



Discussion paper

The power of design: How does design affect consumers' online hotel booking?

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ABSTRACT

Emphasizing experiential appeals to consumers through design is most notable in the emerging lifestyle hotel segment of the lodging industry. This study identifies which lodging design mechanisms evoke consumer responses and provides a novel understanding of the relationships among consumer perception of hotel product/service design and booking intention by incorporating consumer emotional arousal and quality expectations in a theoretical model. The findings of this study suggest that aesthetics and symbolism in hotel design shape booking intention through emotional arousal and quality expectation. The functional dimension of design affects booking intention only through quality expectation. The findings will be particularly meaningful to the lodging industry because online booking requires both emotional and cognitive responses on the part of consumers.

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1. Introduction

A buyer's first impression of a product is its design, which affects the purchase decision if that impression is strong enough (Bloch, 1995). Consumers also evaluate design during consumption through both direct and indirect interactions (Mishra et al., 2015). Service is, of course, characterized differently from physical goods because of its distinctive characteristics. Intangibility, the most distinctive characteristic of services, means that consumers cannot feel, touch, or taste before purchasing and consuming services (Levitt, 1981). Therefore, consumers rely more on other cues to evaluate quality before purchasing service or at the moment of purchase (Brandy et al., 2005). To deliver customers delightful service in a competitive and hedonic consumption market, the design of the physical facility has become an essential part of sustaining a competitive advantage (Hightower et al., 2002). Physical environment is critical to generating excitement (Wakefield and Blodgett, 1999) and evaluating the quality of intangible services with subsequent attitudinal and behavioral outcomes (Bitner, 1992; Parasuraman et al., 1995). Such characteristics are directly applicable to the hospitality industry. Hospitality service organizations must provide tangible evidence of service components to their consumers.

More recently, with rapid technological advances, consumers visit company websites to collect information, relying on the physical evidence on the website as a surrogate for quality before making a purchase online. Therefore, understanding how consumers perceive design has become even more important, particularly because consumers evaluate and purchase lodging services long before they actually experience the lodging first hand and consume the service.

In striving for a competitive advantage in the market, hospitality service organizations have tried to create the best impression of their service offerings by carefully designing the physical environment of their property (Countryman and Jang, 2006; Lin, 2004). Very recently, hospitality entities have begun to make their service offerings more tangible to consumers. Within this emerging trend, experiential appeals to consumers are emphasized through design, particularly for lifestyle hotels. Major hotel chains have started their own versions of lifestyle hotels that emphasize unique style rather than commoditized product/service offerings (e.g., Ernst and Young, 2015; Jones et al., 2013). They focus on services, styles, and images. By emphasizing style and other design elements of the interior and exterior of properties, particularly lighting, decor, furniture, artwork, and landscape, lifestyle hotels attract guests and present their services (Kim and Perdue, 2013). As consumers pay more attention to new experiences and favor contemporary design (Cachon and Swinney, 2011; Crilly et al., 2004), new hotel segments like lifestyle hotels have become especially interested in how hotel design features influence consumer responses and their decisions. Although consumer behavior and decision-making in purchasing hospitality services online have been investigated over

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the past decade, understanding how consumers perceive physical design and how that affects decision-making remains limited. Consequently, examining the relationships between conscious and subconscious evaluation of physical design and decision making is necessary.

Hospitality service firms can manipulate the servicescape to communicate their unique style to their consumers, and understanding how consumers interpret and respond could help determine the effectiveness of the marketing (Aubert-Gamet, 1997; Rosenbaum and Massiah, 2011). Therefore, we must better understand how the physical design of lifestyle hotels communicates intangibles to consumers. The purpose of this study is to further explicate the connections between how consumers perceive the design of a hotel's physical environment and consumer booking intentions. By incorporating consumer emotional arousal and quality expectations in a theoretical model, we present meaningful discussions that help understand consumers' online hotel booking intention.

2. Review of literature

2.1. Product design and its conceptualization

Product design is a holistic summation of all different activities in the production process and a primary reason for consumers to purchase and use the product (Mishra et al., 2015). Product design is a powerful strategic device for developing brands (Brunner et al., 2008) as well as positioning them (Best, 2008). As a source of the initial impression of a product or inferences about product attributes, design provides valuable information to help consumers determine an initial reaction to the product (Bloch, 1995). Although design in modern research has no single definition, the literature views design as a mixture of appearance and function.

Because service offerings have no form (appearance), design becomes a pervasive component of marketing mix. The design of tangibles and physical environment is an important cue differentiating a product or service from its competitors (Black et al., 2014). In lodging, the mix of tangibles and intangibles are presented for consumption. According to the touch management perspective of service companies, hotel businesses require considerable investment in space/architecture and product design because of the hedonic motivation of the guest: it is all about good feeling and comfort (Lee et al., 2013). Particularly, design-led hotels differ in look and feel from traditional lodging properties, which changes the dynamics of attracting guests. For these reasons, hotel companies strive to provide the best service environments and emphasize the design elements of their properties.

2.2. Dimensions of design perception

A review of the literature reveals that researchers have focused on product design and its effect on consumer responses. Luchs and Swan (2011), however, claimed that the study of product design suffers from a lack of research on anything not associated with the form and function paradigm. While form and function are important, a more integrated understanding is necessary because consumers interact with a product or service comprehensively, not just its form nor its function. Function, while necessary, is not sufficient. Bloch (1995) emphasized a systematic approach to product design, proposing a model of consumer responses that included psychological and behavioral elements. Later, a holistic approach to design has emerged as a mix of functionality, look and feel, and end-user needs (Venkatesh and Meamber, 2006). More recently, three design dimensions, including aesthetics, functionality, and

symbolism, have been widely applied (e.g., Homburg et al., 2015; Noble and Kumar, 2008).

Aesthetic characteristics of a design refer to the visually appealing, as well as pleasing all human senses (Bloch, 1995). It has been defined as a part of the attributes of a product, "eye-catching", or combination of both: a product is eye-catching, which leads to the beholder seeing beauty (Homburg et al., 2015; Reber et al., 2004). The functionality of design is related to the way the design communicates and conveys information to consumers (Nussbaum, 2005). It involves the utilitarian elements of a product and how well it achieves adequate practical performance (Bloch, 1995, 2011). The symbolic dimension centers on the meaning of a product, conveying to a consumer a self-image through the design elements (Aaker, 1999; Bloch, 2011; Homburg et al., 2015). These three dimensions are related to each other but, at the same time, are profoundly different: each has its own unique features. This study adopts Homburg et al.'s (2015) definition of design, a multi-dimensional perception of aesthetics, functionality, and symbolism of a product. To take the first step in linking design perceptions to emotional and cognitive appraisals and empirically test these connections in the lodging context, we focused on three distinct dimensions of design perceptions (aesthetics, functional, and symbolism) of hotel service products (physical attributes and environment) and the connections to relevant appraisals (i.e., emotional arousal and quality expectation).

2.3. Effects of design perception on affective and cognitive appraisals

Design influences the consumer decision-making process because it can generate favorable intuitive and emotional reactions (Norman, 2004). The initial evaluation of product design is often subconscious occurring within milliseconds (Firzsimous et al., 2002; Frijda, 2006) to appraise the pleasantness of the product itself. Design affects the emotions, creating arousal at different levels, both low and high, which results in behavioral outcomes like the amount of time and money spent, the number of items purchased, and loyalty (cf. Mummalaeni, 2005). Therefore, much research on design has focused on creating favorable emotional responses and preferences for specific products.

Cognitive appraisal is the process through which individuals evaluate and interpret ambiguous situations where they have little evidence, no physical stimulation, or no obvious clues (Schachter and Singer, 1962; Schachter, 1964). Understanding this process can show why people appraise situations differently and respond differently even to the same product (Allen et al., 1992). A considerable amount of research examined how consumers react to visual cue(s) or information and how they use them in making a decision (e.g., Bagozzi et al., 2000; Sherman and Smith, 1987). The image stimuli associated with stores on websites, for instance, influence consumer emotional states, inspiring admiration, amusement, boredom, desire, disgust, disappointment, fascination, inspiration, and (un)pleasant surprise (Desmet, 2002); in turn, these emotional states affect consumer quality expectations (Oh et al., 2008). Customers often rely on "surrogate barometers of quality" to evaluate a service and make purchasing decisions (Bloom and Reve, 1990).

Signaling theory suggests that physical surroundings or atmospherics act as cues of quality in the service context (Bitner, 1990; Ward et al., 1992). That is, the design elements of the physical surroundings where services are delivered activate cognitive appraisal. Further, according to the perspective of environmental psychology from the stimulus–organism response (S–O–R) paradigm, atmosphere (S) causes an evaluation (O) and behavior responses (R) (Mehrabian and Russell, 1974). Aesthetics of tangibles are likely to generate emotional responses and invoke particular images and expectations of service organizations

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