Online positioning through website service quality: A case of star-rated hotels in Taiwan

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ABSTRACT

This study develops a website quality scale for online positioning for the hospitality industry, and analyzes the online-offline positioning consistency. Using data of 153 Taiwanese hotel websites and the multivariate methods of confirmatory factor analysis, principal component analysis, and clustering analysis, twelve attributes under five hotel website quality constructs have been developed. Based on the hotel website quality scale, the study demonstrates three online segments of Taiwanese hotel industry, and then reveals the problem of positioning consistency of Taiwanese hotels between online website quality and offline star rating. This study explores the consideration of online-offline marketing positioning consistency and emphasizes that the service vendor's website quality plays as an online marketing thrust to acquire the subsequent service transactions strategically.

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1. Introduction

With the expansion of the Internet, many firms are adopting multichannel strategies for their marketing and operations (Fernández-Sabiote & Román, 2012). An increasing number of customers are purchasing from websites instead of physical stores (Serrano-Cinca, Fuertes-Callén, & Gutierrez-Niéto, 2010). Customer satisfaction with and loyalty to lodging services are higher when the service is chosen online, because customers benefit from the ease of obtaining information for their decisions (Shankar, Smith, & Rangaswamy, 2003). Information technology (IT) is strategically and gradually reshaping the fundamental structure of industries and society and generating knowledge, which is at the center of a business's competitiveness (Chathoth, 2007; Ham, Kim, & Jeong, 2005). Hence, current service vendors must include an online positioning strategy (Fernández-Sabiote & Román, 2012). Thus, the tourism and hospitality industry should consider modernizing physical facilities and integrating online positioning with offline marketing (Henderson & Venkatraman, 1999; Patel, 2003). Ingram (1996) argued that compared with standalone hotels, offline hotel chain affiliations promote a more effective positioning advantage of branding to persuade users to recognize and select a particular hotel. However, in the age of the Internet, online positioning

strategies initially attract users' attention and influence their perception. As Kwon and Lennon (2009) argued, the more positive a consumer's perceived online brand image is, the higher is the customer loyalty for the retailer. By contrast, negative online performance affects consumers' offline brand beliefs (Kwon & Lennon, 2009). Most customers first experience hotel services through websites before actually visiting the hotel (iPerceptions, 2011). Therefore, tourism and hospitality firms must improve the reciprocity between online and offline images. The competition in the tourism and hospitality industry is evident not only in offline positioning but also in the consistent integration of online services with offline services through the Internet.

This study examined the consistency between online and offline positioning. As Wang et al. (2015) emphasized, a hotel website is a major marketing tool that supports information provision and promotion and is a trust mediator and transaction facilitator. In addition, the online positioning performance interferes with the offline image and consumer purchasing intention (Kwon & Lennon, 2009). However, the consistency gap between hotels' online and offline marketing positioning remains unexplored (Li, Wang, & Yu, 2015; Ting, Wang, Bau, & Chiang, 2013). Therefore, a website quality scale was developed in this study by depicting the hotel website functions and features to generate a comparative quality score for each hotel's website. Thus, the hotel's offline star ranking can be judged according to whether the high star ranking corresponds with the associated high website quality score. Consequently, the

positioning consistency or incongruity between online and offline business strategies can be measured.

This study is organized as follows: First, a literature review about hotel website quality is used to evaluate the hotel online marketing mix and segment the differences between hotels. Second, the methodology, including confirmatory factor analysis (CFA), principal component analysis (PCA), and clustering analysis, is presented. Third, the data analysis and results demonstrate each hotel's online positioning in accordance with the framework of website quality, which is compared with each hotel's star rating, which represents a general hotel offline positioning. Finally, the challenges and strategies are discussed in the conclusion while considering the positioning consistency.

2. Theoretical background

2.1. Online segmentation and positioning

Strategic positioning through the information technology in establishing an e-business has been used to tout the market potential, thereby influencing the minds of prospective consumers (Ham et al., 2005; Kim, Song, & Koo, 2008). Online positioning is defined as the process of creating an identity in the minds of Internet users (Serrano-Cinca et al., 2010). Thus, online vendors should aim to surpass the online positioning of their competitors in customers' minds by improving the online image, which distinguishes them from their competitors (European Commission, 2014). Serrano-Cinca et al. (2010) used several website features to depict online positioning of the major web-based businesses in the United States and identified people-based versus search engine-based online positioning. Baloglu and Pekcan (2006) segmented the luxury hotels by interactivity, navigation, functionality, and marketing practices in hotel website design, enabling hotel owners to compare their online positioning with those of their competitors to capitalize on the informational and transactional potential of the Internet and finally gain a competitive advantage. Thus, the online website is similar to a storefront that provides users with the first impression and then influences their perception. Therefore, the service's functionality, built in the vendor's website and augmenting the website's service quality, is a crucial predictor of customer perceptions in the online context (Cenfetelli et al., 2008). Bilgihan and Bujisic (2015) argued that the online website features, particularly the hedonic features with interactivity and community involvement, enhance the long-term relationship with customers and support online marketing. Moreover, Brackett and Carr II (2015) demonstrated that environmental sustainability and green design depicted on hotels' websites reveals the online positioning differences between hotels. Thus, investigating website features is a suitable approach to differentiate competitors by evaluating each online service provider's website quality. According to Law and Cheung (2006), users of hotel websites differently perceive the overall quality of the websites of different star-rated hotels. The importance of website quality perceived by users usually increases with the class of the hotel. Therefore, the hotel website service quality should be consistent with its star ratings.

2.2. Hotel website quality

Zeithaml, Parasuraman, and Malhotra (2002) expanded the SERVQUAL (service quality) scale (Parasuraman, Zeithaml, & Berry, 1988) to measure online retailers' websites using an e-SERVQUAL scale with the following dimensions: efficiency, reliability, fulfillment, privacy, responsiveness, compensation, and contact. Li, Tan, and Xie (2002) added to the scale communication and quality of information, which are characteristic to the Internet. Parasuraman,

Zeithaml, and Malhotra (2005) comprehensively defined website quality from the prepurchase phase (comprising ease of use, product information, ordering information, and personal information protection) to the postpurchase phase (comprising delivery, customer support, fulfillment, and return policy). Ladhari (2010) further proposed six consistent dimensions: reliability and fulfillment, responsiveness, ease of use, privacy and security, web design, and information quality and content. However, the website quality scale for the hospitality industry, which integrates virtual booking with a follow-up experience of physical fulfillment, requires detailed delineation (Schmidt, Cantallops, & dos Santos, 2008; Escobar-Rodríguez & Carvajal-Trujillo, 2013).

According to Cox and Koelzer (2004), an efficient hotel website outlines three categories of contents from the beginning of the planning stage to the traveling experience stage: information-oriented, transaction-oriented, and customer-oriented. Li et al. (2015) illustrated that effective hotel website marketing increases three types of services: e-information, e-communication, and e-transaction. The information-oriented content provides customers with the complete product and service lines supported by the hotel, whereas the transaction-oriented content refers to functions of securing interactions and facilitating the entire operation. The customer-oriented content of a hotel website includes the complementary services intended to streamline the customer trip with empathy and caring. The information-oriented content of hotel websites generally covers both utilitarian and hedonic features (Bilgihan & Bujisic, 2015). The utilitarian features represent the completeness, relevance, and timeliness of the information presented, whereas the hedonic features generally refer to the website's charm, color, sound, and esthetic visual layouts, namely the usability of websites that appeals to users, including esthetics, ease of use, and navigability. As Jeong and Lambert (2001) emphasized information value, the completeness and relevance of hotel booking information to address users' queries are increasingly essential. Wong and Law (2005) argued that the intrinsic hotel website value is relevance, abundance, and accuracy. In particular, Chung and Law (2003) explored complementary information by providing facilities, customer contact, reservations, and information on the surrounding area. Kim and Lee (2004) emphasized online accessibility and usefulness, whereas Ho and Lee (2007) focused on usability through personalized functionality of websites. Schmidt et al. (2008) argued that an effective hotel website should feature multimedia to enhance navigability. Jeong, Oh, and Gregoire (2005) asserted that usability guides customers to achieve their web surfing without investing considerable effort; Díaz and Koutra (2013) also emphasized usability through the esthetics of the design, reflection of a strong and associative image, and attractive persuasion to visit.

The transaction-oriented content of hotel websites involves the fulfillment of orders online (Li et al., 2015), thereby emphasizing transaction credibility, including assurance and security (Wang et al., 2015). Díaz and Koutra (2013) suggested that hotel website services should focus on credibility beyond informativeness and usability. Kim and Lee (2004), Ho and Lee (2007), and Schmidt et al. (2008) have argued that an effective hotel website that supports transaction fulfillment must feature privacy and security.

The customer-oriented content of hotel websites focuses on building long-term user relationships (Li et al., 2015) and promoting emotional commitment from customers (Bilgihan & Bujisic, 2015). Thus, hotels should maintain customer relationships by enhancing interactivity and virtual involvement through the development of information and communication technologies (Wang et al., 2015) and displaying their service competence using responsiveness and empathic designs (Chou & Cheng, 2012). Kim and Lee (2004) emphasized online responsiveness and