion and reservations on the web. However, it is hard to determine the characteristic of best website which can attract the people to surf to the website.

Many commentators argued that the revolutionary of technology explicitly giving significant impacts to various sub-sector of the hotel industry (Wei, Hein, Hubert & Thomas 2001). According to Network Wizard (2007), business investment is moving unabated onto the Internet. Around the world, a projected 60 per cent of large companies and 30 per cent of midsize companies will also use the Internet for marketing and business purposes by the year 2000 (Crain's Chicago Business, 1994). Looking at the development <https://assignbuster.com/the-major-distribution-channel-of-hotel-industry-marketing-essay/>

of the technology, it is important for the managers to create and implement an effective hotel website concept in their organization in more effective ways. From the various attributes and dimension that can be developed through the hotel website, the hotel industry has a tendency not to choose the best kind of dimension representing their website.

In order to obtain an excellent view of hotel website dimension, a clear understanding of website characteristics and attributes need to be considered and look into. Thus, the aim to build a wide overview on which dimensions are highly important by tourist when they search for hotels on the internet and whether it meets their preferences can be achieve.

## **Research Objectives**

Having succinct briefed on the issue, this paper is to examine the hotel website dimension in the hotel industry in relation with tourists' purchasing intention. The aims of this study are:

To investigate the dimensions and features of hotel websites

To investigate the dimension of the hotel website with the online purchase intention

To analyze the most important dimension of each hotel website dimension those are related with the online purchase intention.

## **Research Questions**

This research first explores the factors tourists consider when evaluating hotel website dimension for their purchasing. It is expected that the

information quality and performance attribute determine tourists' intentions to purchase. As such, the concept of performance dimension (Stepchenkova et al., 2009) and information quality (Rong et al., 2009) will be used to determine the purchase intention. This leads to the following research question:

What is the relationship between performance attribute of hotel website and online purchase intention?

What is the relationship between information quality of hotel website and online purchase intention?

What is the most important dimension that can influence the intention to purchase online?

## **Theoretical Framework**

### **Hotel Website Dimension**

#### **Online Purchase Intention**

(Wong & Law, 2005)

H2+

### **Information Quality**

Facility Information

Reservation Information

Contact Information

Surrounding Area Information

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## Website Management

(Chung & Law, 2003; Rong et al., 2009)

### **Performance Attribute**

Ease of use

Visual appearance

Personalization

(Yeung & Law, 2004; Stepchenkova et al., 2009)

H1+

### **Hypotheses**

From the theoretical framework above, the researcher has determined two independent variables. The variables are performance attribute and information quality. Based on the variables, these hypotheses can be formulated:

H1 There is positive relationship between performance attribute and purchase intention

H2 There is positive relationship between information quality and purchase intention

### **Significance of the Study**

This study is important for managers of the hotel to implement the new method in attracting tourists by using internet so that they will achieve the

increment in productivity and profitability. It may help hotels to aim the best hotel website dimension toward improving their hotel website. With the information of the study at hand also, the hotel industry will gain the knowledge to improvise their marketing strategies through the internet. Moreover, there are very limited studies made in Malaysia regarding to this topic. The study may also open the interest of other researcher of the future to investigate more thorough regarding this topic.

## **LITERATURE REVIEW**

### **Website Dimensions**

In relation to what been mentioned the most common way to market the hotel's product and services through the internet is the websites. The sites enable anyone with an internet connection access, irrespective of geography, time zone, or computer system to surf and gain information about the hotels. David et al., (1999) stated that setting up a website is affordable as costs are relatively low. Hotels can reduce most of their administration cost by introduce themselves through the internet (Benckendorff & Black, 2000). Web design in both functionality and usability senses is also becoming of critical importance (Buhalis & Law, 2008). Travelers or customers expect websites to be informative, interactive, and attractive (Chu, 2001). Hence, Baloglu & Pekcan, (2006) claimed that, to use the internet to its fullest potential, hotel companies should continuously redesign their websites for ease and convenience and upgrade their web technology to make their websites more personalized for customers. By using the websites, the hotel can initiate web campaigns, develop brand and integrate branding strategy on the web, gather customer information,



improve customer service, and streamline online reservations (Baloglu & Pekcan, 2006). Site design characteristics include two major categories which are performance attribute and information quality.

## **Performance Attribute**

Many prior studies have been performed to investigate website design and user preference. For instance, Rhodes (1998) suggested that good information, uncomplicated design, and little grammatical errors were required to establish website dependence, and users tended to trust websites that are more usable. Lu and Yeung (1998) projected a framework for effective commercial Web applications, and a key component of the effectiveness relates to the usefulness of a website, which further divides into functionality and usability levels. Kim and Moon (1998) performed a study which examined how exploitation of different interface design factors could persuade customer confidence. According to Yeung & Law (2004), performance attribute can include the usability of language, layout & graphics, information architecture, user interface & navigation and general. Websites can reassure consumers that the business is reliable and trustworthy by a branded website address (Hashim & Murphy, 2006). It can guide consumers to the hotel that they want to seek; for example Concorde Hotel customers should seek concorde. com. According to Ilfeld & Winer (2002), an effective online strategy lets existing or potential visitors remember or guess the correct website address.

Same goes with electronic mail, often abbreviated to e-mail. Some people think of a Web site's home page as being similar to the front of a printed sales brochure. Hashim & Murphy (2006) suggested that the domain name of <https://assignbuster.com/the-major-distribution-channel-of-hotel-industry-marketing-essay/>

the e-mail address should match with the website address to avoid confusion by the customers. For instance, Concorde Hotel owns [concorde.com](http://concorde.com); the e-mail should match the address such as [info@concorde.com](mailto:info@concorde.com). Much of the business world relies upon communications between people who are not physically in the same building, area or even country. E-mail provides a way to exchange information between two or more people with no set-up costs and that is generally far less expensive than physical meetings or phone calls (Schmidt et al., 2007). As noted by Litvin et al., (2008), email distribution has successfully allowed hotel marketers to sidestep the traditional marketing tradeoff of distribution breadth versus message depth and should be adopted aggressively. E-mail allows hotels to transcend communication barriers and establish dialogue directly with customers. Hotel websites can contain electronic forms for customer completion and hotels can reply directly via electronic mail. According to Sands (2003), by using e-bulletins, newsletters, delivered via e-mail, the hotel can keep the customers informed about new features or promotion of their hotels.

## **Information Quality**

According to Law & Bai (2008), online purchasers of travel websites viewed quality information, purchase information and service/product information significantly important. Rong et al. (2009) has list down five attributes of information to capture the importance of each attributes in the hotel website. The attributes are:

**Hotel Facilities Information:** a general description of the hotel property and information on the facilities and services available to customers.

Reservation Information: the facilities and services available on the website for online reservations.

Contact Information: facilities for direct communications between a hotel and its customers.

Surrounding Area Information: information related to the nearby environment.

Website Management: whether a website was maintained in an efficient and effective way for customers to access relevant and up-to-date information.

The quality of the information on a website, including the fundamentals of enjoyment and playfulness, is an important factor in the achievement of a hotel website (Au Yeung and Law, 2003) and of websites in general (Liu et al., 2001). Similarly, Perdue (2001) and Ranganathan and Grandon (2002) founded that the quality of contents is one of the most important reasons why travellers make a booking on a particular site.

## **Online Purchase Intention**

According to Wong & Law (2005), it is important to understand how the interrelationship among website dimension affects the intention to purchase on a hotel website. Since Internet usage has grown rapidly, it is vital to identify how potential customers perceive hotel websites, because such information may give an indication of how online hotel reservations can be increased and a hotel's profitability be improved. (Hackman et al, 2006).

## **Hotel Website Dimension and Online Purchase Intention Relationship**

It is significant to identify and investigate the relationship between hotel website dimension and tourist intention to purchase online. Wong & Law (2005) noted, a study of customer perceptions of those factors that prompt them to make decision to purchase online will definitely provide a better understanding of their shopping behaviour and allow hotel to build a successful web page. Hotel website that are well designed and easy to navigate provide hotels with an inexpensive and effective platform for marketing and advertising, which potentially increase their competitiveness in the marketplace. (Parets, 2002). Legoherel, Fiscer-Lokou, & Gueguen, (2002) having the same opinion that the design, content, and management of website should be taken into consideration for successful e-marketing.

## **METHODOLOGY**

### **Introduction**

The purpose of this study is to investigate the relationship between hotel website dimensions and online purchase intention. The study attempts to investigate the dimensions and features of hotel websites. It will also investigate the most important dimension of each hotel website dimension those are related with the online purchase intention. This chapter describes and explains the sampling plan, the instrument will be use, research design, population, sampling technique, sample size, unit of analysis, and data collection plan.

## **Research Design**

This research will adopt the descriptive design research, and will be conducted in a quantitative manner. According to Sekaran (2003), descriptive research can be used to understand on what is happening in a current situation. This study will focus on foreign tourists who arrive at KLIA which will be selected randomly. According to Heung (2003), most of the people of the world purchase international products or services online. Simple random sampling will be used for the study. The population of the study is determined by the number of tourists arrival in Malaysia by the year 2008 which are 22 millions (Tourism Malaysia, 2009). As proposed by Krejcie & Morgan (1970), sample of 384 foreign tourists will be selected.

## **Data Instrumentation**

A self-administered questionnaire will be designed to gather data from subjects on the studied variables. There are two independent variables will be used in this study which are, performance attribute and information quality. Twenty-nine questions will be in the questionnaire to measure the performance attribute that includes ease of use, visual appearance, and personalization. All of the question will be adapted from Stepchenkova et al. (2009).

Forty questions that will be adapted from Rong et al. (2009) will be used to measure the second independent variable which is information quality. This dimension consists of facility information, reservation information, contact information, surrounding area information, and website management. The dependent variable which is online purchase intention will be measured by

two questions adapt from Wong & Law (2005). All of the question will be in 5 points likert scale. Below is the table of the instrumentation that will be used.

## **Table 1: Data Instrumentation**

### **Variables**

### **No of Question**

### **Adapt from**

### **Type of Instrument**

### **Type of Scale**

### **Performance Attribute**

Ease of use

Visual appearance

Personalization

14

9

6

Stepchenkova et al., 2009

Questionnaire

5 Points Likert Scale

### **Information Quality**

Facility Information

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Reservation Information

Contact Information

Surrounding Area Information

Website Management

11

10

8

5

6

Rong et al., 2009

Questionnaire

5 Points Likert Scale

## **Online Purchase Intention**

2

Wong & Law, 2005

Questionnaire

5 Points Likert Scale

## **Data Analysis Plan**

The Statistical Package in the Social Science software (SPSS) version 16 will be used to conduct data analysis after entire questionnaire are collect from respondents. Before that, the questionnaire will be tested using the Cronbach's Alpha method to ensure the reliability of the instruments. The relationship of each variable will be analyzed using Pearson's Correlation Coefficient method. Multiple Regressions will be used to analyze the most important website dimension that relates with online purchase intention.

## **EXPECTED FINDINGS**

### **4. 1 Results**

The dimensions provides the general overview of the important website related features including performance attributes which are ease of use, visual appearance, and personalization; and information qualities which are facility information, reservation information, contact information, surrounding area information, and website management. The study will expect to produce positives relationship between those two variables and online purchase intentions.

This study will also analyze the most important hotel website dimension that will really contribute to the intention of international tourist to purchase online. Information quality will be expected to become the most important dimension in influencing the intention of international tourists to purchase online.