

Exploring the Key Factors of Hotel Online Booking through Online Travel Agency

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***Abstract:** The aim of this study is to explore the factors that travellers search for when booking the hotel through online travel agency. A survey and convenience sampling method were used in this study. 450 questionnaires were distributed at Penang International Airport; however 410 were collected. Only 398 useable questionnaires were used for analysis. Exploratory factor analysis has identified 13 key factors of which travellers refer the most. Furthermore, there is a pattern amongst the variables from the outcome of factor analysis. In fact, this study contributes in a way as it provides a clear understanding for online travel agency regarding the needs of the travelers.*

Keywords: Hotel Online Booking, Online Travel Agency

1. INTRODUCTION

According to Dale (2003), online travel agency is also known as third party distributors, online wholesalers or e-intermediaries which are carried same meaning. E-intermediaries refer to the intermediaries that perform middleman activity with the support of electronic (Anckar, 2003). Hence, with the emergence of internet and its application, enables the travellers to access any required information which allow the bookings are easily done in this virtual environment (Morrison et al., 2004). Apart from that, Wymbs (2000), has emphasized that internet is a global medium as most of the companies nowadays are using it as tool to address the global audience. Even, the internet has ability to disseminate large volumes of information quickly and efficiently at a minimum cost. Thus, due to these factors, internet usage among the consumers has increased rapidly. In fact, the consumers have started using the internet for various purposes such as to gather any sort of information as well as to purchase products and services and also to make reservations (Heung, 2003).

Moreover, there are some driving factors that urge these travel agencies to change their business method with implementation of

internet usage. The factors for changes include the increased competition through globalization and deregulation as well as increased customers' demands and expectations. Besides, nowadays the customers are becoming more knowledgeable and growing along with the automated technologies (Cheung and Lam, 2009). For instance, in a research done by Manson (2005), about 73 percent of the travellers who look out for tourism destinations especially if they are a first time travellers to a particular destination, used the internet search engine to gather information before making reservations. While, Robin et al., (2010) has explained further that the younger generations are more often opt to internet technology usage as they want to bring it along with them to their lodging and dining experience. This situation arise due to their perception that travel is an information based service and the internet is one of the world's most comprehensive information based medium apart from the traditional method (Travel Gazette, 2001).

Even though, online travel agencies have good demand in travel industry market, however they are still competing in terms of features among them. This situation occurs due to the information seeking behaviors by the travellers.

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It is because the technology has potential both in decreasing the cost of searching as well as evaluating the alternatives and increases the quality of the decision (Haubl & Trifts, 2000). For instance, the increased number of growth of online travel agents allow the travellers access for information as well as evaluating more alternative service providers before jump into conclusion. Therefore, this study attempts to explore the key factors that travellers search for when booking the hotel through online travel agency.

2. LITERATURE REVIEWS

Room is an important asset of any hotels and comfortable room facilities plays very important role in popularize the hotels (Paul, 2014). Apart from that, the hotels now emphasize more on food and beverage than in the past because it has been recognized as an important contributor to a hotel's positioning within its markets.

In addition, the travel reviews also provide up-to-date, enjoy and reliable information in their websites (Gretzel & Yoo, 2008; Zhang et al., 2010). Furthermore, prior studies largely overlooked the issues related to hotel star ratings at online travel agency websites.

Another important factor is price. Price is one of the key motivators for consumers to purchase online as these channels as it provides customer with an easy access to view information regarding the room rates (Law, Chan and Goh, 2007). While, Pan et al., (2013) has stressed that customers use price as their benchmark to narrow down their options, evaluate, look for an alternatives and then make a purchase decision.

Location is also important factors for a hotel establishment as they heavily rely on effective location strategy to succeed in the competition to attract hotel guests to rent their rooms (Yang, Wong and Wang, 2012). Moreover, hotel location is an essential factor that strongly influences a tourist in their hotel selection decision.

Next are other facilities where facilities here refer to the premises and services that require accommodating and facilitating the business activity (Bernard, 1996). Since the hotel industry is a customer based industry, therefore the hotel's facility is closely related to the

customers need and requirements (Richard, 2006). Besides, the facilities are tools that differentiate the hotel than their competitors (Richard, 2006). In a past research, Losekoot et al. (2001) has examined the conceptual links between facilities and hospitality management in the context of customers' satisfaction by investigating the facilities management through customer complaints in the hotels and online travel agency websites.

Other factors that influence online booking intentions from hotel or online travel agents websites include information satisfaction, website quality and also online review (Xie et al., 2011).

3. METHODOLOGY

This study is an exploratory based research as the researcher intends to explore which factor most influences the travellers when booked hotel through online travel agency. Survey was used to collect the data. Apart from that, this study is based on non-probability sampling methods which applied convenience sampling. Convenience sampling is the right sampling in this study because in the Penang International Airport, number of travelers is many and easily available. Furthermore, it enables data collection more quickly and cost effectively (Hair 2007).

Measurement of the items was taken from previous studies. Items for Comprehensive room offer were taken from Wong and Law (2005) and Lizardos (2013). In addition, some of the items were taken directly from hotel websites. As for food serving items were taken from Patrick (2014) and Razali (2013). Items for customer review were taken from Zhang, Ye and Law (2011) and Park et al (2007). Price were taken from Law, Chan and Goh (2007). Promotion and location were taken from Noone and Mount (2007), Wall et al (1985) and Lizardos (2013). Finally, facilities were taken from Tsaur and Tzeng (1995) and directly from hotel websites.

The target population for this study is those travellers who have experienced in booking hotel through online travel agency. The questionnaires were distributed at Penang International Airport on month of December. The purpose of selecting this location because the researcher can easily obtained information from the travellers who have experienced in

using online travel agency services. Furthermore, June, July August and December are the peak months in Penang as most of the international tourist arrived in Penang via air transportation during these months (Jayaraman et.al, 2008). In fact, Penang International Airport has the second largest arrival of tourist from both domestic and international (Malaysia Airports Holding Berhad, 2014). While, according to Penang Economic Indicators, 2014, Penang's international visitors expanded by 7.5% annually from 2008 to 2014, accounting for about 720 000 visitors arriving at Penang International Airport in 2014. The questionnaires were distributed by face to face and the respondents also responses spontaneously.

For this study, about 450 questionnaires were distributed at the location of the survey. However, only 410 questionnaires were collected from the respondents. 398 questionnaires can be used for this study because the remaining 12 questionnaires were discarded as the respondents does not answering the questionnaire properly. Exploratory factor analysis was used in order to explore which factors most influence the travellers when making hotel reservation through online travel agency. In order to run exploratory factor analysis, larger sample size is required. According to Tabachnick and Fidell (2012), 50 are considered very poor, 100 are poor while, 200 are fair and 300 are considered good. Meanwhile, 500 are considered very good and 1000 are considered excellent to run exploratory factor analysis.

4. RESULTS

Keiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) is a method to verify the data set whether it is suitable for factor analysis. This method is suitable for this research in order to verify the data as this research is focusing on exploring the factors that travellers search for when booking the hotel through online travel agency. According to Pallant (2013), the KMO value must be 0.6 and above. In fact, high values of KMO generally indicate that a factor analysis useful with the data (Field, 2009). Based on the result from the table 1, the output demonstrated that this factor analysis is appropriate and do have patterned relationships amongst the variables as the KMO value is 0.805 and the Bartlett's test also significant as the $p = .000$. As for the values for

anti-image correlation, it shows more than 0.5. The anti-image correlation is the KMO values for individual variables which are produced on the diagonal of the anti-image correlation matrix (Field, 2013). The values of anti-image correlation matrix should be 0.5 and above. The higher values are more preferable. In terms of communalities, the result also showed positive as most of the values of extraction are more than 0.3.

Table 1. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.805
Approx. Chi-Square	12152.478
Bartlett's Test of Sphericity df	1953
Sig.	.000

Total variance explained is a method to determine of significant factors (Yong and Pearce, 2013). According to Pallant (2013), the factors which have an eigenvalues of 1 and above are accepted. For this study, after the extraction, 52 factors have been identified and 13 factors are most appropriate and have an eigenvalues above 1.

5. DISCUSSION

The exploratory factor analysis was used in order to explore the factors that travellers search when booking the hotel through online travel agency. Originally, there were nine variables but after the analysis through exploratory factor analysis, there were 13 variables were identified as crucial variables showed in table 3 for online travel agency. These 13 variables were strongly loading above 0.30 in 13 factors. The table 2 below demonstrates the variables before and after exploratory factor analysis.

Besides, some variables were split into two factors while some factor is a combination of three variables. For instance, factor 7 was a combination of three variables which were promotion, location and price. Factor 7 known as special events capabilities because the items in this factor more related to special events such as wedding as nowadays there is trend that weddings were conducted in hotels.

Table 2. Variables after Exploratory Factor Analysis

Before EFA	After EFA
Room	Accessibility
Food	Purchase Intention
Customer Review	Promotional Advantage
Price	Online Booking Features
Promotion	Hotel Basic Infrastructure
Location	Food and Beverage Capabilities
Other Facilities	Special Events Capabilities
Online Booking Intention	Price Advantage
Purchase Intention	Location Advantage
	Customer Review Accountability
	Accommodation Capabilities
	Basic Amenities Advantage
	Customer Request Advantage

6. CONCLUSION AND RESEARCH IMPLICATION

This study has identified 13 key factors and features that are highly desired by the

travellers. Therefore, this study contributes in a way as it provides a clear understanding for online travel agency regarding the needs of the travellers. Firstly, this study helps the online travel agency to identify the factors that lead the travellers to purchase their services. As it indirectly helps the online travel agency in generate profits. While secondly, this study helps the online travel agency to identify suitable features to be available at their websites. By having suitable features, the travellers will have an interest to use the same services through the same online agency.

Furthermore, this study will help them to standardize the features in their websites as the online travel agency is competing between each other in terms of features. In addition, the understanding regarding the features are important as this knowledge will help the online travel agency to cater the travellers taste and expectations where it will make the travellers more satisfied with the services they received from online travel agency.

Table 3. Key Factors in Hotel Online Booking

Variables	Items	Factor		
		1	2	3
Accessibility	OBI3. Open 24 hours/7days to receive reservations.	0.761		
	OBI4. Price comparison	0.662		
	OBI2. Easily accessible	0.633		
	OBI5. Room rate and availability stated clearly	0.629		
	OBI6. Time savings	0.486		
purchase Intention	RI2. I will continuously use this online travel agency in future.		0.863	
	RI3. I will use this online travel agency on a regular basis.		0.820	
	RI1. I will book through this online travel agency again.		0.790	
	RI4. I will strongly recommend to others to use this online travel agency.		0.706	
Promotional Advantage	PRO4. Early bird promotion (20% off for those advance booking before 14 days)			0.810
	PRO5. Minimum 2 nights promotion (15% discount when check in more than two nights).			0.688
	PRO3. Promotion coupon for lunch and dinner.			0.642
	PRO2. Promotion rate for second visit.			0.496
Variables	Items	Factor		
		4	5	6
Online Booking Features	OBI7. Online reservations system is very quick.	0.622		
	OBI9. Ability to view customer review.	0.567		
	OBI11. Minimize customer workload during reservations.	0.554		
	OBI8. Easy for travellers to change or cancel online reservations.	0.524		
	OBI11. Content easily understand and sufficient information.	0.432		
Hotel Basic Infrastructure	OBI12. Easy access to special offers and promotions.	0.376		
	OF4. Spa		0.741	
	OF5. Gym, sport facilities & games room		0.709	
	OF3. Swimming pool		0.686	
Food and Beverage Capabilities	OF2. Car park		0.376	
	FO2. Types of food			0.769
	FO3. Halal food			0.757
	FO4. Food based on request			0.721

Variables		Factor			
Items		7	8	9	
	FO1. Free breakfast			0.492	
Special Events Capabilities	PRO6. Wedding promotion LO7. Environment of hotel PRI5. Group price	0.586 0.501 0.499			
Price Advantage	PRI2. Price discount PRI1. Price information PRI3. Seasonal price PRI4. Early booking discount		0.760 0.668 0.614 0.580		
Location Advantage	LO5. Near to shopping complex and amenities LO2. Near to tourist attraction LO3. Near to beach side LO4. Easy access to public transport LO6. Near to basic infrastructure facilities (Clinic, food outlets, petrol station, hospital)			0.697 0.655 0.574 0.452 0.364	
Variables		Factor			
Items		10	11	12	13
Customer Review Accountability	CR3. Accreditation and rewards CR1. Rating (Star rating, points rating). CR2. Customer feedback	0.743 0.737 0.700			
Accommodation Capabilities	RO3. Type of room (Sea view, Beach side and etc.). RO4. Room picture RO5. Size of room RO2. Room categories (Single, Deluxe, Family and etc.)		0.669 0.616 0.592 0.403		
Basic Amenities Advantage	OF11. Safety locks to keep valuable things. OF6. Shop OF10. Doctor-on-call			0.523 0.522 0.468	
Customer Request Advantage	RO8. Room complementary RO6. Room features (Hair dryer, boiler, mineral water and etc.) RO7. Special request room (No smoking area)				0.618 0.603 0.415

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