


Chapter 1

The Impact of Digital Transformation and Virtual Reality in Tourism Marketing: A Conceptualized Exploration

Ali Yuce

 <https://orcid.org/0000-0003-4700-2006>

Independent Researcher, Turkey

ABSTRACT

The study is trying to build and present a body of knowledge about the relationship between growing digital transformation and the tourism industry from the marketing perspective. As information communication technologies became more sophisticated and affordable with their size, price, and functionalities, more innovative marketing approaches are emerged to influence the consumers' behaviours and perceptions that ultimately influence intention to visit a tourism product or service. Integration of smartphones with virtual reality has revolutionized digital marketing and the tourism industry by influencing consumers' attitudes and behaviours more than other technologies. Moreover, discovering the crucial features of VR technology can help to increase customer satisfaction and improve business growth in the tourism industry. Therefore, this chapter strives to expand our understanding by exploring the functionalities and unique features of VR technology for productivity growth, consumer engagement, and creating alternative digitalized tourism opportunities.

INTRODUCTION

Digital transformation oriented the industrial revolution 4.0, fourth Industrial revolution, influencing every aspect of our individual lives and our professional environment (Ghobakhloo, 2020; Silvestri, Forcina, Introna, Santolamazza, & Cesarotti, 2020). Industry 4.0 demands companies of all sizes in every industry and public organizations, including manufacturing, health, and education institutes. Furthermore, it also suggests that even ordinary individuals can change their classical mentalities, habits, behaviours, and

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methods to ease the adaptation process and achieve sustainable business growth (Ghobakhloo, 2020; Stentoft, Adsbøll Wickstrøm, Philipsen, & Haug, 2020). The era of industrial revolution 4.0 phenomena offers sustainability profitability, comprising physical and sophisticated digital technologies such as artificial intelligence, cloud technology, intelligent robots, big data, autonomous vehicles, and immersive technologies (Ghobakhloo, 2020; Silvestri et al., 2020). These technologies aim to develop more applicable and sustainable business models, human resource management, improve the employees' competence, increase productivity, quality, and enhance the new customers' acquisition in rapidly changing personal and professional work environments (Ringberg, Reihlen, & Rydén, 2019; Silvestri et al., 2020).

How can organizations and individuals respond to these paradigm shifts (Sharma, Sharma, & Chaudhary, 2020) from a classical business environment to a more digitalized environment to promote their products and services in the tourism sector? First of all, the development, adaptation, and diffusion of technological innovations require businesses to develop innovative-based mindsets and competence to integrate and engage with sophisticated technologies (Buhalis, 2003; Buhalis & Law, 2008; Ringberg et al., 2019). Second, analyzing the relationships between the prospective technology's functionalities and the marketplace is another vital dimension to get the most optimal results. Lastly, obtaining the best technology to improve overall productivity and increase sales depends on its unique features. The quality, size, and cost of the hardware; functionality of software such as user-friendliness, engagement aspect is some but not all the essential concepts of a VR that influence users' perceptions and stimulate their purchasing intention. Hence, regardless of their size, organizations need to consider this selection process with great detail to produce the most effective marketing strategies that focus on human behaviour, attitude, and motivation that leads to purchase intentions (Buhalis & Sinarta, 2019; Yuce, Arasli, Ozturen, & Daskin, 2020).

Technology-driven marketing strategies broke the barriers and challenges that the classical approach suffered from instant accessibility and worldwide distribution of the products and services. Although suppliers and consumers tend to challenge innovative technologies or show resilience to accept them (Seyyedamiri & Tajrobehkar, 2019), digitalization continues to impact our lives with even more sophisticated technologies (Lahiri, Ding, & Chinzara, 2018). Adaptation of the most suitable innovative technologies in the marketing field has taken businesses to the next level that elicited a remarkable transformation in every aspect of the marketplace (Buhalis & Sinarta, 2019; Lahiri et al., 2018; Seyyedamiri & Tajrobehkar, 2019). Since the beginning of advancements in technologies, tourism has been evolved significantly (Sharma et al., 2020). Metaphorically, digitalization and tourism can be seen as two souls in a single body that improve the tourism industry's overall achievement and enhance consumers' experiences with the tourism products and services. Integrating the novel technology with the marketing field also greatly fueled business performance, operations, and growth in the tourism and marketing sectors (Katsikeas, Leonidou, & Zeriti, 2019; Taiminen & Karjaluo, 2015). Digitalization also allowed companies and marketers to distribute the products and services globally at a light speed. Digital marketing allows marketers to develop strategies to achieve all the benefits mentioned above and customer acquisition and retention, challenging to accomplish the companies' and organizations' long-term objectives. All in all, digitalization presents numerous benefits for both suppliers and consumers because it presents more reliable, attractive, accessible, and cost-effective strategies (Taiminen & Karjaluo, 2015).

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