Customers' Experiences with Hotel Flash Sales in Asia

A Thesis

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Master of Science

by

Yuan Luo

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ABSTRACT

This study is to explore customers' experiences with hotel flash sales in Asia. Specifically, this thesis has investigated 1) customers' experiences with hotel flash sales; 2) customers' attitudes on flash sales; 3) the differences between hotel flash sale users and non-users; 4) the predictors of the number of flash sales purchases in the hotel industry and in all industries and 5) the relationship between the number of flash sale purchases in hotel industry and all industries. The sample was 500 respondents in five countries in Asia. The results indicated that respondents were mostly positive with hotel flash sales. The study also revealed that there were significant country differences and customers' attitudes differences between hotel flash sale users and non-users. Travel frequency was a positive predictor of both the number of flash sale purchases in the hotel industry and in all industries.

BIOGRAPHICAL SKETCH

Yuan Luo was born in Wuhan, China in 1988. She graduated from the University of Economics and Law with a Bachelor of Management degree in Tourism Management in 2011. After completing four years for her undergraduate, she decided to start a master program in hospitality management in Cornell.

Yuan Luo’s hospitality experience was in both restaurants and hotels. With the enthusiasm of service operation, she was used to work as a front desk agent and as a banquet assistant. She will be graduating in August of 2013 from Master of Science program in Hospitality Management at the School of Hotel Management in Cornell. During her two years in Cornell, she developed interests in revenue management. She enhanced hands-on revenue management skills when she was working as a revenue management assistant in a five star hotel in China. She will keep learning about hospitality industry and start her career in revenue management in the future.

This work is dedicated to my parents with love.

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I. Introduction

Started from 2010, flash sales are a relatively new trend within the hotel industry. By 2011, popular flash sales sites Groupon Gateaways and LivingSocial had almost surpassed the top 1% of travel agents in 2011 in terms of annual sales, although they only had two years of experience with the travel business (Rauch and Quinby 2012). At the beginning of 2012, PhoCusWright forecasted that flash sales would shape the hotel industry, even though the idea was still in a period of experimentation (Wharton 2012). In the Asian market, flash sales have been growing in popularity, particularly in China via Ctrip, eLong and Qunar, and eLong reported that over 1,500 hotels have claimed to promote their couponing business (Jain et al. 2012).

Since hotel flash sales have captured a large amount of industry attention, insights into customers' previous experience with hotel flash sales could help operators make their decisions on whether to offer deals and how to structure their deals. The focus of this paper is customers' perspectives towards overall flash sales, especially hotel flash sales. Specifically, I investigated customers' experiences with, and perceptions of, hotel flash sales in the Asian market. My research questions were the following:

1) What were customers' experiences with hotel flash sales?
2) What were customers' perceptions of hotel flash sales? Do customers' perceptions vary by country?
3) Do demographic factors, travel frequency and customers' perceptions have an influence on whether customers purchase hotel flash sales or not?
4) What are the predictors of the number of overall flash sales they purchased?
5) What are the predictors of the number of flash sales they purchased specifically in the hotel industry?
6) Does the number of flash sales purchased in all industries have a relationship with the number of flash sales purchased specifically in the hotel industry?

First, I will describe an overview of traditional couponing and flash sales with previous research on flash sales and coupon use. Then I will present my hypotheses and research methods. Further, I will discuss the results of my study and outline the implications for hotel managers. In the end, I will provide the limitations of my study and suggest a variety of areas for future research.

II. Literature Review

Since my study focuses on customers' coupon perceptions and coupon use, I will first provide a literature review of general coupon perception and coupon use. Further, I will outline an overview of flash sales and present past research on flash sale experiences and use.

A. User Perception of Coupons

Companies often promote business, attract new customers and reward their regular customers by providing discount coupons. Coupons often have some restrictions, such as an expiration date or a requirement to buy specific products. Traditional coupons are often distributed as cards or on paper. With the emergence of the Internet, electronic coupons have been offered via websites or mobile phones. My study focuses on customers' perspectives of flash sales. In order to better understand customers' coupon experience, I will provide an overview of coupon perceptions, which I used to determine customers' flash sales experience. I describe coupon perceptions in a variety of categories: purchasing behavior, market information behavior, conformity behavior, preference for new products and loyalty behavior.

Purchasing Behavior

Coupon Proneness, or deal proneness, is defined as "an increased propensity to respond to a purchase offer because the form of the purchase offer positively affects purchase evaluations" (Lichtenstein et al. 1990). Coupon-prone customers think that a coupon would be a good value and is a signal of a good deal. In addition, coupon-prone customers may be coupon seekers who are looking for a good value deal and they have a higher propensity to respond to coupon offers.

Value Consciousness is defined as "a concern for paying low prices, subject to some quality constraint" (Lichtenstein et al. 1990). Value conscious people like to maximize the utility of a product. That is, they like to spend less for a product that is of higher quality.

Buying Impulsiveness is defined as a buyer's tendency to purchase products immediately and spontaneously (Rook and Fisher 1995). Purchasers who have high buying impulsiveness often have unexpected ideas on what they buy. To test the internal factors on buying impulsiveness, Chih et al. (2012) explored consumer online buying impulsiveness on a travel website and found that positive affects during online shopping have a tendency to induce customers' buying impulsiveness. That is, customers with more shopping enjoyment and more positive emotions were more likely to be impulsive buyers.

The Tightwad-Spendthrift Scale was developed to identify "tightwads", customers who prefer paying less, and "spendthrift", customers who like to spend more (Rick et al. 2008). This scale is "a measurement of individual behavioral differences in the pay of paying" (Rick et al. 2008). The tightwad and spendthrift scale contains one question with an eleven-point scale, from 1 (tightwad) to 11 (spendthrift).

Consumer Spending Self-control is defined as "an ability to monitor and regulate one's spending-related thoughts and decisions in accordance with self-imposed standards" (Haws et al. 2011). Haws et al. (2011) further tested the relationship between 1) impulsive buying and consumer spending self-control and 2) tightwad-spendthrift and consumer spending self-control. The results showed that both relationships were supported with negative correlations. That is, customer spending self-control was negatively correlated with impulsive buying behavior and with tightwad-spendthrift behavior. The relationship between impulsiveness and self-control was also found in another paper (Dholakia et al. 2006).

Market Information Behavior

Market Maven refers to the consumer characteristic or behavior that customers have some kind of information on products and other facets of markets in the marketplace and would like to share market information with others (Feick and Price 1987). Feick and Price (1987) mentioned that customers in this group have a higher awareness of new products and new brands, and pay a high level of attention to coupons. So, customers who have higher level of market maven are more likely to purchase coupons. Further, Price et al. (1988) revealed that there were significant differences by market maven groups for couponing behavior. Market mavens had higher number of coupons used and value of coupons used than non-mavens.

Conformity Behavior

Tian et al. (2001) developed and validated scaled items to measure customers' need for uniqueness. In their study, the need for uniqueness was defined as "an individual's pursuit of differentness relative to others through the acquisition, utilization, and disposition of consumer goods for the purpose of enhancing one's self-image and social image". They measured customers' need for uniqueness with three dimensions: Creative Choice Counter-Conformity, Unpopular Choice Counter – Conformity and Avoidance of Similarity.

Creative Choice Counter -Conformity is defined as a behavior that a customer wants to be different from others but wants to be perceived as a good kind of person by others (Tian et al. 2001). This group of customers is the same as customers who are identified as market mavens (Knight and Kim 2007).

Unpopular Choice Counter – Conformity is defined as a behavior that a customer wants to be different from others in a way that will risk social disapproval (Tian et al. 2001). This group of customers wants to purchase products which deviate from the group norm to help them feel unique.

Avoidance of Similarity refers to a behavior where a customer tries to avoid being similar to others (Tian et al. 2001). Those customers like to purchase products which are distinct from others and are not popular.

Preference for new products

Change Seeker Index: Garlington and Shimota (1964) developed the Change Seeker Index, a measure of the need for variable stimulus input. Customers who have a higher change seeker index receive a higher level of stimulus (both internal and external) from change and like to seek new and creative products.

Loyalty Behavior

Relational Orientation indicates how local customers are loyal to a company (Dholakia 2006). Customers with higher relational orientation scores tend to be more loyal to the company associated with the products they used. Dholakia and Kimes (2011) found that relational orientation behavior had no impact on the number of flash sales purchased.

B. Coupon Use

Coupon use and redemption is a important issue for operators in the hotel industry when offering coupons, because hotels often use coupons to attract new customers and shift demand to low periods. If coupon use is high, hotels reach their goals of shifting demand and earning new business at the same time. Past literature on the use of traditional coupons has focused on: 1) demographic influences on coupon use, 2) the effect of the coupon characteristics on coupon use and 3) customer perceptions of, and attitudes about, coupon use.

Demographic Factors and Coupon Use

Demographic factors, including age, education, location from the couponing provider, gender, household type and number of children, have been discussed in previous studies. The presence of young children has been shown to be related to coupon use for families with tighter budgets and less time. Tighter budgets drive coupon use higher while less time leads to lower coupon use (Ctonovich et al. 1997). Shimp and Kavas (1984) revealed that household type plays a significant role in coupon use. Bawa and Shoemaker (1987) studied household coupon use, which was consistent across product categories. They found that households with higher coupon use tended to be younger and more educated. Chiou-Wei and Inman (2008) tested the influence of demographic factors (i.e. income, age and distance from the store) on coupon use. The results of their study indicated that 1) younger people have higher coupon use with a high willingness to accept new technologies and 2) families with lower income have lower coupon use for coupons when there is a greater distance from the coupon provider. Huff and Alden (2000) explored a promotion related model in different countries (in the US and Asia) and found that country differences play a significant role in managers' decisions on promotions and coupons. American mangers' attitudes are positively affected long-term objectives when considering the effectiveness of coupons, but Asian managers' attitudes are not significantly influenced by long-term objectives.

Coupon Characteristics and Coupon Use

Coupon characteristics refers to the traits or specialties of the coupon, such as the face value of the coupon, the service or product categories of the coupon, the distribution channel of the coupon and the brand issuing the coupon. Most characteristics have been proven to have relationships with coupon redemption or use. Coupons with higher face value often have higher redemption rates (Bawa et al. 1997, Chiou-Wei and Inman 2008). If a customer finds a coupon with high attractiveness (such as high face value), she or he would be more likely to use the coupon, which eventually leads to high coupon use (Bawa et al. 1997). For nonperishable products, such as shampoo and detergent, Chiou- Wei and Inman (2008) found that high face value coupons also have a positive influence on coupon purchases. Myung et al (2006) looked at what effects coupon face value has in relation to a purchaser's future buying behavior or loyalty. Swaminathan and Bawa (2005) studied coupon use for four distinct products in two different categories and two different services, and the propensity to redeem coupons in different categories and services are correlated. A preferred brand issuing a coupon to increase its attractiveness also drives coupon use higher (Bawa et al. 1997).

Coupon Perception and Coupon Use

Customers' perceptions and attitudes have been shown to be a significant predictor of coupon use and redemption. Shimp and Kavas (1984) indicated that previous studies seldom focused on customers' perspectives, and thus they tested the influences of self-reported behavior on coupon use. Their model demonstrated that personal attitudes and subjective norms are predictors that determine coupon use. Other researchers have discussed coupon use and customer coupon perceptions. Lichtenstein et al. (1990) tested the effects of value consciousness and coupon proneness on coupon use. Customers with higher value consciousness are more likely to use coupons. Coupon proneness can predict coupon redemption, and value consciousness also has a significant influence on coupon redemption. Swaminathan and Bawa (2005) also found that coupon proneness had a positive impact on coupon redemptions. In their study, value consciousness was also shown to be a positive influence on coupon redemption for coffee and detergent, and in the beauty salon industry, but it was not in the oil change industry. Price consciousness also has a positive impact on coupon redemption in the three industries but not the coffee industry. Feick and Price (1987) found that a customer who is a market maven pays a high level of attention to coupons and has greater coupon use. Further, Feick and Federouch (1988) explored the relationship between coupon use and market maven behavior. The results indicated that market maven behavior has a significant influence on couponing behavior, and customers who have higher market maven scores often have higher coupon use. Chiou-Wei and Inman (2008) showed that customers who switch brands often tend to use more coupons in different product categories. That is, customers who have a lower relational orientation have higher coupon use.

C. Overview of Flash Sales

Flash sales, also referred to as a daily deals, are a relatively new online platform for coupons. Flash sales are often associated with price discounts and high channel commission (Schiller 2011). For example, with Groupon, customers purchase coupons from the websites and redeem them at the business. Flash sales often have restrictions, such as limited numbers offered and limited time to use them (Dholakia 2010). In addition, deals can easily be shared with families and friends through social media such as Facebook and Twitter.

In the hotel industry, the predecessors of flash sales were private sales with a membership only structure, and emerged in 2008 and 2009 (Rauch and Quinby 2012). After private sales, flash sales were first introduced by Travelzoo and LivingSocial with an invitation only model in late 2010. In 2011, Groupon partnered with Expedia and launched its travel flash sale site “Getaways”, which provided hotel flash sales to the public. In late 2011, Groupon Getaways served as the most popular flash sale site in North America, with the highest number of deals sold and highest gross billings, compared to two other popular travel flash sale sites, LivingSocial Escapes and Travelzoo (Rauch and Quinby 2012).

For hotel operators, the flash sale is a way of building demand. Operators can use flash sales to build demand for low periods by offering discounted prices for specific dates (Feiertag 2012). Travel deals at flash sales sites are mostly one or two night stays with independent hotels in the price range from $100 to $200, and they are mostly associated with about a 50% off discount (Rauch and Quinby 2012). There is no denying that a deep discount is attracting an enormous number of customers to buy. During the fourth quarter of 2011, total travel gross billings reached $71.5 million (Rauch and Quinby 2012).

However, hotel operators may question flash sales when they try them the first time. According to TravelClick, nearly 40% of 900 global hoteliers have tried flash sales and 38% have found them less successful than they had hoped and do not plan to them use again (Mayock 2012). From the hotel operator’s perspective, the problems with flash sales are they 1) have high commission rates, 2) do not attract customers who are reflective of the brand, and 3) provide less return business. The flash sale promotion could be a significant way to distributing rooms, which is appealing to costumers, and hoteliers have to use it strategically (Wharton 2012).

D. Flash Sales Experience

<u>Operators Experience</u>

Some of the past studies on flash sales have focused on profitability and the benefits of flash sales from the operator’s perspective. During 2010 and 2012, Dholakia conducted several studies regarding operators’ experiences and promotion profitability of flash sales. Dholakia (2010) studied the profitability of Groupon promotions from a survey of 150 business that completed groupon promotions from 2009 to 2010. The results indicated that 66% of Groupon promotions were profitable for businesses. Dholakia also contended that employee satisfaction and the effectiveness in reaching new customers were positive predictors of whether group promotion is profitable or not. He also found that 1) duration of promotion, 2) whether an upper limit is placed on the number of groups sold and 3) restaurants, as opposed to the other industries studied, were all positively related to the number of flash sales sold. Employee satisfaction and the ability to attract new customers influence operators' decisions about whether to run a flash sale in the future. Dholakia (2011) further explored flash sale profitability through multiple sites, including LivingSocial, OpenTable and BuyWithMe, and showed that service industries, including restaurants and bars, were more likely to run a flash sale in the future. Moreover, Dholakia (2012) studied flash sale performance during a multi time period: May 2011, October 2011, and May 2012. The results indicated that the percentage of promotion profitability were relatively stable during this period.

Kumar and Rajan (2012) developed an analytical framework to measure the short-term profitability of social coupons in three industries: ethnic restaurants, car wash services and beauty salons and spas. Their framework also considered what effect repeat business had on the ability to cover the shortfall in profits. The results indicated that a social coupon neither brought in additional revenue for the business nor created avenues for attracting repeat business. Moreover, the possibility of cannibalization and dilution did exist. In their research in the Sloan Management Review they emphasized that managers should handle flash sales carefully by considering cannibalization, up selling and cross selling (Kumar and Rajan 2012).

Piccoli and Dev (2012) investigated flash sale practitioners in the international hospitality industry. Of the nearly 200 respondents in their survey, 42% had used flash sales before. Those respondents often offered discounts of 40% to 50% in their flash sales. Groupon was the most commonly used flash sale site, and also the most anticipated site for future deals. There were no significant regional differences between flash sale users and non-users. That is, the percentages of users versus nonusers were similar across the regions: Asia-Pacific region, Europe, the Middle East, Africa and America. Their survey results indicated that hotel flash sales brought in new customers but there was less repeat business than expected and that cannibalization did not occur. The study also explored the strategic level of flash sales, and found that hotel operators often set coupon availability on flash sale sites in order to maximize return on investment from flash sale sites. Significantly, this article developed a two by two framework with two dimensions: repeat-purchase potential and margin potential for operators to optimize flash sale strategies. When you expect high margin potential but low repeat purchase customers, offering a flash sale would be an incremental business channel; when you expect high repeat purchase customers without high margin potential, offering a flash sale would be a branding strategy to gain customer acquisition. High repeat purchase potential and high margin potential would be a golden opportunity for operators when offering flash sales.

Customer Experience

Previous research for flash sales is mostly from the operators' perspectives, and the customers' perspectives on flash sale have not yet been fully explored. As a group buying behavior, flash sales can be a good marketing tool to facilitate customers' social interactions, i.e. using a group discount to motivate informed customers to work as sales agents to acquire less informed consumers (Jing and Xie 2011). Shiau and Luo (2012) investigated the factors which influence group buying behavior and revealed that customer satisfaction, trust and seller creativity can predict the intention to use group buying.

Dholakia and Kimes (2011) investigated flash sales from customers' perspectives. They showed that multiple flash sale purchases do not inhibit future purchases, but may increase enthusiasm for their use. In a future study, Kimes and Dholakia (2011) examined customers' experiences with restaurant daily deals. The results of their study provided evidence of cannibalization, but also indicated that customers had positive experiences. Most customers considered the restaurant to be a good value even without flash sales, and would likely recommend the restaurant to others. Further, Wu et al. (2012) explored the differences between restaurant operators' and customers' opinions on customer perceptions of flash sales. They addressed the question of whether customers' attitudes are significantly different from what operators think about restaurant daily deals. Operators overestimated buying impulsiveness, and underestimated market maven capabilities, relational orientation, value consciousness and coupon proneness. They also gave managerial implication based on their findings that 1) daily deal customers are likely to return if they are treated well, 2) customers would like to recommend the restaurant to others, 3) delivering value for the price paid when offering daily deal would be a good strategy for managers.

E. Flash Sale Use

It is important for hotel operators to know the influences on flash sales, since operators would like to sell more coupons to build demand during off-peak season. However, there are almost no studies on hotel flash sale use.

In the restaurant industry, Kimes and Dholakia (2011) invested the differences of attitudes and demographic factors between flash sale users and non-users. Regarding demographic factors, the findings were 1) flash sale users were more likely to be younger, 2) flash sales users were more likely to be associated with a higher income, 3) married people were more likely to be a flash sale user, and 4) people who live in an urban or suburban area were more likely to purchase a flash sale. The results also indicated that gender and the number of children in the household have no significant relationship with flash sale use. For customer behavior, the results showed that 1) flash sale users were significantly more likely to be spendthrifts than flash sale non-users, 2) deal users had higher market maven scores than non-users, 3) coupon users had almost the same relational orientation as coupon non-users, 4) flash sale users were more likely to be impulsive buyers and 5) there were no significant differences of value consciousness between users and non-users, but users were more likely to be coupon-prone.

III. Hypotheses

Knowing how culture influences consumer behavior is essential to marketers when they enter a new national market (Luna and Gupta 2001). Culture has a significant influence on an individual's behavior through its manifestations (Hofsted 1997). The reason is that each cultural group has a different cultural manifestation: values, heroes, rituals, and symbols. Hofsted (1997) introduced the definition of culture, "the collective programing of the mind which distinguishes the members of one group or category of people from another" and cross-culture management. In Asian countries, different levels of consumer values, needs and purchase behavior have been shown for China and South Korea (Kim et al. 2002). In addition, significant differences among Chinese, Japanese and Japanese have been founded with price consciousness, prestige sensitivity and sales proneness, but no significant differences on value consciousness or price/quality (Meng and Nasco 2009).

It is important for operators to know customers react and use flash sales in different countries so that operators can develop strategies for different cultures. Given that research has shown country differences across cultures, I hypothesize that there will be significant differences of flash sales customer perceptions across countries. These perceptions are purchasing behaviors (coupon proneness, value consciousness, buying impulsiveness, the tightwad-spending scale, and consumer spending self-control), market information behavior (market maven), conformity behavior (creative choice counter-conformity, unpopular choice counter – conformity and avoidance of similarity), the preference for new products (change seeker index) and loyalty behavior (relational orientation).

Hypothesis 1: Customers' perceptions and attitudes are different across countries.

Previous literature provided insight into the relationships between demographic traits (i.e. gender, age, the number of children and home country) and coupon use, travel frequency and coupon use and customer perception and coupon use, although the literature rarely focused on flash sales or the hotel industry.

Hypothesis 2: Hotel flash sale users and non-users are significantly different customer groups when comparing different demographic factors, travel frequencies and customer attitude.

Harmon and Hill (2003) investigated gender influences on coupon use and found that men tend to use fewer coupons than women, which is the premise for the next hypothesis.

H2a: Women and men are different as to whether they purchased hotel flash sales before.

The study by Chiou-Wei and Inman (2008) indicated that younger customers are more likely to have higher coupon use. Dholakia and Kimes (2011) presented that age had a negative relationship with the number of daily deals purchased, indicating that flash sale users were more likely to be younger. Flash sales are more likely to be used by younger users, leading to the next hypothesis.

H2b: Different age groups are different on whether they had purchased hotel flash sales before.

The number of children customers have also influences their coupon use (Cronovich et al. 1997), leading to the next hypothesis.

H2c: Hotel flash sale users and non-users are different in terms of the number of children they have.

In terms of coupon use, Huff and Alden (2000) explored managers' attitudes towards coupon decisions and found that there were a variety of levels of coupon use because of market differences between the US and Asia. In addition, people who have different ethnic backgrounds have different levels of coupon use (Donthu and Cherian 1992). Considering the market differences among countries, the next hypothesis is as follows:

H2d: People from different countries are significantly different in whether they had purchased hotel flash sales before.

Flash sales customers reported that flash sales help save money on products they would have purchased anyway (Dholakia and Kimes 2011). From this point, customers would like to buy flash sales if those flash sales are the products they would have purchased leading to the question of whether customers who travel often are more likely to book hotel rooms and thus more likely to purchase hotel flash sales, leading to the next hypothesis.

H2e: Customers with different levels of travel frequency are different in whether they purchased hotel flash sales before.

Previous research confirmed that flash sale users and non-users were significantly different in some customer perceptions (Kimes and Dholakia 2011). Specifically, flash sale users were significantly more likely to be spendthrifts than flash sale non-users. In addition, flash sale users were more likely to have a higher level of market information and to share information with others than flash sale non-users. Flash sale users tend to have a higher coupon proneness score and tend to be impulsive buyers. In the general flash sale industry, Dholakia and Kimes (2011) measured how customers' perceptions and attitudes influence customers flash sale use. The findings were that unpopular choice counter-conformity and consumer spending self-control were positively related to flash sale use, and market maven and coupon proneness were negative predictors of coupon use. These studies were not in the hotel industry, leading to the next hypothesis.

H2f: Hotel flash sale users and non-users have different customer perceptions.

As discussed above, past research not only focused on whether customers use flash sales or not, but also investigated the level of coupon use and how those factors (demographic factors, travel frequency factor and customer attitude) influence coupon use. Past studies on the relationships between customers' perceptions/attitudes with coupon use were mostly US-based and there is little research in the Asian market, leading to the question of whether those factors can still predict coupon use in the Asian hotel industry, and the next hypothesis.

Hypothesis 3: Demographic factors, travel frequency and customer attitude are all related to the number of flash sales purchased before.

H3a: Customer attitude, demographic factors and travel frequency are all related to the number of flash sales purchased in all categories.

H3b: Customer attitude, demographic factors and travel frequency are all related to the number of hotel-products flash sales purchased.

Swaminathan and Bawa (2005) indicated the propensity to redeem coupons in different categories and services are correlated. There is almost no previous research on flash sales for the hotel industry, leading to the next hypothesis.

Hypothesis 4: The number of flash sales purchased in all industries is positively correlated with the number of flash sales purchased specifically in the hotel industry.

IV. Research Methods and Results

In order to understand hotel flash sales in the Asian market we conducted a survey for customers from Asian countries, specifically China, India, Indonesia, Japan and South Korea. Surveys were distributed to customers who had never used flash sales, who had used flash sales but not for hotels and who had used hotel flash sales specifically. We received 100 responses from each country, a total of 500; 13% of the respondents had never purchased flash sales before, 20% had purchased flash sales before, but not for a hotel and 66% had purchased flash sales for a hotel.

In order to investigate the differences of customer perception across cultures (Hypothesis 1), I will present the means of customer perception among the different countries. To test Hypothesis 2, I will provide a comparison between customers who had purchased hotel flash sales and customers who had never purchased hotel flash sales. Further, for the purpose of exploring the predictors of the number of flash sales purchased (Hypothesis 3), I will provide regression results separately for the number of flash sales for all categories and the number of flash sales specifically for hotels. I will use a correlation analysis to test the relationship between the number of flash sales purchases for all categories and the number of flash sales purchases for hotels.

In the following sections, I will first provide an overall demographic profile. Then I will present an overview of customer experience and perception related to their recent hotel flash sale purchases with descriptive results. Moreover, I will describe customer perception of and attitude toward hotel flash sales. Further, I will employ ANOVA to test Hypothesis 1, and chi-square analysis to test Hypothesis 2. Finally, I will develop a regression model to test Hypothesis 3 and correlation analysis to test Hypothesis 4.

A. Overall Demographic Profile

Table I presents the demographic profile of this survey. There were 500 respondents and 100 respondents for each country. Of the respondents, 62% were male and 38% were female. The age distribution was 18%

for ages 18 to 24, 42% for 25 to 34 and 25% for 35 to 44, while the rest were older than 45. Most respondents (57%) had at least one child in their household.

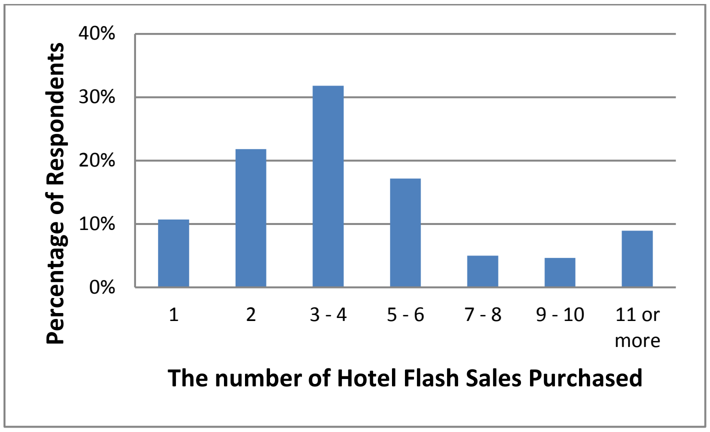
Table I: Demographic Profile

Demographic Profile (N=500)		
Gender		
Male	311	62%
Female	189	38%
Age		
18 - 24	91	18%
25 - 34	210	42%
35 - 44	123	25%
45 - 54	55	11%
55 - 64	21	4%
Number of Children		
None	214	43%
One	178	36%
Two	86	17%
Three	15	3%
Four or more	7	1%
Country		
China	100	20%
India	100	20%
Indonesia	100	20%
Japan	100	20%
South Korea	100	20%

B. Overview of Customers' Experience with Hotel Flash Sales

In the survey, we asked questions to customers about their experience with recent hotel flash sale purchases. A total of 280 respondents had purchased a flash sale for a hotel within the last six months. In general, hotel flash sales ranged from one night to seven night packages, including restaurants or spa services. Most of them reported that the flash sale was inexpensive but good. Of the respondents, 11% had only purchased hotel flash sales once in the past, 22% twice, 32% three to four times and 17% five to six times (Figure I).

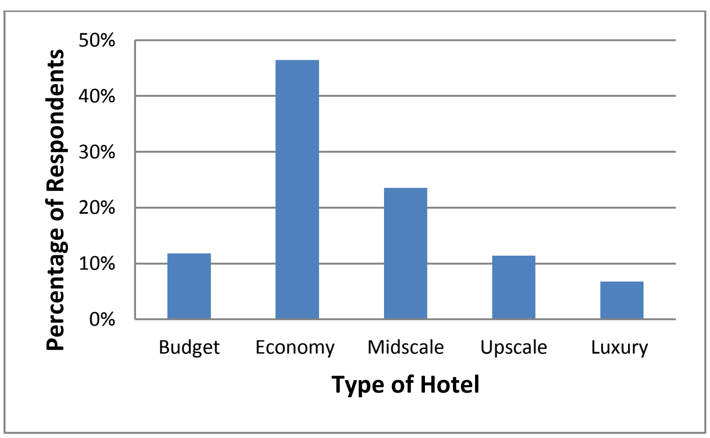
Figure I: Number of Hotel Flash Sales Purchased



The survey results provide information concerning the customers' most recent experience with sale purchases. Specifically, the information includes the type of the hotel, the size of the party, the reasons for choosing the hotel, the type of customer and the hotel flash sale experience.

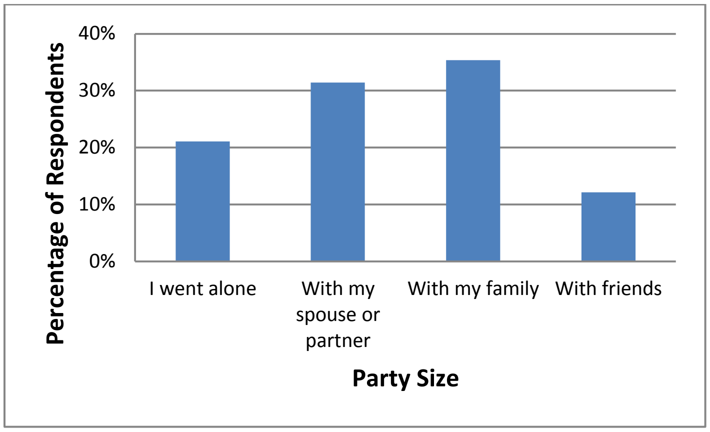
- *Type of Hotel*: Of all respondents who purchased a flash sale, 46% purchased a flash sale for an economy hotel and 24% purchased a flash sale for a midscale hotel. Only 7% purchased a flash sale with a luxury hotel (Figure II).

Figure II: Type of Hotel



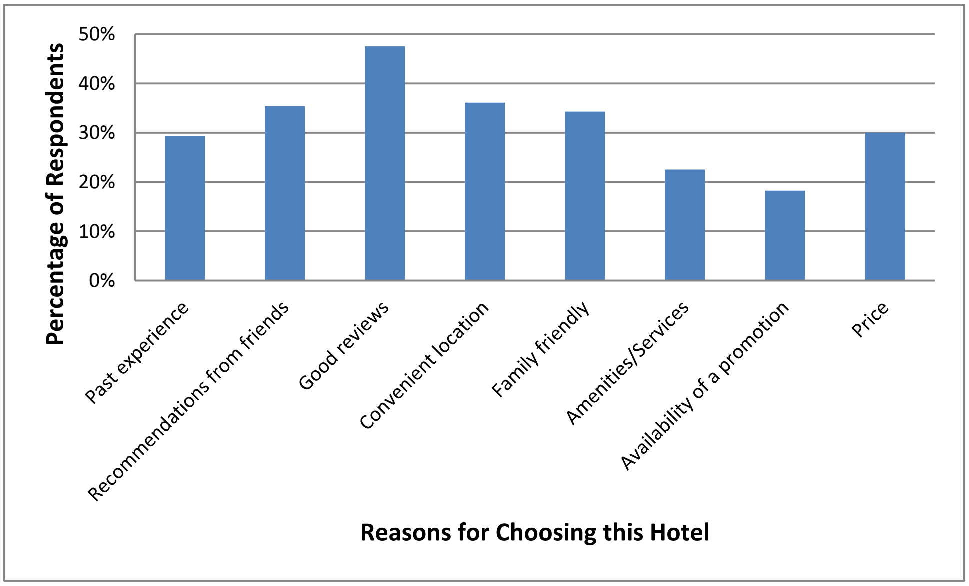
- *Party Size*: Most respondents (79%) went with others: spouse or partner (31%), family (35%) and friends (12%), and only 21% went alone (Figure III).

Figure III: Party Size



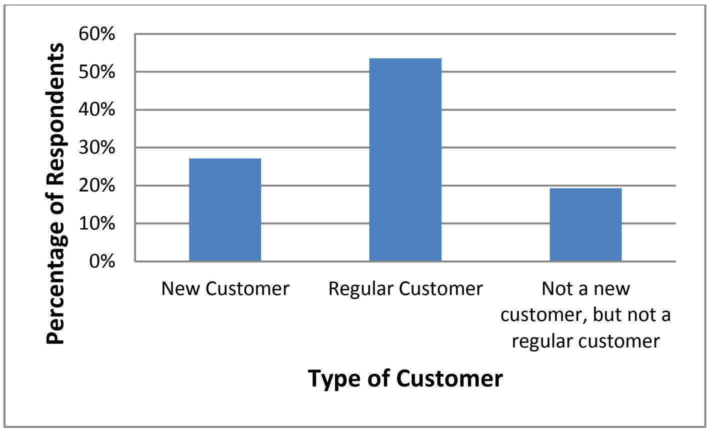
- *Reasons for Choosing this Hotel:* The most frequent factors cited for choosing a hotel were good reviews (48%), convenient location (36%), family friendly (34%), and recommendations from friends (35%). The least frequent factors were availability of a promotion (18%) and amenities/services (23%) (Figure IV).

Figure IV: Reasons for Choosing this Hotel



- *Type of Customer*: More than half of the respondents (54%) who purchased hotel flash sales were regular customers of that hotel, and 19% had stayed in that hotel before but not regular customers. Only 27% had never stayed at that hotel and were new customers (Figure V).

Figure V: Type of Customer



- *Hotel Flash Sale Experience* : Respondents were asked to evaluate their experience on a 1 to 7 scale (1= strongly disagree, 7 = strongly agree). Respondents were likely to recommend this hotel to others" (5.02), be satisfied with this hotel (4.99) and thought that the hotel provided a good value even without this deal (4.86) (Figure VI).

Figure VI: Customers' Experience with Hotel Flash Sales

C. Customers' Perceptions of Flash Sales

In order to better understand customers' perceptions and attitudes about flash sales, I measured a variety of constructs, including buying impulsiveness, creative choice counter –conformity, unpopular choice counter – conformity, avoidance of similarity, consumer spending self-control, market maven, change seeker index, relational orientation, value consciousness, coupon proneness and the tightwad-spendthrift scale. Each will be discussed in more detail.

Table II: Customers Perceptions and Attitudes

Construct	Survey Question	Source	Mean	Cronbach's Alpha
Buying Impulsiveness	I often buy things impulsively. I buy things according to how I feel at the moment. "Buy now, think about it later" describes me. Sometimes I am a bit reckless about what I buy.	Rook and Fisher (1995)	4.37	.824
Creative Choice Counter-Conformity	I often look for one-of-a-kind products or brands so that I create a style that is all my own. I'm often on the lookout for new products or brands that will add to my personal uniqueness.		4.68	.769
Unpopular Choice Counter-Conformity	I rarely act in agreement with what others think are the right things to buy. I have often violated the understood rules of my social group regarding what to buy or own.	Tien et al. (2001)	4.34	.730
Avoidance of Similarity	When products or brands I like become extremely popular, I lose interest in them. The more commonplace a product or brand is among the general population, the less interested I am in buying it.		4.36	.690
Consumer Spending Self-Control	I closely monitor my spending behavior. I carefully consider my needs before making purchases. When I go out with friends, I keep track of what I am spending. Having objectives related to spending is important to me.	Haws et al. (2011)	4.82	.856
Market Maven	I like helping people by providing them with information about many kinds of products. My friends think of me as a good source of information when it comes to new products or services. I like introducing new brands and products to my friends.	Feick and Prick (1987)	4.80	.848
Change Seeker Index	I am continually seeking new ideas and experiences. I like to experience novelty and change in my daily routine. When things get boring, I like to find some new and unfamiliar experience.	Steenkamp and Baumgartner (1995)	4.82	.848
Relational Orientation	When I find a brand I like, I tend to remain loyal to it for a long time. I like to develop long-term relationships with products and brands I like. I am loyal to companies that treat me well.	Dholakia (2006)	4.94	.831
Value Consciousness	When purchasing a product, I always try to maximize the quality I get for the money I spend. When I buy products or services, I like to be sure I am getting my money's worth. I always check prices at the grocery store to be sure I am getting the best value for the money I spend.	Lichtenstein (1990)	4.95	.847
Coupon Proneness	I enjoy using coupons regardless of the amount I save by doing so. I am more likely to buy brands for which I have a coupon. Coupons have caused me to buy products that I normally would not buy.		4.58	.809
Tightwad Spending Scale	1 = Difficulty spending money, 7 = love to spend money	Rick et al. (2008)	6.89	n/a

In the survey, we asked respondents to indicate their agreement based on a 7-point scale (1 = disagree, 7 = agree). The tightwad-spendthrift scale is an 11-point scale (1 = difficulty spending money, 11 = love spending money). Table II presents the survey statements we asked respondents, the source of the scale, the mean for each construct and Cronbach's alpha. Cronbach's alpha was used to validate scaled items and the scaled questions were validated at the Cronbach's Alpha level of 0.7. Respondents, in general, were value conscious (4.95), had a relational orientation (4.94) and were market mavens (4.80). In addition, most respondents love to spend money (6.89).

Table III shows the ANOVA results of customer perceptions and attitudes by country. Only buying impulsiveness, unpopular choice similarity – conformity and avoidance of similarity were not significantly different among countries, while other perceptions were all significantly different among countries. Therefore, hypothesis 1 is partially supported.

Table III: ANOVA Results of Customers Perceptions and Attitudes by Country

Customer Perceptions	**ANOVA Sig.**
Buying Impulsiveness	.720
Creative Choice Similarity - Conformity	.000*
Unpopular Choice Counter - Conformity	.439
Avoidance of Similarity	.455
Consumer Spending Self-Control	.000*
Market Maven	.000*
Change Seeker Index	.000*
Relational Orientation	.000*
Value Consciousness	.000*
Coupon Proneness	.005*
Tightwad-Spendthrift Scale	.000*

Note:* indicates it is significant at the 0.05 level

Table IV shows the post-hoc test results of customer perceptions and attitudes by country. A post-hoc test was used to determine if there is a significant difference between two subgroups. In this country differences analysis, the ANOVA results in Table III indicated that there were significant differences among the five countries. The post-hoc test is presented here to further test if there were significant differences between each group of two countries. The post-hoc results showed that customer attitudes are not always significantly different between two countries. For example, with creative choice similarity – conformity, there were significant differences between Chinese and Indian, but people from Indonesia, Japan and South Korea were the same when compared to people from China. Respondents from China, Indonesia, Japan and South Korea each had significantly different customer attitudes when compared with respondents from India. Except for creative choice similarity – conformity, other customer attitudes did not have significant differences between South Korea and Japan.

Figure VII provides the means of customers' perceptions that were shown to be significantly different among countries. Specifically, respondents from India had the highest average scores on all the perceptions among all the countries, while respondents from Indonesia had the second highest average scores. Respondents from Japan least agreed about creative choice similarity, self-control, change seekers, market mavens, relational orientation and coupon proneness among all the countries. Chinese respondents perceived themselves more as value conscious, coupon prone, seek changing and relational than South Korean respondents perceived themselves, while Chinese respondents were less likely to be different from others and control themselves more than South Korean respondents.

Figure VIII presents the tightwad-spendthrift scale among countries. Indian respondents were more likely to love spending money than other countries, while Indonesian respondents were more likely to have difficulty spending money. Compared with Japanese and South Korean respondents, Chinese respondents had higher average scores on the tightwad-spendthrift scale and were therefore more likely to love spending money.

Table IV: Post Hoc Test Results of Customers Perceptions and Attitudes by Country

Multiple Comparison									
		Customer Attitudes							
Country	**Country**	Creative Choice Similarity - Conformity	Consumer Spending Self-Control	Market Maven	Change Seeker Index	Relational Orientation	Value Consciousness	Coupon Proneness	Tightwad-Spending Scale
China	India	.000*	.000*	.000*	.000*	.000*	.000*	.079	.027*
	Indonesia	.678	.002*	.749	.191	.140	.022*	.954	.000*
	Japan	.115	.903	.001*	.112	.146	.969	.073	.001*
	South Korea	.638	.395	.093	.137	.743	.969	.221	.000*
India	China	.000*	.000*	.000*	.000*	.000*	.000*	.079	.027*
	Indonesia	.000*	.014*	.000*	.001*	.000*	.000*	.089	.000*
	Japan	.000*	.000*	.000*	.000*	.000*	.000*	.000*	.000*
	South Korea	.000*	.000*	.000*	.000*	.000*	.000*	.003*	.000*
Indonesia	China	.678	.002*	.749	.191	.140	.022*	.954	.000*
	India	.000*	.014*	.000*	.001*	.000*	.000*	.089	.000*
	Japan	.047*	.002*	.000*	.004*	.004*	.024*	.064	.182
	South Korea	.956	.021*	.046*	.005*	.072	.020*	.200	.397
Japan	China	.115	.903	.001*	.112	.146	.969	.073	.001*
	India	.000*	.000*	.000*	.000*	.000*	.000*	.000*	.000*
	Indonesia	.042*	.002*	.000*	.004*	.004*	.024*	.064	.182
	South Korea	.041*	.466	.119	.920	.260	.937	.566	.625
South Korea	China	.638	.395	.093	.137	.743	.969	.221	.000*
	India	.000*	.000*	.000*	.000*	.000*	.000*	.003*	.000*
	Indonesia	.956	.021*	.046*	.005*	.072	.020*	.200	.397
	Japan	.041*	.466	.119	.920	.260	.937	.566	.625

Note:* indicates it is significant at the 0.05 level

Figure VIII: Customer Perception by Country

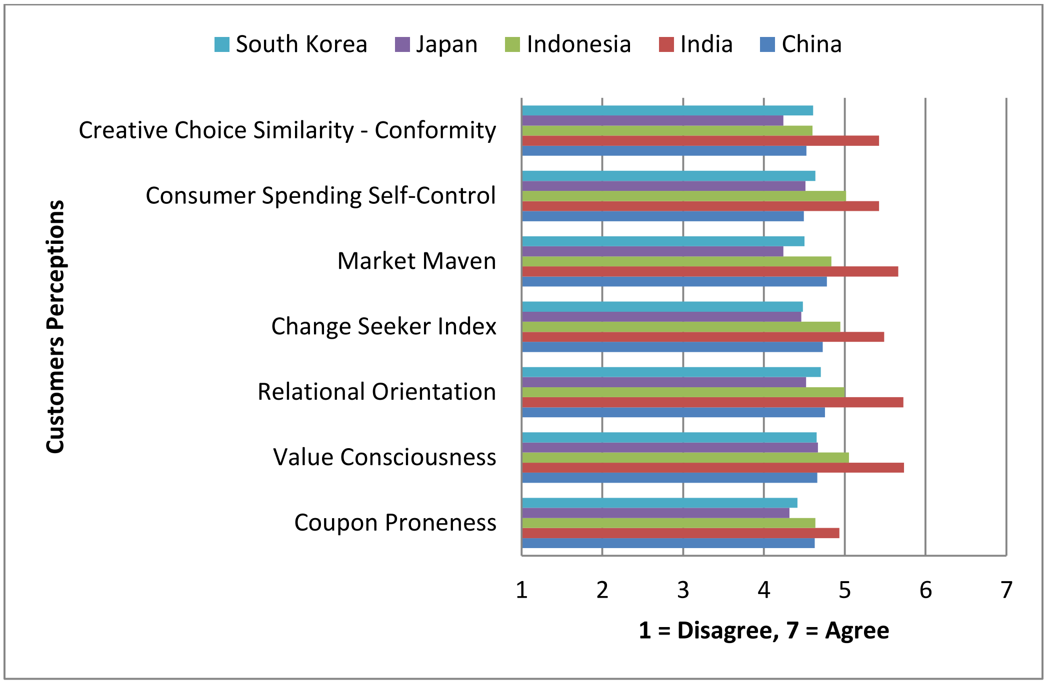
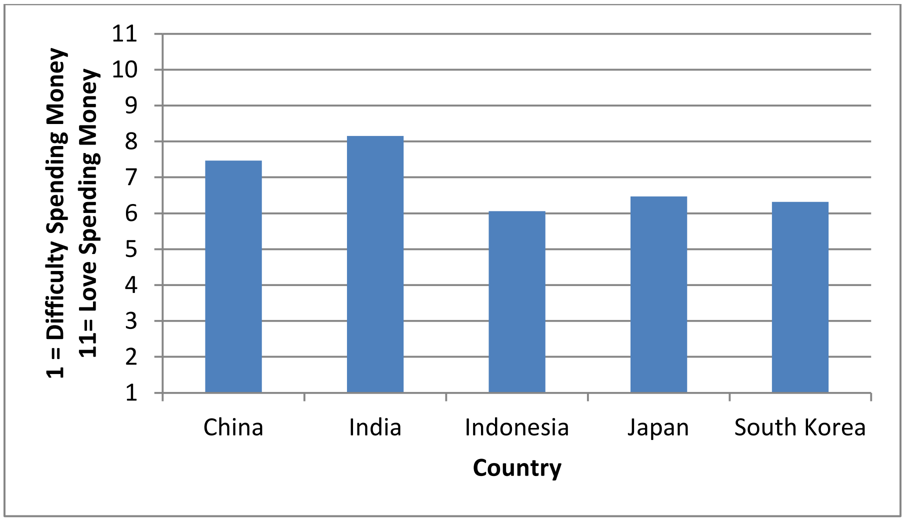


Figure VIIIII: Tightwad-Spendthrift Scale by Country



D. Differences between Hotel Flash Sale Users and Non-Users

With the purpose of distinguishing the traits of flash sale users and non-users in the hotel industry, I examined customers' demographic differences, travel frequency differences and perception differences.

Overall, 34% of the respondents had never purchased hotel flash sales before, while 66% of the respondents had purchased hotel flash sales before.

<u>Demographics and Travel Frequency</u>

Table V shows the results of a chi-square test based on demographic factors (gender, age, number of children and country) and travel frequency and whether the customer purchased a hotel flash sale before or not. Results with significance number less than 0.05 indicate that the differences between or among groups are significant at the 0.05 level. There were no significant differences between males and females on whether the customer purchased a hotel flash sale before. Consequently, hypothesis 2a is rejected. The result with age indicated that hotel flash sale users and non-users do not have significant age differences. Therefore, hypothesis 2b is not supported. However, the results demonstrated that hotel flash sale users and non-users are significantly different among different groups in terms of the number of children, country of origin and travel frequency. As a result, hypotheses 2c, 2d and 2e are supported.

The number of children is a significant factor between hotel flash sale users and non-users. Figure IX shows the percentage of users and non-users by the number of children they have; 70% of customers who had one or more children were hotel flash sale user, while 61% of customers who did not have any child were users. Customers who have one or more children were more likely to purchase hotel flash sales.

The chi-square test by country revealed that significant differences between hotel flash sale users and hotel flash sale non-users. Figure X shows the percentage of hotel flash sale users and non-users in each country; 80% of the respondents in China had purchased hotel flash sales before, while only 48% of the respondents in Japan had. The high percentage of hotel flash sale users indicates that respondents from China were more likely to purchase hotel flash sales.

Table V: Results Showing the Differences between Flash Sale Users and Non-users

	Have you purchased a hotel flash sale before? (N=500)				
	No	Yes	Chi-Square	Significance	Hypothesis Supported
Gender			1.926	.165	*H2a Not Supported*
Male	98	213			
Female	71	118			
Age			3.632	.458	*H2b Not Supported*
18 - 24	29	62			
25 - 34	73	137			
35 - 44	36	87			
45 - 54	21	34			
55 - 64	10	11			
Children			4.155	.042*	*H2c Supported*
None	83	131			
One or more	86	200			
Country			25.957	.000*	*H2d Supported*
China	20	80			
India	38	62			
Indonesia	31	69			
Japan	52	48			
South Korea	28	72			
Travel Frequency			22.832	.000*	*H2e Supported*
Less than once a year	28	26			
Once a year	43	52			
2-3 Times a year	66	159			
Once a month	18	41			
2-3 times a month	8	42			
Weekly	6	11			
Total	169	331			

Note:* indicates it is significant at the 0.05 level

Figure IIX: Differences Based on the Number of Children

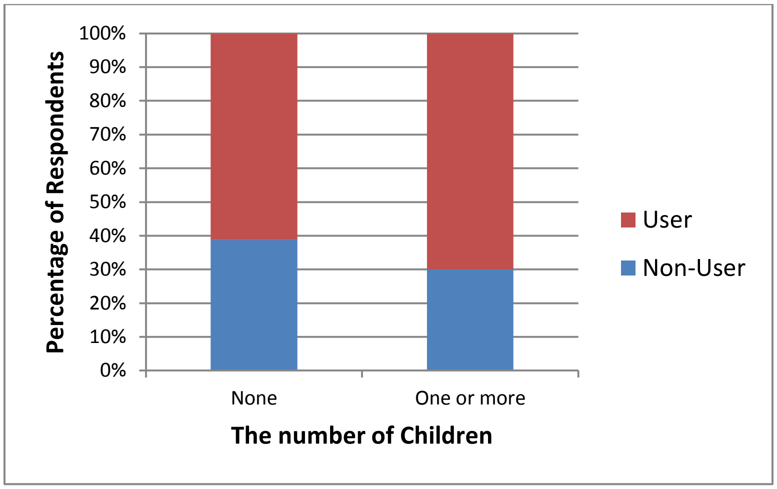
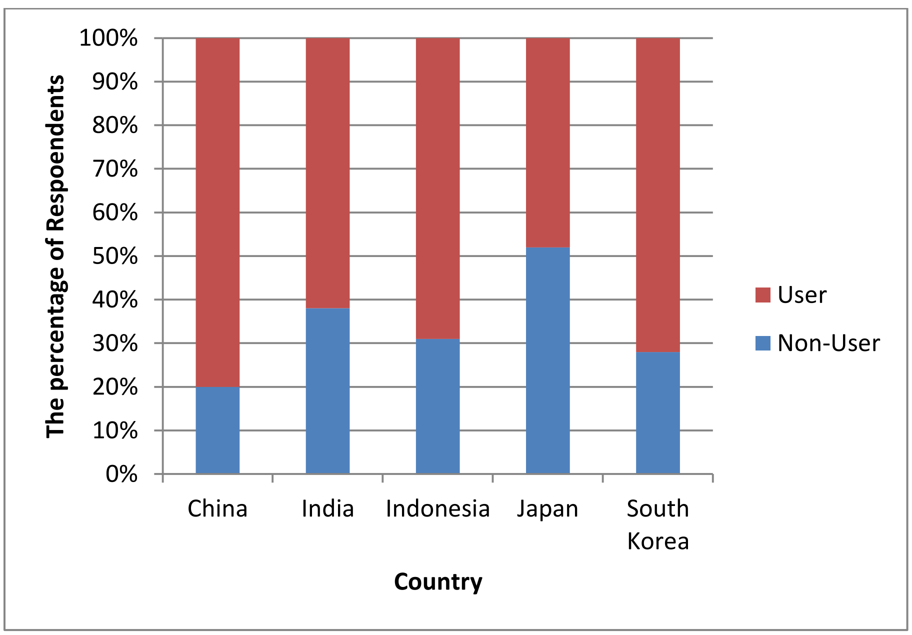
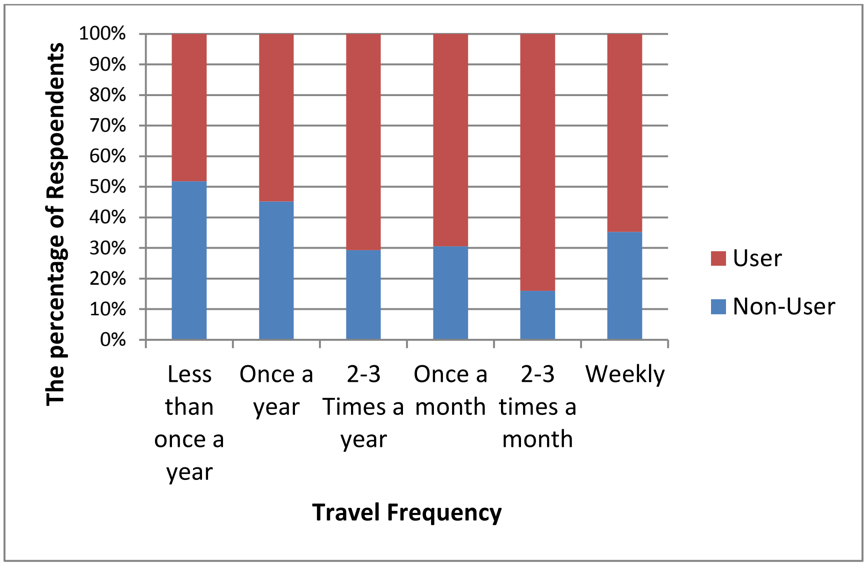


Figure X: Differences Based on Country



The chi-square analysis indicates that respondents with different travel frequencies were significantly different. Figure XI shows the different travel frequencies between hotel flash sale purchasers and non-purchasers. Specifically, respondents who travel two or three times a month were most likely to be hotel flash sale purchasers, while respondents who travel less than once a year were least likely to be hotel flash sale purchasers. Interestingly, respondents who travel weekly were less likely to have purchased hotel flash sales than respondents who travel two to three times a year.

Figure XII: Differences Based on Travel Frequency



<u>Customer Perceptions</u>

Hypothesis 2f predicted that hotel flash sale users and non-users have different levels of customer perception. Table VI provides the results of the ANOVA to test hypothesis 2f. Overall, hypothesis 2f is partially supported. Perceptions, avoidance of similarity, consumer spending self-control, relational orientation and value consciousness were not significantly different between hotel flash sale users and non-users. However, hotel flash sale purchasers and non-purchaser have different levels of other perceptions: buying impulsiveness, creative choice similarity –conformity, unpopular choice counter – conformity, market maven, change seeker index, coupon proneness and thetightwad-spendthrift scale. In terms of purchasing behavior, flash sale users were significantly more likely to be impulsive buyers (users, 4.45; non-users, 4.22) and coupon prone (users, 4.72; non-user, 4.31). Hotel flash sale users were likely to love spending money, share market information with others and seek change to a greater degree than hotel flash sale non-users. In terms of conformity behavior, hotel flash sale purchasers had significantly more tendencies to be different from others by both staying away from social norms and seeking social approval.

Table VI: Results of Perception Differences between Hotel Flash Sale Users and Non-users

	Have you purchased a hotel flash sale before?			
Customers Perceptions	No	Yes	ANOVA Sig.	Hypothesis Supported
Buying Impulsiveness	4.22	4.45	.046*	H2f Partially Supported
Creative Choice Similarity - Conformity	4.46	4.79	.010*	
Unpopular Choice Counter - Conformity	4.14	4.44	.015*	
Avoidance of Similarity	4.25	4.42	.189	
Consumer Spending Self-Control	4.71	4.87	.157	
Market Maven	4.58	4.92	.005*	
Change Seeker Index	4.64	4.91	.022*	
Relational Orientation	4.89	4.97	.471	
Value Consciousness	4.99	4.93	.637	
Coupon Proneness	4.31	4.72	.000*	
Tightwad-Spendthrift Scale	6.48	7.11	.004*	
Total (N)	169	331		

Note:* is significant at the 0.05 level

E. Flash Sale Use

To find the predictors of the number of flash sales customers purchased, I developed two stepwise regression models to explore the influences of certain variables (demographic factors, travel frequency and customers' perceptions) on the number of flash sales purchased in all industries, and specifically in the hotel industry. In the first model I included country, gender, the number of children, the number of overall flash sales purchased and the number of hotel flash sales purchased. Then, I conducted two stepwise regression models. In the first, the dependent variable was the number of overall flash sales and in the second it was the number of hotel flash sales purchased. The independent variables were demographic factors, travel frequency and customer perceptions. Finally, in order to find the relationship between the number of overall flash sale purchases and the number of hotel flash sale purchases, I considered the correlation results between these two variables.

With the purpose of adapting the regression model accurately, I transformed categorical variables to nominal variables or dummy variables. I transformed the country variable to four variables: China (1= Chinese, 0 = not Chinese), India (1=Indian, 0 = not Indian), Indonesia (1= Indonesian, 0 = not Indonesian) and Japanese (1 = Japan, 0 = not Japanese). For gender, 1 presented male and 0 presented female. In addition, I changed the age variable to the average or median of each group. Specifically, 21 presented "18-24", 29 presented "25-34", 39 presented "35 – 44", 49 presented "45 – 54" and 59 presented " 55 - 64". Similarly, the number of overall flash sale purchases and the number of hotel flash sale purchases were transformed to specific numbers instead of a range.

Overall Flash Sale Use

Table VII shows the regression results of the number of overall flash sale purchases. In order to explore significant influences, the stepwise regression excluded the variables: India, Indonesia, Japan, Gender, Age, the Number of Children, Buying Impulsiveness, Creative Choice Similarity – Conformity, Unpopular Choice Counter – Conformity, Avoidance of Similarity, Change Seeker Index, Relational Orientation and the Tightwad-Spendthrift Scale, because those variables were not significantly related to the number of overall flash sale purchases. The results showed that travel frequency, coupon proneness, whether a customer is Chinese (as compared to South Korean), consumer spending self-control, market maven and value consciousness predicted the number of overall flash sale sales. Therefore, hypothesis 3a is partially supported. First, compared to South Koreans, Chinese were likely to have the higher number of overall flash sales purchases. Second, travel frequency was a positive predictor, indicating that customers who traveled more frequently were likely to purchase more flash sales. In terms of customers' attitudes, coupon proneness and market maven were positively related to the number of overall flash sale purchases. That is, respondents who had a higher propensity to use a coupon or to share information with others to a greater degree were likely to purchase more flash sales. In addition, market maven tendency was the strongest positive predictor among all the customer perceptions. Interestingly, value consciousness was a negative predictor of flash sale use, demonstrating that the customers who were more value conscious purchase few flash sales. Moreover, customers who regulate their spending to a higher degree were likely to use flash sales more.

Table VII: Regression Results of the Number of Overall Flash Sale Purchases

N = 500		
R Square	.220	
P-Value	.000	
Variable	**Standardized Coefficients**	**Sig.**
(Constant)		.561
China	.116	.005*
Travel Frequency	.326	.000*
Coupon Proneness	.184	.002*
Consumer Spending Self-Control	-.137	.021*
Market Maven	.239	.001*
Value Consciousness	-.186	.007*
Excluded Variables		
India		
Indonesia		
Japan		
Gender		
Age		
The Number of Children		
Buy Impulsiveness		
Creative Choice Similarity - Conformity		
Unpopular Choice Counter - Conformity		
Avoidance of Similarity		
Change Seeker Index		
Relational Orientation		
Tightwad-Spendthrift Scale		

Note:* is significant at the 0.05 level

Hotel Flash Sale Use

Table VIII provides the regression results for the number of flash sales only in the hotel industry. The results showed that five predictors explain hotel flash use. Consequently, Hypothesis 3b is partially supported. First, compared to female respondents, male respondents were likely to have purchased more flash sales. Second, similar to the results of the overall flash sale model, the results of hotel flash sales indicated that the Chinese were likely to be associated with a higher number of hotel flash sale purchases than South Koreans. In addition, travel frequency was the strongest positive indicator of hotel flash sale use. The more frequent the customers travel, the more flash sales the customers purchased. The tightwad-spendthrift scale was positively related to the number of hotel flash sale purchases, showing that customers who had less difficulty spending money were likely to use more flash sales. Moreover, value consciousness was the only negative predictor of hotel flash sale purchases. Value conscious customers had the lower number of hotel flash sale purchases.

Table VIII: Regression Results of the Number of Hotel Flash Sale Purchases

N = 280		
R Square	.309	
P-Value	.000	
Variables	**Standardized Coefficients**	**Sig.**
(Constant)		.916
Gender	.103	.044*
China	.155	.003*
Travel Frequency	.430	.000*
Value Consciousness	-.169	.001*
Tightwad-Spendthrift Scale	.197	.003*
Excluded Variables		
India		
Indonesia		
Japan		
Age		
The Number of Children		
Buying Impulsiveness		
Creative Choice Similarity - Conformity		
Unpopular Choice Counter - Conformity		
Avoidance of Similarity		
Consumer Spending Self-Control		
Market Maven		
Change Seeker Index		
Relational Orientation		
Coupon Proneness		

Note:* is significant at the 0.05 level

Overall Flash Sale Use and Hotel Flash Sale Use

Table IX presents the results of the correlation analysis between the number of flash sale purchases in all industries and in the hotel industry. The number of overall flash sale purchases was significantly correlated with the number of hotel flash sale purchases. Customers who purchased a higher number of overall flash sales were more likely to have purchased hotel flash sales. Therefore, hypothesis 4 is supported.

Table IX: Correlation between the Number of General Flash Sales and Hotel Flash Sales

N = 280	
Correlation	.648
Significance	.000*

Note:* is significant at the 0.05 level

V. Discussion and Managerial Implications

In general, my study showed that 1) customer experiences with hotel flash sales were mostly satisfactory, 2) certain customer attitudes were significantly different among different countries, 3) hotel flash sale users and non-users were different among countries in terms of the number of children they have and their travel frequency, 4) certain customer perceptions, demographic factors and travel frequency were predictors of the number of flash sale purchases in all categories, including hotels, and 5) the number of flash sales purchased in the hotel industry was positively correlated with the number of flash sales purchased in all industries.

Overview of Customer Experience and Hotel Flash Sales

Overall, customers' experiences with hotel flash sales were positive. Most customers had purchased hotel flash sales at least once. Customers purchased hotel flash sales mostly with economy hotels and went with families, and they are mostly regular customers of the flash sale provider. The reason why they mostly booked with economy hotels might be that flash sale purchasers were seeking a lower priced hotel, so this might provide opportunities for economy hotels to offer flash sales. In addition, hotel operators might consider targeting families when they offer flash sales or provide more offers through inexpensive hotels.

New customers: In terms of the type of customer, operators often want to attract new customers to their business by using flash sales (Kumar and Rajan 2012). My results indicate that flash sales in the hotel industry may not be a good tool to attract large numbers of new customers since customers reported that they were mostly regular customers of the hotel. Hence, operators should strategically use flash sales to attract new customers. For example, hotel managers can set a restriction with flash sales that can only allow new customers to participate. On the other hand, flash sales may be a good opportunity for hotel managers to reward regular customers, but hotel managers should take cannibalization into account.

Reasons to choose a hotel: In the hotel flash sale industry, customers often choose a hotel because of good reviews, convenient location and being family friendly. Good reviews and convenient locations are common reasons for choosing a hotel. The important thing is that most customers redeemed their flash sales with their families, and being family friendly is a reason for choosing a hotel. Hotel managers should design their next flash sales based on customers' family gathering needs to attract more families. The availability of a promotion is the least important factor when customers choose a hotel. The reason might be that customers like to purchase flash sales for the product they want to buy anyway (Dholakia and Kimes 2011).

Brand image: Like the restaurant flash sale customers (Wu et al. 2012), hotel flash sale customers did not feel that they were treated like second class guests and did not think less of the property because of the flash sale. This result might help eliminate the concerns of luxury hotels that the brand image of the hotel may be damaged because of a high discount price. Respondents said that they would recommend the hotel to others and that they were satisfied with the hotel. The most significant result was that customers would be willing to return without the deal, supporting the results of Myung et al. (2006) that traditional coupon customers intend to return to the business.

Customers' Perceptions of Flash Sales

Understanding customer behavior can help hotel operators make better decisions on whether to offer flash sales, and set strategies to offer better deals to targeted customers. In my research, hotel flash sale customers were value conscious, loyal to the brand and have a higher level of information in the market place than that they were impulsive buyers and behaved differently from others in a way that deviates from group norms.

Country differences: Interestingly, my results indicate that most customer perceptions were significantly distinct among countries, except buying impulsiveness, unpopular choice counter-conformity and avoidance of similarity. Hence, operators should take cultural differences into account when they want to enter a new international market. Specifically, if operators want to offer flash sales in India, they have to be ready to experience customers who have a higher level of market information, who are more value conscious and coupon prone, and who love to spend money to a greater degree. Opposite to Indian customers, Japanese customers would be less value conscious. In terms of loyalty behavior, India is the best country, more so than South Korea, Japan, Indonesia and China, for operators offering flash sales, since Indian customers would likely be loyal to the brand, like to seek new products and share flash sale information with others. From this point, Japan might not be a good place to offer flash sales as it has the lowest scores on those behaviors among countries. Compared to South Korean customers, Chinese consumers would be more likely to spend money on flash sales because they are likely to control spending to a lower degree and have less difficulty in spending money. This result supports the study of Kim et al. (2002), that customer behaviors were different between China and South Korea. So, compared to China, when operators enter the South Korean market, they have to have some strategies to lure customers.

Differences between Hotel Flash Sale Users and Non-Users

Gender and age: Previous research indicated that coupon use is related to gender (Harmon and Hill 2003) and age (Chiou- Wei and Iman 2008, Dholakia and Kimes 2011). However, unlike the research in the general industries, my results indicated that, in the Asian hotel industry, age and gender do not affect flash sales use. Hotel managers may not need to focus on age groups or gender when promoting their flash sales.

The number of children: Hotel flash sale users and non-users were significantly different among groups with different numbers of children. The result supports the study of Ctonovich et al. (1997). My result shows that customers with one or more children were more likely to purchase hotel flash sales. In the previous part, my survey result showed that most customers have family needs. So, hotel managers should focus on families with children and provide flash sales based on their family needs.

Country differences: As I proposed, people from different countries (China, India, Indonesia, Japan and South Korea) were different regarding whether they will purchase a hotel flash sale or not. The results also reveal a high percentage of hotel flash sales users in China and a low percentage in Japan. The market differences and cultural differences might be the reason why different countries have different levels of hotel flash sale use. Flash sale sites, such as Groupon and LivingSocial, should have different strategies for different countries when they are extending their business to Asia.

Travel frequency: My analysis suggests that customers who travel two to three times a month have the highest likelihood to have purchased hotel flash sales. The reason might be that customers like to purchase flash sales with the products they want to buy anyway (Dholakia and Kimes 2011), so it is reasonable that customers who travel often were more likely to purchase hotel flash sales.

Customer perceptions: Further, hotel flash sale users and non-users have significantly different perceptions. The results support the study of Kimes and Dholakia (2011) that 1) flash sale users were more likely to be associated with spendthrifts and impulsive buyers, and have higher scores in coupon proneness and market maven than non-users and 2) there were almost no differences of relational orientation and value consciousness between hotel flash sale users and non-users.

Flash Sale Use

Predictors of flash sale use: My study explored the predictors which influence the level of coupon use, so managers could strategically increase flash sale purchases by providing tactics which cooperate with the predictors. Compared to South Korea, the Chinese are likely to have higher coupon use, although whether respondents are from the other three countries does not explain their coupon use. Hence, China would be a better place for operators to offer flash sales. Interestingly, as discussed before, hotel flash sale users and non-users have no gender difference, but among hotel flash users, male users are likely to purchase more flash sales. This result disagreed with the study of Harmon and Hill (2003) that men tend to use fewer coupons than women. The reason might be related to a culture difference between Asia and the US. Travel frequency is a positive predictor of both the number of overall flash sale purchases and the number of hotel flash sale purchases. As discussed before, it is reasonable that customers who travel often are likely to purchase hotel flash sales more. An implication is that most purchasers might be frequent visitors to hotels because they might travel to the destination of the hotel and be regular customers. However, it might be hard to explain the relationship between travel frequency and the number of overall flash sale purchases. The possible explanation might be that the flash sales they purchased were mostly travel products. Given the influence of travel frequency, hotel managers should target customers who travel often, since those customers are likely to purchase more hotel flash sales. Moreover, hotel operators could target customers who have less value consciousness and love to spend money to a greater degree because those customers would be likely to purchase more hotel flash sales. Value consciousness was a negative predictor of both general flash sale use and hotel flash sale use. This finding disagreed with Swaminathan and Bawa (2005) that value consciousness was a positive influencer of coupon redemption. The reason might be that Swaminathan and Bawa (2005)'s study was focused on the coffee, detergent and beauty salon industries, but my study was focus on the hotel and overall industries. Different industries might have different customers with different levels of value consciousness.

General flash sale use and hotel flash sale use: My study indicates that hotel flash sale use was positively correlated with general flash sale use. That is, customers with a higher level of hotel flash sale use often a have higher level of flash sale use over all industries. This result supports the study of Swaminathan and Bawa (2005), that the propensity to redeem coupons in different categories and services are correlated. The reason might be that customers who purchased more on flash sale sites in general categories have exposure to flash sale sites, and they treat flash sale sites as a distribution channel for all products, so they are more likely to purchase hotel flash sales. Similarly, customers who purchased more hotel flash sales were more likely to purchase other categories because they already have shown their interest in flash sales. From this point, flash sale sites might be a new, good channel for hotels to distribute rooms to those flash sale purchasers.

VI. Limitations

Hotel operators, especially large hotel chains, are not sure whether to offer a flash sale promotion or not because of concerns of cannibalization, reputation, low returns and high commission rate. However, my study contributes an overview understanding of customer experiences and the influences on hotel flash sales use. Customers were mostly satisfied with hotel flash sales and would like to return in the future, but hotel flash sales might not be a good marketing tool to attract new customers.

Although this study provides insights into customers' experiences with hotel flash sales and their perceptions on hotel flash sales, there are still limitations.

Survey Biases

The survey itself might have seen bias from respondents. The survey was written in English, but customers in Asia who do not use English as a first language might not truly understand the questions. Hence, they may give answers which were unexpected. Moreover, respondents in Asia who can read English would be more likely to have a higher level of education. Education has been reported as a predictor of coupon use (Bawa and Shoemaker 1987). As a result, respondents may only represent people with a higher level of education, and not represent a large portion of the population in Asia. In addition, respondents self-reported. They may answer questions in the way they think researchers want them to answer, or even lie in the survey. Therefore, the survey results may not reflect true behavior.

The questions in the survey may also have some potential bias. Since my study investigates coupon use, the questions related to coupon use were very important. However, in the survey it is not numeric answers but scaled answers. For example, the answers for "how many daily deals have you purchased in the past" are "0", "1","2","3-4", "5-6", "7-10" and "11 or more". I cannot differentiate people with three flash sale purchases from people with four purchases, and I may have had better analyses with numeric answers.

Demographic Bias

Since demographic factors (i.e. age and counties) have influence on whether customers purchase hotel flash sales or not, the potential influences of demographic factors may occur in how many customers purchase hotel flash sales. Although I did not study further on country and age differences, the potential bias from demographic differences may exist. Since the sample of the survey was large enough to separate country groups and age groups, I did not test my model across age groups and across countries. In addition, my study only focuses on China, India, Indonesia, Japan and South Korea, which are all highly developed or developing countries. Hence, my study may not fully reflect all of the Asian market.

VII. Future Research

Hotel flash sales are an emerging and continuously growing development. The academic research in this area has not yet been fully explored. My study only researches hotel flash sales in the Asian market from the customers' perspectives, and thus there are a variety of opportunities for future research and analysis in this area.

Hotel Flash Sale Industry

Most articles focus on the flash sales industry in general and there is little research on hotel related flash sales. Hence, more research should be done in the hotel flash sales industry. Future studies on hotel flash sales could focus on a variety of areas:

- *Flash Sales Profitability:* Hotel operators would like to know the profitability of flash sales. Developing a framework especially for the hotel industry is beneficial to the hotel flash sale industry. Moreover, this analysis should be based on real data from hotel property management systems.
- *Customers Experiences*: Although my study gives an insight into customers' experiences, further analysis on customers' experiences could be: how customers hotel flash sale experiences differ from regular experiences, and how customers' experiences influence their spending behavior.
- *Customers Attitudes:* Customers attitudes are related to customers' flash sales use. Future studies could be done on how those attitudes are related to flash sales in the hotel industry, how those customers' attitudes are related to each other, and how those attitudes are related to their purchasing and spending behavior.
- *Flash Sale Use:* Hotel flash sale use is influenced by travel frequency. It would be significant to know other factors which may impact flash sale use for hotels particularly, and how to attract heavy flash sale users from other industries to purchase hotel flash sales.

- *Types of Flash Sales and Restrictions*: Researchers could investigate the effects of profitability and promotion on different types of flash sales, and what types of restrictions could be attached to different types of flash sales. For example, what the profit level of discounted rooms versus packages including rooms and spas is.
- *New customers*: Flash sales do attract new customers, but there are not so many new customers as regular customers based on my results. So, further analysis would be to determine what influences the attractiveness of flash sales to new customers, and how to increase the number of new customers.
- *Employee Utilization*: Since the hotel industry is service oriented, front servers, including front desk agents, concierge agents and housekeepers, are important to deliver high quality service and ensure customer satisfaction. Future studies could determine how employees can ensure hotel flash sales users' satisfaction to increase repeat business and develop loyal customers.
- *Hotel Flash Sale Sites*: Different flash sales sites have different focuses. Some may focus on luxury deals and some on local deals. So, some further research that should be done could determine what the differences among hotel flash sale sites are.
- *Country Differences:* My study contributes an insight into country differences and the effects on whether customers purchase hotel flash sales, and the level of coupon use. Further analysis should focus on how county differences influence the profitability of flash sales, the number of uses of flash sales and the operators' and customers' experiences with and perceptions of hotel flash sales.

Other Industries

The analysis of this study provides customers' experiences with hotel flash sales and how general flash sales use influences hotel flash sales use. Further research can delve into how the framework of the hotel flash sale industry can be used in other industries, what are operators' and customers' experiences in other industries, and what are the differences of flash sales among industries.

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