

Conference Paper

HOTELS AND RESORTS RENT INTENTION VIA ONLINE AFFILIATE MARKETING

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Abstract

Nowadays, competition in the online business of tourism esp. hotels and resorts is noticeably fierce. Using a kind of cyber brokerage system, called affiliate, in conducting marketing becomes more and more popular marketing weapon for tourism industry. It is viewed as an effective marketing tool that can raise the exposure of products and chance to establish credibility and strength of brand image. The objective of this research is to study relationships between factors in the system of affiliate marketing and the rent intention. Online questionnaire-based data were collected from Thai consumers who used to make room reservations via affiliate marketing system. Experimental results show that the trust in publisher in the affiliate system is the key factor significantly affecting the rent intention.

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1. Introduction

Nowadays, tourism becomes more and more important for Thai economic system. According to the tourism indicator reported by Bank of Thailand, there were about 100 million tourists in 2016 with a growth rate of nearly 9% [1]. 70% were local tourists. Office of National Statistical of Thailand indicated 10,018 entrepreneurs operating hotel and guesthouse business (more than 400,000 rooms availability) all over the country [2]. The total revenue of this industry is worth more than 10% of GDP. The number of e-Commerce users in the business of tourism, hotels and resorts in Thailand comes in second rank-accounting for 23.3% [3], following only the e-Commerce in the business of fashion and clothing. Acquiring effective e-marketing tools could help to further flourish the growth of this business.

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Affiliate marketing is identified as one of the effective choices of e-marketing tools for tourism e-commerce [4, 5]. With this process, websites and social network are used to connect entrepreneurs, service provider networks, representatives or brokers in selling goods and customers who buy goods. If Affiliate marketing is used properly, it will be an effective marketing tool that can not only reduce marketing cost per customer reached but also open the opportunity to reach new customers and the lasting impressive brand image and credibility [6].

This research is to study the relationship between factors in the system of affiliate marketing and the purchase intention of consumers. The study is limited to only the online business in Thailand, where the extensive usage of affiliate is expected to emerge.

The organization of this paper is as follows. Next section is dedicated to the literature review. The research model, methodology, experimental results, discussion and the conclusion are then presented in the sequential order.

2. Literature Review

Affiliate marketing is an important marketing tool that helps to strategically make products and services reachable by purchasers. It can align with other marketing tools such as Search Engine Optimization (SEO), Customer Relationship Management (CRM) or even other forms of advertisement. Recently, affiliate marketing has been wider adopted in tourism businesses since its effectiveness and lower costs of management [7].

In affiliate marketing-based business, persons involved are classified into 4 types [8]:

1. Entrepreneurs or Merchants known in the names of shops and brands
2. Affiliate Network oversees and presents marketing proposal to brokers or sales presenters, including payment.
3. Public relations officers (publishers) or so-called brokers/ representatives (affiliates) who carry out public relations and advertising for goods and services to customers.
4. Consumers or customers who buy goods and services by selecting goods from brokers' sales presentation via advertising and services in different advertising channels.

In the system of Affiliate marketing, advertisement can be classified into two types, namely the Cost per Action (CPA) and the Cost per Click (CPC), according to payment schemes. CPA is considered as a key method for services like pay-per-view of streamed videos, membership fee, etc. CPA is also applicable for the tourism industry since the fee could be collected only when buying transaction was complete [9]. This feature can eliminate the fraudulent click which is possibly incurred when adopting CPC.

However, for a community to adopt any new mechanism or technology like affiliate marketing to use in daily life, there are a process and factors involved in the materialization. Technology Acceptance Model (TAM) is a well known and widely accepted theory for explaining this phenomenon [10]. According to TAM, the purchase intention of a person is dependent on the affective attitude of him to the system, e.g. trust on the system [11] The attitude of users can be affected by various factors. Hypothetically, the usefulness (perceived value), ease of use (e.g. Web design) and social influence (e.g. electronic word of mouth) may influence attitude and trust of a user that will trigger him the purchase intention [12].

As the buyer who purchases products via affiliate system does not directly contact with the vendor of products and services as purchase is done through the other forms of Web presence, social influence and self-efficacy may be important factors in explaining the motivation of individual behaviors which positively influences buyer attitude [13]. Impact of self-efficacy toward the attitude was validated by [14]: a validity of system reliability is convergently perceived by the users with self-efficacy. Another research of [15] reported that social Influence, or subjective norm, initiates the trusting attitude.

About trust, there are lots of definitions of trust, for example, "Trust is a positive expectation that another party will not –through words, actions, or decisions –act opportunistically" [16]. Previous studies have illuminated that trusts in seller and overall system influence purchase intention in online commerce [17]. This study hypothetically assumed that trust is a key factor initiating hotel rental intention in the affiliate marketing scheme. The formulation of model is presented in the next section.

3. Research Model

The purpose of this research is to study the influence of selected factors to the intention to rent a Thai hotel/resort in affiliate marketing system. There are 4 hypotheses) as shown in Figure 1.

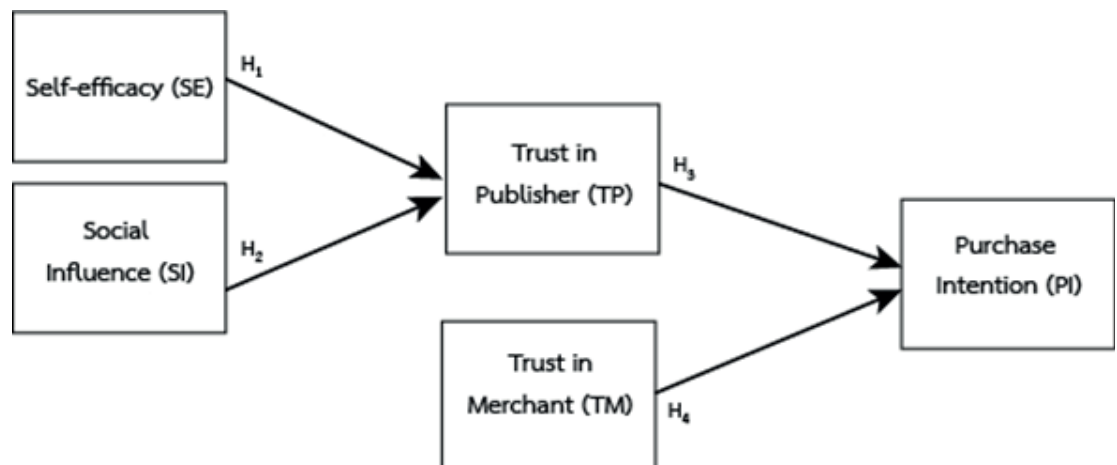


Figure 1: Four hypotheses for the factors influencing hotel rental intention in affiliate marketing.

Self-efficacy is identified as a factor effecting consumer's acceptance of e-tourism [18]. Study of [19] also concluded that the perception of the users to control over the interaction with the system affected the attitude to the affiliate program. In the affiliate system, self-efficacy is supposed to influence buyer's attitudes since buyer has to go through a set of online transactions. The activities such as booking a room, making a payment and managing period of stay should be flexibly manageable until the conversion process is completed.

The hypothesis of Self-efficacy (SE):

- H_{1_0} : Self-efficacy has an effect on buyers' attitude to affiliate system.
- H_{1_a} Self-efficacy does not have an effect on buyers' attitude to affiliate system.

Social influence towards buyer's attitudes in the affiliate system can be witnessed by information passed from person to person or popular votes via Web site by those who have experiences on using the products or agents. The previous researches indicated that social influence is one of the most important factors affecting a group of online shoppers [19].

The hypothesis of Social influence (SI):

- H_{2_0} Social influence has effect on buyers' attitude to affiliate system.
- H_{2_a} Social influence does not have any effect on buyers' attitude to affiliate system.

The publisher or the agent is the person who provides the information to persuade customers that would like to book the room via the electronic channel. Samples of the information are types of the available rooms, pictures or details related to the rooms which reflect the existence of informativeness and perceived usefulness of the system.

The effectiveness of conveying perceptions in this form depends on the affective attitude or trust [20] to the publisher. The trust will affect transaction intention on e-commerce [21].

The hypothesis of Trust in Publisher (TP):

- H_{3_0} Trust in Publisher has an effect on intention to buy goods or services in the affiliate system.
- H_{3_a} Trust in Publisher does not have any effect on intention to buy goods or services in the affiliate system.

Another dimension of affective attitudes to the affiliate system is the perceived trust to the merchant which, in this case, is the hotel or resort itself. A study about trust towards Business to Consumer (B2C) indicates that the perception of benefits from security, reputation of website and familiarity which is ingredients of the trust in merchant and online vendor. This implies the trust in merchant has the role in reducing the risk of doing online business transactions [22]. Another research [23] found that consumers are likely to reserve a room when seeing good comments (or high review score). Brand image of the hotel also impact the decision of the renters as reported by [24].

The hypothesis of Trust in Merchant (TM):

- H_{4_0} Trust in merchant has an effect on Purchase Intention
- H_{4_a} Trust in merchant does not have any effect on Purchase Intention

Next, we describe the methodology for handling the analysis for the set hypotheses.

4. Research Methodology

This research relies on the statistical analysis to prove the hypotheses as posted in Section III. Analysis of Variance (ANOVA) and parametric statistics using standard functions in SPSS were carried out based on surveyed data.

The survey was focused on groups of people who used to make room bookings via Affiliate system such as Agoda.com, Booking.com, and Airbnb.com. Data collection was done through online questionnaires (during August/2016 – September/2016) with 125 responses. By manual inspection, 25 responses were found as inattentive responses and only 100 responses were used in the analysis. According to the theory of Taro Yamane [25], this sample size should be effective at the confidence level of 9% even for a very large population.

Reliability of the questionnaire were ensured by having Cronbach’s Alpha greater than 0.7 based on the initial set of 11 pilot respondents (Table 1.) and also when analyzing the whole collected data.

TABLE 1: Cronbach’s Alpha of each Factor.

Factors	Cronbach’s Alpha
Trust in Publisher	0.942
Trust in Merchant	0.750
Self-efficacy	0.793
Social Influence	0.864
Purchase Intention	0.950

Table II shows the distribution of demographic data of all respondents. There are some interesting points to mention, for example, this survey was mostly responded by female (73%). Regarding age range, most of them are in the age range of 31-40 years of age (55%), Most of respondents have a undergraduate (72%), employed (42%) and have 1-5 times of experiences in booking hotel’s room via Internet (62%).

5. Results and Discussion

According to the ANOVA analysis, the obtained results (as provided in Table III) shew that only hypotheses (H1 – H3) can be accepted. This means that the intention to book/rent a hotel room in the affiliate system is highly correlated with only the Trust in publisher (H3) in the system. The supports for this hypothesis is at the significance level of p-value = 0.000 which is very strong. Hierarchically, the trust in publisher is partially correlated with the influences of social contact (p = 0.001) and the self-efficacy of buyers (p = 0.000) in dealing with the interface of affiliate system. The hypothetical model can be updated as shown in Figure 2.

As noticeable in Table 3, when considering the Beta measures, all coefficients for relationships among SE to TP, SI to TP and the TP to PI are with significant values and p-value support. Especially, Trust in Publisher ($\beta = 0.610$) could help to confirm a great positive influence on booking intention. Since no significant correlation between the Trust in Merchant and Purchase Intention is found, this means that users in the affiliate system rely more on the information provided by the publisher. The obtained result actually goes in line with the findings in [5] that trust is very important for affiliate marketing.

TABLE 2: Demographic Data of Respondents.

Attributes of sample groups	Quantity	Percentage
Sex		
- Male	27	27
- Female	73	73
Age(years)		
- Under 25	4	4
- 25-30	38	38
-31-40	55	55
- 40up	3	3
Education		
- High school	8	8
- Undergraduate	72	72
- Master or higher	20	20
Career		
- Company Employee	42	42
- Business / Retail trade	20	20
- Government Employee	30	30
- Other (incl. students)	8	8
Monthly income		
- Under Baht 15,000	17	17
- Baht 15,001 – 30,000	63	63
- Baht 30,001 – 40,000	6	6
- Baht 40,001 up	14	14
Experiences in making room bookings of hotels and resorts via internet		
1-5 times	62	62
6-15 times	24	24
16-times up	14	14

For additional insights, the post hoc tests for the demographic data were performed using Tukey-Kramer measure, except the gender factor which was measured by t-test. Tukey-Kramer is a modified version of Tukey’s HSD test to determine which means

TABLE 3: Results of Hypotheses Analysis.

Hypothesis	R Squared	p-value	Beta
H ₁ SE TP	.291	.000	.539
H ₂ SI TP	.112	.001	.334
H ₃ TP PI	.373	.000	.610
H ₄ TM PI	.006	.356	.093

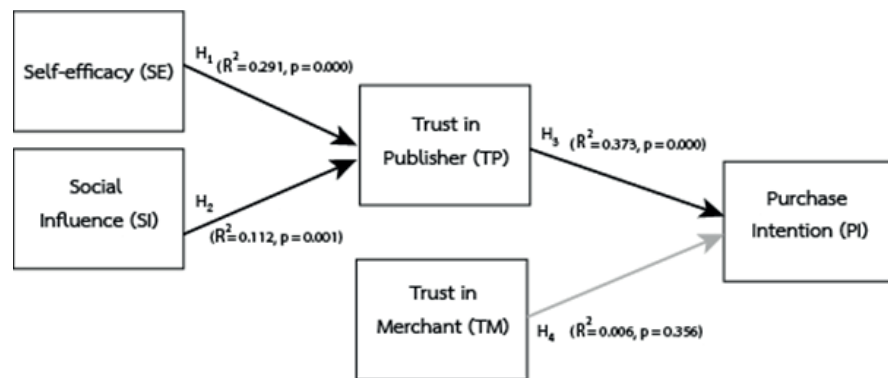


Figure 2: Updated hypothetical model.

amongst a set of means differ from the rest, given the unequal sample sizes. Tukey test is usually applied for the multiple comparison test [26].

Table IV shows the t-test analysis results that there is no mean differences in terms of hotel rental intention between males and females (at confidence level of 0.05).

TABLE 4: Description Statistics of Life (t-test).

Sex	Mean	S.D.	t	Sig.(2-tailed)
Male (N=27)	3.09	1.109	-.976	.332
Female (N=73)	3.32	1.061	-.956	.344

When considering the Tukey post hoc for the rest demographic data, most factors including age, education, experience, career and monthly income were found to be homogeneous (no mean differences between the subgroups) for the mean values of all measures.

6. Conclusion and Further Work

The objective of this research is to study relationships of factors in affiliate marketing system with the hotel rental intention. The results of ANOVA show that only hypotheses H₁ – H₃ are accepted. This implies that the level of rent intention is highly subject

to the trust in the publisher in the affiliate system. To manage the trust in publisher, the key involvements are the design of interface and customer service that assure the confidence of buyers in handling the system (self-efficacy) and the consistent service level for the viral marketing (social influence). Additional test of mean difference using Tukey test and t-test found no significant difference. This means different treatment or care for different demographic groups on the system may not impact the resulting intention.

The insights obtained in the study is restricted to the e-Commerce group of travel, hotel and resort business in Thailand only. However, the method can be applied to other e-Commerce of those businesses interested in using Affiliate system for marketing purpose as well.

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