

Determinants of Customer's Online Purchase Intention of Travel Products

*Dr. Anita Sukhwal

**Anshul Mathur

Abstract

In the digitized world, service industries increasingly focus on tapping factors influencing a customer's purchase decision. This study examines various factors that affect customer purchase intention for travel products. The findings suggest that online buying of travel products is highly convenient for customers, which plays a major role in influencing their purchase decision. Factors like online customer reviews, deals, and discounts are also found to be influential in the customer decision-making process. The visual merchandise that includes graphics, images, sounds, videos, etc., is also significantly influenced customer purchase intent. The findings of this study may extend to examining the customer's e-loyalty and measuring customer re-purchase intention.

Keywords: Purchase Intention, travel products, internet, online travel websites.

1. Introduction

In the last decade, the internet emerged as a preferred option for information search and buying goods and services. Online travel websites are the major beneficiaries of the internet. The development of new technologies has changed the way of information search. Many research studies have focused on its general impact on customers and industries (Koutsoutsos & Westerholt, 2005). Researchers have also focused on the efficiency of distribution channels (Carroll & Siguaw, 2003) and improving customer-company relationships (Meyronin, 2002). A detailed study was also done by building a conceptual model for an online travel purchase decision. The study suggested that customers' trust, satisfaction and attitude towards online shopping influence their purchase intention of buying travel products online (Wen, 2009). Some studies explored the role of the internet in planning travel (Ferrer-Rosell, Coenders & Marine-Roig, 2017). Wen (2012) investigated the role of customer satisfaction, trust, information quality, service quality and satisfaction in the customer decision-making. The purchase decision of travel products has kept on changing. The website's content and other customer satisfaction have also been influencing the purchase intention of customers (Ku & Fan, 2009).

The competition in the travel and tourism industry is getting intense daily. The customer's criteria to choose the services are getting changed. Moreover, consumers can now compare different offerings at the same time. The special offers, value deals, service quality, etc., are just one click away. Hence this study involves factors expected to influence the purchase decision in the current scenario. Factors such as promotions, online reviews and discount deals that can be studied in a comparative framework are part of this study.

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2. Literature Review

Some studies suggest online and offline marketplaces are similar, but there are research works that showcase the difference between the two in terms of trust-building (Pappas, 2017). The last decade has witnessed a rise in online travel agents. This is clubbed with the access of applications over mobile phones. Overall the entire distribution channel of travel products has been redefined in the last decade. Online travel websites have clubbed their services and reduced costs to provide their customers with the best deals (Kim, Kim, and Kandampully, 2009). The 24-by-7 information available to customers adds to the convenience. The lower cost of purchase (Hao et al., 2015) and convenience of buying (Heung, 2003; Kim & Lee, 2004; Pappas, 2017) play a major role in the customer decision-making process. The quick response like the desired travel itinerary, booking confirmations, etc., also plays a crucial role in influencing customer purchase intention (Heung, 2003; Buhalis & Law, 2008). It is worth noting that during the buying process, customers cross-check the information provided on an online travel website with the particular webpage of hotels/airlines, etc. (Wu, Law & Jiang, 2013).

On the other hand, the internet has also changed industry offerings in a significant way. Online travel websites are now forced to maintain transparent pricing (Enz, 2003). The increased presence of the internet (O'Connor, 2003) and the penetration of mobile apps have reduced customer loyalty. To ensure the customer book from the travel website and does not browse other web portals, the travel websites offer numerous discounts and promotion schemes on their travel packages (Toh, DeKay & Raven, 2011). Many reports suggest customers negotiate with the hotels after checking prices at different websites and booking directly. However, this may not hold when booking the tickets for airlines, buses, or railways.

Previous research also suggests that reviews posted by other customers are more effective than the information circulated by online travel websites (Reimer and Benkenstein, 2016). The e-WoM and product ranking play a vital role in consumer decision-making (Sukhwai & Mathur, 2017). However, the credibility of the online reviews and ranking is equally vital in adopting the information provided in the same. On the other hand, for online travel websites, the online reviews posted by customers can act as value creation. They can consider it for product and service upgrades and build long-term relationships with the customers (Chang et al., 2015).

3. Research Model & Hypothesis

After discussing with customers, the researcher has identified five variables that affect their online purchase intention. The researcher has conducted 15 unstructured interviews to understand the customer buying process. The respondents were asked to narrate their buying experiences. From these interviews, five common variables were found to be influencing the customer decision-making process. They were taken for further research to identify their impact on customer purchase intent.

3.1 Convenience

Convenience has been a major driving force for customers to do online shopping across product categories. During the interviews, the respondents said they preferred to make all the bookings while sitting comfortably at their place. There are two types of convenience - transactional and operational

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(Jih, 2007). The other dimensions covered under the convenience are accessibility of information, lower search cost and time, transaction and possession (Beauchamp & Ponder, 2010). The online buying of travel products provides enormous convenience to customers. Hence the following hypothesis is proposed:

H1: Convenience in online buying travel products positively impacts customer purchase intention.

3.2 Service quality

In offline buying, various researches have suggested that quality of service positively impacts customer's purchase intention and is also good for the service provider's profitability (Juwaher, 2006). In online buying, high-quality service leads to better customer satisfaction (Fassnacht & Koese, 2006). Therefore, e-service quality is another critical domain of e-commerce website quality and has a significant, positive impact on customers' satisfaction. Hence the following hypothesis is proposed:

H2: Service Quality in online buying of travel products positively impacts customer purchase intention

3.3 Online reviews

Online reviews posted by other customers act as E-Word of mouth (E-WoM). It is one of the essential sources of information that affects consumer decision-making (Filiari & McLeay, 2014). According to Mateus (2015), the consumer considers that the information in the online reviews is correct, accurate and reliable and that the hotels with the most significant number of reviews are more popular, thus increasing their credibility. Hence the following hypothesis is proposed:

H3: Online reviews in online buying of travel products positively impact customer purchase intention

3.4 Visual Aids

The travel websites use text, photographs, videos and sounds to promote tourist destinations, hotels, etc. Visual aids allow the customer to take a look and feel what they will be experiencing during their trip. The images and other media used for promotion affect both the destination and final decision levels (Rafael & Almeida, 2016). The photographs can also be a vital component in simulating the emotional quotient of tourists (Mak, 2016). Hence the following hypothesis is proposed:

H4: Visual aids in online buying travel products positively impact customer purchase intention.

3.5 Value Deals

The online buying of travel products comes with a major advantage of comparing prices in real-time. Not only prices but also the value-added services and add-ons provided by various travel websites can be compared. The price is one of the primary criteria in the customer decision-making while booking hotels (Kim & Lee, 2004), but customers do compare the overall value provided. They like to compare the price they are paying and the total value they are getting in return (Costa, 2013). The value deals may include discounts, reduction in base prices, complimentary pick-up and drop facility, meals, priority in next purchase, service upgrades, etc. Hence the following hypothesis is proposed:

H5: Value deals in online buying travel products positively impact customer purchase intention.

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4. Data Collection & Analysis

The researcher has conducted an unstructured interview of 15 respondents who have purchased online travel products in the past twelve months. A questionnaire was developed based on their inputs and review of past literature. It was designed using Google forms to collect the responses. The hard copies of the same were also used to collect the sample manually. The questionnaire was developed only in the English and Gujarati language. The google form link was disseminated to the sample audience by e-mail. The distribution was done deliberately and ensured that the sample collection would come from individuals residing in Ahmedabad and Vadodara, India, who purchased a travel product in the past twelve months. A total number of 223 respondents completed the survey. Of these, 21 responses were incomplete or did not meet the desired criteria. Two hundred-one responses were used for analysis. Respondents comprised 61.6% males and 38.4% females. The majority of the respondents were in the age group of 30 - 40 years.

Table 1: Mean & Cronbach's Alpha

Variables	Mean	Cronbach's Alpha
Convenience	3.61	.791
Service quality	3.73	.804
Online Reviews	3.42	.754
Visual Aids	3.77	.701
Value Deals	3.68	.803
Purchase Intention	3.66	.859

Table 2: Regression Analysis, Standard Error and Variance Inflation Factor (VIF)

R Square = 0.413; Adjusted R Square = 0.387

Variables	Beta	SE	VIF
Convenience	.491	.054	2.311
Service quality	.196	.059	1.845
Online reviews	.414	.063	1.978
Visual Merchandise	.107	.074	2.099
Value Deals	.098	.055	2.699

Dependent Variable: Purchase Intention

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4.1 Results

The SPSS software was used for data analysis. The primary concern in a survey technique has always been the reliability of the measurement items used in the study. The reliability analysis was done by using Cronbach's alpha. The results revealed that the value of Cronbach's alpha was above 0.7, which is acceptable and considered reliable (Nunnally 1978). Another crucial aspect of the study was to check the issue of multi-collinearity. The Variance Inflation Factor method was adopted to check the issue of multi-collinearity. All the VIF values in regression analysis (as given in Table 2) remained below 5, suggesting no multi-collinearity (Hair et al., 2010). The regression analysis revealed that there is a positive relationship between the independent variable and dependent variable. The overall model explains approximately 38% of the variance ($R^2 = 0.413$; adjusted $R^2 = 0.387$; $F = 51.396$), which is considered fair in social science. All of the hypotheses proposed were accepted. Convenience ($\beta = 0.491$, $p < .05$), Service Quality ($\beta = 0.196$; $p < .05$), Online Reviews ($\beta = 0.414$; $p < .05$) and Visual Merchandise ($\beta = 0.107$; $p < .05$) were found to be most significant and Value Deals ($\beta = 0.098$; $p > .05$) found to be mild significant.

5. Discussion

The result of this study reveals the high relationship between the convenience of online travel products and customer purchase intention. Customers can save on time, cost, and physical efforts while exploring the options. The next variable that highly correlates with customer purchase intent is online reviews. The combination of the two puts customers at ease. They can read the feedback given by other customers and make a calculative decision. The service quality provided by the travel website during the information search and post-buying also plays a vital role in consumer decision-making. As long as consumers have positive experiences in information search, compare different offerings, checkout, and good reviews written by customers, the purchase intent will remain positive for the website. On top of it, if the travel products are clubbed with attractive and authenticated images, graphics, videos, etc., it gives the customers emotional satisfaction, which further fuels positive purchase intention. The add-ons are always an icing on the cake and the results suggest the same. The findings have several practical implications for travel websites; the better they manage online reviews and make it more convenient for customers to browse, select and book; the better the chances of conversion from customer to consumers. Based on the results, although the price is an important factor in the decision-making process when buying, the value-added service the travel experience provides counts more. Hence travel websites should work upon the complete package deals.

6. Limitations

This study had three major limitations. First, the sample was collected from two cities in India, Ahmedabad and Vadodara. The study's sample population may not represent the general population buying travel products online. The analytical results presented here thus may have limited generalizability. Second, this study only considered online travel websites selling various travel products and services. The proposed variables need to be tested for other marketplaces and

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generalizability. Finally, since the sample was collected in Ahmedabad and Vadodara in India, the generalizability to other countries might be limited due to cultural differences in online customer behaviours.

***Associate Professor**
****Research Scholar**
Department of Commerce and Management
University of Kota
Kota (Raj.)

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