

Hong Kong Residents' Perception of Travel Websites

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Abstract

At present, Internet applications have been well adopted in the tourism industry. In terms of online marketing, consumers online purchase intention is always recognized as one of the most popular topics in both academia and industry. This research makes an attempt to investigate the perception of residents in Hong Kong, grouped in experienced and inexperienced travelers, of online and offline perceptions. Empirical findings indicated that both groups of travelers considered price and online payment security were equally important, and website reputation was more important to inexperienced travelers. Respondents did not shop online mainly because online transactions are too complicated and insecure. They preferred face-to-face interactions. Drawing on the findings, recommendation and suggestions to the industry were provided.

Keywords: experienced traveler, inexperienced traveler, online purchase intention, online channels

1 Introduction

Information & Communication Technologies (ICTs) in general and the Internet in particular, have been developed as one of the most effective tools to travel and hospitality marketing (Marussen, 1997; Hanna and Millar, 1997; Buhalis, 1999). The Internet has revolutionized the operation of tourism and hospitality industries, and changed customers' information search and purchase behaviours (Chung and Law, 2003). In terms of Internet users, the global population has increased 225% from 2000 to 2007 (Internet World Stats, 2007). The Internet provides consumers with a new platform to shop. Some examples of the benefits of online purchasing include time saving, price comparison, social interaction, and information gathering (Ahuja, Gupta and Raman 2003; Rohm & Swaminathan, 2004).

Marcussen (1997) stated that online activities between suppliers and customers will become more interactive, and online bookings and payment of services within the travel and hospitality settings will be more prevalent. However, Curtis (2000) argued

that despite the large online population increase in recent years, consumers are more likely to browse on the Internet for information search rather than to purchase online. In order to better develop and promote travel related products, tourism suppliers should understand the determinants of consumer intentions to purchase online (Lin, 2007). Prior studies have investigated consumer online buying behaviors (Lin, and Lu, 2000; Shih, 2004; Chu, 2001; Karayanni, 2003). Prior studies have shown that the factors affecting online purchase intention include payment security, price, website reputation, website usability (design or ease of use), and website functionality (content) (Kim and Kim, 2004; Koo, 2006; Law and Hsu, 2006; Ho and Lee, 2007).

Although prior studies have investigated consumers' purchase intentions on travel websites, these studies rarely compare and contrast the perceptions of the experienced and inexperienced travelers and identifying the reason of why the travelers do not purchase online. Additionally, this study selects Hong Kong consumers as target respondents. This is because Hong Kong is a well developed region in tourism. In 2008, Hong Kong was ranked second in the Euromonitor International's Top City Destinations Ranking. Song, Wong and Chon (2003) stated that Hong Kong is a very popular and unique travel destination which represents western life style with Chinese traditions. It presents a diverse, cultural and sophisticated metropolis (HKTB Around the world, 2007). Additionally, Hong Kong is one of the leading outbound tourist generators in the Asia-Pacific region (Zhang, Qu and Tang, 2007).

This study makes an initial attempt to determine online and offline perceptions of travelers in Hong Kong based on their travel experience (in terms of experienced and inexperienced travelers). The objectives of the study are:

- to compare and contrast the perceptions between experienced and inexperienced online buyers on the factors affecting online purchase intention;
- to identify the differences between experienced and inexperienced online buyers on travel related website selections; and
- to summarize and classify the reasons for why consumers do not make online purchase.

2 Literature review

The primary reasons of consumers to shop online are convenience, time saving, better prices, availability, and customer service (Ahuja, Gupta and Raman, 2003; Rohm & Swaminathan, 2004). In the context of tourism, online sources provide a highly effective medium to travelers. However, it remains largely unknown on what factors affect consumers' decision making on online purchase. Prior studies strived to investigate this topic. For instance, Beldona, Morrison, and O'Leary (2005) summarized nine reasons for consumer purchasing on travel related websites. Buhalis and Law (2008) designated that online privacy is the main reason for many travelers to use the Internet for information search and subsequently making purchase offline. Additionally, Kim and Kim (2004) found that convenience, price, and safety are the three significant reasons for both online and offline customers. Similarly, Wolfe, Hsu,

and Kang (2004) argued that the lack of personal service, security issues, lack of experience, and time consuming are the four major reasons for consumers not buying travel products online. Weber and Roehl (1999) further suggested that website designers in the hospitality industry should understand the differences and characteristics between online and offline customers for setting website and marketing strategies.

In general, the first step for selling online is to attract consumers. This requires a qualified website performance measurement such as website design and visual appeal (Kim and Steol, 2003). Bai, Law, and Wen (2008) also indicated that website quality has an indirect impact on customers' online purchase intentions. The perceived website usefulness can thus be a scale to reflect the website's ability to attract existing customers (Shankar, Smith, & Rangaswamy, 2000). In terms of consumers' online search behavior, they are more likely to search on the basis of brand names (Andrews and Currim, 2004). Beatty and Ferrell (1998) also found that the familiarity can increase trust, thus, the possibility of purchasing online may be affected by consumers' familiarity with a particular brand. Moreover, Koo (2006) argued that during the purchase stage, purchase-related services such as information quality, security, and product assortment seem more important to consumers. Additionally, the payment security and privacy concerns were the major concerns to many consumers while shopping online (Ahuja, Gupta and Raman, 2003). Price has been found as a major reason to consumers who make online purchasing (Starkov and Price, 2003), because online promotions always provide lower prices than offline (Degeertu, Rangaswamy and Wu, 2000).

Despite the existence of many prior studies on examining online consumers' purchase intentions, these prior studies have largely failed to investigate the views of consumers on their ways of choosing travel websites. To fill this research gap, this study makes an attempt to identify the specific reasons for why offline travelers did not make online purchase, identifying the differences on choosing travel websites between experienced and inexperienced travelers, and finding out online buyers' perceptions in different factors that may affect their decision making on online purchase. These factors consisted of payment security that refers to the perceived trustfulness of online transaction, price that is the price of online travel related products, and website's reputation which relates to the determination of how well or bad of an online brand may affect on consumers' online opinion. The other two other factors were also examined in this study were website's usability that refers to the website design and easy of use and website functionality for showing the website content. A contribution of this research is the comparison of differences between experienced and inexperienced travelers on their views. In other words, this research not only identifies the perceptions of online and offline respondents but also compares the difference between these two groups on their perceptions.

3 Methodology

A questionnaire was designed to examine the perception of experienced and inexperienced travelers on travel websites. The questionnaire included two main sections. A qualifying question at the beginning of the questionnaire asked whether a respondent had purchased any travel related products/services from the Internet in the past 24 months. If not, they were requested to specify the reason. The first section asked the respondents to indicate where they had purchased their online travel products, and asked them to indicate three most important factors among the five factors of payment security, price, website's reputation, website's usability, and website's functionality, which may affect consumers' online purchase decision making. The second section collected the respondents' demographic data in terms of gender, age group, education level, self-determined travel experience, and average monthly household income.

The data were collected by telephone interviews in March 2009 in Hong Kong. All telephone numbers of the samples were generated by a random-digit dialing sample method. Each sampled respondent were contacted three times until this survey could be successfully completed or could not be further answered. A total of 17,837 numbers had been dialed and the contact rate was 82.55%. At the end, 1,478 telephone interviews were completed successfully and the response rate was 10.0%.

4 Findings

Among the 1,478 respondents, 189 had purchased from travel related websites in the past 2 years, 70 of them were self-identified as experienced travelers, and 119 were self-identified as inexperienced travelers, representing 37.1 and 62.9 percent of the qualified sample in Table 1.

The numbers of male and female respondents were about the same. A majority of online buyers in Hong Kong were aged from 26 to 45, completed college/university diploma degree, with high monthly family income. The experienced travelers were generally aged 36 to 45, completed college/university diploma degree and with more than HK\$70,000 monthly family income. In contrast, the inexperienced travelers were younger, aged 26 to 35, completed college/university diploma degree, with HK\$20,000 to HK\$39,999 monthly family income. The findings indicated that the experienced travelers were more mature with higher education qualification and monthly family income, and for this reason, they have more disposable income to travel than the younger respondents

Table 1. Demographic Profile for Respondent who has Online Purchase Experience

Variable	Experienced Traveler (N=70)		Inexperienced Traveler (N=119)	
	Number	%	Number	%
Gender (N=185)				
Male	29	35.4%	53	64.6%
Female	41	38.3%	66	61.7%
Age (N=189)				
25 or less	5	20.0%	20	80.0%
26-35	13	22.8%	44	77.2%
36-45	27	44.3%	34	55.7%
46-55	17	56.7%	13	43.3%
56-65	6	60.0%	4	40.0%
66 or above	2	100.0%	0	0.0%
Education (N=189)				
Less than secondary/high school	5	24.0%	16	76.0%
Completed secondary/high school	9	25.0%	27	75.0%
(Attended) Some college or university	3	25.0%	9	75.0%
Completed college/university diploma degree	40	40.0%	60	60.0%
Completed postgraduate degree	13	65.0%	7	35.0%
Income (HK\$) (N=158)				
Less than 9,999	4	80.0%	1	20.0%
10,000 – 19,999	5	25.0%	15	75.0%
20,000 – 29,999	6	20.0%	24	80.0%
30,000 – 39,999	8	25.0%	24	75.0%
40,000 – 49,999	7	30.4%	16	69.6%
50,000 – 59,999	9	56.3%	7	43.8%
60,000 – 69,999	3	42.9%	4	57.1%
70,000 or above	14	53.8%	12	46.2%

Note: i.* Significant at $p < 0.05$

ii. Some respondents did not provide information for certain variables, leading to unequal number of respondents in the variables.

Respondents were asked to indicate the online channels which they purchased their travel products in the past two years. The results were divided into two groups of experienced and inexperienced travelers. The terms “supplier” and “travel agent” refer to the websites that are owned by suppliers (e.g. hotels or airlines) and travel agents. The term “others” was used to describe and categorize, based on respondents’ input, as online travel insurances, online fund transfer, and online ticket purchasing. It is possible that some respondents purchased via multiple channels, and different combinations are exhibited in Fig. 1.

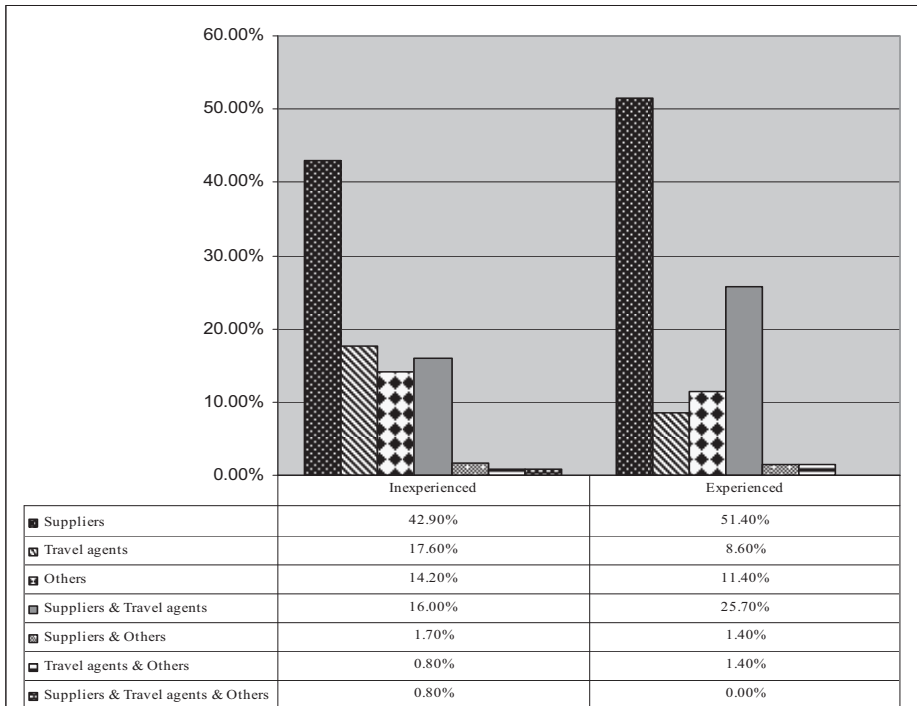


Fig. 1. Online Channels Selection

According to the empirical, both inexperienced and experienced travelers were more likely to purchase directly from the websites of suppliers. Moreover, many respondents purchase the travel products by combining both supplier and travel agent websites. Additionally, experienced travelers were more likely to purchase on supplier websites (51.4%) or used both supplier and travel agent websites (25.7%). A few of them also purchased from other kinds of websites (11.4%) or travel agent websites (8.6%). In contrast, among the inexperienced travelers, 42.9% of them purchased from supplier websites, and only a few made purchase from travel agent websites (17.6%), others (14.2%), and supplier and travel agent websites (16.0%).

This study also investigates the perceptions of the factors which may influence consumers' online purchase decision-making. In the survey, online travel product buyers were asked to indicate the top three important factors among the five factors, and the ranked results are showed in Table 2.

Apparently, payment security was the most important factor to both experienced and inexperienced travelers. Price and websites' reputation were indicated as the second and third most important factors. To experienced travelers, payment security and price were equally important. However, payment security was considered as more important than price by inexperienced travelers. This shows that inexperienced travelers are unfamiliar with online purchasing process, and thus, payment security was considered as more important than price. Furthermore, website's reputation was more important to inexperienced travelers as compared with experienced travelers. Such a result is likely attributed to inexperienced travelers' limited travel and online purchase experience, and for this reason, a website with a good creditability appears more important. As well, website usability is less important to experienced travelers. However, it was more important to inexperienced travelers. Experienced travelers generally have plenty of travel and online purchase experience which may take them less time to learn on how to make an order from a travel website. Hence, the factor of website functionality was considered as relatively more important.

Table 2. Perceived Importance of Different Factors

Variable	Experienced (n=70)		Inexperienced (n=119)	
	Number	%	Number	%
Perceived Important Factors				
Payment security	58	82.9%	104	87.4%
Price	58	82.9%	100	84.0%
Website's reputation	45	64.3%	87	73.1%
Website's usability (Design or ease of use)	18	25.7%	28	23.5%
Website's functionality (Content)	21	30.0%	23	19.3%

The research also invited the respondents who had not purchased any travel products online in past two years to specify the reason why they did not make any online purchase. In total, 478 respondents (37.08%) answered this question. Table 3 grouped these reasons into five main categories.

Respondents mainly pointed out that they prefer to buy travel products from traditional travel agents in order to get "person-to-person contact". The benefits of personal service are easy to communicate, get interactions during purchase, get immediate response when asking questions, and receive a formal receipt after payment. Many people also indicated that they "do not use online shopping" which is caused by many reasons such as they do not know how to purchase online, cannot find suitable travel plans or products, perceive online purchase procedures as complicated and not easy to get refund, and rather ask for help from friends or family members. Some respondents also considered "price" and "security" are the major two barriers which block their decision on online purchase. They thought that the price offered on a website is unstable or unreal. To these respondents, the Internet is not a secure and reliable source to expose their personal information and credit card details.

Moreover, many respondents merely used the Internet as an information center for information gathering but not purchasing.

Table 3. The Reasons for not Purchasing Online

Classified Reasons	Reasons from the Respondents
1. Lack of person-to-person contact	Prefer going to travel agents in-person Travel agents' office location are already convenient Need formal receipts No human interactions/want to have human interactions during purchase Not easy to communicate online Can't make immediate enquires online
2. Do not want to use online shopping	Online procedures are too complicated and not easy to get refund Online services and products provide little details/do not have enough choices and information No travel plans No suitable products Do not like shopping online Ask help from family members/friends instead of the Internet Do not know how to shop online Not necessary
3. Price	Price may not be the lowest
4. Insecure	Not feeling reliable to purchase online Not feeling secure to provide personal information online No confidence Feel unreal
5. Internet information is for reference only	Surfing online for reference only For reference only, not intent to buy online

Table 4 presents the percentages of the five reasons listed in Table 3, categorized by experienced and inexperienced travelers. Apparently, the primary reason for consumers not to purchase online was “do not want to use online shopping” as indicated in Table 3. There were eight sub-reasons within “Do not want to use online shopping” which indicated why people do not choose online channel to purchase. In general, the consumers consider online information is limited or not detailed enough, they like to ask suggestions and help from friends, and online procedures are too complicated which is not easy to them to get refund. The second reason was “insecure”. There were four sub-reasons within “insecure” which indicated that consumers feel online environment is unreliable and they do not have the confidence on providing personal information online. The “Lack of person-to-person contact” was the third reason. There are small group of consumers (10.8%) require for person to person contact during their purchasing. The “Price” and “Internet information is for reference only” were the fourth and fifth reason. In general, experienced and inexperienced respondents had similar results. The only difference was that inexperienced users were more likely to use the Internet for reference and to search for travel information.

Table 4. Reasons for Experienced and Inexperienced Travelers not purchase online

Reasons of not purchase online	Experienced (n=83)		Inexperienced (n=395)	
	Number	%	Number	%
1. Do not want to use online shopping	47	56.6%	172	43.5%
2. Insecure	24	28.9%	143	36.2%
3. Lack of person-to-person contact	9	10.8%	62	15.7%
4. Price	3	3.7%	9	2.3%
5. Internet information is for reference only	0	0.0%	9	2.3%

5 Discussion and Conclusions

This study has compared the differences between inexperienced and experienced travelers on their online and offline purchasing intention. In general, Hong Kong online buyers were young and highly educated with fairly high monthly family income. This result matches with Kim and Kim (2004)'s study, which indicated that consumers who search or purchase online were relatively young, highly educated and with high incomes. Additionally, the results showed that compared with their inexperienced counterparts, experienced travelers were older, had higher education background, and with higher monthly family income. They were also likely to make purchase solely from supplier websites or shopping by combining both supplier and travel agent websites. These findings showed that experienced travelers are more affordable on online purchase and skilful in making travel orders online. They could easily make their own travel plans and got lower price than inexperienced travelers. In contrast, inexperienced travelers were more likely to make their online purchase separately. This is because they have less travel experience and it is not easy for them to make an independent travel arrangement. Therefore, practitioners should be aware of the differences between these two groups of consumers. For instance, travel agents should list their special promotions at a visible place on their website as a remarkable sign to experienced travelers. Online suppliers could also try to provide a comprehensive product list in order to attract the attention from inexperienced travelers.

In this research, the perceived most important factors to Hong Kong online buyers were *payment security*, *price*, and *website's reputation*. As previously mentioned, payment security was the major barrier for online purchase and price was recognized as an important factor to consumers to shop online (Starkov and Price, 2003; Buhalis and Law, 2008). However, both experienced and inexperienced travelers have different perceptions on these three factors. Payment security was considered as a more important factor to the inexperienced travelers. As discussed, inexperienced travelers have less online travel purchase experience. As such, they have more concerns when making online payment. Thus, practitioners should provide more background information about their online payment system in order to increase the purchase intension of inexperienced travelers. Furthermore, although website usability and functionality were not indicated as important factors to online buyers, these are still the fundamental factors for website development. Prior studies have shown the

website usefulness performance could affect the attractiveness to online consumers (Law and Hsu, 2006; Bai, Law and Wen, 2008).

The major contribution of this research is to identify the reason why offline consumers do not make online purchase. Empirical findings revealed that the major factor affecting inexperienced travelers was “Do not use online purchase”. Based on the sub-reasons of “Do not use online purchase”, practitioners should consider providing comprehensive information with a simple website structure and signing a clear statement on how to refund online. To provide an online forum for consumers to communicate and share experiences is also very important on attracting consumers to visit and purchase. The consumers also indicated that they feel insecure to pay online and prefer to have face-to-face interactions. Practitioners ought to improve the website credibility in order to increase the online visit and booking rate. Another reason that showed offline respondents seldom use the Internet as an information resource was attributed to their unawareness of the benefits for going online. According to the reasons which appear that website usefulness is very important on attracting offline consumers especially on the development of website structure, credibility and payment functions. Additionally, Marcussen (1997) found that the younger generation has more computer and online experience than the older generation. In other words, they are more likely to use the Internet than their parents. Although many travelers still refused to use the Internet to make their travel arrangement, managers of the hospitality industry still need to make efforts on advertising the benefits of online purchasing as young people can spread the information to, and possibly influence, their parents for make online purchases.

6 Limitations and Future Study

This study has two limitations. Firstly, this research only focused on respondents with online purchase experience and the perceptions of offline travelers were not analyzed. The second limitation relates to the ranking method. Respondents were asked to select three most important factors out of a list without providing any ranking or rating. Therefore, the result can only present the total occurrence of different factors but not ranking the importance of these factors. Future studies can, and should, extend the survey in order to gather the ranking of the importance factors. Future studies can also investigate more thoroughly the effects of travel experience on online purchase and identify the attributes that may affect travelers’ behaviors. Lastly, it would be beneficial for future research to focus on exploring the perceptions of experienced and inexperienced travelers on one single online channel such as a specific hotel website.

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