



Online branding: Development of hotel branding through interactivity theory



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HIGHLIGHTS

- Website interactivity (WI) is an online branding tool.
- WI positively influences brand image and brand awareness.
- When customers have solid brand knowledge, they are more likely to perceive the brand as valuable.
- Two-way communication and user control positively impact the dimensions of brand knowledge.

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ABSTRACT

The present study aims to develop and test a theory-based model of website interactivity as an online branding tool. It explores the relationships among website interactivity, the dimensions of brand knowledge, and brand value in the context of hotel booking websites. An online questionnaire was completed by four hundred forty two ($n = 442$) responses who booked a hotel room in the previous year. Leaning on the fundamentals of branding literature and the website interactivity theory, a model was designed and seven hypotheses were tested. A two-phase analysis was considered, first a Confirmatory factor analysis (CFA) and then a Structural Equation Modeling (SEM) were conducted to test hypotheses. The results of the study show that the dimensions of website interactivity, namely two-way communication and user control, positively impact the dimensions of brand knowledge, namely brand awareness and brand image, which in turn impact brand value. We offer both theoretical and managerial implications.

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1. Introduction

The Internet is a powerful branding tool for many businesses as it offers numerous ways to promote a business online. Online branding is particularly important for service providers (e.g., hotels) who don't have a tangible product. Thus, it is considered by many service organizations as a competitive marketing instrument that offers many opportunities. The Internet has been recognized as an influential medium that has changed the way hotel brands conduct business and the way travelers and hotel brands interact

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(Öğüt & Onur Taş, 2012). Businesses in general are still exploring for competent ways to establish strong relationships with consumers and to build their brands through online channels (Shih, Chen, & Chen, 2013). Numerous industries have migrated their marketing and operations online (Moss, Wulf, & Mullen, 2013). For instance, in the hospitality industry, the Internet is an important distribution channel and it also offers distinct opportunities to build brands online. The distinctive value that the Internet offers over conventional media is the capacity to interact with consumers. In the case of the lodging sector, this permits hotel practitioners to adjust their presentation to adapt specific travelers' needs and likes. Contrary to other forms of media, the Internet assists hotel brands to create long-term relationships with their travelers as it allows a unique reciprocal communication. It is an important medium for numerous reasons, for instance it provides an interactive platform

where global users can interact with brands and other user without too much effort (Nikitina, Rudolph, & Glimm, 2012). In travel and tourism industries, an organization's/brand's website offers useful insights to customers (Ku & Chen, 2015). One important attribute that distinguishes the latest marketing channel from conventional media is the interactivity (Liu, 2012; Wang, Meng, & Wang, 2013).

Website interactivity helps a company to communicate its brand messages to Internet users. It helps communicating with consumers directly, generating exclusive and individual interactions with them. As a central aspect in technology-mediated communication, Website interactivity has been identified as a critical component to create strong brands (Coyle & Thorson, 2001; Voorveld, Van Noort, & Duijn, 2013). Regardless of its significance, very limited research was identified in the hospitality literature that investigates the influential role of interactivity on brand knowledge and brand value. Coyle, Smith, and Platt (2012) identify online interactivity as a strategic advance for brands and highlight the need for empirical research that might progress the comprehension of system-mediated interactivity, especially in the formation of brands. To this date very few researchers in the travel, tourism and hospitality field have devoted efforts to investigate the persuasive impact of website interactivity on branding constructs. Therefore, this study aims to close this research gap with the conceptualization and the impact of the dimensions of website interactivity, namely social interactivity and system interactivity, on the dimensions of brand knowledge (e.g., brand awareness and brand image) and brand value. Additionally, other contributions of this investigation are to assist hoteliers in strategic approaches to build and reinforce a positive brand image and the formation of brand awareness through the use of the dimensions of website interactivity.

The present study is structured as follows. First, it begins with a conceptual elaboration of the constructs of the suggested framework; next, it presents the background of the study by reviewing the previous work in the online travel domain and information technology literature to present the arguments for the aim of the study. In the methodology section, the design of the research and data collection methods is explained. Findings are then proposed. Finally, managerial implications for hoteliers in addition to limitations of the study are discussed.

2. Literature review

This research draws on seven streams, (1) the advancement of the Internet (2) e-Commerce (3) interactivity theory; (4) website interactivity theory; (5) website interactivity as an antecedent of branding constructs; (6) brand knowledge; and (7) brand value. Each stream is discussed in turn below.

2.1. The advancements of the internet

The Internet is considered an effective medium that has revolutionized the manner hospitality industry experts approach business and the way consumers interact. It allows businesses to simplify their business processes, to communicate (internal and external), to decrease operating expenses, to improve productivity, and to establish strong relationships with customers more effectively than ever before (Kim, Rachjaibun, Han, & Lee, 2011). The competences of web applications are extraordinary (Martins, Oliveira, & Popovič, 2014). Consequently, nowadays, firms invest substantial amounts of capital into the development and the adoption of Internet-related technologies (Gubbi, Buyya, Marusic, & Palaniswami, 2013).

Forman, Goldfarb, and Greenstein (2012a, 2012b) indicate that organizations in the US are substantially investing in the Internet

across several industries as firms acknowledge the capacity of the Internet in their financial performance and productivity. Another benefit that the web proposes to marketers is the interactivity. According to Liu (2012), the web is an innovative medium that accelerates the information exchange, which guides firms to an effective communication with its customers and provide to innovative product improvement processes. It has also been considered a unique medium that helps the transformation of the marketing function (Faqih, 2016). The Internet adoption has increased vastly in recent years, and so has its strategic application (Taylor & Strutton, 2010). The Internet presents the opportunity for cost efficiencies, geographic expansion and new opportunities for interacting with consumers (Mathew & Mishra, 2014). This is why the Internet as an indispensable channel across marketing arenas has emerged as a successful and cost-effective platform.

2.2. Electronic commerce and the online interactivity

E-commerce in general has grown precipitously with the propagation of commercial websites and the escalating approval of virtual transactions (Fang, Qureshi, Sun, McCole, Ramsey, & Lim, 2014). Recently, e-commerce sales grew by 21.1 percent (Bilgihan, Kandampully, & Zhang, 2016) and the worldwide virtual commerce reached to 1.23 trillion in 2013, which represent around more than 25 percent of total sales. The total number of online users is expected to reach almost 3.5 billion by 2013 from around 2.2 billion at the end of 2011 (The Interactive Media in Retail Group, 2013). The United States continues being the world's major electronic market (U.S. Commerce Department, 2013).

The essence and attribute of e-commerce are mainly the distribution of information, preserving company-consumer relationships, and executing business transactions through telecommunication systems (Hartono, Holsapple, Kim, Na, & Simpson, 2014). E-commerce involves the buyer-seller relationships and business operations between consumers and businesses and between business and business (Chiu, Wang, Fang, & Huang, 2014). A distinctive attribute of e-commerce is that buyers do not have the opportunity to physically experience the service or use other senses to perceive the quality of the product, as they generally do in a conventional store or service provider. As a consequence, the dimensions of website interactivity play a crucial role on influencing the perception of consumers (Palla, Tsiotsou, & Zotos, 2013). For services (e.g. hotels), the role of interactivity is even more critical due to the distinct characteristics of them. The fast development of e-commerce and the uniqueness of this innovative exchange station emphasize the significance of comprehending the potential power of website interactivity as a tool to form relationships between companies and consumers (Palla et al., 2013). A web user should perceive the website as interactive to make purchasing decisions (Wang et al., 2013). Low-interactive websites generate insecurity about the brand and making a purchase (Chen, Hsu, & Lin, 2010).

2.3. E-commerce in the hotel sector

In the hotel sector, most lodging firms have indicated that the Internet presents significant strategic opportunities. These opportunities help to establish a long-lasting relationship with consumers (Xiang, Magnini, & Fesenmaier, 2015). Almost every lodging firm now have online presence by locating their room inventory and hotel services for travelers to access through their commercial websites (Wen, 2012) or third party websites. Because of the development of the Internet as a marketing channel, the hotel sector has intended to maintain the same pace of technology adoption as consumers (Beritelli & Schegg, 2016). The Internet as a

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