

Chapter 60

The Effect of Utilitarian Website Features on Online Saudi Arabia Consumers Loyalty in the Case of Online Flight Booking

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ABSTRACT

The last couple of decades have witnessed rapid technological advancements, which have consequently caused dramatic changes in the lives of consumers and their purchase behavior. Of the many causes of the rapid growth of Internet use in the last few decades, most researchers confer that the critical contribution has been the growth of Web content. This paper attempts to report a study investigating the impact of utilitarian website features on Saudi Arabian customer loyalty for booking flights online. Data collected from 340 respondents were used to test the hypotheses. Structural Equation Modeling was deployed to analyze valid data points. The study found the importance of creating loyalty by focusing on utilitarian website features. Calculative commitment is significantly influenced by utilitarian features whereas affective commitment didn't showed significantly influence by utilitarian features. Limitations, managerial implications and future research directions are discussed at the end of the paper.

INTRODUCTION

The last couple of decades have witnessed rapid technological advancements, which have consequently caused dramatic changes in the way we live, work, and play (Chiu et al., 2014). Likewise, it is of little doubt that the lives of consumers and their purchase behavior have also undergone change. The advent of the Internet has been increasingly considered as a unique and interactive medium for conducting research on online shopping (Luo et al., 2012). Of the many causes of the rapid growth of Internet use in the last decade, most researchers confer that the critical contribution has been the growth of Web content. Online shopping has witnessed a remarkable leap forward (Chiu et al., 2014; Kim et al., 2006;

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Luo et al., 2012) with sales growing more than 19% a year (Internet Retailer, 2011) and has become an important distribution channel or business model for many companies (Chiu et al., 2014). Worldwide retail online sales had already reached approximately \$1 trillion by the end of 2010 (Goldman, 2011). The Cisco IBSG Economics and Research Practice predicts that e-commerce will reach almost \$1.4 trillion in 2015 globally (Bethlahmy et al., 2011). Forrester Research estimates that online shoppers will spend \$327 billion in 2016 in the US alone, up 45% from \$226 billion in 2012, and 62% from \$202 billion in 2011 (Forrester Research, 2012). Rapid growth of the Internet has created a new arena for international commerce and provides new possibilities for marketing products and services. In spite of all the development and research in online shopping, many customers still indicate concerns regarding their online purchase experiences (Luo et al., 2012). Some scholars suggest that focusing on social impacts maybe premature until Web use is better understood (Bethlahmy et al., 2011).

As technology develops, service sector including hotel rooms, flights, travel packages, attraction tickets, cruises, and car rentals consumers and e-tailers. Over the last decade, the Internet has developed into being one of the most significant channels for hotel booking (Thakran & Verma, 2013). The online booking website, Travelstart (Travelstart, 2012), promote online flight booking by pointing to the several factors like online booking saves time, being able to find airfares to your destination and having latest technology available at your fingertips. Because of the growing acceptance of e-commerce, successfully adopting a more effective e-commerce channel (e.g social commerce) has become a substantial matter for tourism and hospitality businesses (Kim et al., 2006).

E-commerce in hospitality and tourism has progressed in recent years from the preliminary sales of less-complex products such as airline tickets, accommodations and car rentals, to embrace more complex products including vacation packages and cruises (Inversini & Masiero, 2014). However, during this evolution, it is usually claimed that online travel portals have fallen behind when creating a pleasant online environment for customers (Hassan, 2013). The developing compelling and useful online shopping portals would help e-commerce companies build and maintain relationships with their customers (Bilgihan & Bujisic, 2015).

Accordingly, a considerable number of studies have been undertaken to uncover website characteristics that could possibly impact on customer loyalty (Azam, 2015a; Harris & Goode 2010). While these studies provide fruitful insights, authors have since called for more comprehensive research exploring the nature and effects of online physical environments on customers' loyalty in the website (Bilgihan & Bujisic, 2015; Standing et al., 2004). Although online servicescapes have been found significantly and positively affect website loyalty (Bilgihan & Bujisic, 2015), no studies have investigated this link empirically in the airline industry within a Saudi Arabian context.

It is important to understand consumer behavior in online environments and develop strategies to increase customer loyalty towards the website (Azam, 2015a). From a theoretical perspective, it is important to develop a model that explains the antecedents of loyalty in online travel portals. Online websites allow the traveler to, for instance, compare the difference in price between air tickets with relative ease (Standing et al., 2004).

In Saudi Arabia, online transactions have increased by 100%, from \$278 million in 2002 to \$556 million in 2005 (The Arab Advisors Group, 2009). It is found that according to the Internet World State (The Arab Advisors Group, 2009), 3.5 million of the Saudi population is using the internet. According to the International Air Transport Association (IATA) in 2014, Airlines are issuing around 300 million paper tickets per year that cost \$10 per ticket to process (Arab News Newspaper, 2014).

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