

**THE STUDY OF CONSUMER'S COMPREHENSION TOWARDS ONLINE
TRAVEL AGENCY APPLICATION IN MALAYSIA**

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UNIVERSITI TEKNIKAL MALAYSIA MELAKA

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TRAVEL AGENCY APPLICATION IN MALAYSIA**

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SUPERVISOR VERIFICATION

‘I/We hereby that I/We had read through this thesis and in my/our opinion that this thesis is adequate in terms of scope and quality which fulfil the requirements for the award of Bachelor of Technology Management (High Technology Marketing)’

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DECLARATION

I declare that this thesis entitle “The Study of Consumer’s Comprehension towards Online Travel Agency Application in Malaysia” is the result of my own research expect cited in the references.

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Date :.....

DEDICATION

I would like to special dedicate to my beloved parents, Mohamad Rahimi bin Daud, Shamsiah binti Mamat and all my family members who always provide support and encouragement to me when I faced the challenges in university. Next, I would also like to dedicate to my supervisor and panel who offered valuable and suggestion to me throughout the research. Lastly, not forgotten to my friends and course mates for assistance during the completing this research. I wish to thanks all of you for your kindness during my studies in UTeM.

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Praise be all to Allah SWT, the Most Gracious, the Most Merciful Shalawat and salam be to Rasulullah Muhammad saw. By the grace of Allah SWT, this research is finally completed to fulfill the requirements for Bachelor of Technology Management (High Technology Marketing)

I would like to take this great opportunity my warmest gratitude to my supervisor Dr. Yusri Arshad for his guidance, concern and strong support at all the time especially during the difficulties that I faced throughout the completion of this research. His enthusiasm has been a great source inspiration to me and gives me the great sense of honour to be under their wings.

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ABSTRACT

The development rapidly towards mobile commerce, online travel agency was experiencing a rapidly growth. The aim of this study was to analyse factors affecting consumer's comprehension towards online travel agency application in Malaysia context. However how to promote more effectively is a problem urgent to solve. This study to make some contribution to consumer's comprehension towards online travel agency application. This research were developed some hypothesis and based on four "technology acceptance model" (TAM) models were purposed a research model about consumer's comprehension of online travel agency application. Perceived Usefulness, Perceived Ease of Use, Social Influence and User Satisfaction were included in the model. Questionnaire survey was conducted in Malaysia through the internet and social media platform. Results shows that perceived usefulness, perceived ease of use and user satisfaction had a positive influenced on consumer's comprehension towards online travel agency application. Furthermore, the effects of perceived ease of use on consumer's comprehension towards online travel agency application was significantly greater.

Keyword: Consumer's comprehension, online travel agency application, TAM model

ABSTRAK

Perkembangan pesat ke arah perdagangan mudah alih, agensi pelancongan dalam talian mengalami pertumbuhan pesat. Tujuan kajian ini adalah untuk menganalisis faktor-faktor yang mempengaruhi pemahaman pengguna terhadap aplikasi agensi pelancongan dalam talian di konteks Malaysia. Bagaimanapun, bagaimana mempromosikan dengan lebih berkesan adalah masalah yang perlu diatasi. Kajian ini memberi sumbangan kepada pemahaman pengguna terhadap aplikasi agensi pelancongan dalam talian. Kajian ini telah membangunkan beberapa hipotesis dan berdasarkan kepada empat model "model penerimaan teknologi" (TAM), telah menjadi model penyelidikan mengenai pemahaman pengguna terhadap aplikasi agensi pelancongan dalam talian. Penggunaan yang dirasakan, Kemudahan Penggunaan, Pengaruh Sosial dan Kepuasan Pengguna telah dimasukkan ke dalam model. Tinjauan soal selidik telah dijalankan di Malaysia menerusi internet dan platform media sosial. Keputusan menunjukkan bahawa kegunaan yang dirasakan, kemudahan penggunaan dan kepuasan pengguna dilihat positif telah mempengaruhi pemahaman pengguna terhadap aplikasi agensi pelancongan dalam talian. Selain itu, kesan penggunaan mudah difahami terhadap pemahaman pengguna terhadap aplikasi agensi pelancongan dalam talian adalah lebih besar.

Kata kunci: *Pemahaman pengguna, aplikasi agensi perlancongan dalam talian, model penerimaan teknologi.*

TABLE OF CONTENT

| CHAPTER | TITLE | PAGE |
|-----------------------|--------------------------------|-------------|
| | SUPERVISOR VERIFICATION | i |
| | DECLARATION | ii |
| | DEDICATION | iii |
| | ACKNOWLEDGDE | iv |
| | ABSTRACT | v |
| | ABSTRAK | vi |
| | TABLE OF CONTENT | vii |
| | TABLE OF TABLES | xii |
| | TABLE OF FIGURE | xiii |
| | TABLE OF ABBREVIATION | xiv |
| CHAPTER 1: | INTRODUCTION | |
| | 1.1 Background of Study | 1 |
| | 1.2 Problem Statement | 2 |
| | 1.3 Research question | 3 |
| | 1.4 Research objective | 3 |
| | 1.5 Scope of Study | 4 |
| | 1.6 Limitation of Study | 4 |
| | 1.7 Summary | 4 |

| | | |
|-------------------|---------------------------------------|----|
| CHAPTER 2: | LITERATURE REVIEW | |
| | 2.1 Consumer's comprehension | 5 |
| | 2.2 Digital Marketing | 7 |
| | 2.3 Online travel agency application | 8 |
| | 2.4 Technology Acceptance Model (TAM) | 8 |
| | 2.4.1 Perceived Usefulness | 9 |
| | 2.4.1.1 Convenience | 10 |
| | 2.4.1.2 Efficient | 10 |
| | 2.4.1.3 Time | 10 |
| | 2.4.1.4 Good quality service | 11 |
| | 2.4.2 Perceived Ease of Use | 11 |
| | 2.4.2.1 Easy to learn | 11 |
| | 2.4.2.2 Effortless payment | 12 |
| | 2.4.2.3 User-friendly interface | 12 |
| | 2.4.2.4 Easy booked | 12 |
| | 2.4.3 Social Influence | 13 |
| | 2.4.4 User Satisfaction | 13 |
| | 2.5 Research framework | 13 |
| | 2.6 Hypothesis | 14 |
| | 2.7 Summary | 17 |
| CHAPTER 3: | RESEARCH METHODOLOGY | |
| | 3.1 Research design | 18 |
| | 3.1.1 Methodological choice | 19 |

| | |
|---|-------------------------------|
| 3.1.2 Sampling Design | 20 |
| 3.1.3 Location of research | 20 |
| 3.3 Data collection procedure | 21 |
| 3.3 Research strategy | 21 |
| 3.3.1 Questionnaire design | 22 |
| 3.3.2 Pilot test | 23 |
| 3.4 Validity | 23 |
| 3.5 Reliability | 23 |
| 3.6 Data analysis tools | 24 |
| 3.6.1 Pearson Correlation Coefficient | 24 |
| 3.6.2 Multiple Regression Analysis | 25 |
| 3.7 Statistical Package for Social Science (SPSS) | 26 |
| 3.8 Summary | 26 |
| | |
| CHAPTER 4: | RESULTS AND DISCUSSION |
| 4.1 Pilot test | 27 |
| 4.1.1 Reliability Test | 28 |
| 4.2 Respondent rates | 29 |
| 4.3 Descriptive Analysis | 29 |
| 4.3.1 Respondent demographic Analysis | 29 |
| 4.3.1.1 Gender | 30 |
| 4.3.1.2 Age | 31 |
| 4.3.1.3 Education level | 33 |
| 4.3.1.4 Profession | 34 |
| 4.3.1.5 Income level | 35 |

| | |
|---|----|
| 4.3.1.6 Application Use | 36 |
| 4.3.2 Central tendencies measurement | 37 |
| 4.3.2.1 Independent variable 1: Perceived Usefulness | 37 |
| 4.3.2.2 Independent variable 2: Perceived Ease of Use | 38 |
| 4.3.2.3 Independent variable 3: Social Influence | 40 |
| 4.3.2.4 Independent variable 4: User Satisfaction | 41 |
| 4.3.2.5 Consumer's comprehension towards Online Travel Agency Application | 42 |
| 4.4 Reliability | 45 |
| 4.5 Inferential Statistic | 46 |
| 4.5.1 Pearson Correlation | 46 |
| 4.5.2 Multiple Regression Analysis | 49 |
| 4.6 Hypothesis Testing | 53 |
| 4.7 Discussion of Description Analysis | 55 |
| 4.8 Discussion of Objective | 56 |
| 4.8.1 Objective 1: To recognize factors that influence consumer's comprehension towards online travel agency application | 58 |
| 4.8.2 Objective 2: To identify the relationship between factors that | |

| | | |
|-------------------|---|-----------|
| | can influence consumer's comprehension towards online travel agency application | 59 |
| 4.8.3 | To determine the most factors of influence consumer's comprehension towards online travel agency application | 63 |
| 4.9 | Summary | 64 |
| CHAPTER 5: | CONCLUSION AND RECOMMENDATION | |
| 5.1 | Conclusion | 65 |
| 5.2 | Limitation of Study | 66 |
| 5.3 | Recommendation | 66 |
| 5.4 | Summary | 67 |
| | REFERENCES | 68 |
| | APPENDICES | 74 |

LIST OF TABLES

| TABLE | TITLE | PAGE |
|--------------|---|-------------|
| 4.1 | Interpretation of Reliability based on Cronbach's Alpha for pilot test result | 28 |
| 4.2 | Respondent rate | 29 |
| 4.3 | Demographic profile of the total respondent | 30 |
| 4.4 | Statistic of Perceived Usefulness | 37 |
| 4.5 | Statistic of Perceived Ease of Use | 38 |
| 4.6 | Statistic of Social Influence | 40 |
| 4.7 | Statistic of User Satisfaction | 41 |
| 4.8 | Statistic of analysis of Respondent by Consumer's comprehension towards online travel agency application | 43 |
| 4.9 | Reliability test of the total respondent | 45 |
| 4.10 | Rules of thumb for interpretation correlation | 47 |
| 4.11 | Pearson correlation with the variable | 47 |
| 4.12 | Model summary of MRA | 49 |
| 4.13 | ANOVA for MRA | 50 |
| 4.14 | Coefficient for MRA | 51 |
| 4.15 | Coefficient of MRA | 53 |
| 4.16 | Summary of Hypothesis Analysis | 57 |

LIST OF FIGURE

| FIGURE | TITLE | PAGE |
|---------------|--|-------------|
| 2.1 | Research framework for Consumer's Comprehension towards Online Travel Agency Application | 14 |
| 3.1 | Likert Scale | 22 |
| 3.2 | Rules of Thumb for interpretation correlation | 25 |
| 4.1 | Gender | 31 |
| 4.2 | Age | 32 |
| 4.3 | Education level | 33 |
| 4.4 | Profession | 34 |
| 4.5 | Income level | 35 |
| 4.6 | Application use | 36 |

LIST OF ABBREVIATION

MCMC = Malaysian Communications and Multimedia Commission

OTA = Online Travel Application

TAM = Technology Acceptance Model

IV = Independent Variable

DV = Dependent Variable

TCEC = Tobacco Control Evaluation Centre

SPSS = Statistical Package for Social Science

MRA = Multiple Regression Analysis

PU = Perceived Usefulness

PEU = Perceived Ease of Use

SI = Social Influence

US = User Satisfaction

CCOTA = Consumer's Comprehension towards Online Travel Agency

CHAPTER 1

INTRODUCTION

This chapter explained about the introduction and the background of this research, problem statement, research questions, research objectives, the scope of study and limitation of the study.

1.1 Background of Study

In the era technological, application development is currently progressing at a feverish pace, and application developers are in high demand (Robert G., 2011). According to Growth from Knowledge, GfK (2015), in the modern digital age, nowadays community are have strong relationship with the internet, so this is a opportunity for the travel agency to establish by using internet platform to gain audience. Online travel agency application has become the most popular among application use nowadays. According to Christina C. (2016), to share information and one of the most platform that important among the consumers today is the internet.

To offer customized tailor packages, tour companies can contrast prices, explore and make reservations online with more flexibility and control. Besides, to ensure maintain competitiveness and efficiency among travel agents, they need to start using information technology. In the face of adoption of information technology there are a lots of challenges. This includes looking for specific ways to attract and maintain consumers for special tour packages customized needs travel needs such as limousine rental and hotel transfers. Therefore, online travel agents need to win the consumers attention compare to traditional high street travel agents, (Norhayati et al, 2015).

The introduction of online travel agency application in the hotel industry is one of that innovation in the recent past. Nowadays, online travel agency application has grown rapidly as more consumer enrol for the online travel agency service application rather than the traditional travel agents system. Although technology has given a huge impact on the conventional on hotel industry with existing an online travel agency service such as booking.com making a significant impact that disruption in the hotel industry has been rather elusive.

The main concept of an online travel agency is creating a connection among consumer and the hotel industry through the online travel agency offer in the application. In the online travel agency application, the consumer can gain information about the hotel that they want to choose. In online travel agency also stated the detail of the hotel such as place, the condition, rates and others. Lastly, the application also computes the fees based on the worth of the hotels.

1.2 Problem Statement

Everyone knows nowadays smartphone is an important thing, especially when to for a trip. A traveller needs a place to stay during their vocation, so they may use their smartphone to find the place to stay. Smartphones can brought significant changes in the individual's daily lives and digital consumption with smartphones multi-functionality (Lee S., 2016). So, this is the function of an online travel agency but if traveller just booked in the website may cause difficulty such as small in the screen. The traveller might download for the online travel agency application and book the room to stay.

According to Anton et al (2007) internet travellers have received the possibility to access the information about deals, schedules and prices in any comfort places and develop travel packages by their own when online booking is currently taking over the

travel market. According to Sagittarius (2017) when the traditional bricks were changing to mortar travel agencies to the online, the challenge among the online travel agencies is the marketing about their application. Since online travel agency application still new among consumer, the research makes some contribution in the understanding of consumer's comprehension which is give affecting usage of online travel agency application. Hence, this research to seek to establish of what are factors of online travel agency application influence consumer's comprehension. Therefore, this study to evaluate consumer's comprehension towards online travel agency application in Malaysia.

1.3 Research Questions

1. What are recognizing factors that influence consumer's comprehension towards online travel agency application?
2. What are the relationship between factors that can influence consumer's comprehension towards online travel agency in Malaysia?
3. What is the most factor of influence online travel agency towards consumer's comprehension in Malaysia?

1.4 Research Objectives

1. To recognize factors that influence consumer's comprehension towards online travel agency application.
2. To identify the relationship between factors that can influence consumer's comprehension toward online travel agency in Malaysia.
3. To determine the most factor of influence online travel agency towards consumer's comprehension in Malaysia.

1.5 Scope of the Study

For the scope of the study, this research commonly focused on the factors that affected consumer's comprehension towards online travel agency in Malaysia. This research would examine and identified the relationship between the factors affecting consumer's comprehension, perceived usefulness, perceive the use of online travel agency. The research was targeted at respondent 18 years old and above. The age fixed in the research because the researcher will assumed respondent was able to provide their own opinions without relying on a parent.

1.6 Limitation of Study

For the limitation of the study is attitude of the respondent. The researcher assumed that respondents will provide honest, justifiable answer and have adequate knowledge about online travel agency.

1.7 Summary

In this study, the researcher was emphasized on the consumer's comprehension towards online travel agency in Malaysia. This chapter provided an introduction to the research topic. It had introduced the background of the study, problem statements, research questions and research objective. The scope and limitation of the study were covered by this chapter. The Researcher would base on these introductions and carry on to the second chapter which discussed the part of the literature review.

CHAPTER 2

LITERATURE REVIEW

This research is about online travel agency application in Malaysia. More specially, the adoption of online travel agency application towards consumer's comprehension. The discussion on factors that influence consumer's comprehension towards online travel agency application. The fast-growing of mobile internet enables online travel agency application platform for providing adoption consumer on the new technology. In the following section of this literature review, it will involve the overview of terms, concept and theories in detail to provide a clear understanding.

2.1 Consumer's Comprehension

The main purpose of marketing communication is leaded by consumer's comprehension of interface product information. In general, comprehension can be described as the extent to which the correct or precise user understands the advertised messages (Houssi A. & Dolnicar S., 2007). The consumer's comprehension means understanding among the consumer about the product or service. According to Woolley G. (2011), comprehension is the understanding, interpreting texts and acquiring meaning depend on various factors relating to situational, text and readers.

The combination of consumer's response and participants' written protocols is the step to measures of comprehension at the product or service. The scale item asked consumers how well they could explain the product or service to a friend anchored by "not well at all" or "very well". "How would explain the product or service at the back of this question stated?" which is a question stated and each respondent's response was separated into three different categories whether a concise a simple explanation, explanation was given or whether she or he could not described well at all.

According to Katherine and Peter (2016), comprehension key drivers, perhaps due to the of sound measurement development for consumer experience, there is also a dearth of research on how consumer experience. Consumer's comprehension helps to target and make focus for segmentation of consumers, increasing the profit and assume consumers' purchasing actions through online channels (Bidgoli, 2004).

Generating user value need comprehensive information about the consumer and only a comprehensive understanding of the consumer which is consumer requirements can result in consumer value (Dejen M. & Sekandary H., 2008). Therefore, creating customer value cannot be described as something clear and requires a lot of effort and time. In this new digital era, a lot of data is accessible, so dealing the valuable data from the correct sources is ending up increasingly significant. It is mean that business need to choose the right consumers with the right measures to develop their consumer value creation abilities in term of consumer value.

The comprehension of the consumer is an important factor, and it means seeing things from the customer's point of view, understanding the customer's business rationale, information about the market, and giving externalization possibilities. In addition, company image or corporate identity characteristics are discussed, including characteristics such as brand equity and brand visibility.

2.2 Digital Marketing

Merisavo M. (2006) stated the use of digital channels to create strong consumer loyalty by gotten shockingly little attention, in spite of clear opportunities for using these channels to keep connection and present consumers cost-effectively. It nation of digital marketing seems to have been used more operationally, while the theoretical knowledge and extensive models of how and why to use various digital channels are still being developed. However, digital marketing is a changing nation, in order to serve as a basis for the remaining assessment, it is essential to provide a clear and coherent definition of it here. The Digital Marketing Institute defines digital marketing as “creating integrated, targeted and measurable communication through the use of digital technologies that tend to obtain and maintain customers while make strong relationships with them” (Wymbs C., 2011). According to Royle J. & Laing A. (2014), digital marketing is a sub-branch of traditional marketing and for the place of product by using nowadays digital channel such as downloadable music and mainly for communicating with a person that contribute in business such as customers and investors that discussing about products, business progress and brand.

An organization’s performance and competitive advantage have given positive effect by digital marketing. Based on the definition, the implementation of digital marketing for an organization is to increase the consumer royalty, consumer attention and consumer relationship. Besides, digital marketing also important as the communication tools with the consumers to evaluate the brand, product and business progression of an organization.

Web users in Malaysia are growing nowadas. According to the Malaysian Communications and Multimedia Commission, MCMC (2017), the percentage of internet users was 76.9 percent in 2016. There were also 24.5 million internet users, which in 2015 had risen from 24.1 million. The non-internet users stood at 23.1 percent, just under a quarter of the population as a whole.

According to Omar et al (2011), digital marketing is a rapidly evolving industry that strives to incorporate newer technologies and practises, even if they are not popular in all the countries across the world. Roughly, an innovative strategy is limited to a company with new technologies. The trend is indirectly shifting to companies to incorporate some of the digital methods to achieve results. Therefore, digital marketing allows and encourage consumers to prefer a product or services based on technology.

2.3 Online Travel Agency (OTAs) Application

According to Munoz E. (2018), online travel agency is one types of sales channel for a hotel business. Thus, the online travel agency application is more focus on room booking. OTAs like Travelocity and Orbitz allow consumers to check accommodation validity, make price comparisons and let different payment modes to be used. OTAs comfort for one-stop travellers, enabling them to discover the highest value for their travel requirements. Some OTAs even specialise in last-minute reservations to sell highly discounted airline seats and hotel rooms (Chistina C., 2016). Thus, there are many benefits of OTAs.

Online Travel Agency is usually referred to as 'booking sites'. An online travel agency originally specialized exclusively in hotel reservations, but nowadays online travel agency has added flights and other land content to boost their attraction. Commonly, the consumer uses an online travel agency to book a hotel (Trip Advisor Malaysia, 2016).

2.4 Technology Acceptance Model (TAM)

Technology Acceptance Model has been developed by Davis (1989) is the most popular research models to predict the use and acceptance of information system and technology by the individual user. TAM has been widely studied and verified by