

Unraveling The Impact: Online Customer Review, Price, and Booking Decision at We Hotel Lubuklinggau Via Traveloka

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Submission History:

Submitted: January 28th, 2024
Revised: May 14th, 2024
Accepted: May 16th, 2024
Available Online: June 30th, 2024



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Abstract

Online customer reviews and prices are a thing inseparable from the ordering decision, positive reviews from guests and affordable prices will make prospective guests make reservations at We Hotel Lubuklinggau via Traveloka. This study aimed to examine the effect of online customer reviews on booking decisions at We Hotel Lubuklinggau and the effect of price on booking decisions at We Hotel Lubuklinggau. This study employed a causal associative approach to quantitative research. Direct distribution of surveys to We Hotel Lubuklinggau guests provided data, allowing for the creation of a Likert-scale sample of 121 responses from 2,068 customers who made reservations at online travel agencies between January and December 2023. Partial Least Square Structural Equation Modeling (PLS-SEM) is the data analysis method used. A total of 36 percent of the respondents were between the ages of 17-25. This research found that online customer reviews are an important factor in increasing booking decisions at We Hotel Lubuklinggau. and Price has a significant influence on booking decisions at We Hotel Lubuklinggau. This research concludes that online customer reviews and price determine guests' decisions in making reservations at We Hotel Lubuklinggau via Traveloka.

Keywords: Booking Decision, Online Customer Review, Price

INTRODUCTION

Technological developments have made it easier for potential guests to access a lot of information about various hotels (Putu et al., 2023). The internet has given rise to many e-

commerce platforms (Rerung, 2018), such as Online Travel Agents (OTA) in determining the desired hotel. Just by using a smartphone or computer, they can quickly find out details of facilities, locations, and reviews from previous visitors (Nur Ramadhani et al., 2022). Reading reviews from previous guests can provide valuable insight into the service, facilities, and overall experience at a hotel, helping individuals decide whether it is the right choice to stay (Alhamdi, 2023).

We Hotel Lubuklinggau actively carries out promotional activities through partnerships with various Online Travel Agents (OTA) mentioned previously. These OTAs include well-known platforms such as Booking.com, Agoda.com, Traveloka.com, Tiket.com, and several others (Sevtiani et al., 2020). By collaborating with this leading OTA, We Hotel Lubuklinggau was able to significantly increase its visibility among potential guests, resulting in a major increase in room bookings and sales.

Online travel agents present people with a place to discuss their individual travel experiences and give helpful advice to other people (Riama Santy Sitorus, 2023). This allows anyone to freely express their thoughts and opinions through feedback and reviews, whether they had a positive or negative experience while staying at their chosen accommodation (Guttentag, 2015). These reviews can have a major impact on the reputation and overall perception of a hotel or brand (Raguseo & Vitari, 2017). Customer satisfaction is determined by the customer's degree of satisfaction desire, or positive review of a good, service, or experience (Panji Saputra, Ruth Sama Dortina Hutabarat, 2023). We Hotel Lubuklinggau recognizes the power of Online Travel Agents as a valuable promotional tool to reach and interact effectively with potential customers. This can be seen from the following data on the number of guests staying at We Hotel Lubuklinggau in the last twelve months (1 year):

Table 1. Total of Guests visiting We Hotel Lubuklinggau in January – December 2023

	Corporate	Walk in Guest	Online Travel Agent	Total
Januari	300	154	99	553
February	383	249	129	761
March	494	128	136	758
April	226	349	200	775
May	741	231	148	1120
Juni	453	149	259	861
July	592	108	201	901
August	622	78	144	844
September	407	103	145	655
October	500	183	191	874
November	290	143	146	579

December	437	458	270	1165
Total	5445	2333	2068	9846

Based on table 1, shows that the number of guests who make reservations using online travel agents at We Hotel Lubuklinggau in January – December 2023 always experiences an increase and decrease over the 12 months. In April 2023, as many as 200 people made reservations using OTA, but there was a very drastic increase in June, namely 259 people from May. And this increase occurred in December, namely 270 people. In orders via OTA in July – August there was a significant decline.

We Hotel Lubuklinggau has established partnerships with various online travel agents to promote rooms effectively. This collaboration makes it possible to maintain control over prices and room availability, as Online Travel Agents only display the information provided by hotels on their websites (Chang et al., 2019). However, when guests make a reservation through one of these Online Travel Agents, the hotel will provide compensation in the form of commission according to the agreed contract (Hunold et al., 2018). On the online travel agent platform, especially We Hotel Lubuklinggau, visitors can find detailed information and reviews from previous guests who had the pleasure of staying at We Hotel Lubuklinggau.

On the Traveloka website, various things help visitors decide whether to stay at We Hotel Lubuklinggau. These things include pictures and reviews of other guests, pictures of rooms and facilities at the hotel, information on the location of the hotel and its distance from public transportation and tourist attractions to visit (Yulianti et al., 2019). The hotel also pays attention to these things to ensure that We Hotel Lubuklinggau looks good and has good quality.

Price really influences consumers' decisions when making an order, therefore many companies pay great attention to this variable (Arif & Siregar, 2021). The more price variations, the more consumer choices (Malohing & Mandagie, 2021). On online travel agent sites, consumers can see the price of the room they are looking for, and this creates competition between Traveloka and other travel agents, so that consumers can easily find a price that suits their wishes (Paranita & Salsabila, 2020).

Table 2. Online Travel Agent Prices

No	Online Travel Agent	Price
1	Agoda	Rp. 295.200, -
2	Trivadvisor.com	Rp. 298.818, -

3	Traveloka	Rp. 330.000, -
4	Tiket.com	Rp. 334.807, -
5	Booking.com	Rp. 449.766, -

The price offered by a hotel is not just a number but reflects the value that guests expect and receive in exchange for services to stay the night (Kolivanof & Ferdian, 2024). The prices offered by several online travel agents are very different on each site, for example the superior twin room only room type on the Traveloka site costs Rp. 330.000, -, but on other online travel agents the prices are much cheaper, such as Agoda, Trivadvisor.com compared to Traveloka. On the online travel agent site, consumers can see the price of the room they are looking for, and this creates competition between Traveloka and other travel agents, so that consumers can easily find a price that suits their wishes.

This research aims to test its effect of online customer reviews on booking decision via Traveloka, and the effect of price on booking decision via Traveloka at We hotel Lubuklinggau. Previously published research primarily focused on online customer reviews (Askalidis & Malthouse, 2016), price (Friedman, 2017), and booking decision (Rahman et al., 2018). In addition, the Impact of online customer review and price on booking decision in Hospitality (El-Said, 2020) via Traveloka (Nasir, 2019) at We hotel Lubuklinggau has also been studied. Furthermore, little study was done on online customer reviews and prices on booking decision via Traveloka. i) how is the role of online customer review and price on booking decisions via Traveloka? ii) whether online customer reviews and price on booking decisions via Traveloka at We Hotel Lubuklinggau.

METHOD

This research employs a descriptive quantitative approach with a causal associative methodology, focusing on the impact of online customer reviews and prices on booking decisions at We Hotel, Lubuklinggau. The study population consists of 2,068 guests who utilized online travel agents from January to December 2023. Through purposive sampling, 121 respondents were selected based on specific criteria. The following was a description of respondents based on the study's results: The sample included 60 female respondents and 61 male respondents, most of the respondents (47.1%) were 17-25 years old, (30.6%) 26-35 years old, (19%) 36-45 years old, and (3.3%) above 45 years old. The last education was elementary school (3.3%), junior high school (9.1%), senior high school (47.1%), and college (40.5%). Profession as a housewife (16.5%), state apparatus (3.3%), private employees (25.6%), government employees (26.4%), self-employed (22.3%), and others (5.8%), with

the income generated under Rp.1.000.000,- (9.9%), Rp.1.000.000,- until Rp.2.000.000,- (15.7%), Rp.2.000.000,- until Rp.3.500.000 (41.3%). Rp.3.500.000,- until Rp.5.000.000 (24.8%), and above Rp.5.000.000 (8.3%). Ethical considerations were prioritized throughout the research process, ensuring confidentiality and transparency. Data analysis was conducted using Partial Least Square Structural Equation Modeling to ensure accuracy and validity. The findings of this study are anticipated to provide valuable insights into the influence of online customer reviews and prices on booking decisions at We Hotel Lubuklinggau.

FINDING AND DISCUSSION

Measurement Model

The measurement was evaluated using a measurement model assessment to determine its construct validity and reliability. The results of the reflective measurement model, including outer loading, indicator reliability, composite reliability, AVE scores, and Cronbach's Alpha value, are displayed in Figure 1 and Table 3.

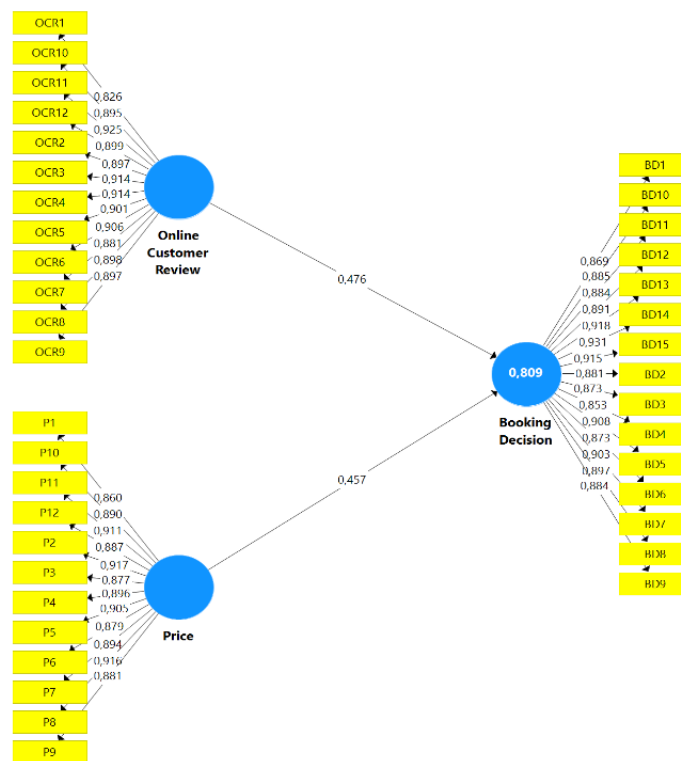


Figure 1. Measurement Model

The measurement model in Figure 1 summarizes the study's findings. All indicators have an outer loading value above 0.7, and all constructs have an average variance extract

(AVE) value above 0.5 (Hair et al., 2017). This section presents a measurement model to examine how online customer reviews and prices impact booking Decision at We Hotel Lubuklinggau.

Table 3. Reflective Measurement Model

Latent Variable	Indicators	Outer Loadings	Cronbach Alpha	Composite Reliability	AVE
Booking decision	BD1	0.869	0.981	0.983	0.794
	BD2	0.881			
	BD3	0.873			
	BD4	0.853			
	BD5	0.908			
	BD6	0.873			
	BD7	0.903			
	BD8	0.897			
	BD9	0.884			
	BD10	0.885			
	BD11	0.884			
	BD12	0.891			
	BD13	0.918			
	BD14	0.931			
	BD15	0.915			
Online Customer Review	OCR1	0.826	0.978	0.980	0.803
	OCR2	0.897			
	OCR3	0.914			
	OCR4	0.914			
	OCR5	0.901			
	OCR6	0.906			
	OCR7	0.881			
	OCR8	0.898			
	OCR9	0.897			
	OCR10	0.895			
	OCR11	0.925			
	OCR12	0.899			
Price	P1	0.860	0.977	0.979	0.797
	P2	0.917			
	P3	0.877			
	P4	0.896			
	P5	0.905			
	P6	0.879			
	P7	0.894			
	P8	0.916			
	P9	0.881			

P10	0.890
P11	0.911
P12	0.887

Additionally, the measurement model employed in collecting respondent data demonstrates robust convergent validity, as evidenced by the AVE values. Booking decision exhibits a particularly impressive AVE of 0.794, while online customer review and price also meet the required minimum of 0.50 with AVE values of 0.803 and 0.797 respectively. These findings underscore the trustworthiness and accuracy of the data collected. Table 3 presents compelling evidence of the exceptional quality of We Hotel Lubuklinggau's booking decision, online customer review, and price. With Cronbach's Alpha values of 0.981, 0.978, and 0.977 respectively, it is evident that these factors exhibit a high level of internal consistency reliability. Moreover, the composite reliability values of 0.983 for booking decision, 0.980 for online customer review, and 0.979 for price further reinforce this reliability. The fact that all item loadings range from 0.826 to 0.931, indicating strong indicator reliability, adds to the credibility of the findings. In summary, the results presented in Table 3 provide a compelling and elegant demonstration of the exceptional quality and reliability of booking decision, online customer review, and price at We Hotel Lubuklinggau.

The evaluation of the measurement model utilized the Heterotrait-Monotrait Ratio of Correlations (HTMT) analysis to assess discriminant validity. The results presented in Table 4 demonstrate that the HTMT value did not indicate any issues with discriminant validity (HTMT < 0.90 criteria).

Table 4. HTMT Assessment

	Booking Decision	Online Customer Review	Price
Booking Decision			
Online Customer Review	0.885		
Price	0.883	0.878	

Structural Model

The utilization of a structural model or path analysis in addressing a proposed hypothesis acts as a supplementary assessment within the context of PLS-SEM analysis. This research endeavor seeks to examine the impact of online customer reviews and prices on booking decision at We Hotel Lubuklinggau. Within Table 5 one can observe the structural model showing path coefficients, T-statistic values, and the significance levels of the

hypotheses through the outcomes of Bootstrapping. It is worth noting that the path coefficients were deemed satisfactory when their significance levels reached a minimum of 95% confidence.

Table 5. Path coefficient, T-statistics and significance levels

	Path Analysis	Path Coefficient B	T Statistics	P Values	Result
H1	Online Customer Review -> Booking Decision	0.476	3.693	0.000	Accept
H2	Price -> Booking Decision	0.457	3.479	0.001	Accept

Notes: *p<. 05. **p<.01. *p<0.001**

The path coefficients for the hypothesis (H1) show that online customer review has a positive effect on booking decision ($\beta = 0.476$, $t = 3.693$, $p = 0.000$). The path coefficients for the hypothesis (H2) show that price positive effect on booking Decision ($\beta = 0.457$, $t = 3.479$, $p = 0.001$).

Table 6. The effect size, R^2 , Q^2 Statistics

Path Analysis	f^2 Booking Decision	Effect size	R^2	Q^2
Online Customer Review	0.311	Moderate	0.809	0.636
Price	0.287	Moderate		

Notes: f^2 values of 0.02=weak; 0.15=moderate; and 0.35=substantial

The results presented in Table 6 show a significant level of variability ($R^2 = 0.809$) among the guests who visited, which can be explained by the first-order predictors of the proposed model. Additionally, this research delves into the coefficient of determination, effect size, and predictive relevance. Based on the results, there is a moderate effect of online customer reviews on booking decisions and prices on booking decisions. The study's Q^2 value of 0.636 for booking Decision which indicates a moderate predictive model. In this sense, The impact of online customer review, price, and booking decision at We Hotel Lubuklinggau via Traveloka.

DISCUSSION

The Effect of online customer review on booking decision at We Hotel Lubuklinggau

A causal association between online customer reviews and booking decisions was hypothesized by hypothesis H1. This was constructed on the assumption that online customer review optimizes the booking decision at We Hotel Lubuklinggau. The results unequivocally demonstrated a positive impact of online customer reviews on the booking

decision at We Hotel Lubuklinggau ($\beta= 0.476$, $t= 3.693$, $p= 0.000$), thus providing strong support for hypothesis H1. Furthermore, this shows that online customer reviews significantly impacted the booking decision at We Hotel Lubuklinggau. The level of online customer review will have an impact on booking decisions. In particular, factors such as the informativeness of the reviews, the similarity of the experiences shared, the credibility of the reviewers, and the ease of understanding the content all contribute to higher booking decisions at We Hotel Lubuklinggau. These findings align with the research conducted by Hayati et al. (2023) Online Review has a significant influence on the hotel room booking decision in Bandung City. Additionally, the study by Falihah et al. (2021) The effect of trust on the online reservation system and online customer review on the booking decision is significant.

The Effect of price on booking decision at We Hotel Lubuklinggau

A causal association between prices and booking decisions was hypothesized by hypothesis H2. This was constructed on the assumption that price optimizes the booking decision at We Hotel Lubuklinggau. The results unequivocally demonstrated a positive impact of price on the booking decision at We Hotel Lubuklinggau ($\beta= 0.457$, $t= 3.479$, $p= 0.001$), thus providing strong support for hypothesis H2. Further, this demonstrated that price significantly impacted the booking decision at We Hotel Lubuklinggau. The price offered by We Hotel Lubuklinggau will greatly affect the decision to book, taking into consideration factors such as affordability, suitability for product quality, competitiveness, and benefits. The price will likely be a determining factor in making a booking decision at We Hotel Lubuklinggau. These findings align with the research conducted by Arifin & Rizaldy (2024) Price has a significant influence on the booking decision. Additionally, Salsabila & Rubiyanti (2023) Price has a positive and significant effect on hotel booking intention in Indonesia.

CONCLUSION

Based on the findings of this study, the results obtained were (1) online customer reviews have a significant impact on the booking decisions at We Hotel Lubuklinggau, with a notable increase of 0.476, which means that the more positive reviews from guests, the more booking decisions at We Hotel Lubuklinggau will increase. (2) online customer reviews have a significant impact on the booking decisions at We Hotel Lubuklinggau, with a notable increase of 0.457, which means that maintaining affordable prices at the hotel is likely to result in a higher number of bookings at We Hotel Lubuklinggau.

This research holds great importance for students as it helps them understand the various dimensions of online customer reviews and prices that influence booking decisions. It also provides valuable insights for developing strategies to increase positive reviews and ensure affordable pricing. For guests, the study offers a deeper understanding of how online customer reviews and prices shape their perception of their booking decisions. Furthermore, it is hoped that these research findings will serve as a valuable reference for other researchers in their future studies.

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