

Does Online Travel Applications Influence Consumer Decisions: A Literature Review using Bibliometric Tools

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Abstract

Travelling and tourism plays an important medication for the relaxation of the people taking time out of their busy and hectic schedules by staying in places away from their standard conditions for a brief time frame only for refreshment. Tourism has an imperative impact in the commitment towards advancement, foreign exchange and enhancement of employability for progression of community. The share of tourism to the world economy is 9% of GDP. The most basic estimation of tourism can be said as the social exchange among various nationalities that visit the country and varied tie-ups that may clear course for overall peace and harmony. As, travelling and tourism has turned into the most mainstream, trendy and real wellspring of income in India. Tourism has given a vast purview of freedom to travellers and explorers to broaden the market and it act as significant aspect for travellers while deciding among various mode of travels and factors affecting them. This Paper is about growing online travel Application (OTAs) where researchers have studied number of academic articles and research papers on their possible impact on purchase decision of consumers.

Key words: Online Travel Applications, Tourism, Customer Behaviour, Preference.

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Introduction

Tourism has been prevalent in the human history, whether it be in the form of heritage tourism in the western hemisphere or pilgrimage in the eastern. The development in transportation has been a facilitator to easier and longer journeys and has widened the horizons for avid travellers, transcending limitations of both distance and time.

As the tourism industry became a prominent factor in the success of multiple economies around the world, there was a rise in modern tourism, its

origins dating as far back as the 1950's (Gyr, 2010). According to UNTWO (United Nations World Tourism Organisation, 2019, online), the tourist arrivals hit 1.4 billion in 2018, two years ahead of the forecasts and are predicted to grow a further 3-4% in the coming years. Outbound travels from India and Russia, emerging markets in tourism, is also expected to grow in 2019 (UNTWO, 2019, online). Tourism plays a key role economies around the world, and Maldives, one of the economies most reliant on tourism, owes 39.6% of its GDP to the tourism industry.

According to IBEF (2019) India was ranked 7th in the world for tourism's total contribution to its GDP in 2017 and the amount is predicted to double by 2028, a chunk of whose success can be attributed to the government launched program 'Incredible India'. In 2018 the Foreign Exchange Earnings (FEEs) from tourism, the third largest FEE for India, increased by 4.07%. The government has participated in the recent rise in digitalisation and facilitated tourists with e-visas and the Incredible India Mobile App (India Brand Equity Foundation, 2019).

The target consumers of the tourism industry are the tourists, who differ from travellers in the sense that tourism is an industry primarily focused on leisure and travelling is an umbrella term that consists of people whose travel motivations could be different eg. foreign exchange students (Richards, 2015).

Tourism is a highly consumer-oriented industry, thus relying heavily on the consumer's perceptions and their decision to travel. It makes the product of the industry perishable since it is bought as it is offered, meaning that it alters based on the value perceived by the consumer, which makes it inconsistent. This is why the focus of the industry has always been on making their product as easily accessible to their consumers as possible so as to generate demand in the market.

Digitalisation was a significant step in the right direction for the tourism industry in that aspect as it moved into the twenty-first century. It has completely changed the way the modern tourist travels. With a plethora of information and reviews as well as the ability to book flights and hotels 24/7 in the comfort of their home, tourists now have the world at their fingertips. In fact the integration of technology into tourism has had a significant impact on the increase in young travellers (Generation Y and Z) which is expected to rise by

47% by 2020 in comparison to 2013 (Forbes, 2014, online). But digitalisation isn't the only reason tourism has become accessible to a wider audience. Flights being a luxury only the rich could afford have become a thing of the past with a recent surge in budget airlines such as Easyjet, RyanAir, Indigo, Air Asia etc. These airlines reduce costs by operating a fleet of young aircraft which burn less fuel, and charging extra for checked luggage and food (BBC, 2018, online). This allows for a wider range of income classes to travel hence making the travel industry more inclusive than ever before. Along with the budget airlines, there are several budget hotels and rentals at tourist destinations for an affordable stay. With apps like Airbnb travellers can rent out apartments and houses which are much more budget friendly than hotels and offer a more local experience. This is worthwhile for youth travellers who are gaining interest in immersing themselves in the local culture like the nomads and backpackers (Richards, 2015).

The tourism industry is ever changing and as digitalisation and other factors have come into play in the 21st century the increase in easy access to information and improved mobility has propelled the industry onto the path for even more success in the coming years.

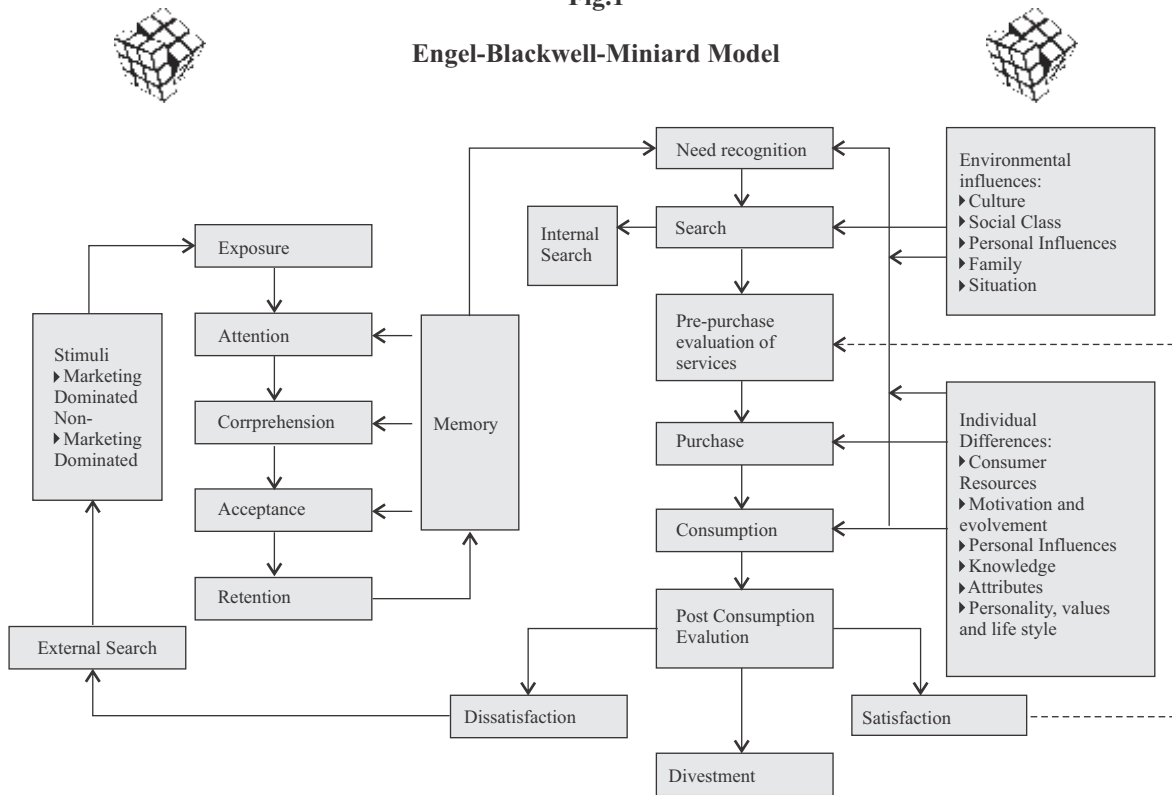
Literature Review

Definition of consumer decision making

The consumer decision making model, as proposed by Blackwell et al., (2001) breaks down the consumer decision making process into four steps that are “need recognition, search, pre-purchase alternative evaluation and purchase and its outcomes”. This four step model outlines the consumer decision-making process themes shared by most industries and which can be applied to tourism and travel.

Fig.1

Engel-Blackwell-Miniard Model



Source: Blackwell, Miniard and Engel, 2001; Rau and Samiee, 1981; Foxall, 1980

Why do people choose to travel?

International Studies

Nejati and Mohamed (2014) used the Mintzberg et al.'s model of organisational purchasing decision processes which has four stages, namely: decision-making, making additional changes, ongoing travel experience and self-reflection process (Mintzberg et al., 1976). The researchers focused on the decision-making stage and the self-reflection/post-trip evaluation stage, the first and the last stages of the model, which can influence one another. A study was conducted using a sample size of 803 international tourists that visited Malaysia and out of the twelve factors measured, with a mean of 3.79 and standard deviation of 0.72 the uniqueness of the destination was the most prioritised by the tourists. This was closely followed by the distance and value of the

destination and the quality of the destination.

Correia et al., (2005) use Compton's push-pull model (Crompton, 1979) to create a distinction between personal motivations such as psychological or social motives (push factors) and external factors related to the destination's characteristics influencing a consumer's decision to travel (pull factors). Both of these come together to form the consumer's perceived image of a destination. The conclusion drawn from the testing of three hypothesis was that push and pull strategies were related and that the push factors generally preceded the pull factors and are usually determinants of pull factors. Socialisation and knowledge were found to be key motivators in the pull and push factors. Socialisation was geared towards earning social rewards linked to self esteem, social status and sense of belonging and paid more attention to facilities and core

attractions, usually of an exotic location. Knowledge on the other hand intended to give tourists intellectual rewards by travelling to unexplored environments and giving rise to variety seeking behaviour where a tourist would be more concerned with the sports activities and landscape features.

The consumers of the tourism industry can also be divided by demographics. In a study conducted by Jang et al., (2009), the travel decisions of senior citizens and its effect on the tourism industry are explored. Senior citizens are a growing market with time flexibility and a higher purchasing power than their youth counterparts hence the researcher alludes to their use in filling the off-season demand. From the questionnaires collected, a sample size averaging the age of 72 was analysed. Two of their hypothesis were supported by the research which proved that the affective states of the elderly had significant impact on their travel motivations and travel intentions, implying that happy seniors were more likely to travel than unhappy ones. Novelty seeking was a significant factor which partially supported the hypothesis that travel motivation of senior citizens influenced their travel intention, which meant this factor was critical enough to be carried over from a motivating factor to an intent factor. This meant that senior citizens were basing their travel decisions on gaining new experiences that they'd never had before.

On the other hand, Richards (2015) used the youth as the focal point of his research. The number of youth travellers is on a steady incline and has quickly become a key component of international travel with 23% of the international travellers being the youth (UNTWO, 2016). He reasons that this could be due to the increased mobility due to advances in technology, and increased social relations due to an increase in information and communication. With a large-scale survey with

34,000 respondents, he divides the fragmented youth market into the global nomads, backpackers and flashpackers. The first two are similar in many ways, especially their interest in integrating with the local culture, backpackers differing slightly due to their tendency to travel in a group. Flashpackers on the other hand are likely to mix leisure and work and are avid social media users. These distinctions helped categorise the different travel intentions and motivations of modern youth travellers.

Lin et al., (2013) took gender in account when conducting their study, operating on the hypotheses, H1: no gender differences exist in tourist hesitation, and H2: no gender differences exist in justifiability of the destination. This Taiwanese study conducted on the Taiwan Taoyuan International Airport yielded 443 responses of which 54.9% were female. Both hypotheses H1 and H2 were accepted, hence proving that the gender of tourists did not affect their hesitation or destination justification. The research was focused on the key factors of decision-making in tourism, an early stage of travel, hence leading to the researchers acknowledging that other variables linked to a different stage of travel or affecting travel could be influenced by gender.

Djeri et al., (2011) conducted a study with a majority of 50.4% respondents being very high income and 8.73% respondents being low income. It was found that high income earners considered word of mouth and the internet to be the most reliable source of information with discount coupons having low influence on their decisions, while low income earners relied more on commercial propaganda for information with discount coupons having a larger impact on their decision. It was also found that high income earners consider all alternatives when making a travel decision while low income earners draw inspiration from their past experiences and give

preference to all inclusive packages due to their convenience. The frequency of travel was found to be once/twice a year for high income earners with the primary location being the seaside or mountains while medium income earners travelled only once a year, and low income earners even more rarely than that.

Indian Studies

Dahiya and Batra (2016) based their study in India, focusing on the heritage tourism in the Golden Triangle (Delhi, Jaipur and Agra). They found that recommendations from people (word of mouth advertising) made the tourist feel more comfortable about visiting the destination and accessible transportation within the destination further strengthened comfort and security. It was also found that the advertisement of the Golden Triangle under the Incredible India campaign conducted to promote tourism within India was also a prominent factor in the decision-making process of the tourists. Climate, hospitality, price of accommodation and events at the destination were also found to be important factors by the tourists.

Madhavan and Rastogi (2011) used Tirupati and Hyderabad as the focus of their study due to the two cities displaying similar historic, cultural and religious characteristics. Comfort was given priority by tourists for historical and cultural sites while safety was given more importance in regard to religious sites. Affordability and information were considered less important by tourists when visiting historical and cultural sites.

Siri et al., (2012) carried out a study focused on the group of Indian tourists who travelled internationally basing their study on Bangkok, Thailand, a popular destination amongst Indian international travellers. With 150 questionnaire responses from Indians who visited Bangkok in 2008, it was discovered that a large proportion of

them were first time travellers rather than repeat travellers. It was also found that both push and pull factors (Dann, 1981) were equally involved in the tourists making the decision to travel. Recommendations from family and friends and the internet were considered as a reliable source of information about the place and considered important by the Indian tourists.

Vishwakarma and Chatterjee (2017) interviewed 25 Indian families with 10-17 year old children in order to get a perspective on family travellers. It was observed that a collaborative approach was taken by the family in the generic decision to travel or not. This meant that the parents were more likely to involve their children in the decision-making process. The parents in this case also allowed their children to influence the destination of their vacation even when ultimately, the final decision was taken by the bread-winner of the family. It was also found that the need for a family to travel usually arose from monotony and their need to spend time together. Another influencing factor was found to be peer pressure, though this was more prominent in children rather than the parents.

Has digitalisation affected the way people travel nowadays?

Cecilia et al., (2011) categorizes tourism into two halves, the old and the new tourism. The old tourism is described as rigid and catered to the masses whereas new tourism is more flexible and uses diagonal integration which is described by Poon (2006) as the “process used by firms to carefully formulate a range of services for their target customers by using their IT platforms”.

Bogdanovych et al., (2006) conducted studies based on eight hypotheses focusing on the role of travel agents in the tourism sector and the role they play in a consumer's travel experience. They used both a qualitative and quantitative approach and

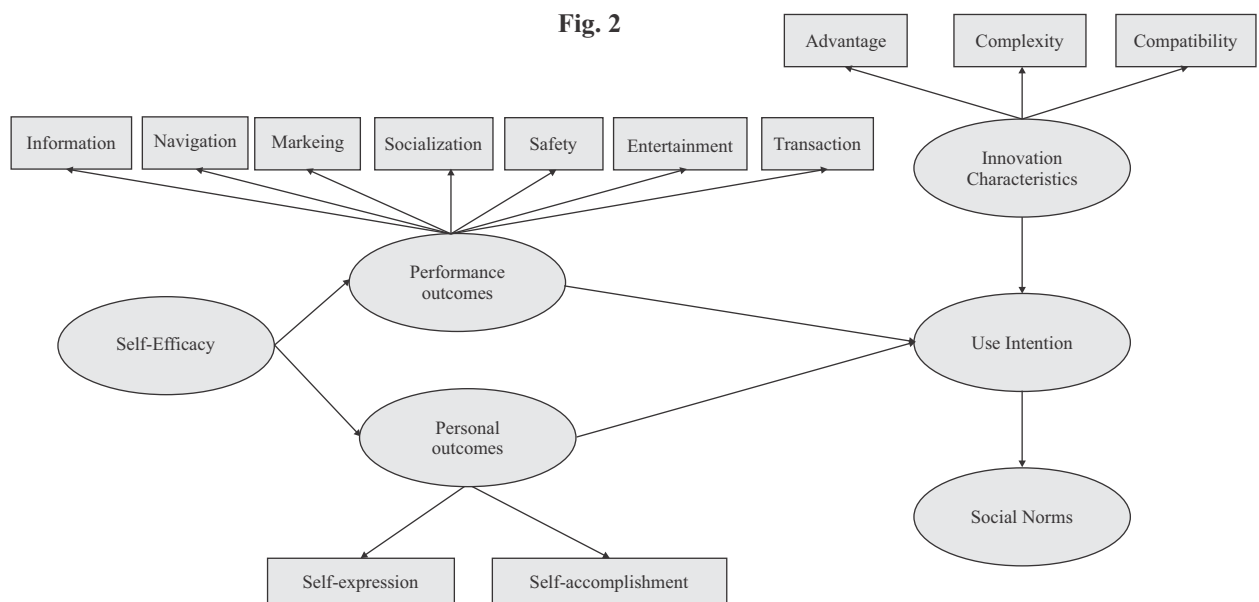
the results of the research indicated consumers' inclination towards travel agents where international travel or the need for face-to-face interactions were concerned. 65% of respondents preferred to book international trips through travel agents but 54% preferred online booking for domestic trips. 78% of people also gave importance to social interactions with travel agents.

Hanrahan and Krahenbuhl, (2012) from the national tourism development authority of Ireland conducted a study that focused on the Irish tourism industry. They sent out a total of 1100 surveys with a 63% response which included domestic and international tourists. The study compared the use of travel apps against travel guide books. It was found that while almost 60% people had travel apps on their smartphones, only 30% of those used them to make bookings for their trip and around 50% seldom used it to plan their trip. It was also found that 50% of these tourists spend around €20-29 on guide books but 85% of them preferred to download free travel apps. This jarring difference in the tourists' willingness to spend money on travel guides and not travel apps could have a negative impact on creators of travel apps.

Härtinget al.,(2017) conducted surveys based on eight hypotheses that explore the negative and positive impacts several factors have on the digitalization of the tourism industry. The results, derived from online surveys in Germany, showed that factors positively impacting potential of further digitalization are increased sales, a sharing economy, personalized offers and social media. Customer reviews, however, had a negative coefficient which means it does not necessarily facilitate the path towards digital tourism. This could be due to the advantage face-to-face interactions with travel agents have over reviews from strangers online in that they evoke trust in the consumer.

Lu et al., (2015) proposed a model to devise the consumer's perceived intention of a travel app. This is divided into two categories: performance and personal outcomes. It shows what motivates a consumer to choose one app over another as it may check more boxes in one or the other category. While the decision-making process of a consumer while using travel apps may differ from person to person, this model outlines the core/standard features one must look for in a travel app.

Fig. 2



Conclusion

Significant Observation based on Literature Review

As technology has evolved over the years to facilitate the minute needs of customers worldwide, online applications and websites have found home in the tourism industry— one of the largest consumer-oriented industries in the world.

Digitalization is essentially the integration of technology into aspects of life (Gray and Rumpe, 2015). It is also alternately described as the reconstruction of social life around digital communication and media infrastructures (Brennen and Kreiss, 2016).

Tourism is highly dependent on customer satisfaction. The exact definition of it is subject to interpretation, but the gist of it is the degree to which a customer's needs are satisfied by a product (Cengiz, 2010).

Those with limitation with technology may not like to use these application. Normally uneducated and aged or senior citizens are not very much comfortable while using technology and need manual intervention. Travel apps are good for tech savvy people.

Trust is one of the most important factors which has been highlighted in many studies. New brand may struggle but established travel portals doing well and expanding their business.

Customer satisfaction plays important role in repeat purchase even in online system. It has been observed in many studies that tourism is service industry and online travel portals cannot act as transactional point. They will have to provide services else it may create goodwill and trust issue.

Suggestions and Implications

Customization :Travel-product intermediaries must change to meet consumer demands as the prevalence of Internet shopping increases, given that online shopping represents a viable alternative to conventional shopping. Consumers will be attracted to Internet commerce if they feel that they are getting a better deal. In fact, Internet commerce should provide new methods of value creation and provision. Based on various studies it was found that privacy, safety, and product quality were the three main factors considered by customers purchasing travel products on the Internet, which contradicts the conventional wisdom that cost (Clemons et al.,2002) and convenience (Harris & Duckworth, 2005) are the key factors underlying the success of a website. Past Studies suggest that the prices of products offered on the Internet could be the same as those offered in traditional channels or by competing websites, and that convenience is also not a main factor attracting consumers to purchase particular travel products on the Internet.

Safety :Safety is one of the most critical concern now a days as it has been observed risk associated with ordering a product through application. And Application providers and travel portals must ensure safety of data and consumer privacy as it will then lead to carefree purchase decision. Furthermore, privacy protection should prevent nonpermitted, illegal, and unethical use of private information.

Service and product quality :Service and product quality is paramount as it has been observed by many studies that customers sometimes find products which doesn't meet their expectation. Normally in travel applications and portals tour companies provide very attractive photos of properties and services based on which customer take purchase decision where customer's expectations are raised to very high level. If it meets than customer is happy and satisfied else it

may easily lead to cognitive dissonance or post purchase doubt. Thus, to achieve success with electronic commerce, Travel portals and application providers must address the problem of product quality

Application Design :The observations made in this study also have implications for travel application providers. This research indicates that the designers of websites should establish marketing policies that focus on only three factors: privacy, safety, and product quality. Travel agencies need to make significant investments in the safety of designed websites, with a greater effort made to alleviate the concerns of consumers. Past Papers provide evidence that travel agencies should employ a combination of Internet commerce and specialization to provide customers with added value.

Power of Positive Reviews :Customers must be encouraged to write reviews over portal or applications. Positive and good reviews should be highlighted by IT team. The more "authentic" opinions tend to be more effective however they are the hardest to obtain.

Personalized offers and recommendation tailored by the OTA: The ultimate goal is to reduce the number of offers proposed to customers and, at the same time, increase their relevancy. Subsequently, the clients enjoy a better consumer experience, resulting in a higher conversion rate for the organisation.

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