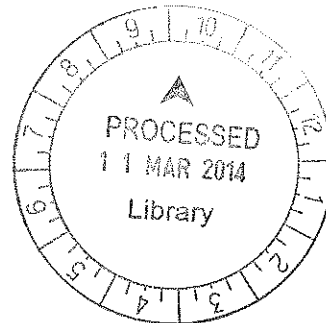# INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

A STUDY OF IMPORTANT WEBSITE DESIGN CRITERIA TO ACHIEVE CUSTOMER SATISFACTION OF UNIVERSITY STUDENTS BROWSING CHINA TOUR AGENCY WEBSITES

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Abstract

The purpose of this study is to identify important website design criteria that will impact students' satisfaction of tour agencies' websites for e-tourism in China. As the e-tourism market is developing very fast in the world as well as in China, and the trend of the combination of tourism and e-commence is not unstopped, the development of the tour agencies' websites becomes more important for the tour agencies to attract more customers for increasing e-tourism. As web quality of the tour agencies' websites is affecting the performance of the tour agencies in China, how to develop the websites of the tour agencies to improve customer satisfaction is an essential aspect for tour agencies to focus on. In this study, four factors will be chosen as indicator to test customer satisfaction, which are quality of information, website navigability, website confidence/trust, and website innovativeness. In this research, SPSS 20.0 is used to analyze the data from responses of university students collected through a questionnaire. The analysis methods include descriptive analysis as well as reliability and validity, correlation, and regression test. In addition, SmartPLS is also used to further analyze the data. According to the data analysis, website confidence/trust has the most influence on customer satisfaction. Thus, tour agencies can improve their websites to meet university students' needs and then improve customer satisfaction in order to attract more young and well educated customers, and improve company performance.

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Chapter 1

Introduction

1.0 Chapter summary

This chapter introduces the background to the research. It states the e-tourism development situation in China in comparison with other countries. Since the Internet has become indispensable in our lives, tour websites have also become the essential tool for customers to go to, for travelling, especially travelling abroad. So for tour agencies, how to make their websites attractive to attract more customers to browse, revisit and purchase the website is important in the e-tourism development environment. Based on that, this chapter includes the problem statement of this research and the significance of the study. It also includes research questions, research objectives, research assumptions, including the limitations and outline of the research which will also be stated in this chapter.

1.1 Background

Since the development of the printing press, the Internet has become the most important innovation in this developing world (Hoffman, 2000). Also, many other significant innovations in this modern world have changed our lives, such as the airplane, the railroad, electricity, radio, the telephone, television and the automobile, all of which have widespread influence on business as well as everyday life (Barwise, Elberse, and Hammond, 2006). However, the Internet combines many existing media characteristics and also provides new capabilities of addressability and interactivity. Thus, on the one hand, it transforms the way which people do their business with each other, and on the

other hand, it also explains and dictates the meaning of being a human being in modern society (Barwise et al., 2006). Nowadays, in this world, millions of people do their work, socializing, learning, entertainment, shopping and leisure and rely on the Internet.

In 2012, worldwide Internet users reached 2.4 billion (34.3% of the population worldwide). Among them, there are 538 million Internet users in China, which account for 40.1% of its population, and in the US, there are 528.7 million Internet users, which account for 56.1% of the US population (Internet World Stats, 2012). Compared to the year 2000, this statistic represents an increase of 566.4%. More interesting is the fact that people who use the Internet on a regular basis are between the age of 5 and 17, which accounts for over 90% of the netizens (Turban, et al., 2008). Compared to other media such as television and radio, the younger groups know more about the Internet. In the future, when the younger groups have grown into the economically active population, the most influential medium in business will still be the Internet.

During recent years, there are dramatic changes in the tourism sector due to ICT (information and communications technology) related tourism innovations. Due to new online intermediaries, the tourism supply chain became more complex (Buhalis and Licata, 2002; Kracht and Wang, 2010). In the tourism sector, a whole ICTs and Internet systems have been diffused rapidly (Buhalis, 2004; Buhalis and Law, 2008; Poon, 1993; Werthner and Klein, 1999). After that, travel services and online travel bookings which are associated to the tourism seem to be one of the most successful e-commerce implementations. In 2006, the estimated sales was $73.4 billion (Turban et al., 2008).

Also, consumer behavior changed as the Internet became one of the most influential information sources for travel. Werthner and Ricci (2004) stated that,

there has been emerging a new type of user, one who builds a personalized travel package and acts as their own travel agent. There are three levels that the web environment has empowered consumers: the first one is to make informed purchases, the second one is to "join forces" with other customers as well as the exchange opinions; and the third one is to communicate with tourism companies interactively in order to receive tailor-made products (Niininen, Buhalis and March, 2007). The Internet has also been transformed into a significant channel for online transactions — in 2008, 10% of EU travelers bought their holiday travels from online tour agencies (EC, 2009). Similarly, from the survey of Lee and Morrison (2010), we know that in the USA, 63% of leisure travelers and 65% of business travelers have used the internet to find price information on travel and hotels.

In the e-business, one of the important issues is to provide an appropriate level of quality in tourism services (Ping, 2011) which leads to tourists' satisfaction. Although there are a number of surveys which have reported on findings pertaining to tourists' satisfaction and online satisfaction separately, few studies, in spite of its importance, have been conducted on the satisfaction of online tourism. The main reason being the fact that the researches are usually done in a special context and then the author tries to generalize it to other contexts. In view of the differences between this industry and others, and also the importance of e-tourism, there is a crucial need to conduct such research in this context. In addition, it can be argued that relative to the importance of e-tourism, researchers have not received sufficient attention and therefore more attention is required in the academic.

1.1.1 Information and communication technologies (ICTs)

Not only the hardware and software required are included in ICTs, but ICTs also include the groupware, netware, and the intellectual capacity which is also called

humanware to develop, program and maintain equipment (Buhalis, 2003). Synergies are emerging from the use of these systems effectively. It means that through a variety of media and locations, information is widely accessible and available. Otherwise, users can use mobile devices to interact and perform several functions, such as mobile phones, portable computers and others like digital television and self serviced terminals/kiosks. The entire range of hardware, software, netware, humanware and groupware can be effectively integrated since the convergence of ICTs. In addition, the boundaries between equipment and software are becoming blur (Werthner and Klein, 1999).

Buhalis (2003) said that "ICT can improve the operational and strategic management of organisations with the entire range of electronic tools through enabling them to manage their functions, information, and processes as well as to communicate with their stake-holders interactively in order to achieve their mission and objectives." Hence, ICTs has become an integrated system of software and networked equipment. With effective data processing and communication for organizational benefits, it can help them move toward transforming to e-business.

There is a close connection between tourism and ICTs for over 30 years. In the 1970s, operational and strategic practices in tourism were dramatically transformed, through the establishment of the CRSs (Computer Reservation Systems). In the late 1980s, it was influenced by the establishment of Global Distribution Systems (GDSs). Additionally, the establishment of the Internet also played an important role for it in the late 1990s (Buhalis, 2003; Buhalis and Law, 2008). Firstly, the tourism industry focused on the utilization of computerized systems such as CRS, GDS in order to enhance efficiency in internal management of information distribution and processing. Nowadays, the Internet and ICTs are related to all structural, strategic, marketing as well as

operative levels. They improve and develop global interaction among consumers, intermediaries and suppliers around the world (Buhalis and Law, 2008; Egger and Buhalis, 2008).

1.1.2 E-tourism

Electronic tourism which is so called e-tourism is coming from the application of ICTs in the tourism industry (Buhalis, 2003). Buhalis (2003) suggests that e-tourism reflects the digitization of all value chains and processes in the hospitality, tourism, catering and travel industries. At the tactical level, e-tourism includes developing e-commerce and the application of ICTs in order to maximize the effectiveness and efficiency of the tourism organization. At the strategic level, the entire value and all business processes were revolutionized by e-tourism, and influenced the strategic relationships of tourism organizations with all their stakeholders.

E-tourism can determine the competitiveness of the tour agencies in three ways: firstly, making use of intranets to reorganize internal processes; secondly, making use of extranets to develop transactions with trusted partners and thirdly, take advantage of the Internet in order to interact with all its stakeholders and customers. The e-tourism concept includes all business functions, for example e-marketing, e-commerce, eHRM, e-procurement, e-finance and e-accounting, eR&D, e-strategy, e-production, e-planning. In addition, it also includes e-management for all sectors of the tourism industry, such as travel, leisure, transport, principals, hospitality, intermediaries and public sector companies. Thus, e-tourism brings together three unique disciplines, namely, information systems, business management, and tourism management.

The tour websites provide transparency in information and make it easy for comparisons on holiday packages, destinations, travel, lodging and leisure

services, including availability and real-time prices. The tour website can plan, search, reserve, purchase and amend tourism products by increasing consumers' utilization of commercial and non-commercial Internet sites. In addition, they can get speedy processing of travel documents and immediate confirmation to cater for prospective travelers who book at the "last minute."

The reason for the use of ICTs in tourism is mainly because of the development of complex demands, requests and rapid expansion and variation of new products, which lead to the use of ICTs. There is a trend that e-tourism tends to address niche market segments. There is evidence that e-tourism has already taken off in several countries. In Europe, for example, although it is still very important for travel trade in travel distribution, the Internet is an important source of information to travel agencies. According to IPK International's European Travel Monitor in 2006 (figure 1.1) the information sources used by European.
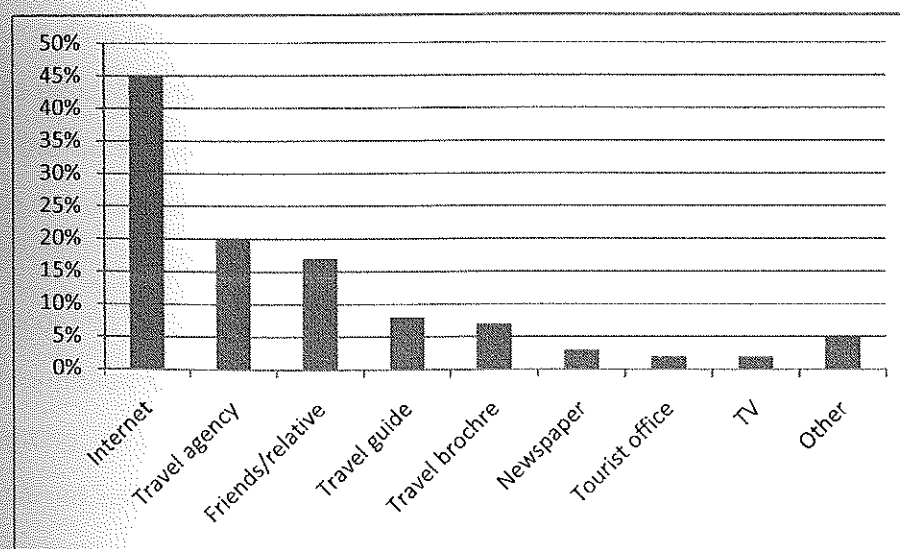

Figure 1.1: Information sources used by European outbound travelers

Marcussen (2009) demonstrates that since 1998 and in 2009, the Internet European Market has increased dramatically, which is expected to account for 25.7% of the total market. The UK accounts for 30% of the European online travel market as shown in Table 1.1 in 2008. Germany is in second place accounting for 18%. The direct sellers account for 64% of online sales, followed by intermediaries, which is 36% of the European market in 2008.

Information is now easily created and recreated, distributed and fortified by consumers through the networking or review websites such as Trip Advisor, Twitter, exemplified by Web 2.0. Consumers are more likely to trust information generated by consumers rather than product suppliers. In this consumer-centric era, the tourism industry needs to see consumers as "co-producers" and leverage network resources to operate their businesses successfully.

1.1.3 E-tourism in China

According to CNNIC (China Internet Network Information Center) report (2013), the netizen in China reached 564 million in 2012, becoming the biggest market in the world. Compared to 2011, it has increased by 50.9 million internet users. So there is great potential in the e-tourism market in China.

According to the July 2006 Eighteenth CNNIC (China Internet Network Information Center) report (2006), the age group from 18 to 24 is the highest among internet users, reaching 38.9%; while the 25 to 30 year old group of internet users account for 18%, and those internet users below 18 years old internet users account for 14.9%. When the age group is above 30 years old, the percentage of the internet users decreased according to the age. However, the internet users below the age of 35 internet accounts for 82.3%, while those internet users above 35 account for 17.7%. From these figures it is clear that the structure of netizens presented a younger-age trend. Compared to the July 2013