Conditions and influencers of hotel room purchases in the digital era

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**ABSTRACT:** The aim of this study is to review the literature available so as to identify and understand the prevailing conditions and existing influences that materialize online booking of hotel rooms. The traditional distribution of the hotel product has undergone a drastic transformation with growth of internet technology usage. Digital marketing ways have fast taken over various sources of pulling the digital consumer. This study is a presentation of varied factors that have contributed in bringing about the change and enables electronic distribution of rooms through various channels.

**Key Words:** “Digital Marketing”, “Electronic Commerce”, “Online Hotel Reservations”.

**INTRODUCTION**

We are living in a world that is fuelled by technology. Owing to this technological revolution, the millennium is fast changing its ways of undertaking many a things. Emails have replaced letters and messaging is the way of greetings. Not just at work and socially, the way a person undertakes all facets of his life has undergone a drastic change. Information technology has invaded our home space. With the voice for Free Basics, it has been added to the basic motivations for survival. A few hours without internet access, brings many a businesses to stand still, and many a customers to grave disappointment. Such is the dependence on internet and internet-abled businesses. Mobile, apps, social media, websites, search engines are new accepted ways of reaching out, fact finding, voicing opinions and all such. Even for needs that are latent, new apps tap these spaces, making all of us consumers of the internet evolution. Owing to widespread of data availability, data speed and data costs, which are more accessible now than anytime ever, internet has become the gateway for many and most consumptions. Marketing to the digitalised consumer has also transformed into digital marketing. It is still in its nascent stage of evolution. As the technology booms, latent needs are tapped, the scope will only grow multi-fold and in multi-dimensions. Technology is fluid, it is research bound and has tremendous market and scope for growth. This evolution will move from pillar to pillar, involving and revolutionising the way we live, work, and invade all walks of our lives.

**LITERATURE REVIEW**

The hotel industry is not untouched by technology, and has taken to digital marketing its core product – room reservations. This study explores the rise, extent and sources of electronic distribution of hotel rooms.

**Electronic commerce**

The e-commerce (electronic commerce or EC) concept relates to business or financial transactions that facilitate electronic payments of items purchased from online stores and service vendors. E-commerce covers a broad range of business activities, from digital content used for online consumption to conventional orders of online merchandise (www.techopedia.com/experts).E-commerce refers to carrying on business transactions on the online medium, which is enabled by internet. It means that machines like personal computers, laptops, mobile phones and tablets are the physical form and uninterrupted and speedy internet access help undertake all buying and selling functions. It is fairly new, spanning close to a decade and a half, but in the last ten years or so, it has grown by leaps and bounds. Telecommunication and internet technology have played a significant role in developing this technology enabled business format. Based on the product offered for sale e-commerce merchants are classified into three broad categories.

**Advantages of Electronic Commerce**

To begin with, for the sellers, it is a low cost proposition of retailing. The cost of start-up is low, as not much is needed in terms of capital expenses. Compared to a retail store, where costs have to be incurred in sourcing a place, the rent cost, along with the store design and interiors. These costs are completely done away with in case of digital commerce. Similarly, costs towards sales equipment, inventory and its management are also nearly done away with. Unlike retail stores, the manpower required is also much less thus making the operations low on expenses. Importantly, inventory of goods need not be stocked and can
be sourced and supplied once the order is received. This lowers risk and reduces costs too. Another advantage is that online market places break the barrier of time. Business may be carried out any time of the day, week, month and year. It is not dependent on fixed operating hours. A customer can make purchases anytime, even in the middle of the night. It is operational across time zones, as time differences do not matter. Physical stores have limited work hours and hence they limit the business as well. Hence, it is seen that e-commerce overcomes the barrier of time. Another plus is that online medium succeeds in making the world a market place. Boundaries of countries does not hamper sale. The audience worldwide becomes the customers. On the merchandising front, it is easy to display and showcase wares. This can be done attractively, creatively, in many ways – as much as with 360 degree view, video clips and more. Display is available not only for a few, but for all products. And what is most beneficial is that all products can be displayed, without really having to stock them. Online shopping is a custom-made experience. It is also advantageous for vendors who owing to visual appeal, dependence on e-gadgets like smart phones, it is far easier to encourage impulse shopping. This is further fuelled by attractive visuals by means of creative photography. To add to the impulse don’t-want-to-miss, strategies like timers on countdown, showing selected quantities also pump sale actualization. Moving on, this format also offers customers a less invasive experience. They can navigate at their free will, and do not have to engage in talks. Also, when needed, and only if needed by the customer, service personnel are available on chat, email and phone. This gives them privacy without compromising on their service. One critical aspect of digital commerce is that customer data is available freely, accurately and easily. In this case, data warehousing becomes important and by data mining may be exercised. This leads to being on top of customers, knowing who they are and what they want. This helps is making and maintaining a relation with the customers. Another aspect is that in this format, huge number of orders may be taken and catered without much difficulty. They are also capable to sell more quickly compared to regular brick and mortar shops. Law et al., (2010), explained that as a consequence to the dependence on digitalization and growing popularity on e-commerce, not just major hospitality industry players, but also smaller and stand alone hotel businesses are dedicating maximum time and effort to develop and improve their website. A variety of online hotel reservation channels have developed, as well as hotel websites, hotel aggregator websites and OTA (online travel agents) websites. Ogut, (2016), stated that customers growingly prefer the internet to shop for products and services. Online channel has become a crucial platform for sellers at large. By way of assistance of intermediary web sites such as makemytrip.com, booking.com, goiibo.com, expedia.com, and many such, online hotel reservation has developed into an extensively accepted and popular medium in the hospitality industry. The popularity of growing interest in making hotel room reservation through the online medium is evident by the constant increase in the share of the revenue that is generated. Internet technology has evidently become a competitive marketing medium in the hospitality and tourism industry remarked Doolin, et. al., (2002). Hotels consider this digital platform as a helpful and proficient marketing interface between the supplier and consumer. Wang, (2014), quoted Ip, et. al., (2011), who voiced that since the 1980s, Information and Communication Technology have changed commerce practices and strategies across all industries, include within tourism and hospitality. Internet is today considered as the most influential ICT resource. Hoteliers use it extensively and exhaustively as a competitive marketing and communication tool in order to facilitate information sharing and online transactions remarked Doolin, et. al., (2002).

**Digital Marketing**

Digital marketing is the use of the internet, mobile devices, social media, search engines, display advertising and other channels to reach consumers. As a subset of traditional marketing, digital marketing goes beyond the internet to include Short Message Service (SMS), Simple Notification Service (SNS), search engine optimization (SEO), electronic or interactive billboards and other online ads (such as banner ads) to promote products and services. Some marketing experts consider digital marketing to be an entirely new endeavour that requires a new way of approaching customers and new ways of understanding how customers behave compared to traditional marketing (www.investopedia.com/terms/d/digital-marketing.asp).

**Millenials**

While we mention customers and their behaviour, we cannot but not mention the “Millennial”, born starting the 80s – till early 2000s. Typically as the name suggests, this is the generation that was born at the turn of the second thousandth year. These, unlike its preceding Gen X and Baby Boomers, have specific traits. To begin with, they are born in the era which has marked with technological advancement. Naturally so, they without effort are most comfortable and conversant using technological gadgets. Being wired is how they were born and continue to grow effortlessly in the rapidly changing technological environment. They are the so called “selfie generation”, who are always awesome, on the social media. They are the ones who
portray self image online, with pretty settings. But it may not always be the truth. This set has two sense of selves – the real and the online image. This, especially if contradictory, could be harming. They are socially inline 24X7. Even when home with family, they are connected with the world at their finger tips. They touch their smart phones as many as none hundred times a day, and are not just heavy consumers of internet, but are also dependent on it, so much so that it leads to extreme addiction to many. On the other hand, techno-savvy has also made them adept customers of digital commerce. They are more likely to believe and online review than believe their own family and friends. They trust technology. And buy all that is driven by technology. They are the currently largest demographic segment in the world and largest consumers of technology and everything technological. Born during recession times, to more conservatively spending parents, they look for maximum value for their spend. Deals and discounts appeal to them. They trust reviews, ratings and e-word of mouth. They spend a great deal of time online, especially for purchases as well. To buy online, companies having good online appeal works with this lot, today's lot. Good pricing and a good website works with these buyers. A study made in the USA found that the leisure travellers who frequently and pre-dominantly book online hotel rooms are all the time younger, and are armed with gadgets like laptops, smart phones and tablets. They show less loyalty to brand as far as they lodging buying choices are concerned.

**Digital consumer behaviour**

The digital or online media of mass communication, that is websites run on internet technology, enables an interactive communication by means of a two-way flow of information between the vendor and customer. It has instantaneous access to uninterrupted and free exchange of information in which customers can instantly respond to the marketer's message or update. This simultaneous feedback is valuable. It helps in deciding further strategies. It could mean a success of marketing or if not, will call for re-aligning of the decision. Timeliness and promptness that is characteristic of real-time information exchange is critical (Schiffman, L., et. al., 2010: 18). In today's electronically enabled times, marketers are in a position to gather more information about consumers more quickly and easily. Marketers have access to and also can also follow consumers' online behaviour, likes, preferences and demographic profile. They can easily gather information by having visitors to the websites to register and / or grant access to their registered information of mail or social media. Essawy, (2012), reasoned that due to the connect of internet powered e-commerce, companies today are investing huge sums of money in technology. "Major companies across a wide gamut of industries began making crucial investments in the technology sector a few years ago, and continue to signal their long-term commitment to developing and implementing such initiatives" (Yadav and Varadarajan, 2005: 5940). Though “the internet revolution” period has waned, it had become more than a mere invention. In the subsequent phase of the internet's growth, both customers and industry found that their habits and practices transformed and they started to make use of internet and avail more and more services online. "Unlike in times of traditional marketing, today's customers and general public have greater control on the communication that is received by them," (Rowan, 2002: 6).The quality and quantity of valuable information that businesses can gain from their online customers is extremely high. As an end result, with redesigned goods and services that are better suited to customers, is likely to lead to increased satisfaction and more sale and revenues (Rowan, 2002: 19), marked that “The virtuous circle of interaction, engagement and personalization, is necessary to hold the viewer’s attention in network communication”.

**Online Hotel Booking Intermediaries**

As the term suggests, online hotel booking refers to making rooms reservations by on websites using the internet as the medium. It enables travellers to make their prospective (immediate or distant) by click of a button. To reach the decision of making the booking, the portals help customers with all needed information such as – product features and facilities, room types, inclusions, visuals, virtual tours, comparisons, rating, reviews and many other facets of study. Importantly, they also provide real-time availability and volatile pricing which is based on revenue and yield management.

**Online Travel Agents (OTAs)**

Marketing intermediaries are distribution channel partners that help promote and sell the product to the end consumer. These companies overcome the barrier of place, and make the product available to who needs it and when they need it. The product may be sold directly by the producer / manufacturer and an intermediary channel may not be required. But for other businesses, middle parties help mobilize the product to reach the consumer. There middle parties are wholesalers and retailers. They are the face of the company that sells the product and promise and deliver for the company. They satisfy needs and solve problems, make the product available and at the best price. These companies are important link between the source and end. Travel websites have gained immense popularity also because of they serve as a
convenient platform where potential customers can browse for multiple options of hotels and compare prices that enables them to make informed decisions. This also eliminates interface with distribution agents and minimizes costs and time.

**Hotel websites**

In this exceedingly cutthroat competitive online travel market, it is significant for service providers to understand and effectively execute keeping consumers on their websites and persuade them to make a purchase (Cheung and Law, 2009). Adding to the same thought, Toh, Raven & DeKay, (2011), reflected that digital consumers are likely to use several websites as prime means to book travel products. The choice is influenced by a variety reasons such as: number of product offerings, quick price comparisons, time savings and ease of use when requesting services to fulfill benefit customers by making the booking process easier, but it also pumps the profits of businesses in the travel & tourism sector such as airlines, hotels and other package tour companies.

**Social Media Network**

McQuarrie E., et al., (2013), came with a breakthrough by coining the “megaphone effect”. This is the ability for common consumers to have a reach to large audience on the social / digital media. This effect explains how digital gurus like bloggers for example, go about building their followers and accumulating social capital all the way through reflection of “good taste”. In this space they become the influencers, who make recommendations through their usage, reviews and ratings. Their followers are potential customers who get influenced and make purchase decisions. In recent years, the sources of information have evolved. The traditional sources have been replaced by social media stressed Fotis, et al., (2012). In the perspective of tourism trade, consumers employ social media for a broad range of scenarios. They use it to share their travel experiences and stories, engaging with others over similar or different views, reaching out to people from other parts of the world and purchasing travel and related products and services Wang, (2016), quoted MacKay and Vogt, (2012), that information technology has been recognized as a very important component of uninterrupted innovation. In the hotel industry, the internet revolution has drastically transformed business operations. It has become a powerful operational and marketing tool since the late1990s and it may be summarized that the sumptuousness of a company website is strongly related to the experience that a hotel has in utilizing the internet as an electronic media.

**Utilitarian and Hedonistic motivation**

Verhoef, et al., (2009), stated that the customers’ experience of consumption comprises of three distinct stages. These are: the pre-consumption stage, consumption stage and the post consumption stage. Together, all these stages form important stages come together as a total of collective one experience of the product or service. These experiences may be motivated by various needs. These intrinsic needs may be hedonic or utilitarian in nature. To explain the same, Hanks, (2012), shared that from a wide outlook, hedonism is characterized by emotions that give rise to positive feelings. Feelings of pleasure, happiness, enjoyment, thrill, luxury, pride, fun are all elements of hedonism. Products are often purchased in order to feel these emotions. There are also another set of motivators of purchases. These are termed as Utilitarian factors. In contrast, theses do not have an appeal to emotions, but the practical and rational side of it. Dhar and Wertensbroch, (2000), explained that utilitarian motives fuelled by necessity, functionality and instrumentality. Researchers such as Batra and Ahtola, (1991), and Voss, et. al., (2003), both these categories of factors have an impact in the attitude of customers that influences their buying behaviour. Many studies relevant in the sphere of retail and merchandising have differentiated the attributes into hedonic and utilitarian, but hardly any in the hospitality field have done justice to the same. Essawy, (2017) studied the attitude of customers with regards to making hotel room reservations online. These he mentioned are directly reliant on the effects of relevant features of online or digital features of making a booking. Monswe, et. al., (2004) elaborated that various of these features of making online hotel bookings may be categorised in customers’ mindful perceptions of functionality by way of “ease of use” and “usefulness,” or on the basis of emotional dimension perceptions such as “enjoyment.” Also exogenous causes such as customer demographics and the trust that is shown with the concerned website are thought to moderate the relationships between the core constructs of the research framework (Luo et al., 2007; Wang & Qualls, 2007). Seung Hyunn, (2012), quoted that hotels comprise as the second most often bought travel product as per the study by Card, et. al., (2003). But despite this, very few researches and studies have been undertaken to study the online hotel room reservations made through travel and hotel websites and booking portals. Evidently, most of the study has been based on utilitarian aspects as against the hedonistic based aspect of enjoyment. The usefulness and utility aspect of e-quality of the electronics platform has been explored, albeit not sufficiently but more than hedonic motivation.
Online Reviews

Fotis, et al., (2012), stated that the fact that online ratings, recommendations, reviews and blogs about hotel experiences now have a significant role to play. These help contemporary customers during the search and evaluation stage, by giving real and honest account of experiences. Both – direct positive and negative electronic word of mouth and indirect communication through blogs and review sites have the power to influence potential prospects in firming their decision. In fact, this sharing of information and its influence in on decision making is firmly held as the basic foundations of consumer behaviour. Customers today have the power to persuade and influence one another as said by Haywood, (1989). Ayeh et al., (2012), and Fotis et al., (2012), have also attempted to understand the role of social media in the process of decision making and actualisation of hotel booking. Even though it is known that the limitless power of social media is such that it has proven to have the potential to influence, convince and persuade travellers in their ultimate buying decision, the particulars of how this process might unfurl and how the behaviour is influenced are areas not as much explored. Gretzel and Yoo, (2008), studied that while social media is primarily utilised to help consumers in restricting choices and furthermore help validating and verifying the decisions. Singh and Torres, (2015), further stated that reviews are made use of to form a “consideration set” of potential choices. In the evaluation process which occurs post actualisation and consumption are reflected in terms of reviews of the actual experience. Hotel decisions of prospective buyer are more than often influenced by such negative and positive customer reviews. Vermeulen and Seegers, (2009), commented in their study as to how and why reviews play a significant part. They claimed that in either case, both positive and negative words of experience are taken seriously as they play an important part in creating and spreading awareness in the minds of consumers and can also help in bringing about a change in their attitudes towards a hotel property. Furthermore, Verma, et al., (2012), found the relationship between positive reviews are their outcome as well as negative reviews and their likely outcome reflected in the DMP of potential buyers.

Pricing

The scope of online pricing has grown in different areas apart from revenue management. Grauberger and Kimms, (2016), suggested that literature in marketing regards dynamics in pricing as one of the main determinants of consideration and decision of accommodation product. Hung, et. al., (2010), commented that in order to appeal to the price conscious customers, making the offering at a low price is still a popular and powerful tool. Clavé, et. al., (2015), focused on the emotional response of the consumer to the variability in pricing. Price variability and volatility also influences the acceptability and perception of fairness. Gustafson, (2012), pointed that importantly the different segments of corporate and travellers, or Free Individual Travellers have also to be taken into account. The volume and frequency of corporate travel also influences the price, and more than just price itself the sensitivity to it. This means that consumers, who travel for work sponsored by companies, might not be sensitive towards price. Whereas, when they travel for leisure or for personal reason, they are more sensitive to the pricing. So, there is a need and space for price heterogeneity as well for the same product which is based on the segment, its needs and usage.

Another trend in online pricing is the tactical deal hunting approach. This is a strategy from companies to attract and suits customers just fine. Deals are a huge draw. They have proven to bring big advantage. As a result, volatility in the tariffs averts use business intelligence. Other studies the differentiation in the quality of service also determines the price dynamics to determine the rate. Abrate and Viglia, (2016), showed that online reputation generates an impact on the pricing more compared to the importance it has over the traditional rating. Schamel, (2012), viewed the hospitality market, and reported a strong relationship that could be defined between the room price and quality, which is deliberated by means of reviews posted by customers as well as the official star rating. Lee and Jang, (2013), underlined that during low seasons, the lower end hotels provide increased discounts, whereas the high end hotels do reduce, but not as steeply as the downscale ones. This is essentially because they do not wish to attract the lower end customers who will pay a premium and use them, thus diluting the positioning of the product. Becerra, et. al., (2013), also endorsed that lower rated hotels provided more price variations and also provide fewer services. Also, O’Connor, (2002), noted that when similar products are offered, then price is the singularly most important differentiating factor that leads to decision making. When similar products are provided by hotel websites or intermediary websites at different prices, price is usually identified as one of the key motivators that encourage customers to make an online purchase. Estelami & Bergstein, (2006) further opined a caution that when customers cannot avail the lowest rate for the same quality of products, then they feel dissatisfied already with their buy. Liu, (2012), showed that price is definitely not the lone aspect or the most vital factor that affects purchase intention, but the propellers of electing a hotel or OTA website for hotel booking are not yet clearly understood completely.
E-quality
Morosan and Jeong, (2007), proved that the information and its quality that is shared on the website, importantly the way it is shared, is essential to the online decision-making of the potential customer. O’Connor and Murphy, (2004), studied how many websites claim to be the cheapest source to making online room bookings. This may not be true. When this happens, or is discovered by the consumer, he feels disappointed, dissatisfied and importantly.

Trust
Essawy, (2013), a growing number of hotels ensure that they publish all information in the most open manner in order to create a transparency in dealing. Especially in case of the electronic medium, creating and retaining trust is the single most important factor in actualizing the buying decision. This is because trust reduces the perceived risk of the website or the company in general. People like to deal with who they know. Websites are not known, not a source of comfort or known ground, till such a time that the confidence and trust is established. In order to create and maintain a consensual and healthy marketing partnership, trust plays a very important role. Also inherent nature of service industry is risky (Berry and Parasuraman,1991: 144). They advocated that strategies of services marketing be applied to the travel product as well. With a reference to e-trust, signally to internet technology or websites or it can be the Internet or the merchants, websites, or internet technology, these are mediums or platforms based on which trust is created or destroyed. So it is imperative to use these in order to maximize trust building. Controlling these mediums is hence essential. Singh and Sirdeshmukh, (2000), advocated that trust manifests itself in the action of the partners involved. It is subject to various sources based on interaction. As a common observation as a result of many researches, the dual element of belief, and along with that the behaviour, are needed to be presented simultaneously. Trust is “a willingness to rely on an exchange partner in whom one has confidence” (Moorman, et. al., 1993, p. 82). Morgan and Hunt, (1994), coined the term of e-trust with reference to the hospitality industry. E-Trust is the positive confidence that the consumers have in the official websites of hotels. Reichheld and Scheftter, (2000), argued that consumer trust is influential in nurturing the relations between customer and vendor and also helps in sustaining the market share. As per Grabner-Kräuter and Kaluscha, (2003), it flourishes in an uncertain and risky environment and hence is a critical factor in inspiring buys over the internet.

RESEARCH METHODOLOGY
In an attempt to undertake extensive and in-depth study on the topic, the research is based on literature published on the topic. The determinants that influence online booking were further classified into subheads. A few key ones were studied particularly in more detail. Relevant secondary data for the research was collected from journals, books & internet sources. A funnel approach of general understanding leading to detailed know-how was incorporated in order to understand, assimilate and apply information in context to the title of study.

CONCLUSION AND DISCUSSION
Based on the study of existing literature and review of the same, its synthesis is as below:
1. Owing to the fast growth in internet and technology, it has become an important source and channel of digital distribution of the room product. Owing to numerous advantages such as lowered cost, ease and speed of transaction, instant interface, real time status and abundant information has succeeded in the electronic platform taking over other traditional forms of distribution.
2. Digitalization of the consumer has made an impact of the consumer decision making journey. Especially notable is the growth of importance and dependence on electronic feedback by means of reviews, rating and recommendations. Electronic word of mouth is no longer only a pre-purchase consideration, but has grown to cover during and post-purchase stages as well.
3. Travel is resultant of both hedonistic as well as utilitarian motivations. It is found that the destination and hotel are more driven by emotions and feelings and hence are hedonistic. On the other hand, whereas the booking interface and process are more about functionality and hence utilitarian biased. It is thus important to have a balanced offering to culminate into booking success.
4. Online websites facilitate brand-building and resultant customer loyalty. It is noted that trust is an essential pre-requisite that aids not just in carrying out the transaction, but establishing brand value and repeated purchase in the competitive environment.
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