THE EFFECTS OF BRAND IMAGE, PERCEIVED TRUST AND PERCEIVED RISK ON ONLINE BOOKING INTENTION: A CONCEPTUAL MODEL

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ABSTRACT

Over time, the use of the internet and technology has grown rapidly. Most businesses today use the internet as a means of communicating with their customers. This is because the internet has various interactive features and is always available for use. However, when there are too many interactive features to use, it can make the site more complex, less useful, and users find it difficult to use. Referring to an overview of past literature, the article generally proposes a conceptual framework with six propositions to understand the role of brand image, perceived trust and perceived risk of online buying intentions among hotel website users. As a basic theory, Stimulus Organizational Stimulation (SOR) has been used to support the proposed framework in this study. As a result, the researcher argues that brand image has an impact on the perceived risk and perceived trust of the hotel website. Consequently, hotel websites with higher perceived risk and perceived trust are more likely to influence online booking intentions.

Keywords: Brand Image, Perceived Trust, Perceived Risk, Hotel, Online Booking Intention.

INTRODUCTION

Today, in the hospitality industry, internet usage has grown rapidly and has emerged as a fast and effective way of disseminating information to customers (Lehto, Kim, & Morrison, 2006). Booking online has become easier since it can offer a number of advantages, including access to more video, photo, complete description of the location of the hotel, the service and price it offers, and no additional charge for booking (O’Connor & Frew, 2004; Sparks & Browning, 2011). In the service sector, several previous studies have investigated the impact of brand image on consumer behavior (Aghekyan-Simonian, Forsythe, Suk Kwon, & Chattaraman, 2012; Ryu, Han, & Kim, 2008). As there are intangible elements of the hotel industry, some tangible cues, such as hotel brands and on-site amenities, are crucial to influencing and shaping customer behavior. To create a brand that is unique and strong, the hoteliers should be able to
compete with each other in offering the best product and services to the customer. In addition, this will differentiate themselves from competitors and be able to communicate effectively with targeted customers. When a product or service has a strong and well-known brand, consumers are more likely to use and buy it (Aghekyan-Simonian et al., 2012). Trust factors play a major role in convincing others in business matters especially involving online business (Christine Moorman, Gerald Zaltman, & Rohit Desphande, 1992). While in order to ensure the success of their business, traders need to build consumer confidence in what they offer (H. W. Kim, Xu, & Gupta, 2012).

Before customers make a purchase decision, they will make some effort to get some information about the product. Therefore, it is a priority for hoteliers to analyze key antecedents and mediators of purchase intentions to find out how to best influence customers in the pre-purchase stage. Although there are many studies that have studied the various factors influencing consumers' decision to make online purchases (Aghekyan-Simonian et al., 2012; Everard & Galletta, 2005a; Lin & Chen, 2009; Moshrefjavadi, Rezaie Dolatabadi, Nourbakhsh, Poursaeedi, & Asadollahi, 2012), however, research on the impact of perceived risk on hotel booking intentions is limited. Therefore, it is important to examine the risk factors that affect trust in online booking, while the intent of purchasing online consumers should be further investigated.

LITERATURE REVIEW

Online Buying Intentions

Pavlou (2003) defined customers' intention to buy products and services online as the willingness and intention of the customer to engage in the deals and agreements available online, including in the process of evaluating the quality of the website and the information contained therein. It is of utmost importance to understand consumers' intentions in online purchasing as their final purchase decisions and actions can be expected based on their intentions (Bai, Law, & Wen, 2008; Sparks & Browning, 2011). The decision made by the customer whether or not to proceed with the purchase depends on the information they obtain (Kim et al., 2008). In the matter online hotel bookings, purchase intentions will explain the customer's willingness to book certain services or rooms through the hotel's website. According to the results of previous study; price, trust and brand image will drive purchase intention online (Z. Chen & Dubinsky, 2003; Everard & Galletta, 2005b).

According to Hwang, Yoon, and Park (2011) in business matters, consumer trust is an important factor for suppliers as it has a strong influence on consumer behavior when they want to purchase products and services from suppliers. In addition to trust, perceived risk also has an impact on the intent of online shoppers. Before customers make the final decision to buy online, they will be guided by the information and surveys they have collected to ensure that they are not at risk (Chiu, Wang, Fang, & Huang, 2014). If the financial risk is minimized, it has the potential to increase the number of online shoppers (Suwelack, Hogreve, & Hoyer, 2011). Besides, if the information provided is complete and accurate, it will indirectly have a positive impact on consumers' buying intentions (Park, Lee, & Han, 2007). Currently, many businesses are connecting with customers using the internet, not only focusing on persuading customers to use their website, but also using the channel to motivate consumers to make repeat purchases (Chiu, Hsu, Lai, & Chang, 2012). Therefore, it is important to continue to study the
online consumer's perspective of the products offered and web sellers, as well as to connect them with trust factors that influence their intention to buy online.

**CONCEPTUAL FRAMEWORK AND PROPOSITIONS**

*Stimulus Organism Response Theory*

The theoretical framework introduced in this research model is supported by Stimulus-Organism-Response Theory (S-O-R) (Jacoby, 2002). How the physical environment affects the internal state and behavior of individuals is described in the SOR paradigm. Stimulus refers to factors that may influence an individual's internal state. Organisms, on the other hand, are interpreted as internal processes and structures that act as mediators between individual and final stimuli, responses, or reactions. Response is the end result of individuals such as intentions and behaviors (Changa, Eckmanb, & Yanb, 2011). To support the proposed model, empirical data will be obtained and collected from customers who have visited the web hotel.

Conceptual models are developed and illustrated in Figure 1. Conceptual models are construct based on various research on brand image (Anwar, Gulzar, Sohail, & Akram, 2011; Chun-Fang Chiang & Soo Cheong Jang, 2006; J. Kim, Jin, & Swinney, 2009; Kooli, Mansour, & Utama, 2014; Ryu et al., 2008; J. J. Wu, Chen, & Chung, 2010), perceived risk (Chang & Chen, 2008; Lim, 2003; Mitchell, 2001; Smith & Sivakumar, 2004) and online booking intentions (Bai et al., 2008; Sparks & Browning, 2011).

![Figure 1.](image)

*Brand Image*
In business matters, brand image plays a very important role as it can be decisive and may influence subjective perceptions and customer behavior before making a purchase (Ryu et al., 2008). If referring to the theory of basic actions, in saying that customers will evaluate and consider the consequences that might occur before engaging it (Bang, Ellinger, Hadjimarcou, & Traichal, 2000). In addition, Keller (1992) explains that customers’ perception of a brand is reflected by the brand that exists in the user’s memory.

In many cases, consumers will find that the risk of online shopping is higher compared to traditional ones (Bhatnagar & Ghose, 2004). When shoppers are unable to physically view and evaluate a product before purchasing it, it is considered highly risky (Bhatnagar, Misra, & Rao, 2000), and perceived risks to the product increase when the information needed is limited, high-priced, and the product may not be rated correctly by the user (Forsythe & Shi, 2003). Therefore, in the case of online hotel purchase intent, consumers will try to minimize the risk by only buying products offered by well-known hotels, and only from reputable hotel web.

In addition, consumers assume that their trust will increase if a product has a good brand and considers the risk to be low when making an online purchase (Y. S. Chen, 2010; Chun-Fang Chiang & Soo Cheong Jang, 2006) Consumers are more likely to buy a product or service online when they believe in a brand, the price it offers, and the value (Dodds, Monroe, & Grewal, 1991; A. J. Kim & Ko, 2012). A study from Lau and Lee (1999) found that there is a positive relationship between brand and trust. When there is a positive brand image, it will increase consumer trust in brand-related products and services. This leads to the following propositions:

P1. Brand image will have a positive effect on perceived trust.

P2. Brand image will have a negative on perceived risk.

P3. Brand image will have a positive effect on purchase intentions.

Perceived Trust

One of the key characteristics of the buyer and seller relationship is perceived trust, and based on the findings of J. J. Wu et al. (2010), in social exchange interactions, the role of trust has gained a lot of attention from researchers. Perceived trust can be interpreted as a positive belief in the trustworthiness and reliability of a person or object (Everard & Galletta, 2005b). Customers' trust is generated when they have confidence in the capabilities and integrity of the service provider (Kim, Kim, & Kim, 2009). When consumers place their trust in service providers, it can help reduce their cognitive risk and insecurity and thus enable long-term relationship maintenance (Gefen, 2000).

According to (Kooli et al., 2014) when a website is trusted by customers, the risk of online transactions will be lower, and they will be more likely to buy on that site. From a hotel booking perspective, customers may be vulnerable to accommodation and services provided by hotel operators. It is the customer's expectation that the hotel will provide the service as promised on the website and expectations will depend on the customer's trust in the hotel. Therefore, in the hotel's efforts to market its products and services and to build customer loyalty, trust plays a very important role (J. Kim et al., 2009).

From the perspective of customers, they see more risks when making an online purchase compared to offline because they are not physically able to see and review the products they
are interested in buying (Lee, 2014). Therefore, a lack of trust can be a major obstacle when consumers want to make transactions and buy online (Urban, Amyx, & Lorenzon, 2009). In addition, when customers are exposed to fraud, or have experienced negative experiences, shoppers will continue to develop a negative attitude (Gao & Bai, 2014), and they will no longer trust the seller, and may turn to alternatives to meet their needs and satisfaction (Lee, 2014). In addition, shoppers are exposed to a level of trust and revised product information that is not in line with the influence of their purchase intentions (Zhang, Cheung, & Lee, 2014). As a result, the central role of trust in determining consumer purchase intentions is influenced by satisfaction with both products and online stores (I. L. Wu, 2013). Therefore, if the seller intends to influence consumers to buy their product (decision to buy or transfer money), they need to pass the threshold for reliable performance (Bente, Baptist, & Leuschner, 2012). All of the above led to the formulation of the following propositions:

P4. Perceived trust will have a negative effect on perceived risk.

P5. Perceived trust will have a positive effect on online booking intentions.

**Perceived Risk**

The concept of perceived risk was introduced by Tzeng et al. (2005) and interpreted them as uncertainties and consequences related to user actions, results that may or may not be enjoyable. In this study, the researcher defined the perceived risk as consumer uncertainty when they could not anticipate the outcome of their purchase decision. In terms of online purchases, D. J. Kim, Ferrin, and Rao (2008) defined perceived risk, as consumers believe the probability of a negative outcome will likely occur when they make an online transaction.

The perceived risk usually affects the early stages of the consumer buying process (Cunningham, Gerlach, Harper, & Young, 2005). Consumers' interest in buying a product or service online will decline if they consider it to be risky and they will spend more time by evaluating and paying for things to reduce any risk. For example, consumers will try to connect with people who have purchased and used the product online for information on the quality of a product. Risk is a characteristic that determines social interactions where uncertainty exists. In practice, all interactions need to have an element of trust, including in the e-commerce environment (Ba & Pavlou, 2002).

Over the years, trust is considered a catalyst in customer relationships because it delivers the expected transactions (Pavlou, 2003). Recent studies show that risks associated with online business are a function of trust that involves both buyers and sellers (Featherman & Pavlou, 2003; Kimery & McCord, 2002; Pavlou, 2003). On the other hand, if there is a perceived risk online, it would reduce the willingness of consumers to buy products and use the online service. Therefore, these expectations are summarized in the following proposition:

P6. Perceived risk has a negative effect on online buying intentions.

**DISCUSSION AND CONCLUSION**

**Implications for Theory and Practice**
As businesses using the internet are growing rapidly and the number of customers seeking to buy online services and products has increased over the time, it is important to determine what factors can influence customers to make online purchases. This study proposes a theoretical framework work for hoteliers that offer attractive and well-known brands, minimum risk and high trust that will enhance the user's intention to make a booking.

Based on the proposed model, three implications are proposed. First, brand image has influenced positively the consumers in their purchase intention and has a positive mediation effect on perceived risk and perceived trust. Hotels should focus their efforts on improving and maintaining their brand image. Well-managed brand associations including enhanced functional, symbolic and experiential benefits will create a good brand image. If a hotel has a well-known brand, it will be able to convince users of the hotel's website information.

Second, trust is also one of the important factors that determine purchase intent. Continued increases in customer trust in hotels make them feel that hotel information is accurate and reliable, which will enhance their perceived value. Hoteliers can also foster consumer trust by offering and assuring that the quality of services and products are of the highest quality, always keeping the security and privacy of the customer, and well-designed and attractive websites should always be maintained.

To increase buyer confidence, hotels need to ensure that customers are not exposed to any risk when making purchases through their web site. Consumers who buy online more often are more likely to trust a website based on the satisfaction they have had in previous interactions, while consumers who see more risks in online purchases need to understand that the hotel has a good reputation.

Finally, the model proposes a significant impact on perceived risk of purchase intentions. The risk of buying a product online is higher than the offline context (Pires, Stanton, & Eckford, 2004). Therefore, hoteliers need to incorporate online features that reduce the risk of customers buying online by improving customer service, providing sufficient product and safety information, and building a reputable hotel. In addition to reducing the perceived risk, it is important to have positive emotions as consumers shop online to encourage consumers to make purchases.

**Future Research Directions**

In conclusion, this study proposes a conceptual framework in an effort to increase online buying intentions in relation to hotel booking websites. The proposed model offers support for brand image effects, perceived risk, perceived trust, and ultimately online buying intentions. Future studies can broaden the framework by integrating it with potential moderators related to the diversity of online web browsers, technology readiness and familiarity.

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