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Online leisure hotel selection criteria and booking behavior of young middle-income Singaporeans

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Online Leisure Hotel Selection Criteria and Booking Behaviour of Young Middle-Income Singaporeans

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A professional paper submitted in partial fulfillment of the requirements for the

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PART ONE

Introduction

The Internet has changed the face of purchasing and customer behaviour over the last decade or so. Traditional concepts of marketing must be reviewed and businesses must be ready to fully embrace the online marketplace. The hotel industry is no different and evidently, has much to gain from this new medium with online sales figures climbing annually (Carroll & Sileo, 2007; PhoCusWright, 2006).

Studies have shown that more and more consumers are moving towards the Internet to find their products and services and ultimately making the purchase online (Starkov & Price, 2003). Singaporeans make for interesting subjects in this area, especially for hotel reservations, as they have shown on a global scale that they are highly receptive to buying online (ACNielsen, 2005). The conditions are ideal for hotels targeting their marketing on Singaporeans due to the excellent Internet and broadband access infrastructure available throughout the island (Teo, 2002). This is cushioned by the fact that Singaporeans, especially the young, middle-income group, love travelling and have the money to spend (Singapore Department of Statistics, 2005). The outlook gets better as according to the Ministry of Manpower (2007), the average monthly nominal earnings per employee have been rising steadily annually. That is more disposable income for travelling.

Purpose

The purpose of this research paper is to gain a deeper understanding of the sentiments and trends that exists for young Singaporean middle-income leisure travelers when it comes to selecting hotels online and booking the rooms online. Singapore is at the forefront of online consumerism in Asia and understanding their online purchasing behaviour will set the foundation
for improved marketing to other Asian economies as Internet proliferation increases in those places.

For hotels operating from popular Singaporean holiday destinations (like Malaysia, China and Thailand) targeting such Singaporean customers, it would be useful to know how they find their hotel websites, make their final choice and eventually settle on the booking. Hence, this study looks at the attitudes and behaviour in online hotel purchasing by young professional Singaporeans, who have disposable income and a strong desire to travel. This will give greater focus for their marketing strategies, website design and online advertising.

Justification

Research on online travel trends and purchasing behaviour in the Asia region is scarce. PhoCusWright is a travel research company that conducts regular studies on key economic regions to monitor the development of travel trends. Many companies use their reports to fine-tune their business operations and make informed, sound decisions. Looking at their website, one could see travel industry reports on major sectors like USA, parts of Europe, Australia, New Zealand and Canada, and hardly any on Asia. The most recent report for the Asia Pacific region was released in 2005, which effectively means the data in that report dates back to 2004. This is certainly good cause for this research to be conducted.

Additionally, travel in Asia by Asians in on the rise with the introduction of low cost carriers in recent years. Singapore is the base for one of these low cost carriers and outbound travel by Singaporeans is booming. To catch a piece of this growing pie, hotel companies must understand the Singaporean traveler better and reach out to them through online means.
Constraints

Time was certainly a constraint in this research. As this research is very much exploratory in nature, the methodology used to collect data and information is somewhat restricted to the conduct of focus groups. There was insufficient time to follow up on the findings of the focus group with a comprehensive survey so as to provide more concrete statistics and results.

Extrapolating the results and findings of this study from the Singapore context to that of other Asian countries might be difficult and inaccurate as the gulf in Internet usage and proliferation within Asia is very wide. The time taken for other Asian countries to reach the levels in Singapore might be in terms of years or even decades and the validity of the study might come into question. Trends might have changed drastically and parallels can no longer be drawn to the results found here.

PART TWO

Literature Review

Online market growth

The next few years will be exciting times for e-commerce. The past few years have shown steady growth in the online market and this trend is expected to continue. PhoCusWright’s U.S. Online Travel Overview Sixth Edition study provided a lot of evidence of the prominence of the online market and gives reason for strong interest in online purchasing activity. In 2005, 25% of the total travel revenue of US$700 billion across 3 regions (North America, Western Europe and Asia) was contributed by online spending (PhoCusWright, 2006).

Specifically in the Asia Pacific region, its contribution to the online market accounted for close to 10% in 2005 and is projected to hit close to 20% by 2008. The figures are similar when
looking at the total online travel gross bookings as a percentage of the total travel markets. Asia-Pacific is expected to see nearly 20% levels by 2008. These numbers indicate that companies should start to turn their attention to such markets and review their business strategy.

Other studies have been done on various markets and the outcome is always the same – the online market is bullish and shows great promise. In 2005, ACNielsen issued a report, known as the Global Consumer Attitudes Toward Online Shopping report. This survey covered 38 markets, including Singapore. It was found that more than 627 million people have actually purchased online. That makes up one-tenth of the world’s population. In a similar vein, JupiterResearch’s report titled “US Travel Forecast, 2006 to 2011” projected that in 2011, US online travel revenue would reach 38% of total revenue. The outlook in Europe is also just as positive, with 40% of travel purchases being attributed to the online proliferation (PhoCusWright, 2006).

In general, all the positive growth trends for online purchasing around the world should speak well for the potential in the Asia Pacific region, including Singapore. The statistics are a sign of greater receptiveness to buying online and consumers are turning to online distribution channels to find what they need.

*Online hotel commerce*

The hotel industry has evidently benefited from the boom of e-commerce. Hotel reservations have typically ranked high as one of the most popular items to be bought online. Out of the previously mentioned 627 million online shoppers, more than 86 million of them went online to make hotel and/or tour bookings (ACNielsen, 2005). Kim, Kim & Leong (2005) also found that in the area of online travel-related products and services, hotel room purchasing is only second to airline ticket purchasing in terms of popularity.
Online hotel booking is a popular option for travelers due to the nature of the business. Consumers now have greater access to information about the hotels. Before the age of the Internet took off, travelers had a very difficult time choosing hotels and booking rooms. Now, they are able to see competitive prices, view pictures of the rooms/facilities and even use an interactive map to assess the location of the hotel.

Hotels are also expected to be the fastest climbers in the online arena, compared to other travel products (PhoCusWright, 2006). This should not come as a surprise since the Internet accounted for 38.3% of hotel bookings for major brands in 2006 (TravelCLICK, 2006).

*Leisure travel*

The online marketplace for tourism as a whole has expanded and leisure travel takes a big piece of the pie. Leisure travel bookings are expected to dominate the corporate travel accounts and continue to do so in the near future (Sain, 2007). The prospects from the leisure travel sector are bright for branded hotel companies as well as they can expect that sector to account for 57% of online travel sales by 2008 (PhoCusWright, 2006). This is supported by Starkov & Price (2007) who stated that 40% of leisure travel will be done over the Internet, with this figure going beyond the 50s by 2010.

*Focus on Singapore*

In view of the entire online business buzz captured in prior sections, it seemed only natural that some attention should be given to doing research on Singapore online consumers. Unfortunately, not much has been done to look into their purchasing habits and behaviour online and such information would certainly be of use to hotel companies marketing there.

Singapore is an attractive market for online businesses because it has one of Asia’s highest Internet penetration levels (third only to Hong Kong and Japan). 66.3% of the population
is Internet users and this is way above the region’s average of 11.3%. This is partly due to the
government’s efforts to make the country a regional e-commerce hub and the project to provide
nationwide broadband access in major areas around the island (Teo, 2002).

In terms of receptiveness to online purchasing, Singaporeans also prove to be high in the
rankings. In ACNielsen’s 2005 survey, Singaporeans performed well as online shoppers by
averaging about 5 to 6 purchases per month. This was not far from the highest average of 7
purchases per month registered by Germany and UK. Another sign of Singaporeans’ positive
reaction to online purchasing was reflected in ACNielsen’s survey where it showed that 81% of
online survey respondents indicated that they have shopped on the net. That puts them in the top
20 countries for Internet purchases. This is very encouraging information for travel/hotel
businesses targeting this market as the barriers are not as pronounced.

Additionally, Singaporeans generally have a high propensity for traveling and as a matter
of fact, holidays and vacations took second spot when it came to how they would prefer to spend
their spare cash (ACNielsen, 2005). Furthermore, hotel reservations were also in the top two in
the list for items purchased online by Singaporeans. During Singapore Department of Statistics’
General Household Survey 2005, it was observed that young adults between the ages of 25 to 39
years old were the most avid travelers in the population.

Intuitively, Singaporeans who had better incomes travelled more. This was reflected in
the same survey. The middle-income group makes up a large proportion of the population and
they generally earn between $3500 to $7000 per month. The Singaporeans in the age range of 25
to 39 years old travelled frequently for leisure (leisure refers to holidays, visiting friends/relatives
and all others that are not work-related), accounting for almost 80% of total overseas travel
purposes.
All the above provide ample reasons for doing research in this particular area. Hotels in countries like Malaysia, Thailand, China, Australia and Indonesia might be interested in the findings of this survey because these countries have proven to be the most popular among Singaporeans when it comes to leisure travelling.

The findings from this study should also provide some sense of cultural differences (Chan & Wong, 2006) compared against the multitude of studies done for Europe and USA. Companies can start to understand their Singaporean target market better and design their online marketing strategies appropriately to win over a bigger piece of the pie.

**Hotel searching online**

There are several stages that lead up to the final decision to make the purchase and book the hotel rooms (Wolfe, Hsu, & Kang, 2004). The first of these stages would be the search (Grau, 2005; Oorni, 2004). This sets the stage for subsequent online activities such as research, planning and eventually, the buying. While the main focus of this research paper is to look at the selection and booking processes, it is also important to examine the searching process.

Consumers do online searches for a multitude of reasons but according to Teo (2002), the main reasons for doing so is to ensure that they get the best deals and make the most suitable, informed choice. Consumers go through various channels to get to their desired website and based on Law & Huang (2006)’s research, majority of them will search till they find a satisfactory website. This finding resonates with Teo’s (2002) findings where about half of his respondents spent a lot of time surfing before deciding on an online purchase.

When it comes to searching for hotels, the need to do more searching becomes apparent. Whether it is offline or online, purchasing of services typically carry with them a higher degree of perceived risk as compared to products. Customers simply cannot gauge the performance of a
service until they experience it. This raises a lot of doubt for the customer and drives them to do more searching before making the final choice (Kim et al., 2005).

In the online arena, there is a host of ways to get to the final website to book the hotel. This could be search engines, metasearch engines, online travel agencies, links on consumer generated media (CGM refers to discussion boards and forums, customer review sites, blogs, etc (Starkov & Price, 2007)), etc. It was found that search engines are a popular method that consumers like to use for their searching and hence, Law & Huang (2006) emphasized the importance of website optimization.

Hotel selection

Many researchers have tried to study what goes into the thinking process for consumers when they are selecting a hotel (Callan, 1998; Chan & Wong, 2005; Lockyer, 2005; Smith & Rupp, 2003). However, the Internet has brought a new dimension to the selection process and much more needs to be done to understand the mechanisms and psychology that affects it.

Several studies have been done to understand what consumers find important in hotels when they travel for leisure. In the 2006 National Leisure Travel Monitor survey, it was found that consumers generally looked for value for the price of the hotel room rates they pay. It was the most desirable attribute to a leisure traveler, with location and room rate following closely behind. However, the survey did not seem to distinguish between the important factors in hotel selection done through online and offline mediums.

How consumers select hotels online differ from offline selection and this is evident from some of the research done. Lockyer (2005) found that the key factors in hotel selection for most consumers were cleanliness and location. On the other hand, for online selection, VFM Interactive’s survey (2005) discovered that visuals were very important to online shoppers, while
Law & Huang (2006) discovered that content richness and functionality of the website played an important role as well. The Internet allows for still photos, elaborate graphics like virtual tours and videos but a balance must be struck between having those and website loading speed (Ryan & Valverde, 2003). This resonates with the findings from Chu’s research in 2001 that found that consumers preferred to have informative, interactive and attractive travel websites.

This difference between online and offline hotel selection is understandable because the Internet has opened new windows for businesses and how they can market their product or service. Price is not always the main factor in the decision online (Grau, 2005). While it will always be a factor to some extent, it might take second place to location, brand name or even facilities. Additionally, reduced prices offer only temporary benefits because such discounts are usually exploited by occasional users who will return to their preferred brand when the offer is over (Chan & Wong, 2005).

Chan & Wong (2005) also pointed out in their study that hotel selection may be influenced by cultural differences. Price aside, Asian travelers seemed more concerned with previous experiences with the hotel while non-Asian travelers are more interested in hotel reputation. Naturally, the reaction to advertising will also differ across cultures.

The Internet has basically put the power in the hands of the customer. There is so much more information and choices available online for consumers and businesses now have to work harder at managing both their online and offline channels to entice new customers while retaining old ones. Fortunately for companies operating online, they have the benefit of the customers being predisposed to buy when they are already online searching and researching for information. This was referred to as customer-controlled “pull” approach or goal-oriented shopping instead of the traditional “push” marketing targeted at consumers with little or no
intention to buy (Gan, Sim, Tan, & Tan, 2006; Jayawardhena, Wright & Dennis, 2007; Sorce, Perotti & Widrick, 2005).

**Hotel booking**

This is the stage that all businesses (not just the hotels) would be interested in when they think about their online customers – the final decision to purchase. Businesses would be concerned with the factors that convince a customer to purchase online. As stated by Sorce et al., online shoppers rely on the Internet to gather information as part of their build-up to the final buy. However, that does not necessarily mean that they would complete the process by buying online as well. Jayawardhena et al. (2007) also reiterated this point when they found that the customer’s purchase orientations have an influence over their intention to buy online. Hence, there are characteristics in online shoppers that point to the fact that they research online, but prefer to buy offline.

With regards to hotel booking, customers also exhibit different preferences when they do buy online. Some studies have found that consumers might do their research on third party or intermediary websites and subsequently book directly from the hotel’s own websites (Carroll & Sileo, 2007; Grau, 2005; Starkov & Price, 2003). This raises questions about the marketing strategies to be employed by both hotels and travel agencies.

A closer look must be made at the reasons why customers choose to book on certain websites and why they would rather book offline despite doing all their homework online. Researchers have found that credit card and personal information security rank high as main barriers to online booking (Heung, 2003; Hua, 2005; Starkov & Price, 2003; Teo, 2002). It would be interesting to determine if this effect is as prominent with Singaporeans and if those are still issues online consumers contend with to this day.
Security risk as highlighted above is most likely to be the main deterrent to online purchasing (Harrison-Walker, 2002; Kim et al., 2005) but research done by Kim et al. (2005) cited many other factors that might be at play. They showed that perceived risk in purchasing online could come in several forms, namely financial risk, performance risk, psychological risk, social risk, physical risk and time risk. Out of these few categories, they discovered that performance and financial risks had significant influence on a customer’s online purchase intention while physical risk did not feature very strongly.

According to Teo (2002), Singaporean online shoppers were also concerned with response time. This might be true of hotel bookings because not all hotel reservation websites give an immediate confirmation on availability upon payment. The wait for a response might be too pressing or uneasy for a traveler wanting to settle his/her accommodation quickly.

Other studies have also found other factors that could influence a customer’s online purchase intentions. Today’s consumers are becoming more sophisticated and they expect certain standards to exist before agreeing to buy online. They must see evidence of high transaction security where encryption software (e.g. Verisign) is in place and refund policies are clearly stated on the website. Websites also need to be highly informative and accurate, aesthetically pleasing and navigationally functional in order to give the website sufficient credibility. Another factor of importance is the consumer’s comfort level in using the Internet and his/her previous experience with buying online. A pleasant previous encounter would certainly give greater confidence to perform such transactions again. This is supported by research conducted by (Kim, W.G., & Kim, D.J., 2004).

Certain parallels on the topic of hotel booking could be drawn across from Hua’s (2005) research on booking of airline tickets online. The airline industry shares many characteristics that
the hotel industry has, like heterogeneity, perishable inventory and intangible services for example. In his work, he discovered that a traveler’s 5 main reasons for buying online are the control of price, convenience, ease of reservation, information accuracy and search capability. There should be some correlation to how hotel consumers feel about booking rooms online as well. An additional dimension to that study was the analysis of importance vs. performance of certain attributes of online shopping. This serves as a good indication to management on key areas that need emphasis or extra effort.

Summarizing all the past research, it appears that security risks and information completeness are key drivers in online purchasing. It would be interesting to determine whether this has changed in recent times, especially in a society where Internet penetration and usage is very high.

PART THREE

Methodology

The nature of the research topic explores the characteristics, attitudes and behavioral patterns of a particular group (young middle-income) of Singaporeans with respects to hotel selection criteria and booking. While this may have been the focus of various researches and surveys conducted in Europe and USA, not much can be found on this topic on Asia. This research paper needs to take on a more exploratory and qualitative approach to set the foundation for future studies.

To study this area in greater depth, a focus group will be formed to allow the generation of broad-based concepts and constructs governing the behaviour of Singaporeans in this respect. The flexible nature of focus groups will stimulate the kind of discussion needed for this study.
The focus group will be made up of 8 participants and they will be selected based on the following criteria:

1. They must be in the age range of 25 – 39 years old
2. They must have a monthly income of $3500 – $7000
3. They must have booked a hotel room for a leisure trip in the last 12 months

A focus group discussion guide was created to ensure proper flow throughout the discussion and to keep the feedback moving in the right direction. This discussion guide can be found in the Appendix. It was designed to move from generic questions to questions that probed into the specific areas of interest of this research, namely online hotel selection and booking.

Results and Findings

The focus group was conducted in a classroom setting with the participants sitting in a circle, facing each other. The following table gives a quick overview of the profile of the participants.

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Occupation</th>
<th>Salary ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adeline Chee</td>
<td>29</td>
<td>Lawyer</td>
<td>3500 – 7000</td>
</tr>
<tr>
<td>Adina Wong</td>
<td>28</td>
<td>Banker</td>
<td>3500 – 7000</td>
</tr>
<tr>
<td>Boon Kiat</td>
<td>31</td>
<td>Pilot</td>
<td>3500 – 7000</td>
</tr>
<tr>
<td>Eric Ong</td>
<td>29</td>
<td>Spokesperson</td>
<td>3500 – 7000</td>
</tr>
<tr>
<td>Jarod Ong</td>
<td>31</td>
<td>Revenue Manager</td>
<td>3500 – 7000</td>
</tr>
<tr>
<td>Renee Ng</td>
<td>29</td>
<td>Banker</td>
<td>3500 – 7000</td>
</tr>
</tbody>
</table>
The exchanges during the session were very positive, with most of the participants giving their comments freely and spontaneously. The age range was not too wide but the group was made up of people in various professions. The first question helped to break the ice as it touched on an aspect of travelling that made the participants reminisce on their past experiences. This set the tone for the rest of the session and ideas flowed well and stimulated further discussions. There was no real need to prompt them to speak up and there was good depth to the coverage of the topic. Notes were taken down during the focus group and the key points raised by each participant for the various questions were highlighted in the Appendix. The script was not presented in the order in which the comments were made but it is adequate to analyze the general sentiments of the individuals and the group.

The participants use a mix of online and offline methods to make arrangements for their leisure trip and hotel bookings. For some, using online means has become so commonplace that they could not remember the last time they planned a trip without using the Internet. Most of them showed a preference to go online but use travel agents from time to time, usually for business or laziness/lack of time to plan their own trip. All of them appeared very comfortable with using online booking and when asked about their experience with that, they mostly had positive comments to give about it.

Despite the similar financial profile of the participants (although S$3500 – S$7000 can be argued to be a big range), their individual preferences for choice of hotels varied a great deal. Some of them go for 3-4 star hotels while others went to both extremes of choosing luxury brand names and hostels. Regardless of this varied hotel preferences, certain attributes about hotel
selection criteria were found to be common and featured as important factors in selection. Location or accessibility (not wheelchair accessibility) was a factor considered by 7 out of the 8 participants, with room rates and cleanliness following suit and receiving mention. This is very close to what was found in several other studies. Cleanliness and location came out as key selection factors in Lockyer’s research (2005) and Grau (2005) showed that price is not always the main driver for hotel selection, which might be second to location. This might not be surprising as for the middle-income group of leisure travelers, having a certain degree of affluence has allowed them to look beyond pricing and focus more on factors that will ensure a pleasant and relaxing stay at a hotel.

Most of the participants notice the difference in arranging for hotels online and offline. They like the fact that they usually get better deals online and the availability of choices that the Internet presents. Offline mediums do not provide them with such benefits as easily. They enjoy the ability to view the hotel properties and its facilities, and also to read about the feedback (review or ratings) that other customers have given about a particular hotel. There was a general consensus that booking online makes them more secure about their bookings because they can get confirmations or printouts. It is interesting to note that when asked about the difference between using the 2 mediums, many of them focused on the positive aspects of online booking immediately and hardly mentioned the possible benefits of offline channels.

*Hotel selection*

Some interesting points were raised when discussing the important factors in selecting hotels through both online and offline. Price and location were still important, regardless of which channel they used. However, when it came to online selection, some highlighted that knowing they would get a proper confirmation through a secure website was important. This
consideration seems to translate across to what they felt was important in selecting hotels offline, which was familiarity with the hotel property. It is important for them to know what they are getting, be it online or offline.

Question 8 in the discussion guide focused on a specific part of online hotel selection and that is the website. Participants mentioned various factors about a website that were critical to selecting hotels online but the factors that featured most frequently are visuals, location map, ease of navigation and information accuracy. This seems very natural as informative and interactive visuals are characteristic of the online medium, such as virtual tours, photo galleries, etc. With location being a major hotel selection criterion, it comes as no surprise that location maps on the website must be a feature. Having a user-friendly and navigable website providing accurate information on the rates and facilities must be important for a group of people that typically believe they do not have much time on their hands to search too long for information on a website. These findings are very similar to those found by VFM Interactive’s survey in 2005, Law & Huang (2006) and Chu (2001).

Hotel booking

Being a group of participants that are seemingly comfortable with the concept of online purchasing, most of them (if not all) do their leisure travel research online and follow through with hotel bookings online as well. They seldom find the need to go offline to book their hotels, especially after selecting them online.

The main reasons for them to make the final settlement offline or on another website are typically cheaper rates or a slow/malfunctioning website. They like the ability to compare prices and the Internet allows them this luxury. Price transparency is a part of e-commerce that businesses have to deal with and the hotel industry is no exception. All other things being
constant, the lower price offered by either medium or any website will usually secure the sale. Technological glitches can also be a bane for hotel booking websites because it causes them to lose the customer. There may be many other websites offering the same rates and if a particular booking website has trouble processing the sale (e.g. pages that don’t load, pages that hang, etc), nothing stops the customer from making the booking elsewhere. The whole process should be as hassle-free as possible and websites must come across as being reliable.

The group brought up several main points about factors that would drive them to book the hotel room on a particular website. Most of their comments fell into the following categories – ease of use, rates, reliability and security and clear confirmation. Only certain categories were similar to the situation which would stop them from booking on a particular site. Rates and security were featured as answers to Questions 11 and 12 but they highlighted other concerns when considering to continue with the booking. They generally like a website that has minimum hassle in the whole process of finalizing the booking and of course, the webpages should load seamlessly (or at least not be repeated too many times).

In past studies, security risk was a major concern for most people when it comes to online booking. From this focus group, it appears that consumers are less concerned with it now. The focus is on the functionality of the website and getting accurate information with confirmations. This shift in concerns might be due to Singaporean’s comfort level with Internet usage and their positive past experiences with online purchasing.

Recommendations

This research has provided hotel companies with some useful information regarding Singaporean leisure travelers. Hotel companies must recognize that there is a difference between
what customers feel are important for selecting a hotel and the final decision to book that hotel online at a particular website.

Singaporean consumers find that price and location are critical in their decisions to select a hotel. This is understandable but an additional point to take note is their emphasis on knowing that they will get a proper confirmation from the hotel. Of course, location is hard to control once the hotel has been built but perhaps hotel operators can try harder to improve accessibility to the hotel by providing shuttle services, etc. As for the website, hotel operators must ensure that it is updated with the latest information and possess a detailed and clear location map. It is also becoming increasingly important that their websites have aesthetically pleasing designs with simple and straightforward navigation and instructions. More well-taken photos and better visuals should be included on the website.

Convincing the Singaporean consumer to select the hotel is the first step and the next would be to get them to make the final purchase online. In order to achieve this, the basic expectation of having a secure site must be fulfilled. The website must have the most competitive rate as that is still a key driver but more effort must be made to ensure that the website has minimal technological problems that would turn customers away to other websites. It is all too easy for consumers to pick another website or use a travel agent if they find that the booking process is inefficient or glitchy.

Suggestions for Further Research

This research paper only managed to touch the tip of the iceberg. Due to the limitation of time, only one focus group with 8 participants was conducted to gather feedback and gain insights into the Singaporean psyche. There is definitely more room for improvement and more focus groups to be conducted. The research was limited to a very specific demographic but it
should be expanded to other age groups or financial status. This will help to give a more comprehensive understanding of all the various kinds of customers.

The next step in the research of this topic is to move towards a more qualitative approach with the use of surveys. Focus groups are suitable for concept development and refinement but surveys will help to give more detailed information on customer behaviour. A good method to do this is through an Internet survey. By making the survey accessible online, the data collection becomes instantaneous and available to the respondents any time of the day. Respondents can answer the survey in their own time, thus increasing the likelihood that they will complete the survey. By incorporating certain checks and balances, responses can be quickly verified if necessary, resulting in more accurate answers. Most importantly, it is a low cost method of gathering data which is especially important for an educational program’s research paper.

Once a good foundation has been formed with studies conducted in Singapore, a natural progression would be to adapt the research to be performed in other parts of Asia. So much has already been done to understand online purchasing behaviour in Europe and America, it is important to create a better understanding in Asia. More and more countries in Asia are growing in terms of Internet penetration and it would be useful to know the Asian customer before the real boom comes.

Conclusion

There is a lot more potential for consumer studies in Asia, with both primary and secondary data being rare and hard to find. Online purchasing in Asia certainly looks set to grow with more and more Asian countries developing their Internet access infrastructure. Businesses must start to understand how the Asian consumer will use the Internet to buy items or services.
In a country like Singapore where Internet usage is well established, hotel companies hoping to reach out to them online must focus on factors such as good visuals and emphasis on locale (if any) on the website to encourage selection. Sealing the deal will require investments in creating a stable, secure website that works well and fast. Explicit statements guaranteeing a clear confirmation might be useful and some websites do this by showing all the steps of the booking process. If security has been factored into the website, then making it explicit will also be helpful as customers do like to see that, although nowadays it does not seem to be the main driver for booking on a website.
References


Appendix

Discussion Guide for Focus Group

Thank you very much for agreeing to help out on this research project on such short notice. You are gathered here today to be part of a focus group. Some of you may have been on focus groups before but for the benefit of those that have never been in such a group before, I will explain how it works and run through the process. Please feel free to stop me anytime if you are not clear on anything.

This is very much like a discussion. I would like the discussion to be informal, so there’s no need to wait for me to call on you to respond. In fact, I encourage you to respond directly to the comments other people make. If you don’t understand a question, please let the rest of us know. We are here to ask questions, listen, and make sure everyone has a chance to share. I may step in from time to time to ensure that we do not stray too far from the objective. You can agree or disagree with each other or just give your comments, but please try to speak one at a time.

The topic today is on online hotel selection and booking, specifically for leisure travelling and for your demographic group – the young, middle-income Singaporeans. You were selected to join this group because you fall within this demographic and you’ve purchased hotel rooms online for a leisure trip in the last 12 months.

Let’s begin by finding out a little more about each other by going around the room one at a time. Tell us your first name and your occupation.

DISCUSSION QUESTIONS

Generic

1. Do you remember the last time you planned a leisure trip entirely offline? When was that?
Adeline: Pretty long ago, even if the final booking was not done online, the research was definitely online, if that counts.

Adina: I went to Bangkok in July 2007 and I didn’t plan that trip online at all.

Boon Kiat: Wow, gee… I really can’t remember. I think I’ve never done it entirely offline before! I think by the time I started planning trips on my own (not with my parents), I was already quite comfortable using the Internet to settle all these things online myself.

Eric: Just recently when I went to Phuket and for short trips like these, I normally go through my travel agent to do the bookings. More convenient as it’s just a phone call away.

Jarod: No. Too long ago to remember!

Renee: Earlier this month (January 2008). I planned a 3-day trip to Bangkok for Feb 2008. My boyfriend’s mum booked the trip for us by searching through the newspapers for special deals (through travel agents).

Serene: My last leisure trip I planned for was done online in October 2007, in preparations for my trip to USA in December. I don’t think I’ve planned for a trip entirely offline before.


2. For a leisure trip, when would you choose to book a hotel room online and offline?

Adeline: If it’s a free and easy trip, I usually go online to settle hotel rooms because I find that the online rates are usually better.

Adina: I don’t book hotels offline. I typically book my hotel rooms latest one month before I fly and usually after I buy the air ticket.

Boon Kiat: I do it online most of the time and I settle it about 2-3 weeks before the trip. I think I usually go offline when it’s for work and I do that at least 1 month before.
Eric: I will choose to book online for faraway trips and when I want to look for bargains such as youth hostels. Travel agents usually won’t recommend these places or they may not even have the information on them. As for offline, it’s usually for short trips.

Jarod: I always settle my hotel rooms online before I reach the country. When I am there and I’m planning to change to another hotel, I might go offline, and check out the place physically first.

Renee: I would choose online booking. It’s more convenient as I can search for hotels any time of the day. Reservations can be confirmed immediately too.

Serene: I am very used to making independent bookings. I would say I would prefer to make bookings online as opposed to offline – this also helps eliminate the chance of speaking to an operator or agent who isn’t too helpful! I like being in control of my bookings at my own time.

Yew Weng: Most of the time, I do it online. I would agree with Jarod that if I suddenly change my hotel in the middle of a trip, then I’d go offline.

3. What have your experiences been like with booking a hotel room online?

Adeline: Not too bad. I haven’t had too much trouble with it up till now.

Adina: It’s easy. I know the total rate up front and I receive an email confirmation.

Boon Kiat: Good. I haven’t had trouble with it so far.

Eric: Very convenient and the good thing about going online is that you can read comments from other people who have stayed there before so you can decide whether it’s good or not.

Jarod: Very successful. No complaints.

Renee: Convenient. I can search for my hotel choice from the locations, price, reviews etc. So far it has been pleasant. I usually go for those with excellent reviews and with good location.
Serene: Usually seamless – and I would usually have no problem at the check-in desk with the receptionist as long as I have the confirmation code or something like that. When it comes to making a booking offline – I would say that I run the higher risk of having my booking lost in transition somewhere.

Yew Weng: Generally it hasn’t been too bad. Usually maps and location are provided, and photos of rooms are available. That gives you are a rough idea of what to expect.

Hotel Selection

Ok, now I would like to focus on selecting hotels online for your leisure trips.

4. When you’re on a holiday, what kind of hotels do you typically stay in?

Adeline: Hotels that are accessible or near to public transport. Preferably those that friends have used before. If my friends have used a particular place and they give positive reviews (or at least not negative ones!), then I generally take their word for it.

Adina: A simple, clean 3-star hotel would do the trick.

Boon Kiat: 3-4 star usually but location is more important.

Eric: It depends on the country. If it’s nearby, I will usually stay in better hotels because the hotels in the Asian region are cheaper. But in further places where it’s more costly, my main concern would be budget. That would mean looking more for motels, hostels, etc.

Jarod: Resort-like. It’s a holiday right?? Must be a place I can kick back and relax right?

Renee: I normally have a per night budget, hence, I would stick to the budget. Clean, pleasant hotels with a location close to the train station. Around 3-4 star hotels. Nice, comfortable rooms.

Serene: 4-star to 5-star hotels. International brands.

Yew Weng: Either hostels or 2-3 stars hotels. Sometimes B&Bs.

5. What are your hotel selection factors when travelling for leisure?
Adeline: Safety, accessibility and room rates. I’m quite a lazy person, so I don’t like to walk too far just to get back to my hotel room after a long day of sightseeing.

Adina: Clean, convenient, within a reasonable budget.

Boon Kiat: Location.

Eric: Convenient location and budget mainly.

Jarod: Good reviews. Nicely done up websites with good pictures to help with my decision.

Available facilities. Recommendations from friends.

Renee: As I mentioned before, I look for cleanliness, location and comfortable rooms.

Serene: Location, location, location! Of course, factors such as reputation of the property plays an important part too.

Yew Weng: Location, price of rooms, cleanliness, toilet and shower facilities.

6. Do you think there is a difference between making hotel selections online and making them offline?

Adeline: Can get better deals online when it is nearer the dates. There are some websites I know like Wotif.com or Latestay.com that specialize in such last minute hotel arrangements at decent rates. It’s hard to do that offline. The flip-side is there is no guarantee of getting the dates you want.

Adina: Going online is much easier and faster. I can do it in my own time and it’s really not that complicated.

Boon Kiat: No, not when it’s selecting the hotel itself. I always look at location.

Eric: When doing it online, you have more choices while offline, you are quite limited. That is the main difference for me.
Jarod: Yes. Online gives me the impression that I get better offers. Offline, I get to view the place personally (if I am at the place). If it’s via the phone, then there’s no difference.

Renee: Yes. Offline doesn’t have photos of the hotel, so it makes it really hard to compare and make a choice.

Serene: I would say that making hotel selections online gives me a wider variety of choices. I can also see reviews online that can help me assess hotel properties that I have not stayed at before. Those help a great deal.

Yew Weng: Sometimes you pay a little more online (to the 3rd party sites). But you have confirmations and printouts, so you’d think that the room is more secured.

7. What is important to you when you are selecting a hotel offline? Similarly, what is important to you when you are selecting a hotel online?

Adeline: Not much difference, although usually more convenient to book online.

Adina: Having the right rate quoted and a confirmation given to me after the booking is made is important for both. Getting accurate information about the price is obviously important and I feel much better when I receive confirmation because I’ve got proof for disputes if I need it.

Boon Kiat: Price and location for both.

Eric: For offline hotel selection, I will select a hotel if I’m familiar with that hotel and I will just go through my travel agent. What is important is that I know what I’m getting. As for online, what is important is that my booking is processed and confirmed. I would want to receive a black and white confirmation. It is good to have someone who replies personally to queries via emails.

Jarod: Offline – must be able to see the place, else will have no idea how the place looks like (unless there are brochures); online – the website must be secure.
Renee: I seldom book offline now. But I guess if I do, I would consider convenience, familiarity with the travel agent, familiarity with the hotel. If it’s online, then location and price matters.

Serene: Reliability – for both online and offline bookings and selection. Reliability in the sense of the reputation of the website that I am booking from. I want to know that if I’m booking from a 3rd party website, that booking is legitimate and not some bogus website scam. And if I have no other way of determining its reliability, then at least it has to look organized and the history of the company is therefore important in helping me determine its reliability.

Yew Weng: Offline – Location is known. Typically no language barriers if telephoning. Type of room and price agreement; online – Photos and tariffs are easily available. I will read guests feedbacks if any.

8. What are the factors about a website that would help you to select a hotel to stay in? Which of these factors are important to you?

Adeline: Pictures should not be misleading! Some websites have really nice visuals like virtual tours or a gallery and those are handy for selecting. The problem is that sometimes it looks great online but when you finally get to the hotel, it looks completely different! Ease of navigation is pretty important. I hate going round in circles on websites and not finding what I want.

Adina: Location map, room facilities, room rates, age of hotel. It’s always good to know where you’re going to stay and how to get there, so the map is really important for me. Accurate price information is a must too, so that I can plan my budget properly.

Boon Kiat: I like having pictures to see what the rooms are like and a map showing the location.

Eric: A website that is able to display what they can offer and the rates clearly will be good enough.

Renee: Easy to navigate, reviews from previous guests, ratings, comparison, location map.

Serene: Offering information beyond what the hotel can offer (e.g. what are the attractions, shopping, restaurants around the area… how far the hotel is from the city center, airport, etc..).

Yew Weng: Clear. Easy to find information and contacts. Photos and maps are available.

**Hotel Booking**

There is a big difference between selecting the hotel online and eventually making the decision to book a room from that hotel online. The next few questions will ask you a little bit more about what would drive you to actually purchase the room from that particular hotel.

9. Are you one of those that will do all their research on the hotels online and eventually end up booking the hotel room offline?

Adeline: No, unless the website is crappy and asks too many questions before you can actually make your booking.

Adina: No. I go all the way!

Boon Kiat: No.

Eric: Yeah that can happen too. But most of the time I will just go on and book online as that is more convenient. I would not want to incur overseas call charges to book offline too if I have to do the booking on my own.

Jarod: No.

Renee: No. But do wedding banquets count? Haha!

Serene: Not at all! What a waste of all that effort! Haha!

Yew Weng: Sometimes.

10. Under what circumstances would you select a hotel online but eventually choose to book offline or go to another website to book it?
Adeline: When the website is not user-friendly and has too many restrictions (e.g. cannot make multiple booking), or if no proper confirmation of booking is given.

Adina: I like to compare the online and offline rates to try and find the best deals or I compare the rates with other websites. I may have found the hotel I want in one website but I’ll check the other websites to see if they have better rates.

Boon Kiat: I’d go offline if I can’t get a booking online. Sometimes the webpage hangs or the loading screws up halfway, so I’d end up going to another site to settle what I need.

Eric: Highly unlikely but if another website offers better rates I guess. But that is rather unlikely to happen. Another reason to go offline is if my travel agent can offer a bundle deal with that hotel.

Jarod: I don’t trust the site… or I cannot find the hotel that I fancy.

Renee: If the price is lower offline or at the other website. Or there are promotions on other websites or offline. It’s pretty much price or value driven.

Serene: Cost would be a big factor… other than that, I suppose that if I were to switch to another website – reliability of the website would be an important component. I have never done my research and ended up booking offline… so I wouldn’t be able to comment on that.

Yew Weng: If the website malfunctions, if my internet is down etc.

11. Once you’ve selected a particular hotel to stay in, what would drive you to book a room on that particular website?

Adeline: Ease of use of website and reliability. Like I said before, it has to be easy to find what I’m looking for. When I say reliability, I’m talking about getting a proper confirmed booking and the security of the website. I had an experience once where the confirmation was not clear and when I called up to check on the booking, they said they never received our booking.
Adina: Out of convenience, I may just book right on that website where I found my hotel. Obviously, that website must have an acceptable rate after I’ve compared with other sites.

Boon Kiat: Price.

Eric: An online booking system that’s easy to navigate. I can’t stand it when I have to go through too many pages just to settle my payment or has complicated processes and unfriendly forms.

Jarod: Price. Security

Renee: Easy to book.

Serene: The convenience of booking the room online would be a big factor – and the bonus factor is if they were able to offer me instant confirmation, if not, at least within 24 hours of my booking – regardless of the day or time I am making my original booking.

Yew Weng: When there is limited time to call or if I can’t find direct contacts to the hotel or when I find the charges reasonable for the quick confirmation it provides.

12. Conversely, once you’ve selected a particular hotel to stay in, what would stop you from booking a room on that particular website?

Adeline: If the page keeps hanging and I’m asked to enter my credit card details too many times. In those cases, it’s just easier to get the contact number of the webpage and call the reservations desk!

Adina: Like I mentioned before, I may have selected the hotel from one website but go to another one to book it because another website might have better rates for the same hotel. Want to compare rates with other sites for this given hotel before booking.

Boon Kiat: Price.
Eric: If it’s too much hassle doing the booking online I may decide against it. Also, if I can get my travel agent to do it for me, I might not book online.

Jarod: Security… e.g. no VeriSign etc. I like to know that my online transactions at the website will be safely guarded and important information is not compromised.

Renee: If the website is down or hangs in the middle of the process.

Serene: I guess for me, it’s the converse of what drives me to book on a site. For example, if it’s troublesome to process things and if I don’t get a proper confirmation at the end.

Yew Weng: If I can contact the hotel easily, or the hotel has its own site which offers better credibility and security.

We are done with the focus group. Thank you so much for all your valued input and willingness to share with all of us. I hope you enjoyed yourself in this session and gained something from the thoughts of the rest.