

**An exploratory study of the key factors driving hotel
booking behaviour among consumers living in
Ireland**

Author: Donald Piccione

MSc in Marketing

National College of Ireland

Submitted to the National College of Ireland, August 2018

Abstract

With the increasing availability of low-cost flights all-the-year round in Irish airports, and the wide choices of online hotel booking portals (Morosan and Jeong, 2008), going on holiday abroad has become part of everyday life.

The Central Statist Office (2018) reported from the period of January 2018 to June 2018 that 3.8 million of Irish residents went overseas for holidays. An Increase of 4.3% year to year.

From a marketing perspective, it is important to understand what key factors are contributing to consumer decisions when they select a hotel room online. This way, marketers can improve their strategy and hoteliers can provide a better cost effective approach to help consumers with their room selection, driving more bookings.

The purpose of this study was to explore what the key factors are that influence consumer behaviour among the population living in Ireland who book a hotel room online to go on holiday. The author was interested in carrying out this study because there is a gap in the current academic literature on consumer behaviour for the population of Ireland related to hotel booking. Six main objectives were defined for this research: to examine what relationship social proof, scarcity tactics, pricing psychology, loyalty program, location, and brand image have towards online booking behaviour.

The research methodology used in this study followed the Research Onion model proposed by Saunders, Lewis and Thornhill (2015). A qualitative method was used to collect primary data, in the form of two focus groups, with 6 participants each, in order to gather insights, opinions, and consumer experience using open ended and semi-structured questions.

Research findings denote that hotel location is a top key factor in influencing online consumer behaviour, followed by price psychology, social proof, scarcity, and brand name.

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Acknowledgments

I wish to thank National College of Ireland lecturers, staff and students for their availability and support during the MSc Marketing course.

Thanks to my supervisor David Hurley that motivated me towards the end of this dissertation.

Last but not least, a big thanks to my wife Alessandra, who has supported me, giving the strength to reach the end of this life-changing experience.

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Chapter 1. Introduction and Justification

1.1 Introduction

The constant increase in internet usage in Ireland shows how the habits of its inhabitants shifted towards access to online portals to look for information, education, or the purchasing of goods and services: 37% of individuals living in Ireland used the internet for holiday accommodation bookings during the last 12 months (Central Statistics Office, 2017). According to academic literature, common reasons to book online are related to time and price savings. In fact, it is possible to book a room online quicker and at a cheaper rate when compared to a traditional brick and mortar travel agency (Lien, Wen, Huang and Wu, 2015), which used to be the only channel available. Nowadays, the internet has become the main marketplace to search for hotel rooms online (Lehto, Kim and Morrison, 2006), with prospecting customers to find more detailed information on the same website, real images from past clients (Sparks and Browning, 2011) and reviews (Cialdini, 2014). Online reviews, images, and user generated content are just a small part of what are known as key factors, crucial to stimulating, influencing and driving hotel bookings.

This study aims to research in the current academic literature what the main key factors are that influence the online booking behaviour of holiday makers booking a hotel room. Subsequently, the author will explore insights with a sample population of holiday makers living in Ireland, in order to compare it to previous studies. Research findings are disclosed in Chapter 4 where the author will discuss and provide further input for future researchers.

1.2 Justification for Research

This dissertation contributes to both academic literature and the hotel industry in understanding what the key factors are that drives consumer behaviour for the sample population living in Ireland who want to book online to reserve a hotel room. Although it was found and discussed in the literature review the main key factors that have been

researched so far around the world, the author found a gap when it comes to find in the academic literature researches carried in the interest of the population living in the Republic of Ireland.

1.3 Research Aims and Objectives

The main aim for this study is to find what key factors are driving consumer behaviour regarding holiday makers living in Ireland while they book online for a hotel room located abroad.

The second aim is to understand if there are any differences in consumer behaviour compared to the current literature review.

The author proposes the following objectives:

1.3.1 Objective 1 - Social Proof

“To examine what relationship Social Proof has on online booking behaviour through holiday bookers living in Ireland”

1.3.2 Objective 2 - Scarcity Tactics

“To examine what relationship Scarcity Tactics has on online booking behaviour through holiday bookers living in Ireland”

1.3.3 Objective 3 - Pricing Psychology

“To examine what relationship Pricing Psychology has on online booking behaviour through holiday bookers living in Ireland”

1.3.4 Objective 4 - Loyalty Program

“To examine what relationship a Loyalty Program has on online booking behaviour through holiday bookers living in Ireland”

1.3.5 Objective 5 - Location

“To examine what relationship Location has on online booking behaviour through holiday bookers living in Ireland”

1.3.6 Objective 6 - Brand Name

“To examine what relationship Brand Name has on online booking behaviour through holiday bookers living in Ireland”

1.4 Research Question

Cooper and Schindler (2014) argue that a research question (also named problem statement) has to be clearly defined in order to identify the research methods and its objectives. The research question will focus on the following statement:

What are the key factors driving hotel booking behaviour among consumers living in Ireland?

1.5 Scope and Limitations

The following sections will cover the scope of this research study and the limitations declared by the author.

1.5.1 Scope of this Study

The scope of this proposed study will be limited to holiday makers living in Ireland who have booked online at least once. This is the minimum requirement which was also applied to the recruitment stage of participants for the focus groups, as well as requiring they be at least 18 years or older.

This research study excluded online hotel bookings for business purposes. The main reason is related with the different purpose of staying in the hotel, so the key drivers in the case of business travelling would not be the same as leisure travelling. A company, for example, would have a business account registered with the same hotel, with different rates than private holiday makers, so the person in charge for the company would make a reservation on behalf of their employee.

In the data collection analysis, the author did not consider personal status of the participants, such as family status (single, divorced, married with, etc) that might contribute to influencing the booking behaviour.

1.5.2 Limitations

There were several limitations to this study. First of all, the time to prepare this study was limited to a Master thesis, with the deadline set for 29 August 2018. Consequently, to avoid delay or missing submission deadline, participants were all recruited in Dublin.

Data collection was based on a mono method, a focus group. In a real research scenario, mixed methods would have been the best choice so as to generate more insightful data, as well as collecting samples from all Irish counties.

The author, while completing this study, was employed full-time in an Irish company, using his time off to write this study.

Another limitation considered by the author was the bias factor. As explained by Saunders *et al.* (2015), a bias may occur while interpreting the data collected and among participants when answering questions.

1.6 Dissertation Structure

This research study is structured as follows. Chapter Two will discuss the findings of the academic literature. Chapter Three will cover the research methodology, following the Onion Structure proposed by Saunders *et al.* (2015). The author will declare the choices made towards the creation of the research methodology, such as philosophy, approach, strategy, choice, time horizon, and techniques for the collection of data. Chapter Four will discuss the research findings and their relation with the arguments found in the academic literature. In Chapter 5, the author will cover ethical issues. The last chapter will then provide the conclusion to this research study.

Chapter 2. Literature Review

2.1 Introduction

When holidaymakers book a hotel room online, they initiate a selection process that helps them with choosing the most suitable room available, based on their previous consumer experience and the information available either online and offline. This relates to the nature of the hotel industry, being a service sector (Marić *et al.*, 2016) providing intangible offering types (Rizomyliotis *et al.*, 2017; Lovelock, 1983) which are perishable and heterogeneous (Morosan and Bowen, 2017). This means that it is not possible to try a hotel room before “purchasing” (Viglia, Minazzi and Buhalis, 2016); in addition, the experience in the same room may be different from customer to customer.

Therefore, prospective consumers, especially when their previous purchasing experience cannot help with the current room selection, due to various options and prices, rely on hints available online, such as hotel reviews and price comparisons that may facilitate their consideration of hotel rooms (Turley and Leblanc, 1995). These hints are known in the academic literature as key factors, used in marketing to influence consumer decision making.

The aim of this literature review is to find what the current key factors are for online booking behaviour. The next section will cover a conceptual model for online consumer behaviour.

2.2 Conceptual Model

Before enlisting the findings from the academic literature, it is important to provide the reader with an overview of a conceptual model for hotel booking consumer behaviour. This model will be presented with findings according to the academic literature.

When a consumer plans to go on holiday and needs to book a hotel room, they initiate a process of selection stage where they make a list of preferred and suitable hotels called the 'consideration set' (Turley *et al.*, 1995). In the last step of the consumer purchasing journey, they will pick one to be the best for them.

The number of hotels in the consideration set is reduced from the list generated at the origin of the search result displayed in the online portal and also from the consumers' memories of known hotel brands, called an evoked set (Gruca, 1989). This shortlisting is based on heuristics, a method of practical rules, which helps to exclude what is not suitable for their needs (Gigerenzer and Gaissmaier, 2011) and to include what they perceive to be best or suitable for them. In addition, there are external factors, not derived from the previous consumer experience, which will influence the consumer behaviour in the purchasing journey. These factors will be discussed in the next sections.

It is important to notice that Jones and Chen (2011) argue that despite previous studies regarding choice decision making for hotel booking being carried out, researchers did not consider the difference between consumer choice and consumer decision making. In fact, the first part in the process of making a choice (of a hotel room) is the evaluation of the services, features, and attributes and, then, it moves to decision making (selecting the room and making the reservation).

Regarding decision making, the last part of the purchasing journey, once again Jones *et al.* (2011) maintain that it has to be devised according to pre-purchase and post-purchase decision making. The reason is simple. In the pre-purchase decision making stage, there are features that a customer cannot test, try, or compare, unless they will try the service. Some examples are, testing if the room is quiet or the bed is comfortable. In this case, they will rely on online reviews, one component of social proof, where previous customers tried the same room and wrote a feedback on their stay. There are other key factors that the author will cover in the next sections that contribute to consumer behaviour.

2.3 Social Proof

Although Social Proof is something that existed before the era of the Internet (example word of mouth), in recent times it is based mostly on social interaction through online platforms, acting as Word of Mouth, to be precise, eWOM (electronic Word of Mouth) through online user generated content (Viglia *et al.*, 2016) among consumers (Amblee and Bui, 2012; Zhu and Zhang, 2010) who look for hints and recommendations on hotels. As a consequence, the online user generated content reduces the time spent in the decision making process (Lee *et al.*, 2011) while selecting a room online.

Social proof is effective in influencing purchasing behaviour and consumer attitudes, because prospects rely on what other customers or peers have said about a product or service, sharing customer experience online in the form of star ratings and online reviews (Cialdini, 2014).

A study carried by Noone and Mcguire (2013) found that hotel reviews act as the main driver to influence the consumer choice, rather than just basing their decision on comparing the room price. In addition, where the hotel's review left by a customer indicates a better experience than the one perceived by the prospective customer before making the reservation online, they would not mind paying more. On the other hand, it has been argued by Kim, Kim and Park (2017) that reviews provide detailed information from customers, hence they may raise customer expectations. For example, if a hotel has very good reviews, a potential customer would expect a good service as standard. In the case that something goes wrong, they would be less tolerant if, for example, they read negative reviews or they are expecting to receive a low standard service.

It is important to note that feedback based only on star ratings is not as influential as the one published together with a review being rich in content, although ratings have the ability to be easily manipulated and can be used to filter a search (Gavilan, Avello and Martinez-Navarro, 2017).

Other studies recognised that social proof has limitations. It is based on the principle of Word of Mouth, where only very dissatisfied or very satisfied customers have the tendency of writing reviews (Anderson, 1998). This is because a dissatisfied customer

will use the power of reviewing to warn other users about their bad experience, while very satisfied customer will share the good experience with a positive review (Hu, Pavlou and Zhang, 2017). Hence, it would be possible to find a gap in number of neutral satisfied customers who write a review or recommend to a friend.

Askalidis, Kim, and Malthouse (2017) also found that when a customer writes a review, they tend to be influenced by the previous published positive reviews. This means that if there are positive reviews, the user will be prone to write a better review, rather than a real blunt review, if that was the intention.

Duffy (2017) introduces also the risk of trust, where a website might not have received all genuine reviews, where perhaps some of them were written by influencers paid by the Hotel or Marketing Agency. In addition, where the review is genuine, the reviewer may have written his statement, based on interpretation, personal feelings, and previous experience, and not neutral facts. Gavilan *et al.* (2017) suggest that a positive review alone is not considered by its reader to be trustworthy enough. This is because it must be aggregated with many other positive reviews to gain credibility. In fact, there is a correlation between number of positive reviews and level of trustworthiness. In contrast, just one negative review may trigger in the consumer's mind a low level of trust in that hotel.

Another weak point for Social Proof found in the academic literature is connected with the familiarity of the product/service a consumer is going to purchase. In fact, if a consumer does not know what would be the best option to choose, they tend to follow other people's choices/advice. This means that an experienced holiday maker would be less influenced by others in their decision making (Castro, Morales and Nowlis, 2013).

2.4 Scarcity Tactics

Scarcity is used in marketing to stimulate the consumer purchase decision toward the desire of a service or a product through the use of limited availability (Ku, Kuo and Kuo, 2012), because it is able to increase the perception of their value and quality

(Cialdini, 2014; Sharma and Alter, 2012). There are two main types of scarcity: demand scarcity and supply-generated scarcity. The first is when customer's demand is higher than the supply availability. Supply-generated scarcity is when the availability of a product or service is limited due to limited resources, type of business, or kept intentionally limited by the supplier. This second type of scarcity (supply-generated) is where the author focused on for this study because it is the most common tactic used on the online booking platforms.

Academic studies attribute scarcity tactics as being able to influence consumer decisions (Ku *et al.*, 2012; Sharma *et al.*, 2012). In particular, Cialdini (2014) describes scarcity as a threat of losing freedom, based on the principle of psychological reactance, proposed by Brehm in 1966, which causes consumers to desire a product or service more than before (Katz, Byrne and Kent, 2017).

It is argued that one weakness of scarcity is based on the principle of Psychological Distance (Katz *et al.*, 2017), which states that if a desired object is not in the proximity of the consumer, it may lower this effect and the power of influencing their decisions. Also, another weakness point argued by Gierl and Huetl (2010) is that scarcity may not have positive outcomes when there are other options available for a customer rather than just one that restricts their freedom of choices.

Can the principle of Psychological Distance be applied during the phase of hotel booking, knowing that the check-in date is far away? Although it is not purely connected with an online hotel booking scenario, a recent study by Kristofferson, McFerran, Morales and Dahl (2017) reports that scarcity tactics cause aggressive behaviour due to the limitation of product or service availability. This is seen as a threat among other consumers who are interested in the same thing, hence causing aggressive behaviour.

2.5 Pricing Psychology

The perception that a price is reasonable tends to influence consumers intention to purchase (Gupta and Kim, 2010). Hence, price value is defined as "the utility derived

from the product due to the reduction of its perceived short-term and longer-term costs” (Sweeney and Soutar, 2001, p. 211) and, according to Eid and El-Gohary (2015) it is regarded as a key predictor of the choices that tourists make.

When it comes to buying online, consumers increasingly purchase hotel stays largely because the medium facilitates comparisons among competitors, enabling movement from one provider to another with no extra cost (Berbegal-Mirabent, Mas-Machuca and Marimon, 2016). Such consumers are prone to compare the objective price (i.e., the price the current vendor is offering) with prices other vendors are offering, and then form their perceptions of price (Gupta *et al.*, 2010).

Several studies have been carried out to understand if price may be the primary determinant key factor for hotel choice selection. For example, a study investigating the purchasing behaviour of 500 consumers of a budget hotel chain in the United Kingdom found a significant causal connection between their perceptions of price fairness and their tendency to book hotel accommodation. The study also showed that first-time customers were more sensitive to ‘dynamic pricing practices’ – for example, the policy of frequently varying the process according to changing supply and demand conditions - and tended to regard such practices as unfair (El Haddad, Hallak, Assaker, 2015).

Another study by Yoon *et al.* (2014) concluded that, as a discovery-related cue, lower-price promotions in which value is perceived to be on offer, are more immediately impactful than promotions that emphasise higher quality, but also that store image in conjunction with price and quality lessens the immediate impact. Hence it can be observed that price, insofar as it relates to value and affordability, is a fluid concept, and is mediated by brand image, among other factors which, in turn, has a positive influence, not on the objective cost, but, rather, on the perceived price (Lien *et al.*, 2015). Thus, price is not a cold, immutable, objective fact that remains constant in the mind of the purchaser. Rather, it is a subjective and highly emotionalised concept that is constantly mediated and moderated by numerous other purchase-related factors, as discussed in this chapter.

In Hong Kong SAR, Chan and Wong (2006) surveyed 573 frequent individual travellers to China’s premier business and financial district. It was found that, rather

than price, convenient hotel location, and good service were the most important of 11 determinants influencing such travellers in their choice of hotel. And, while business travellers placed more importance on their previous hotel experience, the quality of the service, convenience, and recommendation, leisure travellers and those with a lower educational level trusted travel agents' recommendation.

Research in Taiwan on the direct and mediating effects of several factors on online booking of hotel rooms found that brand image, perceived price, and perceived value are the three most important direct influences on booking intentions (Lien *et al.*, 2015). The results of this study propose that, if leisure tourists observe that a price a hotel offers is more affordable than usual or has competing prices, they are inclined to believe that, although the quality might be low, the price has high consumer value, and they are more likely to purchase than they might do otherwise. A previous study showed that brand name made online consumers more likely to purchase and to have a more flexible concept of price, due to the lowering of perceived risk (Aghekyan-Simonian, Forsythe, Kwon and Chattaraman, 2012).

Brand image is, of course, affected by shared perceptions of the brand, and these shared perceptions are robustly expressed in the form of online reviews. Online reviews have an impact, not only on hotel booking intentions, but also on perceptions on trust. One study, at least, indicates that when consumers are exposed to online information that shows information on product quality, that exposure lessens their sensitivity to price information (Lynch Jr. and Ariely, 2000). Similarly, when differing hotel rooms are presented in order of descending price, consumers are likely to choose higher-price options; when they are presented in order of ascending price, they tend to opt for lower-priced rooms. However, for this 'price order effect' to happen, consumers' price-quality perceptions are a necessary prerequisite i.e., that there is a discernible relationship between the price of the room and its quality (Suk, Lee and Lichtenstein, 2012).

2.6 Loyalty Program

Zopiatis *et al.* (2016) argue that a loyalty program is nowadays a practice used by almost every company to identify and establish long time relationships with

customers, as according to Stone, Woodcock and Wilson (1996), it is more convenient to retain a customer than acquiring a new one. Something that is not agreed by O'Malley (1998) is that sometimes the cost associated in keeping a customer loyal is more expensive than their lifetime value. In order to keep a customer loyal, they need to feel valued and satisfied (Chen, 2012) to ensure a lifetime company loyalty, otherwise they will endeavour to choose another company, brand, or service instead.

The benefits of a loyalty program recognised by scholars can be summarized as follows:

- Increasing occupancy rates and profitability in the hotel industry (Lee *et al.* 2014);
- It helps with the generation of positive WOM (word of mouth) (Bowen and Shoemaker, 2003). This acts also as a social proof driver.
- It is argued that loyalty programs are able to influence the customer's purchase intentions and strengthen their loyalty to a company. As a consequence, it makes it harder for customers to switch to another provider and for companies to attract them (Evanschitzky *et al.*, 2012);
- In terms of consumer satisfaction, it is argued that loyalty programs change consumer behaviour positively towards the brand, as the consumers get more benefits than just regular customers (Henderson, Beck, Palmatier, 2011).

One weakness found in the academic literature is that a loyalty program, if dependent only by the price benefits for consumers, will not be enough to maintain a long life loyalty relationship or at least a genuine company loyalty, as customers will move to another provider if there is a better price to offer (De Wulf, Odekerken-Schröder, Iacobucci, 2001; Dick and Basu, 1994).

2.7 Location

As previously introduced in the Pricing psychology section, Chan *et al.* (2006) argue that hotel location is another important key factor that is able to influence consumer decisions. In fact, in a recent study by Yang, Mao and Tang (2018) among 220 Los Angeles hotels, it was found that hotel location is a top contributor in the hotel

selection stage, influencing also customer satisfaction. Potential online customers may consider a location factor when booking a hotel room as it is also able to influence hotel price perception (Zhang *et al.*, 2011).

Tourists who travel to a certain location may want to stay in a city centre hotel due its proximity to all important amenities by walking distance, while others would rather stay in an off city location. On both cases, location factors would influence choosing a room.

On most hotel booking websites, it is now possible to filter a Search Result by location score given by users or distance from city centre. Cezar and Ögüt (2016) argue that location rating is more important than other ratings such as hotel overall star or service ratings. This means that if a hotel is city centre located or close to a tourist area, it will influence the customer's final decision.

2.8 Brand Name

Branding today is an important part of any hotel's marketing strategy and it has been carried on for over 25 years, showing positive results in terms of revenue, stronger average daily rates (ADR), occupancy rates, and number of guest rooms if compared with other unbranded hotels (O'Neill and Mattila, 2010). This can be correlated with a study by Aghekyan-Simonian *et al.* (2012) that shows that brand name makes online consumers more likely to purchase and to have a more flexible concept of price, due to the lowering of perceived risk on booking intentions.

As mentioned in previous sections, research in Taiwan on the direct and mediating effects of several factors on online booking of hotel rooms found that brand image, along with perceived price and perceived value, were the three most important direct influences on booking intentions (Lien *et al.*, 2015). In addition, Baker *et al.* (1986) suggested that familiarity with the brand, in this case, hotel chain, facilitates the inclusion of the business into the evoked set.

Regarding the previous discussion about pricing, Suk *et al.* (2010) stated that the perceived quality of a hotel room is also shaped by the brand name of the hotel, whether it is star-rated, and also by its capacity.

2.9 Conclusion

The academic literature provided sufficient background research into the main key factors that influence consumer behaviour for hotel bookings. The author disclosed these findings, starting with social proof, something that begins as used as word of mouth (WOM) and now with the use of online generated content (Viglia *et al.*, 2016) is something present at any pages of the online portals.

According to some major research studies (Cialdini, 2014; Noone *et al.*, 2013), it is argued that social proof can influence consumer choice and is also one of the major factors that influence it. On the other side of the coin, it is argued that social proof might increase customer expectations (Kim *et al.*, 2017), it might be seen as fake content (Gavilan, 2017), it might not be communicated by all the consumers but only by those who had a very pleasant or a bad experience (Anderson, 1998), or be biased by previous published reviews (Askalidis *et al.* 2017) and also by the interpretation of the consumer experience (Gavilan *et al.*,2017). Last but not least, it might not influence an expert holiday maker (Castro *et al.*, 2013).

Scarcity tactics, the second factor discovered from the literature review, is used among online booking portals to influence consumer behaviour (Ku *et al.*, 2012; Sharma *et al.*, 2012) to create a sense of the fear of missing out, hence stimulating desire (Katz *et al.*, 2017; Ku *et al.*, 2012) and influencing the perception of room quality and its value (Cialdini, 2014; Sharma *et al.*, 2012). Scarcity has weaknesses too, such as being dependent on Psychological distance (Katz *et al.*, 2017); it also lose its influencing ability when there are other options available (Gierl *et al.*, 2010).

Price psychology is another factor that influences online consumer behaviour, as argued by previous researches (Lien *et al.*, 2015; Chan *et al.*, 2006) and can also be stimulated by brand name (Aghekyan-Simonian *et al.*, 2012). One critique found in

the literature reviews is about dynamic pricing, where the price changes according to the supply-demand volume (El Haddad, *et al.*, 2015) where first time consumers are more sensitive to these price variations.

A loyalty program is a practice used today by businesses to establish long term relationships with the consumer (Zopiatis *et al.*, 2016), as it is more convenient to keep a current customer than attracting a new one (Stone *et al.*, 1996), something not agreed by O'Malley (1998), whereby it costs more to keep them loyal when compared with their lifetime value (Chen, 2012). Among the important benefits that a loyalty program may generate, are increasing occupancy rate and profitability in the hotel industry (Lee *et al.*, 2014) and helping with the generation of positive WOM (word of mouth) (Bowen *et al.*, 2003). One main weakness found for a loyalty program is that the consumer must perceive the reward as valuable when compared to other competitors, otherwise they will switch to them (De Wulf *et al.*, 2001; Dick *et al.*, 1994).

Location factor has been demonstrated by past researches to be very strong in influencing consumer booking behaviour (Yang *et al.*, 2018; Cezar *et al.*, 2016; Chan *et al.*, 2006) and also in influencing hotel price perception (Zhang *et al.*, 2011).

Brand name resulted from the academic literature as being able to influence consumer behaviour, referring to hotel bookings, increasing the number of bookings, and strengthening the average daily rate (O'Neill *et al.*, 2010), as well as lowering the perceived risk of booking intentions (Aghekyan-Simonian, *et al.*, 2012) and increasing the perceived quality of the service (Suk *et al.*, 2010).

Chapter 3. Research Methodology

3.1 Introduction

In this chapter, the author will cover the methods on how the data will be collected and processed. Furthermore, the author will discuss the philosophical assumptions in support of this research.

Adams, Raeside and Khan (2014, p.1) define research as “a diligent search, studious inquiry or investigation or experimentation aimed at the discovery of new facts and findings” in order to improve the current knowledge of what have already discovered so far.

The main purpose of this study is to explore what the key factors are that influence the consumer behaviour of the population living in Ireland while booking for an hotel. In order to carry out this study the author has to define step by step how the research will be defined and planned, choosing a methodology and structure.

3.2 Proposed Methodology and Structure

The methodology of this study follows the Research Onion structure proposed by Saunders *et al.* (2015), where each layer of the “onion” represents a fundamental step towards the research process, until the last step, the data collection and analysis.

The following sections will cover the layers enlisted in the “onion structure”, starting from the Research Philosophies.

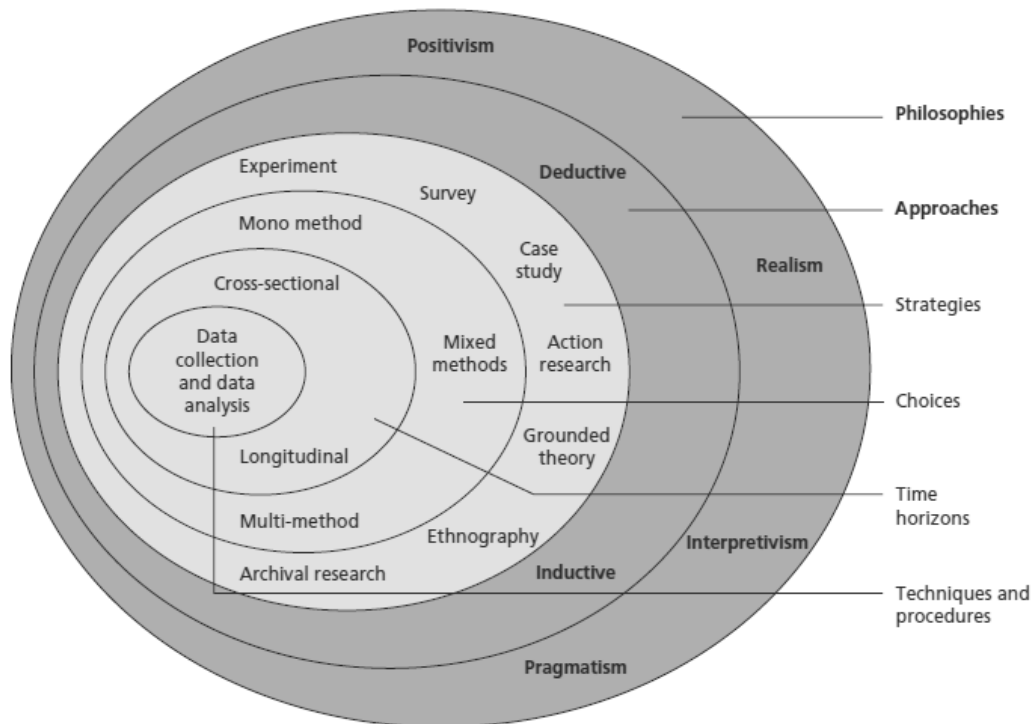


Fig. 1: The Research Onion (Saunders *et al.*, 2015, p. 138)

3.2.1 Research Philosophy

Science is human activity, therefore “whatever we as scientists do as we do science has validity and meaning as any other human activity does only in the context of human coexistence in which it arises” (Maturana, 1990, p. 30).

Saunders *et al.* (2015) argue that the research philosophy is driven by assumptions and beliefs about how a researcher should approach the source of information that enriches the research knowledge and its nature. Assumptions, even when not consciously known, are made at every step of the research (Burrell and Morgan, 1982) by the researcher. This is an important approach to better understand what the researcher is investigating (Johnson and Clark, 2006).

There are three different types of assumption that can be made by researchers, based on how they approach the concept of knowledge:

- *Epistemological assumptions*: this is based on the nature and the scope of the knowledge researched, what the researcher considers as valid knowledge (Scott and Usher, 1998).
- *Ontological assumptions*: what the knowledge is about, the nature of reality, and what a researcher believes is true;
- *Axiological assumptions*: how a researcher deals with their own value versus other participants' values and ethics during the research.

This study adopts an *epistemological assumption* because it focuses on gaining knowledge about consumer behaviour, specifically, the key drivers that influence the selection of a hotel room. Therefore, any information collected from the public is of valid importance and can be used to improve current knowledge.

On the first layer of the Research Onion, Saunders *et al.* (2015) devise four philosophies that are correlated with the assumptions previously mentioned:

- *Positivism*: this is based on the concept that the world is objective and it exists independently from the knowledge (Scott *et al.*, 1998). Its social environment is composed of rules of generalization with unambiguous and accurate knowledge. The task of the researcher is to discover these rules by being objective and unbiased. This means, as argued by Scott *et al.* (1998) that the researcher does not include into their study personal interpretations but only universal facts and rules that can be objectively validated.
- *Realism*: also known as critical realism (Saunders *et al.*, 2015) sees reality as it is in nature and without any form of interpretations to generate knowledge that already exist, even when it is not discovered yet.
- *Interpretivism*: This philosophical approach is in contrast with positivism. Reality is seen as social interaction among human beings, so the knowledge is based on the interpretation of what constitutes knowledge.
- *Pragmatism*: It focuses on the importance of the research question, considering either positivist and interpretivist philosophies as a way to gather and interpret data. This is because, according to Saunders *et al.* (2015), there are many ways to interpret the world and its knowledge may involve multiple realities.

In this study, the author adopted the *interpretivism approach*, as the conception of reality may change from user to user based on personal experience and social interaction. Therefore, the author is focused on the “empathic understanding of human action rather than with the forces that act on it” (Bryman and Bell, 2015).

3.2.2 Research Approach

The second layer of the Research Onion focuses on the research approach. This is where the researcher chooses to develop the study following a theory to validate or look at a phenomenon with the intent to generate a theory. This approach is divided into deductive and inductive research (Saunders *et al.*, 2015).

According to Bryman *et al.* (2015), a deductive approach research starts from a theory that needs to be tested, using a hypothesis to be validated by the empirical data. This data needs to be collected in a systematic way according to the formulated hypothesis. In contrast, an inductive research approach collects and analyses data based on empirical evidence and subsequently postulates hypotheses that might create new theories. In this case, the theory results from the data collected and analysed.

In this study, the author chose a *deductive approach* for the following reason: There are already fundamental theories on consumer choice decision making and consumer behaviour published in the academic literature. Morosan *et al.* (2017) in their review of literature and research directions mentioned 85 peer-reviewed articles from 2006 to 2016 that cover theories related to the author’s study. The focus in this study is instead on validating if the aforementioned key factors in Chapter 2 have the same correlation to consumers living in Ireland.

After the choice of a deductive or inductive approach, it is important to establish how the research will be carried out:

- *Exploratory study*: A discover-oriented study that seeks to find new insights into a particular problem or topic. It focuses on what is happening (Robson, 2002).
- *Descriptive study*: To “portray an accurate profile of persons, events or situations” (Robson, 2002, p.59) on a particular phenomenon.

- *Explanatory study*: Cause-oriented research to explain the correlation between variables.

An *exploratory study* will be applied to this study because the author aims to discover the consumer behaviour of users living in Ireland regarding the booking process of hotel rooms. This method will also allow the author to gain insights into consumer behaviour using “non standardized” questions and to interpret the gathered data.

3.2.3 Research Strategy

This section will cover the research strategy, the third layer of the Research Onion by Saunders *et al.* (2015). Experimental research studies the causal links between two variables: if one variable changes, the researcher observes if the other variable changes as a consequence.

A survey is used to “gather a large amount of data from a sizeable population in a highly economical way” (Saunders *et al.*, 2015, p.144). This implies a quantitative method approach during the analysis.

On the other hand, a case study uses an empirical investigation based approach on a real life context that explores multiple sources of evidence (Robson, 2002).

Action Research is based on an iterative process, called a research spiral, which focuses on finding solutions to a problem, usually an organizational issue, where participants involved are those experiencing the problem (Saunders *et al.*, 2015).

Grounded theory, introduced in 1967 by Glaser and Strauss, is usually linked with an inductive approach, as the main purpose of this strategy is to form a theory (Goulding, 2002), hence the researcher starts with collecting data without a theoretical framework and then builds the theory from there.

Ethnography, which is linked to an inductive approach method is used by the researcher to primarily collect the data on the field in the social world (qualitative research), while participants are living and interacting in their natural habitat.

The last strategy, cited by Saunders *et al.* (2015), is archival research, where the data is sourced from administrative records and has already been collected and available for analysis or data manipulation.

This study adopted a *case study research strategy*, as the author wished to gain a rich understanding of the context of the research (Morris and Wood, 1991). In addition, as argued by Saunders *et al.* (2015), this type of research strategy is mostly adopted in Exploratory research.

3.2.4 Research Choice

The research choice sets the method for data collection devised by a mono method (example: qualitative or quantitative) and multiple methods (Saunders *et al.*, 2015). This study followed a mono method research design, using qualitative research (single data collection techniques). This method was selected because this is a thesis dissertation rather than a Research Study, so time and resources were limited. If this was not the case, the author would have instead chosen a mixed method composed of qualitative and quantitative data collection in order to enrich the data.

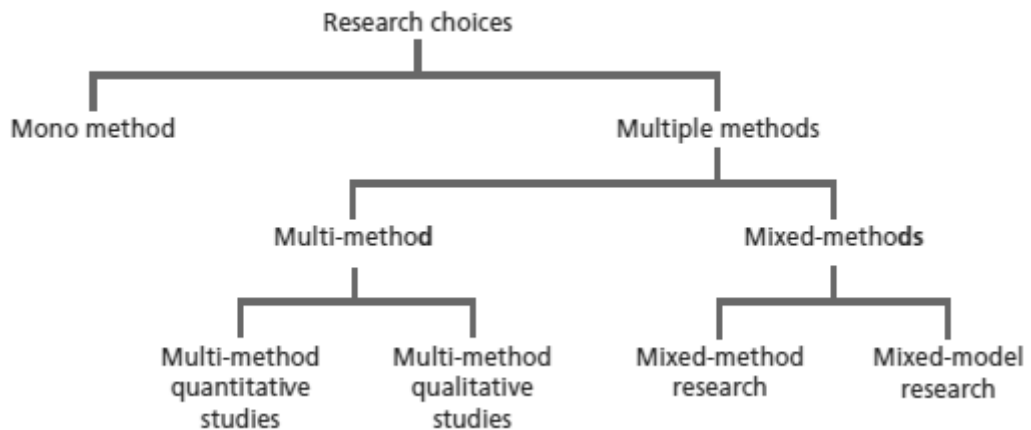


Fig 2: Research Choices (Saunders *et al.*, 2015, p.152)

3.2.5 Time Horizons

One important thing to consider about research is the frequency of data collection, meaning how often the researcher will collect data on the same population. Saunders *et al.* (2015) notes two types: cross-sectional, when we look at a particular time just once, like a snapshot or longitudinal, when the data is collected at an interval over a period of time. This depends on what the researcher wants to achieve. For example in the longitudinal, the aim is to find changes over the time.

In this study, the author used a *cross-sectional approach*, mostly due to time constraints, in relation to a Master dissertation being just 4 months.

3.2.6 Techniques and Procedures on Data Collection

This is the core of Saunders *et al.*'s (2015) Research Onion. It aims to define the methods and techniques that a researcher will adopt to collect data. Qualitative data collection was used by the author as the method to study the key factors that drives booking behaviour. The choice for a qualitative data collection method resides with the aim to gather a deep and rich set of data, based on personal (consumer) behaviour and opinion from the sample population, exploring the subject in a real manner as much as possible (Robson, 2002). Through the approach of a qualitative data collection, the data represents the meaning for participants about their thoughts; in contrast to quantitative data collection, it is not based on standardised data (Healey and Rawlinson, 1994).

3.2.6.1 Qualitative Data Primary Collection

A focus group was chosen in this study as a qualitative data collection method. The author acted as moderator and carried out two focus groups for the purpose of collecting insights, opinion, and personal experiences about the key factors influencing hotel booking behaviour. Each focus group was composed of 6 participants (either males and females). The number of participants was kept to six for each focus group in order to create a more focused experience among participants and to give the opportunity to everybody to feel part of the group and be more engaging with the moderator.

3.2.6.2 Population

Focus group participants were either males or females and all were adults (aged 18+) living in Ireland, who have made at least one hotel booking online for holiday purposes. No distinction was applied on what website the participant made their bookings on; it could have been a third party booking provider or directly on the official hotel website.

Chapter 4. Research Findings and Discussion

4.1 Introduction

In this chapter, the author discusses the findings from the data collection and analysis gathered from the two focus groups. The aim of this research was to collect consumer insights and opinions based on their personal experience as holiday makers while making an online reservation for a hotel room.

4.2 Objective 1 - Social Proof

In this section, the author will discuss the research findings on the influence of social proof in stimulating consumer behaviour.

4.2.1 The Influence of Social Proof on Purchasing Behaviour and Consumer Attitudes

From the research findings, social proof emerged as a strong key factor to influence online booking behaviour. This adds credence to the arguments of Cialdini (2014), where prospects rely on reviews, ratings, or word of mouth from other consumers. In particular, from the analysis of the data collected, 6 participants (50%) argued the importance of online reviews, 5 participants (42%) argued online ratings, and 1 participant argued for word of mouth (friend recommendation) as the first important factor among social proof.

4.2.2 The Influence of Social Proof in Reducing the Decision Making Process

Research findings were in partial contradiction with the arguments of Lee *et al.* (2011), regarding the assertion that online user generated content aims to reduce time spent during the decision making process of the online room selection. In fact, half of the

participants declared that they actually would spend more time on the hotel selection due to reading reviews: “*You are getting greedy on reading all the reviews because you want to find a negative comment, because it has to be something wrong with that hotel*”. This could be an interesting starting point for a new study focused on the population living in Ireland.

4.2.3 The Influence of Social Proof on Prices Comparison

Research findings were in partial contradiction with the study of Noone *et al.* (2013) on hotel reviews acting as the main driver influencing booking selection rather than comparing the room rates. In fact, the majority, composed by 8 participants (67%) expressed their interest in comparing the room rate first, though they also expressed interest in reading the reviews as well, once they settled on the room rates.

4.2.4 The Influence of Social Proof on Level of Trust

Research findings added to the arguments of Duffy (2017), where online users may perceive reviews as not all genuinely written by real consumers. In particular, where the review tends to be negative or contains very detailed critiques on the quality of the service, participants believed those to be genuine.

4.2.5 Research Findings Discussion on Social Proof

Research findings indicated that social proof is a strong key driver able to influence consumer behaviour during hotel room selection online, although it is not considered the best regarding room price selection.

It also emerged that among social proof features, online reviews are in top position for importance, followed by online ratings, and word of mouth.

An interesting discovery was found by the author, in partial contradiction with the research of Lee *et al.* (2011), that social proof (in the form of online user generated content) doesn't help in reducing time spent during the online hotel room selection but actually increased it due to the increasing number of online reviews and other similar

information available online. These reviews sometimes are seen by their users as not genuine, especially when they are written too positively or are well written.

4.3 Objective 2 - Scarcity Tactics

In this section, the author will discuss the research findings on the influence of scarcity on stimulating consumer behaviour.

4.3.1 The influence of Scarcity Tactics on Consumer Decision

Research findings were almost in complete agreement (83% of participants) with the academic studies of Ku *et al.* (2012) & Sharma *et al.* (2012) about scarcity tactics being able to influence consumer decisions. Only 2 participants (representing 17% of the total participant number) recognised scarcity as a common marketing tactic among the hotel sector and therefore were not influenced. In the case of limited rooms being available, if they like that room, they would contact the hotel owner to try booking it directly and sometimes get a better deal.

4.3.2 The influence of Scarcity tactics on Perception of Quality and Value

The research findings argued against the studies of Cialdini (2014) & Sharma *et al.* (2012), about increasing perception of quality and value through scarcity tactics. In fact, 75% of the participants did not agree to perceiving better quality or value in a hotel that has low room availability than a hotel that has plenty of rooms available.

From the conversation in focus group one, it emerged that room scarcity is not necessarily attributed to quality or better price perception, “*It might be high season for the selected check-in date, central location or it is doing a promotion or a deal*”.

4.3.3 The Influence of Scarcity Tactics and Psychological Distance in Stimulating Consumer Behaviour

In research carried by Katz *et al.* (2017), it was argued that one weakness of scarcity applied on products relates with the principle of Psychological Distance, which states

that if a product is not in the proximity of the consumer's vision range, it loses the effect of its desire.

The author researched if the same principle can be applied to a service such a hotel booking online and if there is a similar outcome. The distance variable in this case has been defined by the time between date of online booking and date of check-in. The author set this variable to 2 months' time.

Research findings confirmed that the arguments of Katz *et al.* (2017) on the principle of Psychological Distance are also valid for services; in this case, hotel bookings. From the author's study, it further emerged that in the case of high season, sporting events, or a conference base event, Psychological Distance does not influence scarcity tactics. This could be a starting point for further research.

4.3.4 Research Findings Discussion on Scarcity Tactics

It emerged from the focus group interviews that scarcity tactics are an important component in stimulating consumer behaviour for hotel bookings.

An interesting discovery was found by the author, in partial contradiction with previous studies (Cialdini, 2014; Sharma *et al.*, 2012) that scarcity tactics are not influencing perceptions of quality or value for a hotel room.

An important discovery found by the author was the dominance of the principle of Psychological Distance (Katz *et al.*, 2017) on online hotel booking as being able to reduce the effect of scarcity tactics: The farther the date of check-in from the time of booking, the lesser scarcity has power to influence consumer behaviour. This would be an interesting subject for future research.

4.4 Objective 3 - Pricing Psychology

In this section, the author will discuss the findings regarding the influence of pricing psychology on consumer behaviour, with a focus on perceptions of price value, price comparison, and perceived quality value.

4.4.1 The Influence of Price Value Perception on Online Consumer Behaviour

Research findings could not sustain the arguments given by Gupta *et al.* (2010) on the relation among good price perception value as a direct driver to influence consumer behaviour. The majority of the participants (75%) declared that, although they may perceive a hotel room rate as having a good price value, they would still compare the price among other hotels instead of making an immediate reservation. In particular, from the focus group, it emerged that two participants would be influenced by price value perception in the case of holidaying in a well-known city, where they would be more knowledgeable on the local living costs: *“If I was pretty confident on the room rate and familiar with the price range of the Country I was going to be on holiday, I would book straight away”*.

4.4.2 The Influence of Price Comparison in Stimulating Consumer Behaviour

Research findings were almost in total agreement (83% of participants) with the arguments of Gupta *et al.* (2010), where consumers tend to compare prices (hotel room rates) available from different online channels, with the aim of forming their perception of price, before making an online reservation.

In particular, from the focus groups, it emerged that 4 participants (33%), even though they check several third party online booking providers, they will always refer to the official hotel website to check room rates. This is because room rates *“sometimes are cheaper than on third party booking providers”*.

4.4.3 The influence of Price Value on Stimulating Purchasing Behaviour

Research findings add to the arguments of Lien *et al.* (2015), that, when the perception of one hotel room price is more convenient than other hotels, it stimulates purchasing

behaviour and lowers expectation of quality. In particular, from the focus group, it emerged that if the perceived price is too low to be true for a particular hotel, this reduces the perception of service quality and doesn't stimulate purchasing behaviour.

4.4.4 Research Findings Discussion on Price Psychology

Price tends to be one of the top key factors that influence consumer behaviour during hotel room selection. It is important to notice the term "hotel room selection" because subjective price (the room rate) is used by participants to: a) filter the room selection to exclude from the result a price that is higher than what they can afford to pay; b) use to compare room rates before finalizing the booking.

Price itself is not considered a reliable indicator towards the perception of a hotel room's quality or service, although it emerged that, if the price is perceived as too low, it might reduce the perception of room quality and discourage reservation.

4.5 Objective 4 - Loyalty Program

In this section, the author will discuss the findings on the influence of a loyalty program in stimulating consumer behaviour.

4.5.1 The Influence of a Loyalty Program on Consumer Behaviour

Research findings partially accepted the arguments by Zopiatis *et al.* (2016), that a loyalty program is able to establish long time relationships with customers. In fact, from the data collected in the focus groups, 5 participants (42% of total participants) maintained that a loyalty program provides a strong incentive to keep them booking on the same platform, but it has to be a third-party online booking provider, rather than a mono-brand hotel chain website, because "*I wouldn't be loyal to the same hotel if I go to another country or city*".

Participants who were not favourable regarding a loyalty program (58% of the sample population) stated that current online booking platforms do not offer enough

incentives or rewards to spark their interest, hence they don't feel the need to be loyal. They also added they might become loyal once they found a good incentive to make an online booking.

The author argues that if these participants would be interested in a loyalty program just because they found something more rewarding or valuable, they might change their mind again if they find something better elsewhere.

4.5.2 The Influence of a Loyalty Program on Consumer Purchasing Decisions

Research findings sustained the arguments given by De Wulf *et al.* (2001) & Dick *et al.* (1994), where if a loyalty program is based only on price strategy, consumers will choose another provider as soon as they find cheaper prices. The majority of participants (92%) argued that it also depends on what would be the price value of a loyalty program reward. In the case that they perceive a good price value in the reward, they might ignore the better price on another platform. As argued, this would not be a motivation for being loyal, because the reason is still based on price convenience rather than being loyal to the brand.

It also emerged from two participants that if a hotel room rate can be found cheaper on another online booking platform, it means that the program was not good enough.

4.5.3 The Influence of a Loyalty Program on Consumer Satisfaction

Research findings were partially in agreement with the arguments of Henderson *et al.* (2011) about the influence of a loyalty program on consumer satisfaction due to letting them feeling valued more than just regular customers. Only 4 participants (33%) were in agreement regarding feeling better valued than regular customers. They also stated that room rates and late check-in are the two benefits that distinguish them from being considered regular customers.

4.5.4 Research Findings Discussion on a Loyalty Program

According to the sample population response, a loyalty program was not one of the top key factors in stimulating consumer behaviour for hotel booking. In fact, only 42%

of total focus group participants agreed that a loyalty program influences them to keep booking on the same platform. One weakness found with regards to a loyalty program is the low value of the rewards offered, hence if there is another online platform with the same hotel room but a better price, they book on that platform. This is the same for a loyalty program based only on price discounts.

Another important insight to emerge from the research findings is that, even though 42% of participants followed a loyalty program, only 4 participants (33%) felt they are a valued customers who have better benefits than a regular consumers.

4.6 Objective 5 - Location

In this section, the author will discuss the findings regarding the influence of location in hotel booking behaviour.

4.6.1 The Influence of Location on Purchasing Behaviour

Research findings agreed with those of Cezar *et al.* (2016) & Zhang *et al.* (2011), arguing that location is one of the key factors influencing purchasing behaviour when selecting a hotel room.

All the participants would consider hotel location as one filter to narrow down the search result list of hotel rooms before making a reservation. Having validated this argument, the author will explore, in the next section, what importance is attributed to location ratings by their participants.

4.6.2 The level of Importance of Location towards Consumer Behaviour

Research findings agree with the arguments of Cezar *et al.* (2016), where location rating is more important than other ratings (such as star ratings) during the selection of the hotel room. In addition, the author accepts the arguments of Yang *et al.* (2018) regarding location as the top contributor in the hotel selection stage.

From the research's focus groups, it emerged that 11 participants (92%) considered location to be the first key driver factor to narrow down the hotel search result, while one participant would consider it in second position right after cleanness of the room ratings.

4.6.3 The Influence of Location on Consumers' Price Perception

Research findings agree with the arguments of Zhang *et al.* (2011), where location factor is able to influence consumers' price perception.

From the focus groups, 11 participants (92%) considered a hotel ideally located to the place they want to stay as having more price value than another one located outside their preferred location range. In addition, it emerged from the same participants that they would be willing to pay more for a hotel located in their preferred location.

4.6.4 Research Findings Discussion on Location

Location factor has a strong impact in influencing consumer behaviour with all participants in agreement of using it during the hotel room selection. Also, it resulted being the first key factor, more important than reviews or price. Insights from the focus groups also contributed to establish that location factor is able to influence the perception of price value in the mind of the consumer who wouldn't mind paying a little more to stay in their desired location.

4.7 Objective 6 – Brand Name

In this section, the author will discuss the findings on the influence of brand name in hotel booking behaviour.

4.7.1 - The Influence of Brand Name on the Consumer's Perceived Risk

Research findings agree with the arguments of Aghekyan-Simonian, *et al.* (2012), where brand name influences online consumer behaviour and therefore their perceived

risk is attributed to the room selection. Data collected in the focus groups show that 11 participants (92%) feel more confident in booking a hotel room when they recognise the brand name of hotel, lowering their perceived risk. It also emerged from one participant that in case they plan to visit a new destination never explored before, they feel it a necessity to book for a branded hotel name to guarantee the standard level of services. For places, they have already been before, knowing also the area, they are more inclined to book a local (unbranded) hotel.

4.7.2 The Influence of Brand Name on Stimulating the Consumer Evoked Set

Research findings partially agreed with the arguments given by Baker *et al.* (1986) regarding familiarity of hotel brand as being able to manipulate the consumers' evoked set. From focus group number one, no participants were able to remember the brand name of the hotel they stayed last time. Few brand names were mentioned, but it was related with the proximity to local hotels in Dublin. Another hypothetical cause could be related to low participants' effort in remembering the name or just because they were tired of the focus group questions (approaching the end of it).

The second focus group reacted differently, resulting in all 6 participants remembering at least one hotel brand name in connection with their holiday stay. From this focus group, 4 participants (33% of total participants in the focus groups) stated that advertisements helped them remember the hotel brand and therefore facilitated in choosing that particular hotel.

4.7.3 The Influence of the Brand Name on Stimulating Perceived Quality

Research findings partially agreed with the arguments of Suk *et al.* (2010), where the brand name of the hotel influenced the perceived quality of its hotel room.

From the focus groups, it emerged that 7 participants (58%) perceived that a room has a better quality when associated with a well-known brand name, as well as when the room pictures are professionally taken.

The author noticed a sort of contradiction with the answers from focus group number one. This group, in the previous question, were not able to remember the brand name

of the hotel where they stayed last time, nor any other brand, although they answered that they were able to perceive a better quality of room when the brand name was associated.

Two participants who did not agree to perceive a better room quality with brand name hotels added that those brand hotels guarantee a quality standard but there are better “unbranded” hotels where you can get better quality.

4.7.4 Research Findings Discussion on Brand Name

According to the research findings, brand name contributes to influencing consumer behaviour, strengthening purchasing confidence, and lowering the perceived risk, due inevitably to the nature of online booking being a service and not a product (Marić *et al.*, 2016). It emerged also that brand is able to influence the prospect’s evoked set before they start the process of room selection and during this activity. In fact, 50% of the participants remembered at least one hotel brand name. Lastly, it was found that brand name stimulates the quality of a hotel room if compared to an unbranded hotel.

Chapter 5. Ethical Issues

The following ethical standards have been observed during this study by the author. For practical reasons, the author organised this chapter into two parts: Ethical standards for the author themselves and for the participants, as according to Blumberg, Cooper and Schindler (2008) authors and participants should observe good ethical behaviour during research.

5.1 The Author

For the duration of this study, the author followed an ethical code of conduct to avoid ethical issues arising. All information collected and analysed was treated confidentially, anonymously, and used only for the purpose of this Master Thesis.

All digital recordings and informed consent sheets collected during the focus groups are currently stored in a safe place accessible only by the author and they will be destroyed before 30th August 2019. This is to give time to the commission in charge of examining this thesis access to the recordings. Any written notes taken during the focus groups were destroyed by the author.

Prior to collecting any data (digital voice recording and notes), the author asked for permission and also explained clearly the reason and the scope of the focus group, as being part of a Master Thesis.

The author demonstrated integrity during this study, handling all phases with maximum professionalism and guaranteeing privacy to the participants.

The author was not biased nor did he apply any discriminative decision at any stage of his study, in particular during the recruitment of participants for the focus groups, such as by gender, political views, sexual preference, ethnicity, etc.

The author did not receive any money or sponsorship from companies or organizations in order to do this study, operating independently and applying his own judgement.

5.2 The Participants

All participants provided the author with their consent (written and verbal) to take part in the focus groups, knowing that they could withdraw at any stage. This was also stated in the informed content sheet, which was signed by the participants.

All participants selected were adults, aged 18 or older, and were not from a vulnerable group. As the time for this study was limited to a Master Thesis, participants recruited for the focus group were from among working colleagues of the author and National College of Ireland students.

Female and male participants were treated the same way and given the same opportunity to take part in the focus group and were both equally given the opportunity to express their opinions at any time.

Chapter 6. Conclusion and recommendation

6.1 Conclusion

Although, from a user perspective, the perception of hotel booking online may be seen as a reduced simplistic process made of room search, selection, and payment, “behind the scenes” there are several emotional and rational factors that influence the consumer during the hotel room choice. Knowing this from a marketing perspective, it helps to create a more defined strategy to influence and stimulate purchasing behaviour. From the hotelier side, it provides a better cost effective service to prospective customers. One example in this case would be the research finding for a loyalty program, which turned out to be an undervalued key factor among the sample population, especially if the reward doesn’t generate any interest or desire.

From the literature review, it emerged that social proof, scarcity tactics, pricing psychology, loyalty program, location, and brand name are the current key factors that influence consumer behaviour during online hotel booking. These factors have been researched from different countries such as Turkey (Acar *et al.*, 2012), Hong Kong SAR (Chan *et al.*, 2006), Taiwan (Lien *et al.*, 2015), UK (El Haddad *et al.*, 2015), Los Angeles (Yang *et al.*, 2018) but not for Ireland. Therefore, the author was interested to discover if there were discrepancies among assertions given in current academic literature regarding what key factors were influencing the consumer behaviour of holiday makers living in Ireland.

From the author’s research, it emerged that location is the top key factor that consumers living in Ireland rely on when booking a hotel room online.

In second place of importance, almost as valuable as the location, was price. This has a versatile function: a) room price comparison, and b) filter to exclude an unaffordable room. In addition, when the price is too low, it influences negatively the room quality perception, but this does not work the opposite way: higher price doesn’t mean higher quality.

Another important key factor that tested positively in influencing consumer behaviour was social proof. Nowadays, with user generated content (Viglia *et al.*, 2016), consumers are influenced and rely on online reviews and star ratings, but it also emerged that due to time spent in reading online reviews, it increase the overall time before the final decision, in contrast with Lee *et al.*'s (2011) arguments.

Although not in the top position, scarcity still has importance in influencing online consumer behaviour during hotel booking. However, from the author's findings, it emerged that a few participants started to recognise it as a tactic. As a consequence, they are aware that probably if a room is not available on one particular platform it might be available from an online competitor or by contacting the hotel directly. An important discovery was made by the author by applying the principle of psychological distance (Katz *et al.*, 2017) when a hotel room has few rooms available. As result, the power of scarcity was lowered by psychological distance.

Brand name, was considered to be another component to add to the key factors for consumers living in Ireland. This is because it demonstrated to be beneficial at strengthening purchasing confidence and lowering perceived risk during online hotel booking, as well as being able to influence the prospect's evoked set before they start the process of room selection.

Lastly, a loyalty program did not generate a strong interest among participants in the author's research, as only a small part of them were enrolled in it. It emerged that, overall, online hotel booking loyalty programs for consumers living in Ireland are perceived as having a low value in rewards given to their members. Therefore, if a consumer finds a better deal elsewhere, they will not hesitate to book outside a loyalty program.

6.2 Recommendation

The author wish to give the following recommendations:

- a) Location is the first important key factor for a holidaymaker living in Ireland. This means that if a hotel is located close to a tourist attraction area or the area has particular interest for the consumer (i.e. quiet location, close to a stadium, etc.), it will be booked more readily. So it is important to leverage on location factor, finding some point of interest close to the hotel.
- b) If there is a loyalty program in place, the hotel should research (using surveys or asking directly to their guests) if it is attractive and the reward is worth their participants' time. Among the research findings, it emerged that free transfer from the airport to the hotel and late check-out are things that might keep the consumer loyal.
- c) If the hotel room rate is perceived by a prospect as too low, it will generate a perception of low quality room or service. In this case, it is important to not lower the price of the room too much.

This study could be an interesting starting point for future research on hotel booking behaviour among consumers living in Ireland. In particular, this study discovered that the principle of Psychological Distance (Katz *et al.*, 2017) could be applied to online hotel booking. This can be explored further by future researchers.

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Appendices

Appendix 1: Focus Group questions

The following questions were asked to the 2 focus groups.

Questions for Objective 1 - Social Proof

- 1) Remember last time you booked online for a hotel room. Was your choice influenced by a review, rating or recommendation? If not why did you choose to book that hotel?
- 2) Based on your experience, What do you think on online ratings and customer reviews help you in reducing the time in the hotel room selection?
- 3) Is it more important for your final room booking decision in reading the reviews or comparing the room rates?
- 4) Do you feel/think some online hotel reviews might be fake and written by a Marketing Agency or by the hotel itself?

Questions for Objective 2 - Scarcity Tactics

- 5) You have to book a hotel room for a stay in 2 weeks' time. You selected one hotel, but there is only one room available. How do you behave/act ?
- 6) Consider the previous scenario where there is only one room still available for the hotel you want to make a reservation. How is your perception about the quality and value for that room / hotel service?
- 7) You want to book for a hotel room you plan to stay in 2 months' time. The hotel you want to stay has only one room available. Would you make it quicker and book the last available room or look at other similar hotels with more rooms and choice available? How would you feel by the fact that there is only one room available?

Questions for Objective 3 - Pricing Psychology

- 8) Talking about room rates, would you be more interested to book for a room if you feel its room rate has a reasonably good price based on your experience? Would you still compare with other hotel rooms and their features before making your final decision?
- 9) You found a room available to book online for your chosen hotel. Do you go to other booking websites or on the official hotel website to check and compare if the same room has a better price before finalizing the booking?
- 10) While selecting a hotel room online, if you see its room rate very affordable or lower than you would expect to pay, how would you expect the standard quality of the room or the service provided by the hotel?

Questions for Objective 4 - Loyalty Program

- 11) Do you think loyalty program is a good incentive for you to make a reservation from the same hotel or same hotel booking provider? How?
- 12) Consider you were enrolled in a loyalty program. If you see another website that sells the same room at cheaper room rate what you would do?
- 13) If you are a member of a loyalty program booking scheme, do you feel valued better than just a regular customer? Can you please elaborate?

Questions for Objective 5 - Location

- 14) How does the hotel location influence your choice while booking for a room online?
- 15) How is it important for you the hotel location rating when compared to other rating features?
- 16) Between two hotels that have same room rates: Would you consider the price more convenient if one hotel is located very close where you need to stay?

Questions for Objective 6 - Brand Name

- 17) How do you feel to make an online reservation for a hotel that you recognise the brand compared with an unknown brand? Do you feel that what you pay with a branded name hotel is good money and you are not worried to get bad surprises?
- 18) Do you remember some hotel names / hotel chains? How do you remember them?
- 19) Think about a popular hotel brand name and tell me how you feel about the quality of their rooms compared to an unknown hotel name.

Appendix 2: Consent form sheet for Focus Group data collection

The author implemented the following Informed consent form, originally wrote by Fisher, Lyman, Butts and Mosher (2014).

Informed Consent – Focus Group

Student name: Donald Piccione

MSc Marketing – National College of Ireland, Dublin

Purpose

This focus group is part of a Master Thesis aimed to explore what are the key factors driving online booking behaviour in the hotel industry through consumers living in Ireland.

As part of this study you will be asked to participate in a focus group and answer structured and open-ended questions. This study will take approximately 90 minutes.

Participants' Rights

I understand that my responses will be kept in the strictest of confidence and will be available only to the researcher. No one will be able to identify me when the results are reported and my name will not appear anywhere in the written report. Please do not share other people's identities or responses from the focus group with others to maintain the anonymity of the participants outside of the focus group. I also understand that I may skip any questions or tasks that I do not wish to answer or complete. I understand that the consent form will be kept separate from the data records to ensure confidentiality. I may choose not to participate or withdraw at any time during the study without penalty. I agree to have my verbal responses tape-recorded with mobile device and transcribed for further analysis with the understanding that my responses will not be linked to me personally in any way. The recording will be destroyed on 30 August 2019.

I understand that upon completion, I can ask and have full explanation of this study. If I am uncomfortable with any part of this study, I may contact Dr. Colette Darcy, Dean School of Business, at (01) 4498538.

I understand that I am participating in a study of my own free will.

Consent to Participate

I acknowledge that I am at least eighteen years old, and that I understand my rights as a research participant as outlined above. I acknowledge that my participation is fully voluntary.

Print Name: _____

Signature: _____ Date: _____