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Publication Details

Grant, R. G. (2004). Online information values for recreational travellers: a review of online sources in decision making for an unfamiliar long haul destination. In J. Wiley (Eds.), *Australian and New Zealand Marketing Academy Conference* (pp. 1-7). Wellington, New Zealand: Australian and New Zealand Marketing Academy.

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Acquisition or purchase of travel arrangements involves an exchange of information which is theoretically suited for transfer from offline to online interaction. The ability to digitise material and ease access through searchability based on metatags (Reedy and Schullo, 2004, p 276) make the internet a potentially ideal medium for information gathering and exchange. This paper reviews the value of information sources for consumer decision making for a high involvement experience product with multiple and variable components and points to further research which help our understanding of the value of electronic networks.

Keywords

haul, making, decision, sources, online, review, recreational, values, long, unfamiliar, destination, travellers, information

Disciplines

Business | Social and Behavioral Sciences

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Abstract

Acquisition or purchase of travel arrangements involves an exchange of information which is theoretically suited for transfer from offline to online interaction. The ability to digitise material and ease access through searchability based on metatags (Reedy and Schullo, 2004, p 276) make the internet a potentially ideal medium for information gathering and exchange. This paper reviews the value of information sources for consumer decision making for a high involvement experience product with multiple and variable components and points to further research which help our understanding of the value of electronic networks.

Keywords: Online information; consumer behaviour; information source values; travel products

Introduction

Consumer decision making processes will typically draw on a range of sources where perceived risk (Quester et al, 2004, p205) is high resulting in high involvement in decision making. To minimise this risk, consumers turn to a range of resources including commercial, public and personal sources of information (Kotler et al, 2004, pg 267). Online commercial travel information sources include principal service provider and expert intermediaries, while public sources include specialist and generalist media sources online. Of critical importance are personal sources which are highly valued in pre-purchase evaluation of services (Murray, 1991). With the potential for peer-to-peer network connections the main value online derives from drawing on a far wider range of opinions to help decision making.

Two key variables considered are the centrality of the service to customer gratification or whether the service is a means to an end rather than an end in itself. For example, services high in experiential value such as specialised boutique hotels, cultural experiences and/or touring arrangements are typically the primary motivation for travel. Such services are less standardised and consumers are likely to use complex buying behaviour as described by Assael (1998, p 67) in their evaluation process. On the other hand, more standardised travel components may be considered as a means to an end or effectively problem solvers rather than sources of gratification. Service providers in this group include airlines, car hire or chain hotels where service performance is standardised by design or access to standardised equipment. Consumer behaviour here is more likely to be dissonance reduction as described by Assael (1998, p 67). The distinction between negative and positive motivation in purchasing with resultant differences in behaviour as described by Rossiter and Percy (1998, pp 120-122) also may be relevant in evaluating information source values.

This paper is a review of theory as a basis for further empirical research evaluation.

“High Experience Value” Decision Making Information Needs

Complex decision making (Assael, 1998, pp 66-67) suggests that consumers will seek both subjective and objective information to satisfy their utilitarian and emotional needs. The experience based (Pine and Gilmore, 1998) nature of this group of travel products will clearly

have a higher level of emotional or subjective value associated with them and the information of greatest value to consumers will be that which fulfils this need. The utility aspects however cannot be neglected, for example a person considering a safari in Africa may be thrilled by the idea of staying in a rustic camp but may be dismayed to find that the camp has no fences and the huts have very flimsy doors and no en-suite facilities! With the central role in gratification as part of a travel experience it is likely that these product types represent the highest level of risk combined with a positive motivation for purchase. Since commercial sources are typically regarded as compromised by self interest, the highest value for consumers is likely to be independent and personal sources of information.

Sources of Information and Relative Values

Consumers typically use a variety of sources (Ratchford, Lee and Talukdar, 2003) in efforts to diminish risks associated with high risk purchases. In their study on information sources for purchase of a car, a relatively high value was attached to manufacturers as a source of information. This could be explained by the cultural currency that cars have in our everyday lives with resulting shared meanings, combined with objective performance data and relative easily comparable attributes of different models. Murray (1991) in particular gives persuasive evidence of the qualitative importance of information for people making decisions on purchase of services as compared to physical products. For the "high experience value" decision making considered in this part of the paper a qualitative perspective needs to convey a sense of the experience on offer.

At a basic level information can be sourced from expert independent sources such as Lonely Planet, Fodor's, Frommer's (<http://www.lonelyplanet.com/>, <http://www.fodors.com/>, <http://www.frommers.com/>) and the like which offer online resources. In addition to these expert sources are a wide range of content providers such as newspapers and magazines which run travel editorials on a range of different destinations. The Sydney Morning Herald's claim of an ethics policy where experiences reported by staff members are paid for shows their appreciation of the value placed on independent information for their readers in the light of free offers routinely made available by service providers to media outlets.

To complement expert sources a range of additional sources may be required for minimisation of performance risk as outlined by Lutz and Reilly (1973). This information is preferred in word of mouth form for its interactive qualities which enable clarification as needed. Note how this relates to Percy, Rossiter and Elliott's (2001, p 145) characterisation of the need for "emotional authenticity" in communication for evaluation of products by consumers.

Ability to Exchange Information

Prima facie the ability to use the internet to exchange meaning and value is very limited as outlined by Peterson and Merino's (2003) reality check. This includes the lack of trust that people have in online interaction as detailed by Hill (2003), and Papadopoulou et al (2001). It seems however that when common values are identified meaning which has great value can be negotiated and shared, even online, perhaps in part because of the ownership of such communities by their memberships.

The interactive nature of the internet enables information exchange with a wider range of correspondents than ever before owing to its global reach. The importance of this is such that Kelly (1997) chose to refer to the so-called "new economy" as the "network economy" to highlight the impact of connectivity. As important as the numbers of people is their ability to link themselves into groups of common interests or common values in online communities.

McAlexander, Schouten and Koenig (2002) provide some useful insights into this phenomenon and in particular the richness of meaning derived from participants in such communities. In a commercial sense it is particularly interesting to note their characterisation of communities that develop around a brand as developing subcultures of consumption that resemble “iron bonds” rather than “gossamer webs”!

For consumers seeking valuable information to evaluate travel options, the interest driven nature of travel choices meshes neatly with the interest driven nature of online communities. For example, a person seeking information for a first time safari adventure in Africa can interact with highly motivated correspondents in an online community. The “thorntree” subdomain on the lonely Planet site (<http://thorntree.lonelyplanet.com/> accessed on 29 June) for example, offered almost 1400 discussion topics on travel in Africa to complement their guide book material. Participants in such online communities engage on a voluntary basis so a high level of motivation can be assumed with resulting expectation of quality and, importantly, independence. Most importantly, this interaction may give the ability to share continued exchanges over time with a variety of different people, building a sense of confidence in what the likely sense of experience of a defined service is likely to be.

Mohammed et al (2004, pg 401) identify 3 shared interests as viable bases for community formulation as sharing interests in information, activities and commonalities. They suggest that each of these on its own has the potential to sustain a community through the value that it delivers for users and presumably sharing on more than one of these bases may be even more powerful. This may be particularly relevant for people evaluating unfamiliar travel experiences since all three of these bases have relevance to a person evaluating a travel experience. The functional information aspects of a travel experience may be based on accounts relating to service attributes that people in an online community have had. At a higher level, the motivation for travel is likely to be found in shared commonality and activities which can vary markedly for what may seem at first glance to be very similar experiences. In the case of a person seeking information to make a decision on a first time African Safari again, the motivation may be multifactorial with exotic cultural experiences, learning experiences and adventure experiences in varying measure before even considering special interests like birdwatchers. Similarly there are a variety of modes for the experience delivery such as walking safaris, sleeping out overnight in wilderness areas, spotlighting for nocturnal species, use of rustic accommodation or travel in open vehicles for encounters with potentially dangerous animals each of which may attract individual communities online. The key utility of the internet in this area is perhaps the interest driven (Dann and Dann, 2004, p 41) nature behaviour of consumers online. In other words, with the exception of adolescent young men frequenting chat rooms devoted to women’s issues, it is a relatively safe bet that a consumer will be interacting with like minded or motivated people in a specialised online community. Indeed, what other reason would a person have for participating in a discussion on the merits of different venues for viewing certain species of raptors other than a very serious interest in viewing this class of avifauna?

“Low Experience Value” Decision Making Information Needs

The likely model of consumer behaviour in this area is that of dissonance reduction according to Assael (1998, p 67) where brand values assume greater importance. Given the “means to an end” motivation for purchase of such components as air tickets, chain hotel accommodation and car hire with higher levels of standardisation; price and availability are likely to be the primary information needs for prospective customers. Airlines’ efforts to influence customer

are primarily based on price and loyalty scheme benefits, (Shirdeshmukh, Singh and Sabol, 2002) effectively a form of discount or reward for consistent choices over time. Apart from the recent emergence of successful budget based no frills airlines, which typically operate short haul routes, there is relatively limited differentiation between airlines. The erstwhile glamour of air travel seems to have faded (Marshall, 2003; Newman, 1995) perhaps with the increased volume and greater accessibility of the activity. Anecdotal evidence suggests that few people regard an economy class flight of 12 hours or more as an hedonic experience! In the same way car hire firms offerings are highly standardised as they are effectively offering access to the same car models as other firms with differentiation primarily based on price.

Sources of Information and Relative Value

In a situation where the service is a means to an end rather than a means in itself we may assume negative motivation in purchase as suggested by Percy, Rossiter and Elliott (2001, p 145) where adequacy or correctness is a key requirement for information. Using Ratchford, Lee and Talukdar's (2003) typology of sources it is for products such as these that consumers likely to rely on commercial sources from the principal service provider or intermediaries. Even prior to the wider adoption of the internet, price was a primary focus of consumer decision making as confirmed by Prokesch's (1995) interview with Sir Colin Marshall of British Airways. Availability of search robots give great power to online consumers and tilts the balance of power to the customer with increased levels of price sensitivity.

Information on Price Options Online

The internet's ability to provide end user customers with the ability to retrieve information from a service provider's databases is the key to value in this area. In particular there is network based value based on the availability of search and comparison technology as detailed by Siegel (2004, p259). In the case of highly standardised products that are well understood, the ability to compare prices offers valuable power to consumer decision making. The transparency of prices online is likely to be a major source of value assuming that information seekers have some understanding of the searches that they are performing and the databases perform as expected. Anecdotal evidence suggests however that the transparency is less than perfect with consumers interacting with airline or intermediary websites being charged in currencies other than their own resulting in a substantial premium being paid. In one case a person is reported to have contracted a flight from Melbourne in Florida to London believing it was a flight from Melbourne in Australia.

Consumer information empowerment is further enhanced by the availability of reverse auction sites (Mohammed et al, 2004, pp 296-297) which enable a consumer to name their price provided they are not fussy about the service provider that accepts their offer. While most airlines have a good reputation for safety based on the highly regulated safety compliance in the industry there are some perhaps that have a lesser reputation. In this case the consumer may have second thoughts about accepting an offer of carriage from an airline at the price that they have nominated. Reverse auctions are one form of real time pricing, along with other forms of auctions, that have grown in popularity with the ability to connect large numbers of people together. As Cortese and Stepanek (1998) point out so effectively, value is a dynamic construct and the most efficient markets are those which reflect the value of products and services for consumers at a given point in time.

Location of databases may be an issue with a recent sampling of major online intermediaries for a flight from Sydney to London returning substantial premium prices from US based online intermediaries such as Travelocity, Expedia and Travel.com (<http://travelocity.com>,

<http://www.expedia.com>, <http://www.travel.com>). Apart from the airlines themselves the only sites which offered fares that were comparable to a local agent were sites with a local focus such as Zuji and Flightcentre (<http://www.zuji.com.au>, <http://www.flightcentre.com.au/>) which suggests an issue with “local” pricing.

Information on Availability Options Online

Airlines were some of the original users of network technology to communicate availability of services through extranets (Siegel, 2004, pg 30) to link to the services of other airlines. These connections lead to the potential for customers to tap into the network on a self service basis with value resulting from the control that information seekers may derive from this self service mode of customer service (Reedy and Schullo, 2004, p322). Despite the fact that the products in this area are not the primary motivation for travel, they are essential components without which the core experience cannot be realised. Their services therefore have to be offered to prospective travellers and this information will be a further source of information value for such standardised services.

The sampling of online services for comparison with physical world services suggested that there may be some issues with database interfaces when specific timings, routings and carrier combinations were requested. Certainly in the experience of the writer even the airline databases have a problem with delivering full options that are available and direct calls to the airline have consistently provided a “better” solution in terms of routings, timing and fares.

Conclusions

The literature review suggests that consumers of travel service products will have different valuations for information sources based firstly on the role of the service in the fulfilment of their planned travel experience. For services with high experience values which are typically highly differentiated and related to the primary motivation for travel, the needs will be primarily for independent information sources as well as interaction in online communities to build an understanding of the nature of the product. For services with lesser experience values which are a means to an end rather than an end in themselves, pricing and availability information from the service provider or an intermediary are likely to be the primary need.

While we can derive such assumptions from the literature there is little or even no empirical data to help our understanding of information source effects and relative values to offline sources. I plan to use either conjoint analysis or decision choice modelling to develop understanding of consumer behaviour and preferences in these areas to build understanding of consumer ratings and rankings for decision making contributions in the areas of:

1. High experience value travel components online and offline information sources from service providers, intermediaries, independent sources and peer groups.
2. Standardised service travel component online and offline information sources through service providers and intermediaries.

Among the study design considerations are the need for respondents to undertake a standardised task using both online and offline resources, followed by a survey to gain an understanding of their resulting experience. Other issues that the study would have to take account of are the possible antecedent and/or moderating factors in consumer values and preferences to give an understanding of best value practices for service providers in each of the two groups of travel component types.

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