

## Chapter 3

# Customer Perceived Value of Travel and Tourism Web Sites: An Outlook on Web 2.0 Developments

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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 often referred to as the Web 2.0. 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.*

### 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 20%, in Europe it is 53% and in North America it is 76%. (Internet World Stats. com, 2010). 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 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). 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. Before booking

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a travel product 96% of Internet users' state that they search online for information and on average they visit 10 different web sites. Additionally, 62% of Internet users' book leisure trips and tourism services online (Phocuswright, 2009). Travel and tourism is the largest single business sector in e-commerce in Europe representing 25.7% (i.e. 65.2 Bn. €) of the total European online sales volume in 2009 (Marcussen, 2009). By 2012 it is expected to be worth €91 billion (ETC New Media, 2010). Furthermore, 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 marketing 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 theoretical construct that is central within marketing and customer behavior research (Holbrook, 1994; 1996; 1999; Grewal, Iyer, Krisnan & Sharma, 2003; Parasuraman & Zinkhan, 2002; Woodruff & Gardial, 1996; Woodruff, 1997; Zeithaml, 1988). It is also significant for business success based on its importance as a customer outcome (Dodds, Monroe & Grewal, 1991; Holbrook, 1999; So & Sculli, 2002). Customer perceived value is an inclusive construct covering a number of factors such as convenience, time-saving, non-functional motives, and perceived utility (Lexhagen, 2009) 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, hence business and customers are co-creating experiences. 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. Though this is still a valid description, Internet developments have moved 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. From a network perspective the Internet of today not only enables one-to-one communication and transactions, but also a many-to-many (Gummesson, 2006) functionality where many users distribute information to many other users. Hence, these networks of Internet users, where each individual is a node in a network connected to a node in another network have implications for how marketing strategies should be designed to be successful.

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

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