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What keeps the mobile hotel booking users loyal? Investigating the roles of self-efficacy, compatibility, perceived ease of use, and perceived convenience

Ahmet Bulent Ozturk[a,*], Anil Bilgihan[b], Khaldoon Nusair[c], Fevzi Okumus[a]

[a] Rosen College of Hospitality Management, University of Central Florida, 9907 Universal Blvd., Orlando, FL 32832, USA
[b] Department of Marketing, Florida Atlantic University, Boca Raton, FL, USA
[c] College of Economics and Political Science, Sultan Qaboos University, Al Khoudh, Muscat 123, Oman

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ABSTRACT

With the advancements in mobile technologies, mobile hotel booking (MHB) has become an important distribution channel for hotels and online travel agencies (OTAs). Understanding MHB users' loyalty intentions toward this technology has become equally important for MHB service providers, as it is essential for them to retain their customers. However, existing literature in the context of mobile booking has mainly focused on the adoption and acceptance of this technology. The purpose of this paper is to empirically test a research model that incorporates antecedents of mobile shopping loyalty in a hotel booking context. The proposed model was tested through structural equation modeling (SEM) by using empirical data collected from 396 MHB users. Study results revealed that convenience, compatibility, and perceived ease of use (PEOU) had a significant impact on the users' loyalty intentions toward MHB technology. In addition, compatibility significantly influenced PEOU and convenience and PEOU had a significant impact on loyalty and convenience. Study results provide valuable theoretical and practical implications for various players in the hotel and travel industry including hoteliers, OTAs, mobile app developers and hospitality technology vendors.

1. Introduction

Online distribution of services, including hotel rooms, flights, travel packages, attraction tickets, cruises, and car rentals has been on the rise due to the benefits that both travelers and companies perceive (Bilgihan & Bujisic, 2015). The Internet is amongst the most important channels for hotel room distribution. Therefore, adopting an effective e-commerce strategy is a key matter for the lodging industry (Law, Buhalis, & Cobanoglu, 2014). On the other hand, the shift from e-commerce to mobile commerce (m-commerce) is accelerating as more consumers use their mobile devices to shop online. It was reported that more than 70 percent of people own a smartphone in the U.S. (Nielsen, 2014) and smartphones have become the staple of everyday life as nine out of ten smartphone users use their devices daily (Okumus & Bilgihan, 2014; Okumus, Bilgihan, & Ozturk, 2015).

The pervasive diffusion of mobile technology is transforming the lodging industry (Tussyadiah & Zach, 2012: Xiang, Tussyadiah, & Buhalis, 2015). Mobile devices have introduced both convenience and easiness to contemporary travelers. With this technology, it is possible to complete variety of transactions including shopping on-the-go for travel related products and services. One of the facilities provided is the convenience to book hotel rooms via mobile devices. It is expected that mobile booking will become the predominant distribution channel for the lodging industry (Tode, 2014). Hotel brands are optimistic about the future of mobile booking and they believe that more travelers will adopt their mobile devices to make hotel reservations.

Just as the Internet changed lodging in the late 1990s, the transition to the mobile is expected to have similar effects for the lodging industry as it is transforming the guests' experiences. Hence, in order to stay competitive and increase booking revenues, hospitality practitioners need to focus on m-commerce. This can be achieved both by offering effective mobile booking strategies (Wang & Wang, 2010) and by ensuring customer loyalty (Kandampully, Zhang, & Bilgihan, 2015). First generation hotel mobile sites provided hotel information such as location, amenities and facilities, now hotel mobile sites and mobile applications (app) not only allows travelers to access hotel information and services but also enable travelers to book their rooms on-the-go.

* Corresponding author.
E-mail addresses: ahmet.ozturk@ucf.edu (A.B. Ozturk), abilgihan@fau.edu (A. Bilgihan), knusair@squ.edu.om (K. Nusair), fevzi.okumus@ucf.edu (F. Okumus).

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Mobile technologies grant customers powerful influences in the world of travel business (Morosan, 2014). In the lodging industry, customer loyalty is shrinking. It is expected that the mobile platform will play a key role not only in the distribution of the rooms but also in establishing and strengthening customer relationships and brand loyalty (Anuar, Musa, & Khalid, 2014). Kandampully et al. (2015) highlight the effect of mobile channels on customer loyalty and lists the "impact of mobile Web solutions and app experiences on customer loyalty" (p. 401) as a research priority for the lodging industry.

Even though initial acceptance is essential for the dissemination of an innovation, acceptance does not assure continued usage of the innovation (Hong, Thong, & Tam, 2006; Hsieh, Rai, & Keil, 2008). Also, it is important to consider the fact that most mobile users are willing to download specific travel apps (e.g. hotel app, OTA app) onto their devices, however, about half of those are deleted later (Linton & Kwortnik, 2015). This statistic calls for further research in mobile loyalty. Furthermore, Wang and Wang (2010) state that it is critical for both practitioners and academics to understand the factors that influence the usage of MHB. Creating and maintaining loyalty help firms develop long-term, mutually beneficial relationships with customers (Pan, Sheng, & Xie, 2012). In addition, it is known that loyal customers are willing to pay more, express higher purchase intentions, and resist brand switching (Evanschitzky et al., 2012).

Prior studies related to mobile booking have mainly focused on the adoption and acceptance of this technology and examined instrumental beliefs (e.g., PEOU, perceived complexity, service quality, and technical barriers) as the antecedents to behavioral intention toward it. However, understanding customer loyalty in MHB is a complex task that extends beyond the aforementioned factors. Therefore, this study builds on the previous research and considers other constructs that play a critical role in user loyalty including, personal differences (such as compatibility and self-efficacy) and system characteristics (such as convenience).

Convenience is related to creating time and place benefits for users (Kim, Mirusmonov, & Lee, 2010) and it has been recognized as one of the most important factors in the context of m-commerce (Xu & Gutierrez, 2006). Considering the key futures of MHB technology, we can determine convenience as one of the primary characteristics of MHB (Kim et al., 2010). Furthermore, MHB services' compatibility with users' needs and lifestyle play an important role in their continued use intentions (Kim et al., 2010). In addition, users' self-efficacy levels in the context of mobile computing may be different from a desktop computing. For example, as mobile devices have different input components such as touchscreens, accelerometers, and gravity sensors, users may require different skills to navigate compared to a web-based environment that tend to use mouse and keyboard (Keith, Babb, Lowry, Furner, & Abdulatt, 2015). In this regard, users with high Internet self-efficacy or computer self-efficacy does not necessarily mean that they will have high level of mobile computing self-efficacy. Therefore, understanding MHB users' compatibility, self-efficacy and convenience in relation to their behavioral intentions is crucial for MHB service providers, as it is essential for them to retain their customers. In sum, the purpose of this study is to investigate the determinants that influence users' behavioral intentions towards MHB technology. More specifically, this study aims to develop and test a theoretical based model to answer the following research questions: (1) Do compatibility, PEOU and convenience positively influence users' loyalty intentions toward MHB technology? (2) Does compatibility positively influence PEOU and convenience in MHB (3) Does PEOU positively influence convenience in MHB? (4) Does self-efficacy positively influence users' PEOU of MHB technology?

2. Literature review

2.1. Mobile hotel booking technology

Hotel mobile apps and mobile websites are means that travelers use to navigate and book hotel rooms. Such apps and mobile websites generate a small portion of total hotel bookings, but their acceptance and popularity are increasing exponentially as more people are moving away from desktops and getting comfortable with booking their travel reservations on mobile devices. Mobile apps and mobile websites no longer are new, but the current round of investments increasingly are shifting the initial focus from basic mobile self-service tools to online booking engines. In other words, they are shifting from an added amenity to an online distribution channel.

MHB technology in this study refers to "a location based online distribution information system that enables customers worldwide to reserve hotel rooms anytime, anywhere through the use of the wireless Internet, and global positioning system (GPS) on their mobile devices" (Wang & Wang, 2010). MHB technology is designed to provide hotel reservation support for mobile devices through mobile websites and mobile apps. Mobile devices have smaller screen sizes and their computing power is lower than personal computers, thus, websites that are designed for personal computers can be very difficult to read and navigate on mobile devices making the booking process relatively time consuming. On the other hand, mobile optimized websites and apps make the booking procedure more accessible and easy for consumers. Since the content of mobile booking sites and apps are optimized for smaller touch screens, users can be guided through the search and booking process allowing them to complete their reservations within a few and easier steps (Wang & Wang, 2010). Additionally, GPS enables mobile devices to search for hotels nearby, if the user prefers, the site or the app only lists the hotels close to the user's geographical location.

3. Theoretical background

The theoretical foundations and research constructs for this study are derived from the Technology Acceptance Model (TAM) (Davis, 1989), Social Cognitive Theory (Bandura, 1986), Technology Task Fit Theory (Goodhue, 1995) and Self-Determination Theory (Ryan & Deci, 2000b). Using TAM in the MHB context is important as this preeminent model explains how users come to accept and use a technology. TAM suggests that when users are presented with a new technology (e.g. MHB), PEOU of the technology will influence their decision whether they will use it or not. The impact of PEOU on technology acceptance has been investigated extensively. However, initial acceptance of an innovation does not assure continued usage of it (Hong et al., 2006; Hsieh et al., 2008). Therefore, even though users initially decide to use a technology, they may stop using it at any time if they believe that they are putting too much effort to use it. Next, Social Cognitive Theory explains that people's belief in their capacity to execute behaviors influences their behaviors. The model includes the construct of self-efficacy, which is the extent, or strength of one's belief in one's own ability to complete tasks and reach goals, in this case using the mobile device to make a hotel reservation. It is an important construct for behavioral intentions in innovation adoption research. Following, Technology Task Fit theory was deployed because it asserts that a technology is more likely to be used if the capabilities of the technology match the tasks that the user must perform. In other words, in order to use and to continue using MHB, the user should feel that the system and action fit into his/her lifestyle. Finally, Self-Determination Theory was considered as it concerns with the motivation behind choices

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