

THE FACTORS INFLUENCING REPURCHASE INTENTION: A CASE STUDY OF THE HOTEL CHAIN A IN BANGKOK

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ABSTRACT

This research was aimed to study the positive impact of e-service quality in terms of efficiency, transaction security; and electronic word of mouth toward repurchase intention: a case study of the hotel chain A in Bangkok. The data had been collected in 2013. The 345 usable questionnaires were analyzed for the multiple regression analysis. Analysis of the data was described the respondent's demographic profile: 54.2% female, with average 31-40 years of age, graduated with bachelor's degrees and monthly income between 65,001 baht and 75,000 baht. The hypothesis testing results shown that electronic word of mouth with beta coefficient of 0.406, e-service quality in terms of efficiency with beta coefficient of 0.145, and transaction security with beta coefficient of 0.128 positively affected repurchase intention at .05 level of significance.

Keywords: E-service quality in terms of efficiency, Transaction Security, Electronic Word Of Mouth, Repurchase Intention

1. INTRODUCTION

Many countries in the world have experienced post-industrial economies of mass production followed by knowledge economy in 1990s and digital one in 2000s [1]. Online life style allows customers to search, learn, know, exchange, and make decisions for their purchases. Electronic business (e-business), the electronic information exchange within and between organizations and stakeholders, is a way of doing business for today and tomorrow. As new ways in doing businesses are developed, companies with innovative usage of ICT can achieve the competitive advantage on the global market [2]. In service industries, unsold products on a given time and given capacity cannot be kept in inventory for future use. The unbooked rooms in hotel industry in the low demand season cannot be inventoried to the high demand season for sale. Then, achieving the full utilization of the high margin and zero-salvage product capacity becomes a significant issue for the hotel service providers [3].

Two major hotel booking web-sites have become major global players in a multi-billion dollar industry: bookings.com and Agoda. Booking.com, developed in the Netherlands, and Agoda, started in Thailand, were purchased by Priceline.com.

Priceline.com had a market capitalization of USD31.54 billion as of 2012. During the same year, Agoda claimed to have listings for 200,000 hotels worldwide in 22,000 cities and more than 4 million customers. At the same time, Booking.com listed 249,000 hotels in 41,000 destination worldwide. In Asia, Agoda became the hotel booking choice partly because credit card bookings between countries were somewhat difficult to process. Many issuing banks simply refuse to authorize card payments to overseas hotels from bookings made through the hotel's website. Moreover, Agoda offers a lowest price model guaranteed reservations immediately and recorded the credit card payment through its own local Agoda accounts. Customers can easily access www.agoda.com web site, select the dates they want, select the hotels and room types, pay with credit cards, receive confirmation about five minutes. Both web sites do keep customers going back including points programs and weekly specials [4]. Therefore, taking into account the significance of e-service quality in terms of efficiency and transaction security as contributors to customer repurchase intention in the context of the online reserving of hotel rooms are aims of this paper. Moreover, from surveying of 249 leisure travelers, Toh, Dekay, and Raven revealed that 80 percent of the travelers searched for hotel information using web tools, with more than 50 percent making their bookings through hotels' host web sites or third-party web sites such as online travel agencies [5, 6]. In 2012, Marriott International Incorporation (www.marriott.com) offers a 25-50% discount to the consumers who book rooms 30 days earlier through the Internet similar to Hilton Hotels (<http://www.hilton.com>) [3]. In 2013, online travel agents (OTAs) such as Expedia.com experienced a 13.6 percent increase in hotel bookings compared to last year, while hotel web sites revealed a 5.3 percent increase in sale [7]. In e-tourism era, the online reservation system (ORS) is widely utilized in the marketing of hospitality industries and makes it possible for e-consumers to reserve hotel rooms at anywhere and anytime with access to the Internet. Unlike word-of-mouth (WOM) communication, many researchers have shown that that electronic WOM (eWOM) may have higher credibility, empathy, and relevance to customers than marketers created sources of information on the web [8-10]. eWOM provides greater convenience, anonymity, many-to-many communication, and lack of restrictions with regard to time and space. Then, eWOM offers wider impact than traditional WOM [10, 11]. Therefore, the authors intend to study the positive impact of e-service quality in terms of efficiency, transaction security; and electronic word of mouth toward repurchase intention: a case study

of the hotel chain A in Bangkok. The name of the hotel chain A in Bangkok cannot be revealed due to privacy issue of the subject.

2. LITERATURE REVIEW

Tourism is important industry for Thai economy supported by high growth rates of tourism, income of 863 million baht in September 2013, accounting for an increase of 23 percent over the same period in 2012. Among the ASEAN countries, the order of the most-visited destination in 2012 is Malaysia, with 25 million international tourists, Thailand came second, with 22.3 million visitors, and Singapore came third, with 14 million tourist arrivals. Indonesia ranked fourth, with eight million visitors, followed by Vietnam, with 6.8 million visitors, and the Philippines, with 4.4 million tourist arrivals [12]. Living in digital economy, e-business for hotel play more and more important role for business activities. Hotel web sites become increasingly significant. Jakovic & Fran Galetic surveyed 30 five-star hotel web sites using new technologies in tourism industry in Croatia and suggested that there was a great deficiency in lacking of opportunity for mobile applications since 20% of the Croatia five-star hotel had not used their own application to immediately see if the vacancies could be reserved and paid immediately [2]. The hotel management should create a central hotel web site that would include richer available information, promotions, services to potential customers [2]. The E-S-QUAL model by Parasuraman, Zeithaml, and Malhotra is the most applied model for analyzing quality online [13]. Gronroos found that perceived service quality was the result of an evaluation process where expected service, which was compared with the service received [14, 15]. Many other researchers have found that e-service quality is influenced by dimensions that differ from traditional service quality [16, 17]. Then, e-service quality in terms of efficiency in this study refers to ease of use, organization, speed of launching the site and pages, and ease of finding information [14]. Several researchers found the impact of e-quality on consumer's loyalty in the context of the online airplane ticket purchase [18]. Additionally, transaction security was found to be an effect on repurchase intention in the context of Internet shopping of university students in South Korea [19]. Different dimensions of transaction security included protection of credit card information of customer, personal buying information, customer's e-mail address, and illegal use of customer information [19, 20]. There is link between transaction security and repurchase intention in Internet shopping of university student in

South Korea [21]. With the popularity of consumer opinion sites, eWOM took an electronic form. On social network sites like facebook, myspace, or instagram, eWOM can be exchanged easily and quickly among large body of participants while retaining the trust produced by interpersonal exchanges in traditional WOM [9]. EWOM was defined as “any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet” (p. 39) [22]. There is evidence showing that positive eWOM would lead to customer repurchase intention [10]. Researchers in Croatia confirmed that the hotel management should recognize the important of the existence of the hotel web site especially inclusion of web 2.0 technologies like facebook or myspace in order to make use of eWOM [2]. Therefore, this study hypothesizes that e-service quality in terms of efficiency, transaction security; and electronic word of mouth produce positive influence toward repurchase intention: a case study of the hotel chain A in Bangkok.

3. RESEARCH METHODOLOGY AND FINDINGS

The target population was existing customers of the hotel chain A in Bangkok who used to use the hotel’s web site to book the reservation(s). The sample of the population was those customers who check-out at the hotel during September to November of 2013. A survey questionnaire assessing the constructs in the current study was developed from published scales of previous research as stated in the literature review [2][9][8][13][18][19][20][21][22]. All of the scales were measured on a 5-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. A total of 345 questionnaires was collected and analyzed with multiple regression analysis. In this study, the psychometric properties of the instrument were utilized for checking reliability and construct validity. The alpha coefficients of the reliability analysis ranged from .71 to .72 indicating that all of the scales were acceptable [23]. Construct validity was assessed by principal component analysis. The analysis produced four components.

The results showed that the respondents mostly were 54.2% female, with average 31-40 years of age, graduated with bachelor’s degrees and monthly income between THB 65,001 and THB 75,000. The hypothesis testing results shown that e-service quality in terms of efficiency, transaction security, and electronic word of mouth are positively influenced repurchase intention at .05 level of

significance. Moreover, electronic word of mouth with beta coefficient of 0.406, electronic e-service quality in terms of efficiency with beta coefficient of 0.145, and transaction security with beta coefficient of 0.128 were significant toward repurchase intention at .05 level of significance. All results and multiple regression analysis are reported in the table 1.

Table 1: Multiple Regression Analysis’ Results

<i>repurchase intention</i> (mean = 3.8, S.D. = .77, C. A. = .71, r = .52, R ² = .27)					
Ind. Var.	Mean	S.D.	β	Sig.	VIF
transaction security	4.2	.56	.128*	.01	1.12
e-service quality in terms of efficiency	4.0	.53	.145*	.00	1.08
electronic word of mouth	3.8	.71	.406*	.00	1.13

**Significance Level .05, N = 345

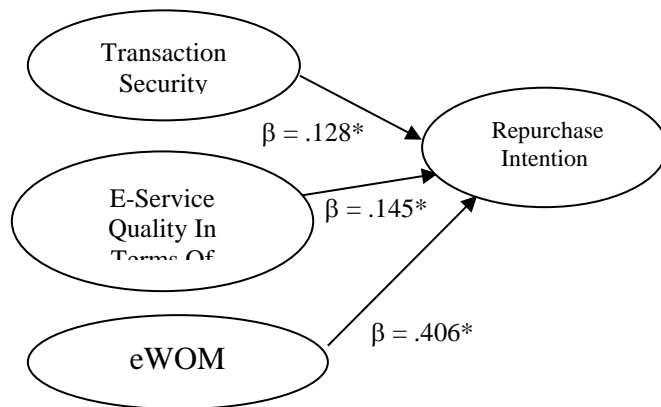
Electronic word of mouth with beta coefficient of 0.406, e-service quality in terms of efficiency with beta coefficient of 0.145, and transaction security with beta coefficient of 0.128 positively affected repurchase intention at .05 level of significance. One group of researchers indicates that the multicollinearity problem becomes too serious when a VIF value is equal to or higher than four [24]. For this study, VIF values are acceptable for all items studied. Hence, the hypothesis was supported. The regression analysis for identifying the influence of the independent toward the dependent variables was illustrated in figure 1 below.

4. CONCLUSION AND RECOMMENDATION

The era of digital economy has changed the way in doing businesses including hotel service industry. Customers the maximum use of online life style by searching, knowing, sharing, and making decision to show their purchase and repurchase intentions through their online activities. E-business has been the way to do businesses; most hotels have adjusted to such era by communicating and advertising directly to their customers because unsold rooms of any hotel cannot be stored for sale during the high season. Then, reaching the maximum capacity of any hotel becomes significant issue. While Agoda, booking.com, or Expedia have played important roles in fulfilling hotels’ capacities, many hotels develop their own web sites to reach their target

customers directly such as www.marriott.com or www.hilton.com. Nevertheless, there was still a great deficiency in lacking or opportunity for mobile applications since 20% of Croatia five-star hotel had not made use of their own application promptly to see if the vacancies could be booked and paid immediately [2].

Figure 1: The conceptual model of the factors positively affecting repurchase intention of the hotel chain A in Bangkok.



Note: Significant paths ($p < .05$) between constructs were reported with standardized beta weights.

The researchers found that the following independent factors were tested in order to be positively affected repurchase intention of the hotel chain A in Bangkok at .05 level of significance: electronic word of mouth, e-service quality in terms of efficiency, and transaction security. The results are similar to some of previous researches [2, 9, 14-16, 21, 22] For business implications, the hotel managers or owners or marketers should emphasize on positive eWOM and solve problems with negative eWOM to make use of the hotel web sites as priority. Then, they should investigate the hotel's web sites in the issue of e-service quality in terms of efficiency: ease of use, organization, speed of launching the site and pages, and ease of finding information [14]. Last but not least, they should care for transaction security: protection of credit card information of customer, personal buying information, customer's e-mail address, and illegal use of customer information [19, 20]. These independent factors would positively lead to repurchase intention of their existing customers. For future researchers, other factors such as cultures or customer dissatisfaction may be factors in the future conceptual model. Also, the use of other specific social networking site applications like facebook or myspace may be further investigated.

5. ACKNOWLEDGEMENT

We would like to acknowledge Miss Pharanphat Assawapittayanon, the M.B.A. student of Bangkok University, who had gone through the independent study course with Dr. Penjira Kanthawongs and collected the questionnaire from the respondents for this research.

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