



Information technology and consumer behavior in travel and tourism: Insights from travel planning using the internet



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ABSTRACT

Sustaining business success hinges upon a firm's ability to understand and capitalize on consumer behavior trends. Synthesizing information from a variety of sources, this paper discusses the nature of use of the Internet by American travelers. In general, the adoption of the Internet has reached a level of saturation and some traditional channels such as online travel agencies (OTAs) continue to dominate travel planning. While traditional means of Internet use for travel planning appears to be widespread across all customer segments, higher-order Internet uses (i.e., social media) are now prevalent among some segments, particularly among travelers of Generation Y. Also, there seems to be an important bifurcation in the traveler population in that the traditional online consumers remain unchanged with their pattern of use of online tools while sizable groups are adopting emergent information sources and transaction channels. This article details the particulars of these trends and offers managerial implications and future research directions.

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1. Introduction

Information technology (IT) has dramatically transformed travel and tourism (Sheldon, 1997; Werthner and Klein, 1999). From the development of Computer Reservation Systems (CRSs) in the 1960s to the Global Distribution Systems (GDSs) in the 1980s and the advent of the Internet in early 1990s, the tourism industry has always been confronted with the rise of new technological developments that posed both opportunities and challenges (Buhalis and Law, 2008). As the Internet realizes its twentieth year of commercialization, IT continues to evolve and impact the way travelers gain access to and use travel-related information. First, the Internet is now comprised of a huge amount of information which essentially represents the “external memory” for many people, and as a result, individuals have now become increasingly reliant upon it for everyday life (Sparrow et al., 2011). Consequently, tools such as search engines have become a dominant force that influence travelers' access to tourism products (Xiang et al., 2008). Second, the tremendous growth of social media has changed the dynamics of online communications (Sigala et al., 2012; Xiang and Gretzel, 2010). Third, recent developments in mobile computing, particularly with the adoption of smartphones

and their apps for travel, creates new locales for information search and use whereby the contextually defined needs of on-the-go travelers become increasingly prominent in guiding travel decisions (Wang et al., 2012).

Understanding how IT impacts consumer behavior can serve as a critical foundation for businesses to identify and develop effective and sustainable marketing communication strategies. Technologies come and go and, thus, it is important for businesses to identify those technologies with the potential to serve their long-term strategic purposes. Pre-trip travel planning, which is a specific type (and stage) of consumer information search, can be considered a fundamental component of the trip experience in that a traveler often needs to obtain a substantial amount of information in order to develop a travel plan. As such, information available to individual travelers has significant impact on various aspects of the traveler's decision making, especially when choosing a destination to visit (Bieger and Laesser, 2004; Fodness and Murray, 1997; Gursoy and McCleary, 2004; Jeng and Fesenmaier, 2002; Vogt and Fesenmaier, 1998); further, travel planning helps the traveler make decisions and build expectations for the upcoming trip (Gretzel, et al., 2006). Therefore, it is argued that travel planning serves as a window through which it is possible to understand how IT has changed travel and tourism.

The goal of this paper is to review recent developments in IT and tourism and then synthesize the findings of several recent studies on the use of the Internet for travel planning purposes (Fesenmaier and Xiang, 2014; Kim et al., 2015; Xiang et al.,

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in press). Arguably, the last several years represent a particular time during which the use of the Internet by travelers has stabilized, many of the major online distribution channels have matured, and important technological developments such as social media and mobile systems emerged and grew to dominate the landscape of travel information on the Internet. Building upon these findings, this paper discusses the implications for developing effective strategies to engage today's technologically savvy travelers in a sustainable way as their IT usage and behaviors evolve.

2. Development of the internet in travel and tourism

The tourism product can be characterized as intangible, experiential, and perishable. Traditional marketing, distribution and, subsequently, customer services related to the product relied upon the so-called 'intermediaries' (e.g., tour operators and travel agencies), other agencies such as destination marketing organizations (DMOs) as well as media channels to connect and engage with travelers. As such, product distribution and customer services were limited in their scope and reach in the pre-Internet era (Sheldon, 1997; Werthner and Klein, 1999).

Since its commercialization in 1993 the Internet has permeated all facets of life (Negroponte, 1996; Castells, 2011) which has led to in a continuous disintermediation and re-intermediation of the distribution of the product and, in turn, changing the basic structure of tourism industry (Sheldon, 1997; Werthner and Klein, 1999). In general, the Internet can be seen as a platform that facilitates continuous technological innovations, fosters new business practices, and alters the competitive landscape of many industry sectors. Recently, the Internet has moved from a representational platform built upon the HyperText Markup Language (HTML) to the so-called Web 2.0 that supports rich interactivity and content co-production with tools such as RSS, Ajax, JavaScripts, and Adobe Flex (O'Reilly, 2007). The development of the Internet has enabled the conception of a huge number of new business models. For example, Amazon.com started as an online-bookstore in 1995 but has grown to become one of the top online retailers with over 615 million users (in 2008), generating more than \$60 billion in revenue (in 2012). Since the mid-1990s, businesses in the travel and hospitality sector have actively adopted the Internet as a new distribution channel as well as marketing medium. The adoption of the Internet provided the basis for the development of new systems linking consumers and CRSs/GDSs, which considerably lowered the entry barriers to new players (Werthner and Klein, 1999). Thus in the late 1990s a series of online travel agencies such as Expedia, PreviewTravel, Priceline, and TravelBids began to provide direct access to the travel market. These new intermediaries provided new benefits for both consumers and suppliers because they further reduced transaction costs, increased volume discounts for consumers, and eliminated the coordination mechanisms from other sales channels (Werthner and Klein, 1999). Importantly, these innovations have been widely adopted by consumers. For example, as of July 2013 Expedia claimed to have about 12.4 million unique monthly visitors (see <http://www.advertising.expedia.com>), while Kayak.com averaged 10.51 million unique monthly visitors in the US (see <http://siteanalytics.compete.com/>); further, TripAdvisor claims to have 57 million emailable global users and on average nearly 2800 new topics are posted every day to the TripAdvisor forums (see http://www.tripadvisor.com/PressCenter-c4-Fact_Sheet.html).

Travelers' use of the Internet provides great opportunities for businesses to offer various kinds of services. During this first decade of the Internet (roughly from 1991 to 2002) the travel and tourism industry became one of the leaders in the use of the Internet as they communicated very effectively with their existing and potential customers through online channels. Nearly every

tourism organization had developed a website by the early 2000s, and many had gone through the evolution from a simple "electronic brochure" to highly interactive systems that support reservations, search, and virtual tours; importantly, the website had become the primary (and in many circumstances, the only) source of contact with potential visitors (Zach et al., 2010). In retrospect, this transformation is easily understood as the use of computers already existed within the domain (i.e. the various global distribution systems (GDSs) linking travel agencies to the airlines). Also during this time, many innovative destination marketing organizations (DMOs) began to realize their new role as partners within the tourism system wherein they became "information brokers" as they sought to develop and coordinate a range of new systems that would be used by their stakeholders to share relevant information (Gretzel et al., 2000).

Interestingly, the second decade (2001–present) was a time of even greater change for tourism marketing where the focus of technology emerged from website functionalities and usability to one of persuasion and customer empowerment, and more recently to ubiquity through mobile systems. That is, while many of the core industry changes were realized in the first decade, the rise of Web 2.0 created a new round of adaptation, which required another transformational framework for tourism marketing services. Perhaps the most important feature of this decade is the development of new "social" systems including tools such as such as fare aggregators, new types of virtual communities, and consumer review sites. For example, TripAdvisor.com, established in 2000, developed a business model that constructs an engaged customer base by helping them gather information, read and post reviews of travel products and attractions, and participate in interactive travel forums (O'Connor, 2008). In the later part of the decade, the introduction of smartphones, i.e., mobile computing systems that incorporate a variety of technologies including communications, GPS, photography and the Internet, further enriched the social environment such that it empowers users to control their travel experience anytime anywhere. Sigala et al., 2012 offer a different vision which is situated within this new rich, socially created environment whereby the "army of travelers" is now the central player within the value structure. The Internet, together with the new interactive way of communication provided by social media and with the location based browsing, fundamentally changed the nature of travel and tourism communication and marketing (Gretzel et al., 2006). These developments provide the context for understanding travel planning using the Internet as an important foundation for sustainable services in the travel and tourism domain.

3. Trends in travel planning using the internet

While there are potentially many frameworks that are applicable to the understanding of travelers' use of the Internet for travel planning, it is important to see it as an adaptive behavior in response to the ever-changing technological environment. That is, Internet technology was developed for use within a variety of everyday experiences, and this use 'spills over' to travel planning, enabling travelers to adapt their behavior so as to take advantage of the new channels, and in turn, leads to their evaluation of the experience. The outcome of this evaluation process, then, either acts to reinforce or diminish their use of this technology in future travel; further, in order to foster sustained engagement with designated constituencies firms must understand how Internet usage patterns change through time.

With this in mind, an on-going six year longitudinal study was employed to identify behavioral changes taking place in the past several years in American travelers' use of the Internet for trip

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