Unit 7: Online Consumer Behaviour in Tourism

DIGITOUR

Project title: Building Digitalisation Readiness in the Tourism SME sector

Project acronym: DIGITOUR

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Module: Online Consumer Behaviour in Tourism

Primary Target Group: SMEs in the tourism sector

Secondary Target Groups: Expert VET providers, tourism representatives, and in-company trainers.

Estimated time: 120 to 150 minutes

Objectives:

- Learners develop skills in how to use methodologies to analyse, interpret, and understand online consumer behaviour in tourism;
- Learners in SMEs are aware about the changing nature of travellers' behaviour and preferences;
- Learners in SMEs understand how consumer travel trends are currently shifting;
- Learners learn the basic, key concepts related to online consumer behaviour and how crucial it is for today's tourism sector;
- Learners can understand how consumer behaviour in tourism works in all stages of the travel cycle, especially after Covid-19.

Learning outcomes: By the end of this Bitesize the participants will:
- Describe the meaning of the term "online consumer behaviour" and understand how it is crucial for the tourism sector;
- Demonstrate an understanding of the basics and essentials of the topic;
- Explain how Covid-19 has changed consumer behaviour and how this has made online social media platforms highly influential;
- Understand the role social media, TDOC (Tourist Destination Online Content), and EWOM (Electronic Word of Mouth) in influencing consumer behaviour.

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7.1 Introduction: What is Consumer Behaviour?

Consumer behaviour is the study of the process by which people select and purchase a service or a product (Dixit, 2017).

This consists of a series of actions a buyer takes based on:

➢ personal factors such as their interests, needs, values, logic etc.
➢ interpersonal factors such as culture, social class, and other societal factors etc.
➢ Businesses predict this process by accounting for **common buying behaviours.**

Traditional and digital marketing strategies are formulated based on assumptions about consumer behaviour.

Understanding consumer behaviour is therefore critical for businesses to understand what **factors influence their customers** and to **tailor their marketing strategies** based on what their buyers want.

Consumer behaviour is linked with decision-making – this decision-making process is pursued by the consumer to evaluate the different options available and to arrive at a decision to either purchase, re-purchase, or reject a product.

https://skai.io/blog/customer-behavior-data/

The Engel-Kollat-Blackwell (EKB) consumer behaviour model (1968) describes the process that helps to predict what consumers desire. Consumers follow a 5-step pattern when make purchasing decisions:

- ***Need recognition*** - starts with a need being triggered;
- ***Information search*** - the stage in which the customer (the tourist) starts to look at different sources of information;
- ***Pre-purchase evaluation*** - after researching all options available, the customer starts to evaluate by using objective criteria (e.g. price and location of supplier) or subjective criteria (e.g. a perceived status of the product/service);
- ***Purchase*** - the stage in which the customer intends to buy the product/service;
- ***Post-purchase evaluation*** - after making use of the product/service, the customer weighs the purchase against their expectations. The customer can either be dissatisfied or satisfied. exceeded).

These steps were confirmed by Kotler et al. in 2003 customers go through 5 stages of the purchasing decision process when making a purchase decision.

7.2 Consumer Behaviour in Tourism

Consumer behaviour in tourism *"comprehends the group of activities, experiences, and decisions involved in the obtaining and consumption of a tourism product or service"* (Cohen, et al., 2014).

In the area of tourism, the term "consumer behaviour" is used interchangeably with **"travel behaviour"** and **"tourist behaviour".**

Investigating consumer behaviour

Provides tourism companies the necessary knowledge about their target customer – the tourist – to refine and sustain robust tourism marketing strategies that promote buyer's choice and encourage loyalty (Dixit, 2017).

This   enables them to sell   https://theinvestorsbook.com/consumer-decision-making-process.htm   their goods and services effectively (Decrop, 2014).

There are individual and environmental influences on tourist behaviour – these result from personal factors (consumer's demographics, lifestyles, personality traits) and external (or interpersonal) factors (social, cultural, economic circumstances).

The manifestations of tourist behaviour are diverse and take place in several phases which all involve an element of planning, decision-making, and purchase.

Key concepts for understanding tourist behaviour

One consistent element to all tourists' behaviour is the concept of **need recognition**, as per the EKB model. This is the 1st stage in consumer behaviour.

Consumer Decision Making Process
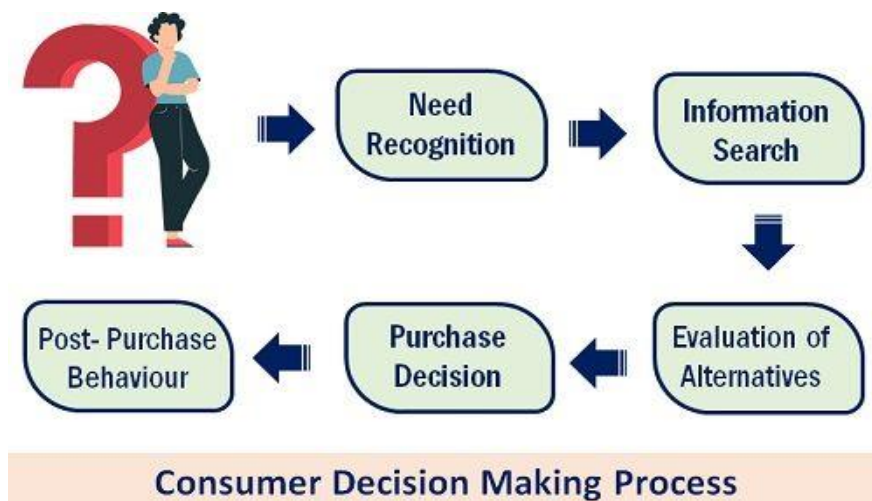
Cohen et al. (2014) highlight 9 other key concepts which are central to consumer behaviour in tourism -

1. Decision-making: the traveller's decision-making is the cornerstone of marketing strategy.

2. Values: the values of the tourists will influence their consumer behaviour with respect to choice of product categories, tourist destination, brands, etc.

3. Motivations: the motivation construct is best described as the force that drives the consumer to a particular action; in this case, that leads the tourist to decide to visit a particular destination.

4. Self-concept and personality

5. Expectations: consumer judgements will affect the tourists' expectations which ultimately affect the tourists' satisfaction post-purchase (in customer reviews).

6. Attitudes: similarly to values, these will play a role in the tourist's consumer behaviour.

7. Perceptions: a powerful psychological factor that significantly impacts the consumer-decision buying process.

8. Satisfaction: important because the extent to which consumers are satisfied influences future organisational performance in the form of, for example, profits and market image, and the overall satisfaction with the experience (which is then reflected in online customer reviews - see unit 7.4)

9. Trust and loyalty: there is no enduring consumer loyalty without trust.

(Cohen, et al., 2014)

Conceptualising consumer behaviour for tourism providers, whether in hospitality, transport, or recreation, is important as it allows that business to identify what influences and what appeals to their customer, the tourist.

Tourist behaviour and information search
Information search is one of the most important factors in influencing the tourist's consumer behaviour – it is a significant part of the purchase decision process.

Tourism businesses must **understand** their consumers' information search process to **deliver** the best information possible and influence tourist decision-making.

The consumption of travel experiences involves often extensive pre- and post-consumption stages before the actual trip, which itself can spread over several weeks or months. These stages are **typically information intensive**.

https://www.bbc.com/news/business-49605457

Information sources are available through different channels which assist the tourist in deciding destinations, accommodation, entertainment, etc. (Jang, 2004 in Rui & Bing, 2021).

Traditionally, these channels included:

- Paper media e.g. brooks, brochures, flyers, and paper commercial advertisements (Rui & Bing, 2021).
- Obtaining travel information also relied heavily on word-of-mouth (WOM) recommendations e.g. asking friends and relatives or consulting with a travel agent pre-purchase.
- Consumers were limited to either directly interacting with the tourism provider (e.g., booking a room directly with the hotel), or indirectly through a tourist services intermediary (e.g., booking accommodation through a travel agency).

However, the advent of the Internet has drastically altered the behaviour of travellers and transformed the tourism industry. Consumers have now various channels available for obtaining travel information.

Online consumer behaviour has become the norm, as consumers now search for and make decisions regarding tourism products and services through online platforms.
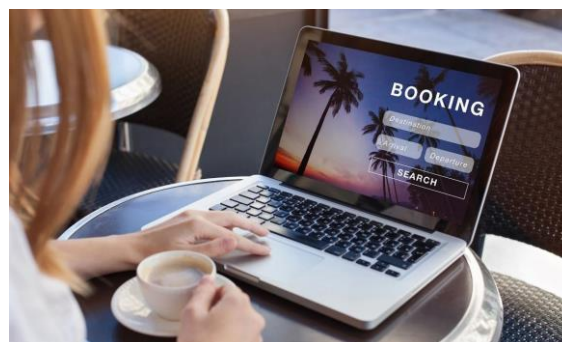
Online consumer behaviour refers to the process of how consumers make decisions to purchase tourism products or services launched online.

The emergence of ICTs has led to a new breed of tourism consumers who have access to information through devices such as laptops, tablets, and smartphones.

Due to this rise of e-commerce in the tourism industry, tourists can now find information on various e-platforms including social media, search engines, websites, and e-blogs (Majeed, et al., 2020).

This abundance of information has led to consumers becoming more **informed, independent**, and **involved** in the creation of tourism offerings and travel activities. Today's tourists take on the **role of co-producers**, rather than passive consumers, and utilise technology to overcome physical constraints and expand their options.

Tourism providers should thus help their consumers in developing tailor-made trips.

Post Covid-19 Travel Behaviour

The global pandemic has had a major impact on the industry especially in the ways it affected travel habits, motivations, and needs and therefore the tourist's purchasing behaviour for post-pandemic travel.

Following Covid-19, demand for digital technologies has surged, and e-commerce spending has increased, driving tourism businesses to improve their digitisation processes.

This has led to an increased use of online platforms as well as increased consumption of digital contents.

The pandemic has also re-shaped consumers shopping habits – hence the **consumer shift to digital channels**, which is estimated to remain after the pandemic:

- ➢ Before Covid-19, tourists choose travel destinations based on testimonies of other people, airline or booking websites and WOM.
- ➢ After the pandemic, testimonies of other people remain the most used information source. However, the big difference is an increase in the use of official websites and social media, and the electronic word-of-mouth (EWOM).
- ➢ Travellers have also become heavily influenced by perceived health risks when making travel decision. To restore confidence in destinations affected by COVID-19, tourism SMEs need to understand how people are affected by information related to the pandemic (Wörndl, et al.,2021):
- ➢ Today, negative opinions or misconceptions regarding contagious diseases can have a negative impact on travel intentions.

> ➤ If people perceive a high health risk associated with a destination, they are less likely to visit due to safety concerns. As such, positive online reviews highlighting hygiene on booking websites have become important when booking accommodation and increase people's desire to travel to a destination.

"The COVID-19 pandemic has affected the purchasing behaviour of many people"

(Slusarczyk, 2021)

7.3 Social Media and Tourist Consumer Behaviour

In the era of digitalisation, social media has not only transformed tourism marketing and management, but also drastically influenced tourist behaviour.

The motivation to visit a place is influenced by the sources of information that tourists consult via social media. The information search stage of the consumer's journey is the most important stage for today's customers (Icoz et al., 2018) and **social media is a big part where customers can get their information from.**

As such, social media has had a heavily growing influence on the consumer's decision-making process.

https://unusualplaces.org/guide-for-students-ways-social-media-can-help-you-travel/

"Social media plays an important role in the consumer's decision-making process in tourism as they do in many other business areas"

(Icoz et al.,2018)

Travellers have extensively adopted social media to search, organise, share, and annotate their travel experiences and stories (Leung et al., 2013, Xiang and Gretzel, 2010).

Additionally, social media is helpful for consumers to explore online reviews so that they can decide based on people's previous experiences. In fact, a strong element of social media is enabling consumers to get details and knowledge about the services and products offered by the tourism provider in question.

During all the different stages of the consumer journey, tourists interact with tourist destination online content (TDOC):

- TDOC refers to online information quality and user-friendly accessibility of tourism information in the online environment.
- The amount of user-generated content (digital content produced and shared by tourists in the online world) is increasing from year to year.
- Social media plays a crucial role as the online platform to promote and market TDOC with consumers.
- Communication strategies incorporating TDOC in social media marketing have proved to be highly effective with consumers.

https://www.fotolog.com/smartphone-photo-editing-app/

https://revenue-hub.com/instagrammability-increase-

The World Travel and Tourism Council (WTTC) reported in 2022 that there has been a popular and growing trend in which people seek travel inspiration by using social media apps namely **Facebook, TikTok and Instagram**.

https://countrytoughclothing.com/pages/contact

Instagram, particularly, has changed the face of digital marketing and has become an emerging platform for tourists to share their experiences and connect with other users in the various stages of travel.

In fact, a survey held by Skyscanner, found that half of its respondents made their travel plan decision based on what they had seen on social media. The survey also lists and ranks the social media platforms based on which one is the most widely and popularly used by people when they are trying to get travel inspiration:

➢ Instagram was the most popular source of travel ideas (cited by 40% of the participants),

➢ Facebook (33%),

➢ TikTok (25%).

A survey by YouGov noted that the popularity of social media-influenced travel is mostly concentrated in two segments – younger travellers and leisure travellers:

▪ According to the survey, Generation Z travellers (people aged in their mid-20s or below) use social media platforms to plan their holidays much more than the older generations do.

▪ Almost 40% of Generation Z travellers use social media platforms to plan their holidays, compared to the lower 29% of the older generations.

Below are 2 examples of how tourism SMEs (hotels) are turning to Instagram marketing to promote their business. "Instagramability" has become a priority for today's tech-savvy tourist when choosing a travel destination:

https://dialedlabs.com/hotel-social-media/

Below are another 2 examples of hotels promoting their services on social media. Facebook ads prove highly effective in the tourism sector. Travel agencies, hotels, and airlines depend on these ads to influence consumer behaviour and to advertise their enticing offers.

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2022 saw the rapid rise of TikTok for the travel industry marketing, particularly through video marketing. This marketing strategy is especially relevant to tourism SMEs with limited resources by promoting user-generated content and they would be showing off their product/service from the guest's perspective appealing.

https://www.travelboommarketing.com/blog/the-best-facebook-ad-formats-for-hotels/https://www.cloudbeds.com/articles/tiktok-hotels/

https://texaslodging.com/video-marketing-for-hotels-the-rise-of-tiktok-and-instagram-reels/
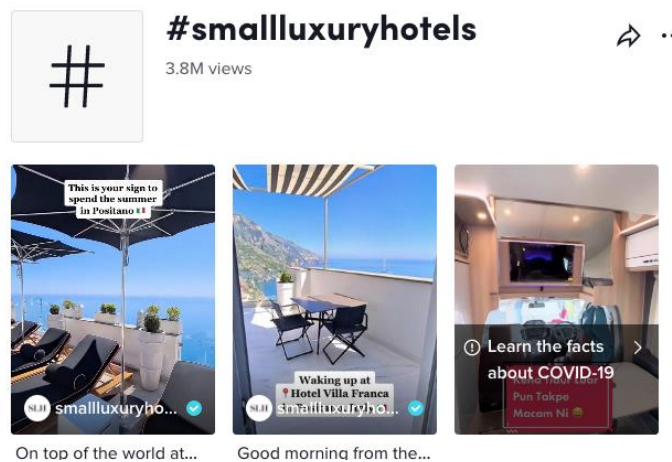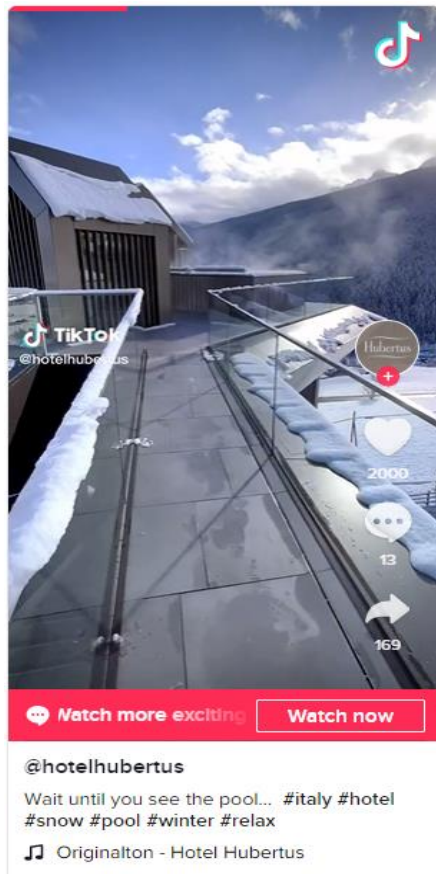
7.4 EWOM and Tourist Consumer Behaviour

EWOM is central to online consumer behaviour, most particularly when it comes to online reviews, which have become a significant influence during the traveller's purchase decision-making.

It has become a trend for tourists to consult and read e-review websites prior to making a final purchase decision, be it for tour, accommodation, and restaurant bookings.

The importance of ratings in TripAdvisor in the hospitality industry can be seen from the fact that 67% of potential customers are likely to cancel a booking if they see 1 to 3 bad reviews on TripAdvisor.
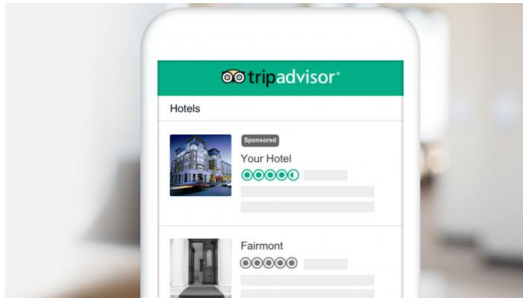
Through social media networking sites and online review sites, tourism SMEs can develop effective and sustainable EWOM strategies on different online platforms (Reyes-Menendez, et al., 2020).

The fundamental difference between EWOM and traditional WOM relies on the number of people who can be reached using the Internet:

- Although WOM is still a popular consumer behaviour method, EWOM has the capacity to reach a vast audience via the Internet, and especially social media, which sets it apart from traditional methods (Black & Kelley, 2009);
- In addition to this, EWOM influences more tourists because of its speed and convenience, as well as the absence of face-to-face human pressure;
- EWOM is also seen as an information that does not "vanish as soon as it is uttered";
- From a consumer's viewpoint, EWOM offers a chance to share their opinion about a product or service through online reviews and influence the behaviour of other consumers (Batista Sánchez, et al., 2022);
- From a firm's viewpoint, EWOM, and namely, online reviews should be considered and monitored as part of a firm's marketing strategy as they could have a positive influence on the sales.

It is therefore imperative for tourism SMEs to pay greater attention to EWOM in their marketing campaigns and strategies if they want to influence consumer behaviour in the pre-purchase stage.

Electronic Word of Mouth

Word of Mouth

Goldsmith and Horowitz (2006) found 8 reasons as to why consumers rely on EWOM:

1. To reduce risk;
2. Because others are using it;
3. To identify lower prices;
4. To get information easily ;
5. By accident (unplanned);
6. Because it is "cool";

7. Because they are stimulated by off-line inputs such as television;
8. To obtain pre-purchase information.

Dealing with negative customer reviews

Sometimes negative customer reviews are inevitable, and it is crucial to have the know-how how to best handle and respond to such reviews. Responding to negative reviews holds significant importance for 3 reasons:

● It shows potential customers that their concerns matter to you.
● It provides an opportunity to clarify any misunderstandings.
● It may even allow the firm to persuade the customer to reconsider and revise their review.

There are strategic and effective ways to handle negative customer reviews. Here are some steps to tactfully address them:

1. Be polite
   Google Business Support advises that business owners remain polite and avoid getting personal when they respond to customer reviews.
2. Thank reviewers and customise responses
   Despite the review's negative nature, one must remain professional and polite by apologising to the customer and thanking them for taking the time to leave a review. This is an opportunity to transform a negative review into a positive one.
3. Upload an image or video in the response
   By including photos or videos in the review response (where necessary), it shows that the brand takes the complaint seriously.
4. Show that necessary action was taken
   Showing that the necessary actions and/or steps have been taken to resolve the issue, other customers can see that the business cares, reinforcing the brand image.

7.5 The Online Travel Consumer Journey

There are typically 6 stages to the travel consumer journey – inspiration, shopping, booking, pre-trip, in-trip, post-trip.

Breaking down this journey into stages makes it easier for the tourism provider to visualise and understand the process – and potentially, grow conversions at every step.

In turn, this ensures not only a happy customer but a returning one, and one who is more likely to recommend the business to others –

1. *Inspiration:* this is the stage when the consumer seeks travel inspiration online. This inspiration can come from emails, WOM/EWOM, influencer marketing on social media platforms, Google Ads etc. Ensuring the business has the right marketing strategies in place to inspire and attract customers is key.
2. *Shop:* the stage when the consumer is absorbing shopping trends through travel industry research.
3. *Booking:* this stage is concerned with how customers book their holidays online. Ensuring online security, providing mobile-booking options, offering booking flexibility and free cancellation policies and an easy, straight-forward online booking process all contribute towards customer retention at this point in the journey.
4. *Pre-trip:* the stage in which all purchase and travel decisions have been made, and customers await pre-trip guidance and information on insurance via for instance their email.
5. *In-trip:* at this point, there is a wealth of decision-making in the consumer journey, from taking tours to booking restaurants. Providing the best customer service is imperative.
6. *Post-Trip:* at this stage, customers' online reviews are important sources of information. Tourism SMEs must use every tool at their disposal to increase its loyal brand following and increase future sales. Understanding customers' feedback and taking it into consideration is imperative so that the business can better understand customer preferences and tailor services and products accordingly.
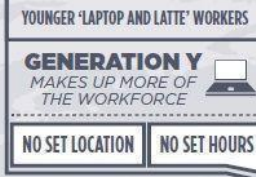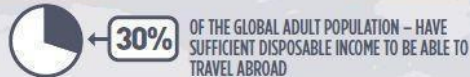
THE CUSTOMER JOURNEY

2013

The customer journey reflects the different stages of travel. This report will explore these in turn, highlighting key paradoxes that the industry is seeing develop as a result of social and technological trends.

In recognition of IHG's ten-year anniversary, we consider how the situation now compares with a decade ago and what this means for the process of nurturing and enabling relationships in the hospitality industry.

Looking back as well as forward helps put in perspective the environment the industry now operates in.

WHO IS THE TRAVELLER?

30% OF THE GLOBAL ADULT POPULATION – HAVE SUFFICIENT DISPOSABLE INCOME TO BE ABLE TO TRAVEL ABROAD

THE NEW GLOBAL EXPLORERS
INDIA
CHINA

NEW 'FAMILY' GROUPS

YOUNGER 'LAPTOP AND LATTE' WORKERS
GENERATION Y MAKES UP MORE OF THE WORKFORCE
NO SET LOCATION   NO SET HOURS

EXPANSIVE MIDLIFERS
60+ YEARS
BY 2023 THERE WILL BE 1 BILLION OVER 60S

PLANNING THE TRIP

WHERE ARE THEY STAYING?

IN CHINA, RESEARCH MAY BE CARRIED OUT ONLINE BUT THE DESIRE FOR A STRONG SERVICE CULTURE MEANS CHOICES ARE USUALLY MADE FACE-TO-FACE

80% OF TRAVEL PRODUCTS IN THE UK ARE RESEARCHED OR PURCHASED ONLINE

THE INTERNET ACCESSED THROUGH MOBILE DEVICES IS THE PREFERRED METHOD FOR PEOPLE IN MATURE MARKETS TO BOOK AND RESEARCH TRAVEL

1 IN 4 TRAVELLERS HAVE USED SOCIAL NETWORKING SITES TO PLAN THEIR TRAVEL

THE NUMBER OF CITY TRIPS GREW BY **14%** IN 2012

TRAVELLERS WILL SEEK ORGANISATIONS AND VENUES THAT CONNECT WITH THE LOCAL AREA

MORE THAN HALF OF THE WORLD'S POPULATION RESIDES IN URBAN AREAS

WHAT'S THE EXPERIENCE?

45% OF TRAVELLERS MAKE TRAVEL PLANS BASED ON REVIEWS AND EXPERIENCES SHARED BY OTHERS POST TRIP

SOCIAL MEDIA HAS CHANGED HOW WE SHARE OUR HOLIDAY EXPERIENCES - NOW IT'S ALL ON SHOW

POST TRAVEL

THERE IS ALSO INCREASING DEMAND FOR PERSONALISED AND CUSTOMISED SERVICE - PEOPLE WANT TO FEEL SPECIAL
VIP

THE INVISIBLE TRAVELLER:
BOOKS ONLINE   CHECKS IN VIA MOBILE
USES ROOM SERVICE   HAS EXTENSIVE KNOWLEDGE OF THE AREA

20

7.6 Tracking Online Consumer Behaviour in Tourism

Online consumer behaviour tracking includes data regarding customers' purchases on e-commerce platforms, the websites, and products they browse, and insights from their online profiles, such as their interests and views.

https://www.e-spincorp.com/work-automation-and- continuous-intelligence/

Customer data and information purposely collected by tourism booking systems or customer-relations management (CRM) systems to re-invent customer engagement around service and convenience.

Additionally, consumer behaviour tracking can be very useful to businesses in providing several insights into how consumers engage with the product and its competitors – this is known as customer analytics.

Some popular tracking methods include:

- Reviewing customer feedback;
- Using artificial intelligence (AI) and analytics, which can help the business plan the strategy and become proactive in the marketing efforts;
- Creating community forums for the brand;
- Exploring omnichannel marketing, which focuses on customer behaviour across different channels to link all online interactions to streamline the customer journey;
- Using Google Surveys;
- Using QR codes: these have become universal tools in e-commerce digital marketing campaigns. With the help of QR codes, companies can link

consumers to a specific product and track their transaction history and frequency of purchase;

- Making use of Search Engine Optimisation (SEO).

The role of customer data and information when tracking online behaviour is critical for tourism organisations to provide an increasingly authentic, unique and inspirational travel experience, as well as convenience to tourism and hospitality customers.

Online tracking methods provide significant opportunities for businesses to harness the wealth of data to support their activities and gain competitive advantage.

7.7 Conclusion

- In today's highly competitive and global economy, which is becoming increasingly digital, understanding consumer behaviour is crucial for companies, especially SMEs.

- With the unprecedented pressure from the global pandemic and the urgent climate issues, it has become imperative to understand tourists' behaviour in tumultuous times.

- Alongside the green and digital transformation, businesses must embrace digitalisation as the traditional tourists have now become digital or 'smart' travellers.

- Incorporating technologies such as social media, AR/VR, service robots into marketing strategies can influence the tourist's destination choices and online decision-making.

- Increasingly empowered and connected consumers have demanded more from their travel providers.

7.8 Reading & Additional Materials

Reading materials

https://www.emerald.com/insight/content/doi/10.1108/10662240810883290/full/html

https://www.tandfonline.com/doi/full/10.1080/13683500.2013.850064

https://www.taylorfrancis.com/books/edit/10.4324/9781315659657/routledge-handbook-consumer-behaviour-hospitality-tourism-saurabh-kumar-dixit

https://www.atlantis-press.com/proceedings/gcbme-21/125976054

https://link.springer.com/chapter/10.1007/978-3-211-77280-5_4

https://www.tandfonline.com/doi/abs/10.1080/15252019.2006.10722114

https://www.sciencedirect.com/science/article/abs/pii/S0261517707001343

https://www.frontiersin.org/articles/10.3389/fpsyg.2020.00599/full

https://www.mdpi.com/2071-1050/12/21/8972

https://www.researchgate.net/publication/355470698_Research_on_Online_Travel_Search_Behavior_Where_are_We_Now

https://www.tandfonline.com/doi/full/10.1080/13683500.2013.850064

https://www.partners.skyscanner.net/hubfs/Reports/Horizons-Nov2022.pdf

https://mdpi-res.com/d_attachment/jtaer/jtaer-16-00125/article_deploy/jtaer-16-00125.pdf?version=1631081518

https://business.yougov.com/sectors/travel-tourism/yougov-travel-tourism-re-port-2022-youth-of-today-travel-of-tomorrow

https://dergipark.org.tr/en/download/article-file/1709555

https://link.springer.com/book/10.1007/978-3-030-65785-7

https://www.sciencedirect.com/science/article/abs/pii/S0278431908000546

Websites

https://www.hotelmize.com/blog/positive-and-negative-effects-of-social-media-on-the-tourism-industry/

https://neostrom.in/ekb-model/

https://opentextbc.ca/introtourism2e/chapter/consumer-behaviour-in-tourism-and-hospitality/

https://q4launch.com/blog/travel-consumer-journey/

https://www.travelport.com/our-views/re-drawing-the-map

https://www.verfacto.com/blog/data-driven-marketing/tracking-consumer-behavior-online/

https://www.warroominc.com/institute-library/blog/a-guide-to-the-travel-customer-journey/

https://www.zendesk.com/blog/consumer-behavior/

See also…

- *Unit 5: Digital Marketing*
- *Unit 6: Social Media and Tourism*
- *Unit 8: CRM*