Customer Perceived Value of Travel and Tourism Web Sites

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ABSTRACT

The continuing development and growth of the Internet imply that business and customers perceive that the Internet provides them with some kind of value. The Internet has also seen an increasing importance of user-generated content and utilisation of the Internet as a social medium. In this study the concept of customer value, based on the typology of consumer value (Holbrook, 1994; 1999) and the value hierarchy model (Woodruff & Gardial, 1996; Woodruff, 1997), is used to identify dimensions and expressions of what customer-perceived value is in travel and tourism web sites and how it is created. Moderately structured in-depth interviews are used to collect data. In the analysis connections between different types of value are presented and the lack of certain types of value is discussed.

Keywords: consumer-web site interaction; internet marketing; marketing; online behaviour; service industry; value creation

INTRODUCTION

Today the Internet is an integral part of many people’s daily lives. Twenty percent of the world population has access to the Internet: the penetration rate in Asia is almost 14%, in Europe it is 43% and in North America it is almost 71%. (Internet World Stats.com, 2008). The number of web sites increases by the minute, and the magnitude of services and information offered on the Internet is staggering. This development and growth imply that businesses and customers perceive that the Internet provides them with some kind of value.

Travel and tourism have, for a long time, been one of the top categories of web sites visited by Internet users. In Europe for instance, half of the online population visited a travel web site in March 2007 (ETC New Media, 2007). In the U.S. 79% of those planning to travel within three months said they would be using the Internet to plan their upcoming personal travel (ibid). Internet users choose to visit travel and tourism web sites to search for information or to buy travel and tourism products such as airline tickets, accommodation, event tickets and packaged tours. Also, recent developments have shown that on many web sites user-generated content provides an important source of information. Some companies use this as a marketing strategy to increase trust and customer value.

For a business to attract and retain customers it is essential to provide customer value. From the perspective of a company’s market-
ing strategy and investments it is important not to waste resources on developing web site features and content which customers do not desire (Verma, Iqbal & Plaschka, 2004). To ensure long-term profit of a business web site one needs to consider both advertising strategies to ensure increased visitation and strategies which enhance the customer experience in all phases of the purchase process. (Saeed, Hwang & Grover, 2002).

Customer-perceived value is a complex theoretical construct that is central within marketing and customer behaviour research (Holbrook, 1994; 1996; 1999; Grewal, Iyer, Krishnan & Sharma, 2003; Parasuraman & Zinkhan, 2002; Woodruff & Gardial, 1996; Woodruff, 1997; Zeithaml, 1988). As such it may be used to develop our knowledge of customer experiences gained from travel and tourism web sites.

Previous studies of customer perceived value have focused on both tangible products and services. Travel and tourism is a service industry that involves many businesses and organisations in producing what the customer perceive being the end product – the tourism product. However, production and consumption of tourism is to a large extent a simultaneous process involving the customer in the actual production of the tourism experience. The Internet represents a marketing and distribution channel where the locus of control is with the customer rather than with the business. The customer is already interested in the product when he decides to view a web site, as opposed to being exposed to broadcasted marketing messages and then becoming interested. Internet developments are moving towards what is called the Web 2.0 (a term often used to describe the second generation of the World Wide Web and the transition from static HTML-based web pages to a more dynamic Internet). Web 2.0 refers to a more social dimension of the Internet where a large part of Internet content is user-generated and hence information is shared between customers rather than generated by businesses for customers.

Research on Internet use is often not conclusive. However, research shows that, among other factors, convenience, time-saving, accessibility, previous usage or experience, price sensitivity, non-functional motives, perceived utility, perceived risk, product knowledge and type of product and product involvement are often factors that explain why people choose to use the Internet (Beatty & Smith, 1987; Beldona, Morrison & O’Leary, 2005; Breitenbach & Van Doren, 1998; Chang, Waiman & Lai, 2005; Emmanouilides & Hammond, 2000; Goldsmith, 2002; Hansen, Jensen & Solgaard, 2004; Keen, Wetzels, de Ruyter & Feinberg, 2004; Mummalaneni, 2005; Parsons, 2002; Reibstein, 2002; Schmidt & Spreng, 1996; Wang & Fesenmaier, 2004). Purchase decisions for Internet users are influenced by what they are exposed to while at a web site; and underlying utilitarian values influence how customers choose between different information and purchase channels and how they subsequently use them (Sismeiro & Bucklin, 2004; Noble, Griffith & Weinberger, 2005). Previous research also shows that emotional processes such as “flow” seem to be factors influencing and contributing to customers’ Internet experience and on-line shopping experience (Rettie, 2001; Smith & Sivakumar, 2004).

Purpose

In order to identify gaps in the ability of Internet technology to provide certain kinds of value, a holistic research approach is needed. The purpose of this research is to investigate customer-perceived value in the context of travel and tourism web sites. Travel and tourism is used as an example. It is a type of service which has the potential to generate different kinds of customer perceived value in the customer search- and purchase process. For example, utility value in terms of saving time from more efficient information search and hedonic types of value from the products associations to pleasurable tourism experiences.

The research question for this study is:
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