

Hotel Websites and Consumer Behaviour: The Antecedents of Consumers' Purchase Intentions

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Abstract

The purpose of this study is to examine the effects of consumers' perceptions of usefulness, ease of use, entertainment and transaction cost on consumers' responses towards hotel websites. Data were collected through an online survey from a total of 234 university students in Greece. Structural equation modelling was used to evaluate the research model and test the research hypotheses. The development and empirical validation of an extended TAM model is adjusted to the socio-economic conditions of the European market. The findings imply that website ease of use, entertainment and transaction cost affect consumers' responses contrary to perceived usefulness. Managerial implications and research opportunities for the hospitality industry are discussed.

Keywords: *hotel website, TAM framework, entertainment, transaction cost, trust.*

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1. Introduction

The Internet has radically changed the competitive landscape in the hospitality industry the last twenty years. Despite the growth of online tourism research, a comparatively limited number of studies focus on the comprehension of consumer behaviour in regard to hotel websites (Manganari et al. 2012; Rong et al., 2009). To fill this void, the goal of the present paper is to study the effects of hotel website qualities on consumers' responses. Elaborating on previous research findings that stress the importance of hotel design (i.e.; ease of use, usefulness, entertainment) and functional (i.e. transaction, cost) characteristics, the objective of present paper is to investigate the effect of perceived ease of use, usefulness, transaction cost and entertainment on consumers' responses.

2. Background Literature and Research Model

2.1. Constructs definition

Usefulness refers to the extent to which, a hotel website helps consumers perform a particular objective (Davis, 1989). The importance of perceived usefulness on shaping consumers' attitude and behaviour in commercial websites is well-documented (Vrechopoulos et al., 2004). Industry specific research evidence for tourism websites is though very limited (Lee & Wu, 2011). Perceived ease of use is the strongest predictor of e-consumer attitudes (Huang, 2008). Prior studies have shown that the ease of use of a website influences shoppers' perceptions of quality and attitude toward the online store (Montoya-Weiss et al., 2003). The notion of entertainment refers to the capability of the medium to fulfil audience needs for escapism, diversion, aesthetic enjoyment, or emotional release (McQuail, 1983). Although the affective aspects of e-shopping received limited research attention in the introduction of e-commerce, a plethora of studies have demonstrated their value in understanding consumers' responses (Eroglu et al. 2003). Low prices and transaction cost were two of the most motivating factors for e-shopping adoption in the emergence of e-commerce. Nowadays, it receives limited research attention as scholars and practitioners focus on more sophisticated issues of websites (Manganari et al., 2009). Due to the global economic downturn, transaction cost is nowadays particularly relevant both for companies and consumers in online and offline markets (Berne et al., 2012).

In the current paper, attitude refers to consumers' overall affect-based assessment of the hotel website based on their shopping experience (Fiore, 2002). That is, the authors have used the global attitude perspective in order to capture consumers' overall liking or disliking of the hotel website. Consumers' trust in online travel stores lately received research attention (Wen, 2009). In the current paper, trust refers to consumers' feeling of confidence toward the online travel store's reliability (de Wulf et al., 2006). Given the goal-oriented nature of online hotel booking along with the necessary provision of personal data for the completion of the booking process, trust to the travel website can offset the inherent risk that an online transaction engenders (Wen, 2009). Intention to use a website is frequently used in consumer behaviour

studies a proxy of actual use from an online store. Although consumers' declared intentions cannot substitute the value of measuring actual behaviour, there is sufficient research support regarding the strong positive relationship between consumers' intention to use an online store and the subsequent actual use (Morosan & Jeong, 2008).

2.2. Research model and research hypotheses

The Technology Acceptance Model (Davis, 1989) states that perceived usefulness and perceived ease of use predict consumers' acceptance of information technology. The TAM framework was widely used in order to predict consumers' intention and behaviour in the e-commerce literature (King and He, 2006). In the e-tourism literature, Morosan and Jeong (2008) tested an extended TAM framework for reservation websites, while Chen and Chen (2011) examined the predicting power of the model regarding travellers' usage intentions of GPS devices. A recent study shows that the TAM framework is susceptible to cultural differences (Smith et al. forthcoming). In the current paper we add to the framework the construct of entertainment, in order to capture the experiential, affect-based aspects of online shopping. Another important dimension of the current study is that the sampling frame is in a European Country that undergoes a severe economic crisis (i.e. Greece). Therefore, consumers' perception about the transaction cost was also incorporated in the research model. Thus, we incorporated in the research model consumers' trust as an antecedent of consumers' attitude and behavioural intention. The research model represents an extended TAM model (fig. 1).

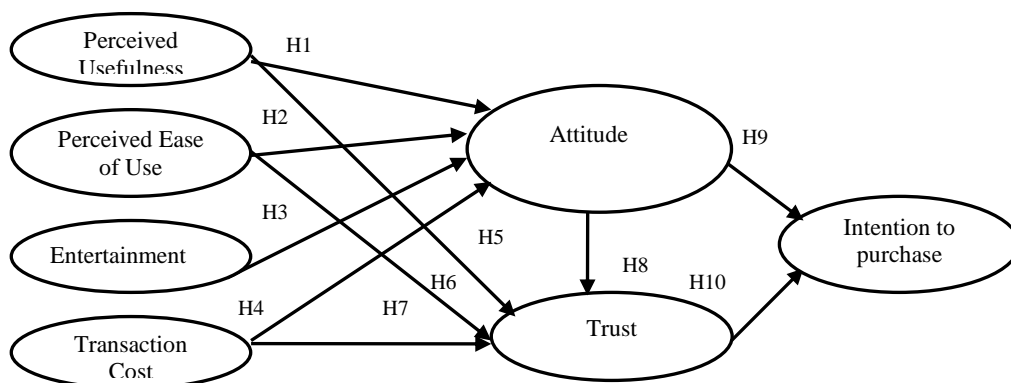


Fig. 1: The Research Model

The role of perceived usefulness in hotel webdesign effectiveness has received very limited research attention (Law et al. 2010). Perceived usefulness of reservation websites (i.e. hotel owned and third-party) is shown to predict consumer overall attitude in U.S. (Morosan and Jeong, 2008). Elaborating on these findings, we assume that the higher consumers' perceptions of usefulness during their navigation in the hotel website, the higher their positive attitude and trust. Thus, H1 and H5 are formulated as follows:

H1: Perceived usefulness has a positive effect on attitude.

H5: Perceived usefulness has a positive effect on trust.

The relationship between ease of use and web usage is established in the e-commerce literature (Montoya-Weiss et al., 2003). Perceived ease of use positively affects users' trust and attitude toward using the Internet, which in turn influences users' future internet use (Roy et al. 2001). In the tourism sector, ease of use was found to be an important determinant of performance for Convention and Visitor Bureaus websites (Stepchenkova et al., 2010). In this study, we hypothesize that:

H2: Perceived ease of use has a positive effect on attitude.

H6: Perceived ease of use has a positive effect on trust.

Although the lodging industry heavily relies on experiential aspects of customer service, websites are usually designed under the premises of human-computer interaction that focus in facilitating consumers' goal-directed behaviour. In the current paper, we put forward the concept of an integrated online shopping experience, which also incorporates entertaining or experiential features. Richard (2005) provides some support to our allegation by showing that perceived online entertainment in a Pharmaceutical website is linked with consumers' attitude. Thus, it is postulated that the level of entertainment has carry-over effects on their overall liking. Hence, H3 is formulated as follows:

H3: Entertainment has a positive effect on attitude.

Kim et al. (2011) in a tourism-related study failed to support the link between transaction cost and trust. Thus, extant knowledge on the association between consumers' perception about the transaction cost and consumers' attitude and trust is ambivalent. In the current research, we hypothesize that perceptions regarding the transaction cost are positively related with attitude and the level of consumer trust. Hence, H4 and H7 are formulated as follows:

H4: Transaction cost has a positive effect on attitude.

H7: Transaction cost has a positive effect on trust.

Consumers' attitude is a significant predictor of e-satisfaction (Huang, 2008), while trust is a crucial enabling factor in online transactions (Gefen et al., 2003). In this research line, Martínez-López et al. (2005) showed that attitude is an important determinant of e-trust. In the context of reservation websites, Morosan and Jeong (2008) showed that consumers' attitude predicts their usage intention. To our knowledge, the link between consumer trust and intention to purchase in the context of hotel website has not yet been empirically verified. In the current paper we extent prior findings. Thus, we hypothesize that:

H8: Attitude has a positive effect on trust.

H9: Attitude has a positive effect on purchase intention.

H10: Trust has a positive effect on purchase intention.

3. Operationalization and Sampling

Perceived usefulness and perceived ease of use were measured based on the scales from the TAM framework (Davis, 1989). Transaction cost was operationalized with five items (Kim et al., 2011), while entertainment was adjusted by Vrechopoulos et al. (2004). Trust is adapted by de Wulf et al. (2006) and attitude by Chattopadhyay and Basu (1990). Finally, purchase

intention was measured using the scale proposed by McKnight and Chervany (2001). All scales were rated by respondents on a 7-point Likert scale. Two hundred eighty (280) University students in Greece completed the online survey. A mere 7.5% was dropped out from the sample due to lack of previous experience with online search for hotel information. A total of two hundred thirty four (234) questionnaires were favourably evaluated for further analysis. Of the participants, 37.2% were male and 61.1% were female. The majority (65.0%) of the sample was between 18-24 years old, 19.8% of the participants were between 15-29 years, and a mere 14.2% were older than 29 years old.

4. Results

The measurement model exhibits satisfactory fit ($\chi^2 = 441.62$; $df = 254$, CFI = 0.943, IFI = 0.944, PGFI = 0.679, RMSEA = 0.056). Construct reliability is assessed through Cronbach's alpha (Cronbach, 1951) and composite reliability (Bagozzi & Yi). In accordance with Nunnally (1978) cronbach's alpha is greater than 0.70 for all measures (Table 1). The Rho-coefficients for internal consistency are above the threshold of 0.60 (Bagozzi & Yi, 1988). Average variance extracted (AVE) was also estimated and convergent validity is achieved (Chin, 1998). Discriminant validity is assessed after Fornell and Larcker (1981). The AVE for each construct exceeds the absolute value of the squared correlations involving the construct.

Table 1. Assessment of reliability and validity

Construct	ρ	AVE	Correlation Matrix						
			1	2	3	4	5	6	7
Perceived ease of use	0.78	0.55	0.86^a						
Perceived usefulness	0.73	0.59	0.203	0.77^a					
Entertainment	0.84	0.71	0.184	0.029	0.89^a				
Transaction Cost	0.70	0.51	0.045	0.030	0.015	0.78^a			
Attitude	0.86	0.73	0.206	0.068	0.038	0.358	0.89^a		
Trust	0.91	0.81	0.278	0.046	0.145	0.083	0.211	0.92^a	
Intention to Purchase	0.87	0.62	0.239	0.231	0.194	0.071	0.242	0.302	0.85^a

Key: ρ = Composite Reliability, AVE= Average Variance Extracted

^a = Cronbach's Alpha

* Statistical significant at .01 level/ ** Statistical significant at .05 level

The study employs structural equation modeling (Jöreskog & Sörbom, 2003). Measures of Absolute fit ($\chi^2 = 359.375$; $df = 233$), Comparative fit index (CFI = 0.961), Incremental fit (IFI = 0.962), Parsimonious Fit (PGFI = 0.694) and Root Mean Square of Approximation (RMSEA = 0.048) reflect a good fit between the model and the data. All but two of the paths featured significant effects (Table 2). The impact of perceived ease of use and transaction cost on consumers' attitude and trust is statistically significant, indicating substantial support for Hypotheses 2, 4, 6 and 7. Entertainment predicts consumers' attitude, thus supporting H3.

Table 2. Structural standardized estimates

Hypothesized relationship		Estimate	Hypothesis support
H1	Perceived usefulness → attitude	0.06	<i>Not Supported</i>
H2	Perceived ease of use → attitude	0.77*	Supported
H3	Entertainment → attitude	0.49*	Supported
H4	Transaction cost → attitude	0.13**	Supported
H5	Perceived usefulness → trust	-0.08	<i>Not Supported</i>
H6	Perceived ease of use → trust	0.40*	Supported
H7	Transaction cost → trust	0.27*	Supported
H8	Attitude → Trust	0.24*	Supported
H9	Attitude → Intention to purchase	0.31*	Supported
H10	Trust → Intention to purchase	0.41*	Supported
Attitude → R ²		0.423	
Trust → R ²		0.406	
Purchase Intention → R ²		0.381	

Key: * Statistical significant at .01 level/ ** Statistical significant at .05 level

R² = squared multiple correlations

Interestingly, perceived usefulness of the hotel website failed to predict both consumers' attitude and trust, thus invalidating H1 and H5. Finally, consumers' attitude has a positive effect on trust and purchase intention and consumers' trust predicts consumers' purchase intention. Thus, H8-H10 are supported.

5. Conclusions, Limitations and Future Research

The empirical study generally confirms the hypothesized research model. Although, the relationship between transaction cost and consumers' trust was not supported by prior e-tourism research (Kim et al., 2011), it is significant in the present study. This could be attributed to the different sampling frames between the two studies. The results of Kim et al. (2011) capture consumers' perceptions in South Korea, while the present study was conducted in Greece, a European country that experiences a severe economic crisis. Although in prior research, usefulness was an important predictor of attitude (Morosan & Jeong, 2008), the link between perceived usefulness and consumer attitude and trust was not significant in the present study. Finally, to our knowledge this is the first study in the hospitality industry that verifies the direct positive relationship between ease of use and transaction cost on consumers' trust towards hotel websites. Comparing these findings with current business practice, it is observed that several lodging companies have invested in developing useful and easy to use websites, but neglect the experiential or entertaining qualities of their website. Thus, the incorporation of entertaining features in hotel websites is strongly encouraged. Although, the majority of large hotels and hotels chains present sophisticated websites that adhere to the principles of web-design, the present research findings should also be adopted by small and medium sized hotel properties, which in many cases, fail to inspire the feeling of online trust.

Two limitations in the research design should be noted. The student sample can be regarded as a limitation in the attempt to generalize the findings. However, a number of researchers consider it as a common research practice especially for the web. Second, the outcomes of the present study should be applied with caution in different business contexts with different economic conditions. This study captures consumers' perceptions in Greece, a country that undergoes a severe economic crisis. Not only the economic downturn but also the ambiguous estimations about the future, define to a large extent the psychology of consumer markets. Future research should examine how the current supported relationships are shaped under the influence of key moderating variables in consumer behaviour. Additionally, a study that compares consumers' perceptions for hotel-owned websites and hotel online booking intermediaries would provide many insights for the industry.

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