

## CHAPTER 2

### THEORY

This research is exploration Indonesia tourist's behavior in using internet for searching online room. Researcher use theory for this research by divided theory topic for easy to understands and use for the guide line in the building questionnaire, design and analysis data. By divide theory topic following.

2.1 Consumer Behavior

2.2 Online Consumer Behavior

2.3 Implications Online – Offline

2.4 Consumers Searching for Information in Electronic Marketplace

2.5 Tourists Behavior

#### 2.1 CONSUMER BEHAVIOR

“Consumer is a person who desires, needs and requires marketing components in their capacity as buyer” (Allen, D., 2002).

Rawissada Apiraksutanon, (2008) study subject of “An analysis of determinants of purchasing decision and customer satisfaction on the medical devices cleaning solution of the hospital in Bangkok area” were to (1) study the determinants of purchasing decision on “deconex” medical devices cleaning solution of the hospital in Bangkok area (2) to compare the Chief of CSSD Officers’ expectation before purchasing decision and their perceptions after using “deconex” medical devices cleaning solution. (3) to provide suggestions on business strategy in relation to an improvement of CSSD officers’ satisfaction on using “deconex” medical devices cleaning solution.

Typically marketers are defined to have the ability to control the behaviours of customers, but actually they have neither power nor information for that. Marketer may influence their buying behavior but not control. Because several individual and not individuale affect consumer behaviours. Motives, perceptions, attitudes, experiences, self concept, values can be considered as individual factors. And not individual factors can be expressed as, culture, profession, family, reference groups.

In the space of competitive and globalized world the importance of consumer who is recognized as the focal point of modern marketing, is increasing day to day.

- 1) Prices are much cheaper
- 2) They are cool in summer, warm in winter.
- 3) There is credit- opportunity (compared to Grocery)

- 4) They include car parking spaces and play areas for children
- 5) There is the presence of many types.
- 6) They give attention to expiration dates and freshness of products.

This shows that today's consumer prefers the places which satisfy them with every aspects (Dr. DURMAZ Yakup, Dr. CELIK Muċahit et. al., March 2011).

### 2.1.1 Analysis of consumer behavior

In summary, the term “Consumer behaviors” is activity relate to select, purchase and make the decision to satisfy the consumer needs. Thus, marketers should study in 6W's 1H question to understand the consumption process as before, during and after buying (see table 2.1). These advantages in buying behavior and planning create marketing strategies for their target groups.

**Table 2.1**  
**An analysis of consumer behavior**

7-questions (6W's 1H) for answer seven items about consumer behavior

<b>Question (6W's 1H)</b>	<b>The answer to know (7Os)</b>	<b>Marketing strategy</b>
1. Who is in the target market?	Occupants of target group including <ol style="list-style-type: none"> <li>1. Demographic</li> <li>2. Geographic</li> <li>3. Psychology</li> <li>4. Behavior</li> </ol>	Marketing Mix include product, price, place, promotion for satisfying the target group
2. What does the consumer buy?	Objects to consumer buy; who want product component & competitive differentiation	Product strategies including <ol style="list-style-type: none"> <li>1. Core product</li> <li>2. Tangible product such as quality, feature style, packaging and brand</li> <li>3. Augmented product</li> <li>4. Expected product</li> <li>5. Competitive differentiation product</li> </ol>
3. Why does the consumer buy?	Purchasing objective of consumer, for physical &	Product strategies <ol style="list-style-type: none"> <li>1. Promotion strategies</li> </ol>

	psychology need that study in physical factor, social, culture and personality	including advertising, personal selling, public relation 2. Price strategies 3. Distribution channel strategies
4. Who participates in the buying?	Influence organization including people to 1. Initiator 2. Influencer 3. Decider 4. Buyer 5. User	Advertising and promotion strategies to influence organization
5. When does the consumer buy?	Occasions such as during seasonal of festival time	Promotion strategies relate to occasions
6. Where does the consumer buy?	Outlets such as dependent store, convenience store and discount store	Distribution channel strategies for suitable middle man to consumer
7. How does to consumer buy?	Operation including 1. Problem recognition 2. Information search 3. Evaluation of alternative 4. Purchase decision 5. Post purchase evaluation	Promotion strategies including advertising, personal selling, public relating and direct Marketing

*Source: Philip Kotler, Marketing Management 12e, page 180, 2003*

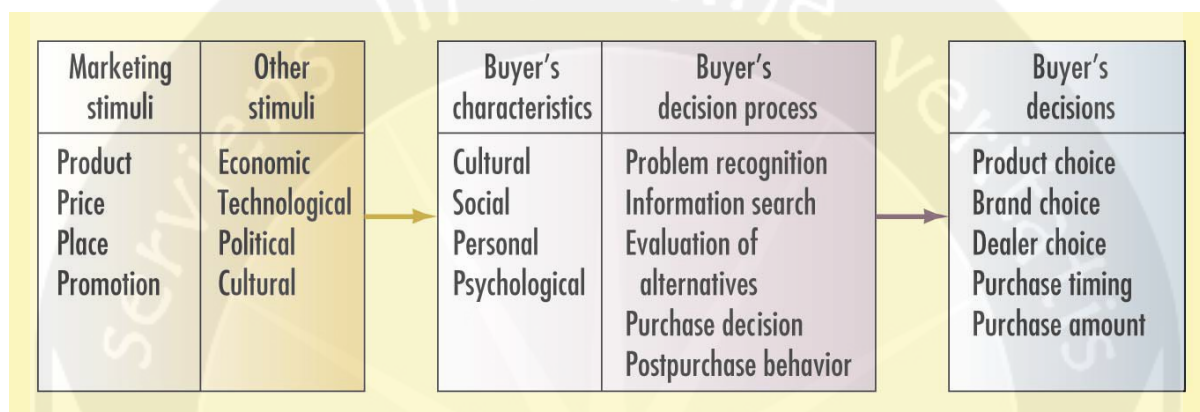
In the past, market had less product varieties, new product could be easily sell, so marketer interest on product orientation & production process. At the present it is not too easy to launch product because of highly in coming new competitors. Therefore, the consumers have more chances to select product & services so marketers switch idea to market-orientation and consumer-orientation.

Although, the consumer has not too much decision making power, but they have more opportunity to select the product they want. Therefore, the producer must concern to add value their product for satisfying their consumer need.

## 2.1.2 Consumer behavior model

This study to influence factor for purchasing decision that begin from stimulate pass to Buyer's black box due to response by Buyer's purchase decision as follow.

“The consumer market is defined as end user markets. Also called Business to Consumer markets, or B2C markets, the product and service offering is bought by the consumer for his personal use. The decision making process in consumer markets is different from the one that takes place in business or industrial markets” (Sangeeta Sahney, 2010).



**Figure 2.1**  
Model of Buyer Behavior

Source: Kotler, P., Marketing Management, 11<sup>th</sup> edition, Prentice-Hall India, 2003

According Sangeeta Sahney(2010) summary concept of Kotler and Armstrong, the basic model of consumer decision making process comprises three major components, viz., *marketing and other stimuli* (these act as influences), *the buyer's black box* (these are related to the consumer) and *the buyer responses* (this is the response part). The components/processes as well as the working dynamics are explained as follows (see Figure 2.1) :

**1. Marketing and other stimuli:** A consumer is confronted with a stimulus in the environment. This stimulus could be of two kinds;

a) One that is presented by the marketer through the *marketing mix or the 4Ps*, product, price, place and promotion;

- product: attributes, features, appearance, packaging etc.
- price: cost, value, esteem (prestige)
- place: location and convenience, accessibility

- promotion: advertising, sales promotion, personal selling, publicity, direct marketing.

b) The other that is presented by the environment, and could be economic, technological, political and cultural.

**2. Buyer's black box:** The stimuli that is presented to the consumer by the marketer and the environment is then dealt with by the buyer's black box. The buyer's black box, comprises two sub components, viz., the buyer's characteristics and the buyer decision process.

The *buyers characteristics* could be personal, psychological, cultural and social.

**a) Personal:**

- age & life-cycle stage (family life cycle: single, newly married couples, full nest I, full nest II, full nest III, empty nest I, empty nest II, solitary survivor)
- occupation (occupation affects consumption patterns)
- economic situation
- lifestyle (pattern of living as Activities, Interest, Opinions, AIOs)
- personality (personality is defined in terms of traits; these are psychological characteristics which lead to relatively consistent patterns of behavior towards the environment) & self-concept (self-concept is reflective of identity; how a person perceives himself including attitudes, perceptions, beliefs etc). Products and brands also have a personality; consumers are likely to choose such brands whose personalities match their own self.

**b) Psychological:**

- motivation (motives; urge to act to fulfil a goal or satisfy a need/want)
- perception (ability to sense the environment and give meaning to it through the mechanisms of selection, organization and interpretation).
- learning (a relatively permanent change in behavior as a result of ones' experience; relates to memory; learning could be experiential based on direct experience or conceptual based on indirect experience; consumer learning could be based on marketing communication/seller provided information, personal word of mouth and/or experiential).
- beliefs (thoughts that a person holds about something; these are subjective perceptions about how a person feels towards an object/person/situation) and attitudes (a favorable or unfavorable disposition/feeling towards an object, person or a situation).

**c) Cultural:**

- culture (a sum total of values, knowledge, beliefs, myths, language, customs, rituals and traditions that govern a society). Culture exerts the broadest and the deepest influence; eg. Influences on our eating patterns, clothing, day to day living etc. Cultural influences are handed down from one generation to the next and are learned and acquired).
- sub-culture (subset of culture: smaller groups of people within culture with shared value systems within the group but different from other groups; identifiable through demographics).
- social class: ordered and relatively permanent divisions/startifications in the society into upper, middle lower classes; members in a class share similar values, interests, lifestyles and behaviors; the division is based on combination of occupation, income, education, wealth, and other variables.

**d) Social:**

- family: most important influence; (there occurs in a family what is referred to as socialization; family of orientation: parents and siblings; family of procreation: spouse and children; further some decisions are husband dominated, some are wife dominated and some are joint; roles played by family members), family life cycle (stages through which a family evolves; People's consumption priorities change and they buy different goods and services over a lifetime).
- friends and peers, colleagues.
- groups: reference groups {these are people to whom an individual looks as a basis for personal standards; they are formal and informal groups that influence buying behavior; reference groups could be direct (membership groups) or indirect (aspirational groups); reference groups serve as information sources, influence perceptions, affect an individual's aspiration levels; they could stimulate or constrain a person's behavior}.
- opinion leaders (they influence the opinion of others based on skills, expertise, status or personality).
- roles & status: the role refers to the expected activities and status is the esteem given to role by society.

Research and studies into these factors can provide a marketer with knowledge that can help him serve the consumers more effectively. These characteristics affect the buying decision process, which comprises five steps:

**a) Problem recognition:** This is the first stage where a person recognizes that there is a problem or a need to fulfill. This may either be an actual state (AS Type), where a problem has arisen and needs to be sorted out; the product is failing, or the consumer is running

short of it, and thus needs a replacement. A problem could also be a desired state (DS Type), where there is an imbalance between the actual state and the desired state; another product seems better and superior to the one that is being currently used, and so the consumer wants to buy it.

A need could be triggered off by an internal stimulus or an external stimulus. Marketers need to identify what could trigger a particular need.

- b) Information search:** After a need is recognized, the consumer goes for an information search, so as to be able to make the right purchase decision. He gathers information about the product category and the variations, various alternatives and the various brands. Such a search could be ongoing, specific or incidental.

The consumer could recall information that is stored in his memory (comprising information gathered and stored, as well as his experiences, direct and indirect). He could also seek information from the external environment.

The sources of information search could be personal (family, friends, peers and colleagues), commercial (marketers' communication in the form of advertising, salespersons, publicity etc), public (mass media, consumer forums, government rating agencies) and experiential (self and others' experiences). Personal contacts are highly influential sources, public sources are highly credible.

- c) Evaluation of alternatives:** Once the consumer has gathered information and identified the alternatives, he compares the different alternatives available on certain features. These are those features that a consumer considers in choosing among alternatives; these could be functional/utilitarian in nature (benefits, attributes, features), or subjective/emotional/hedonic (emotions, prestige etc.). The consumer also uses decision rules that help a consumer simplify the decision process. At the end of the evaluation, purchase intentions are formed.
- d) Purchase decision:** After the consumer has evaluated the various alternatives, he selects a particular brand. Consumer purchases may be trials/first purchases or repeat purchases. The consumer may further have to make decisions on where to buy from, how much to buy, whom to buy from, when to buy and how to pay. It is noteworthy that a purchase intention (desire to buy the most preferred brand) may not always result in a purchase decision in favor of the brand; it could get moderated by attitudes of others and unexpected situational factors.
- e) Post purchase behavior:** After the purchase, the consumer uses the product and re-evaluates the chosen alternative in light of its performance viz. a viz. the expectations. He could experience feelings of neutrality (Performance meets expectations), satisfaction (Performance exceeds expectations) or dissatisfaction (Performance falls short of expectations). This phase is significant as it (i) acts as an experience and gets stored in the memory; (ii) affects future purchase decisions; (iii) acts as a feedback.

**3. Buyer responses:** While in the black box, the buyer also takes a decision with respect to the product, brand, dealer, timing and amount.

## 2.2 ONLINE CONSUMER BEHAVIOR

Dr. AB Razak Che Hussin,( 2009) The research on the concept of trust has emerged rapidly due to the need of understanding it in order to improve current and future e-commerce implementation. The lack of consumer trust is one of the focused issues today as the world moves toward advanced information and technology era. This research aims to find a practical solution on how to integrate trust during the design and development process of an e-commerce website. The research examines consumers' trust and behavior by understanding the concept of trust, reviewing several trust related models, mechanisms and technologies proposed and recommended by other scholars. The research also proposed a model that shows how consumer trust is developed and communicated between two parties. It is found that there are six categories of trust mechanisms and technologies that web merchants can utilize in order to integrate trust in their website. It is also found that consumer characteristics have direct influenced on consumer purchasing intentions while web merchants should have trustworthiness characteristics such as ability, integrity and benevolence for consumer to evaluate and decide. This research provides guidelines for web merchants to understand more about consumer trust in order for them to build a secured and trusted e-commerce website.

Anders Hasslinger, Selma Hodzic and Claudio Opazo, (November 2007) study of 'Consumer Behavior in Online Shopping' The purpose of this dissertation was to examine if there are any particular factors that influence the online consumer. Primary data was collected through a survey that was conducted on students at the University of Kristianstad.

The Consumer Behavior Report is designed to give merchants, media, and industry analysts insight into online shopping trends, purchasing behavior, product pricing and market share. Each month, a different topic will be the focus of the report.

“consumers indicated that the time invested in searching for online savings as part of a strategy to weather the economy will not only help them save money in the current downturn, but will also apply to their spending habits after the recession” (*Sara Rodriguez*, March 25, 2009).

“Consumer behavior disciplinary has become one of the most researched domains as business firms and corporations are evolving rapidly due to the advance growth of business and ICT opportunities. Businesses are striving to stay competitive in the market by conducting research and development to understand the complex area of customer behavior. Finding a clearer approach to understand what are the customer intentions and needs, will give extra benefits and advantages to any business organizations” ( Ab Razak Che Hussin. et. al.).

“The total number of Internet users worldwide passed 1 billion in 2005, up from 45 million in 1995 and 420 million in 2000”(New Media Age 2006).



“Issues such as privacy, unsolicited e-mail, transaction security continue to be hotly debated in the academic and practitioner literature” (e.g. Meinert et al. 2006).

“Recently, the willingness of graduate students is to provide personal information, given various degrees of protection offered by privacy policy statements (Meinert et al. 2006). Their results revealed that the willingness to provide information to online retailers increased as the level of privacy guaranteed by the statements increased. Their findings also demonstrated that while most individuals were aware of privacy policy statements, less than half of the respondents had ever read a privacy statement. What we are going to address in this research is to show how aforementioned factors can affect purchasing behavior among customers from job and gender perspective” (Ramin Azadavar, Darush shahbazi et al. 2011).

A great tool to measure the difference between customers' expectation and real performance. The difference can be measured by service quality (see figure 2.2). There are six major dimensions which make service quality, tangible, reliability, responsiveness, assurance and empathy. As mentioned above, after less than a decade of globally commercial use of the internet and the web, business fundamentally has changed the world of business.

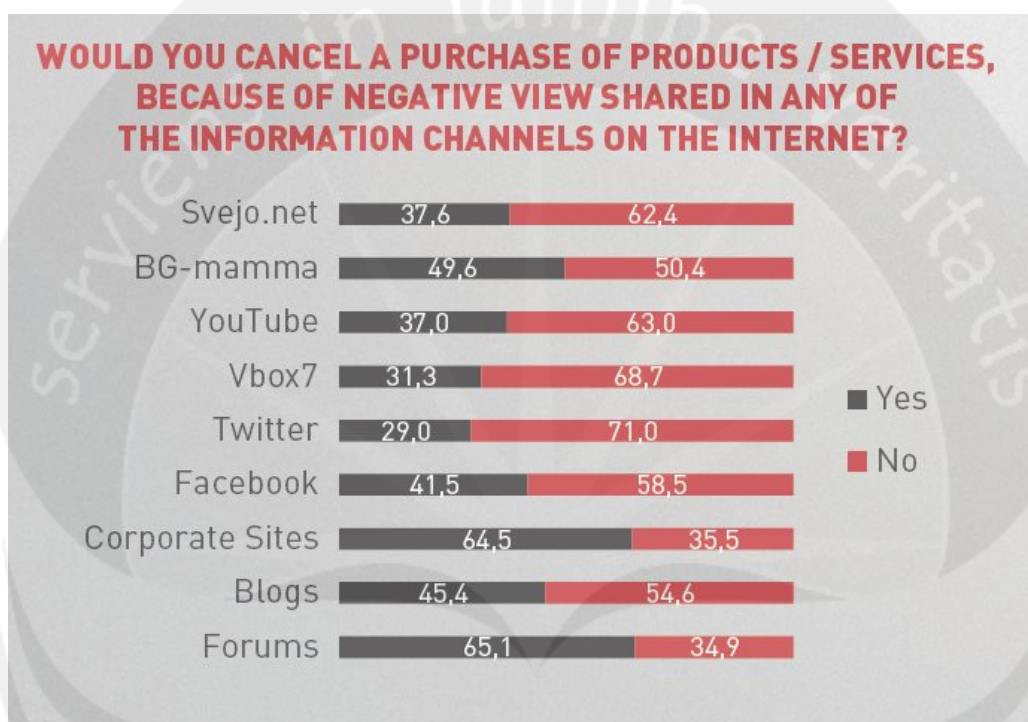


**Figure 2.2** A model for service quality

Source: Ramin Azadavar, Darush shahbazi et al. The Role of Security as a Customer Perception on Customers' Online Purchasing Behavior, Page 177 ,2011

“Advancement in the scientific reasoning of online consumer behavior is a very dynamic process represented by companies, consumers and scientists. New technological progress and new options for research bring light into the world of marketing. The scientists and marketing experts can produce new specific products for target groups and set up the environment in order to reach the maximum benefits” (Karol Kováč and Alojz Ritomský, 2010).

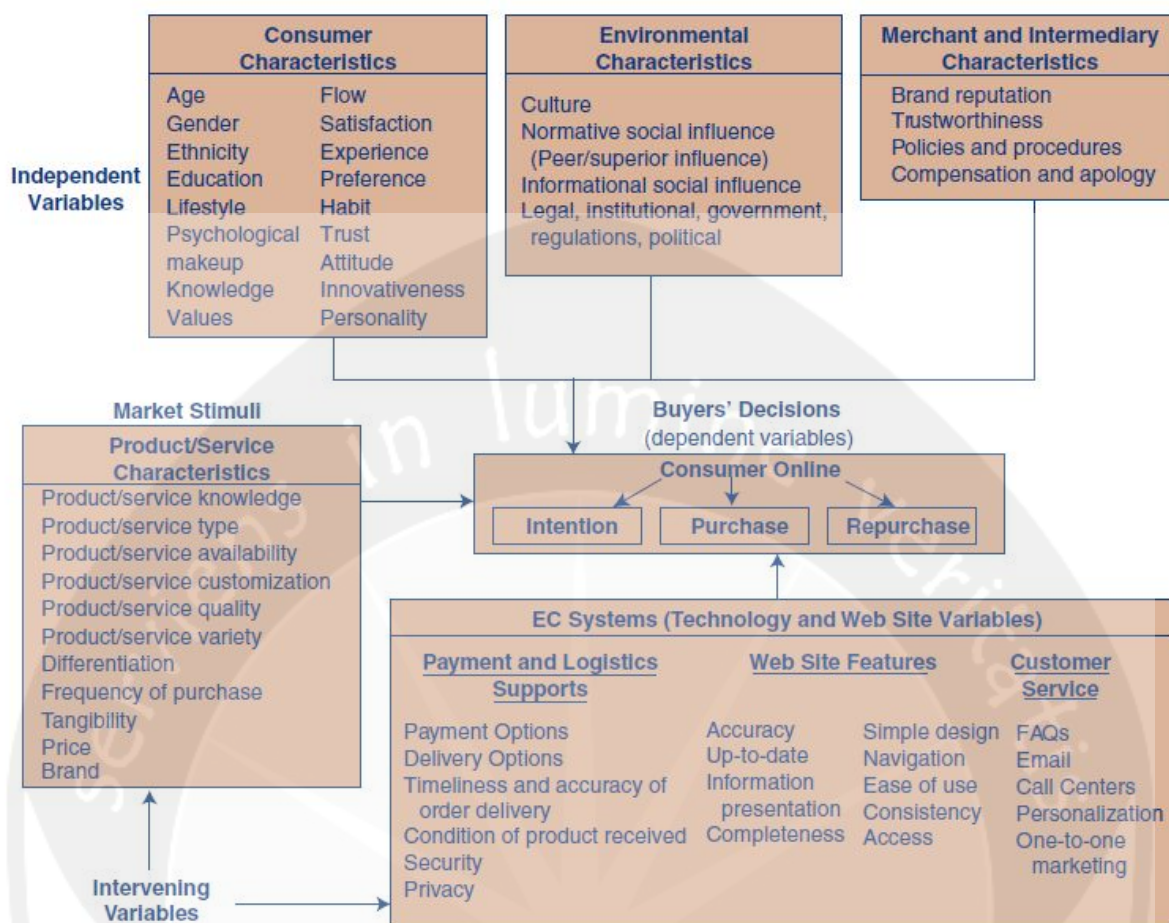
1/3 of consumers are looking for advice on social networks and blogs before making a purchase. 65% of them would give up after they have read a negative opinion about the brand



**Figure 2.3**  
Purchase of products/ services

Source: E-commerce report, page 10, 2010

79% of consumers are looking for information about goods and services on the internet. 44% of people who are not active online at all however are informed by their friends who are active online (see Figure 2.3). Most often Facebook users are becoming fans of clothes brands and shoes brands, music, movies and technology products. Bad news is that 80% of them don't want to receive information for the products they are fans of. (Noema, 2010)



**Figure 2.4**

Conceptual model of online consumer behavior.

Source: Bridges et al., Online Consumer Behavior, Market Research, and Advertisement, 2006

Figure 2.4 shows the basics of a consumer behavior model in the EC environment. The model is composed of the following parts:

- Independent (or uncontrollable) variables, which are shown at the top of Figure 2.4, can be categorized as personal characteristics and environmental characteristics.
- Intervening (or moderating) variables are variables within the vendors' control. They are divided into market stimuli and EC systems.
- The decision-making process, which is shown in the center of the Figure, is influenced by the independent and intervening variables. This process ends with the buyers' decisions (shown on the right) resulting from the decision-making process.

- The dependent variables describe types of decisions made by buyers.

Figure 2.4 identifies some of the variables in each category following.

### **The Independent Variables**

Two types of independent variables are distinguished: personal characteristics and environmental variables.

**Personal Characteristics.** Personal characteristics, which are shown in the top-left portion of Figure 2.4, refer to demographic factors, internal individual factors, and behavioral characteristics. Several Web sites provide information on customer buying habits online. The major demographics that such sites track are gender, age, marital status, educational level, ethnicity, occupation, and household income, which can be correlated with Internet usage and EC data. A survey on the trend of global Internet shopping revealed that the gender of online shoppers is roughly balanced. However, when it comes to certain products and services, the differences are significant.

**Environmental Variables.** As shown in the box in the top-right portion of the Figure 2.4, environmental variables can be grouped into the following categories:

- Social variables. These variables play an important role in EC purchasing. People are influenced by family members, friends, coworkers, and “what’s in fashion this year.” For more discussions on the role of social factors (e.g., informational social influence, customer endorsement strategies, word-of-mouth) in Internet shopping. Of special importance in EC are Internet communities and social networks and discussion groups, in which people communicate via chat rooms, electronic bulletin boards, and newsgroups.
- Cultural/community variables. It makes a big difference in what people buy such as rural shoppers differ from urban ones. From the impact of cultural variables.
- Other environmental variables. These include things such as the available information, government regulations, legal constraints, and situational factors.

### **The Intervening (Moderating) Variables**

The intervening (moderating) variables are those that can be controlled by vendors. As in the offline environment, these include pricing, advertising and promotions, and branding (the products themselves and their quality). The physical environment (e.g., display in stores), logistics support, technical support, and customer services also are important.

### **The Dependent Variables: The Buying Decisions**

With the dependent variables, the customer is making several decisions, such as “To buy or not to buy?” “What to buy?” and “Where, when, and how much to buy?” These decisions depend on the independent and intervening variables. The objective of learning about customers and conducting market research is to know enough so that the vendors who

provide some of the market stimuli and/or control the EC systems can make decisions on the intervening variables.

The structure of the consumer behavior model in Figure 2.4 is a simplified version of what actually goes on in the decision-making process. In reality, consumer decision making can be complicated, especially when new products or procedures need to be purchased.

The three key variables that drove website attitudes were website involvement, entertainment, and challenge. Further, pre-purchase evaluations were driven by website involvement and challenge. Website involvement, in turn, was driven by effectiveness of information content and entertainment. While exploratory behavior was influenced by antecedent variables, its effect on attitudes was less pronounced. Hence, the most effective websites were those that are entertaining, moderately challenging, and current.

“In addition, men and women differed in their web navigation behavior. Males, as heuristic or item-specific processors, preferred straightforward information presented through a website that is well-structured and easy to access and process. The primary drivers for males were good entertainment, challenge, and structure. The combined impact of skills, informativeness, and effectiveness of information content on exploratory behavior was weaker and secondary. If the main audience is male, the website should be efficiently designed to develop positive site involvement and attitudes, and generate positive pre-purchase evaluations. Women, as comprehensive or relational processors, engaged in more exploratory behavior and became more involved with the website content. If the main audience is female, the website should be designed to encourage and support exploratory behavior through provision of detailed information, entertainment, and attributes that stimulate both the skills and challenge of females. For example, the use of multiple links to related content could be useful when targeting women. When the audience is composed of both sexes, the key is to engender website involvement as this drives attitudes and pre-purchase evaluations of both men and women” (Marie-Odile Richard and Jean-Charles et al. 2010).

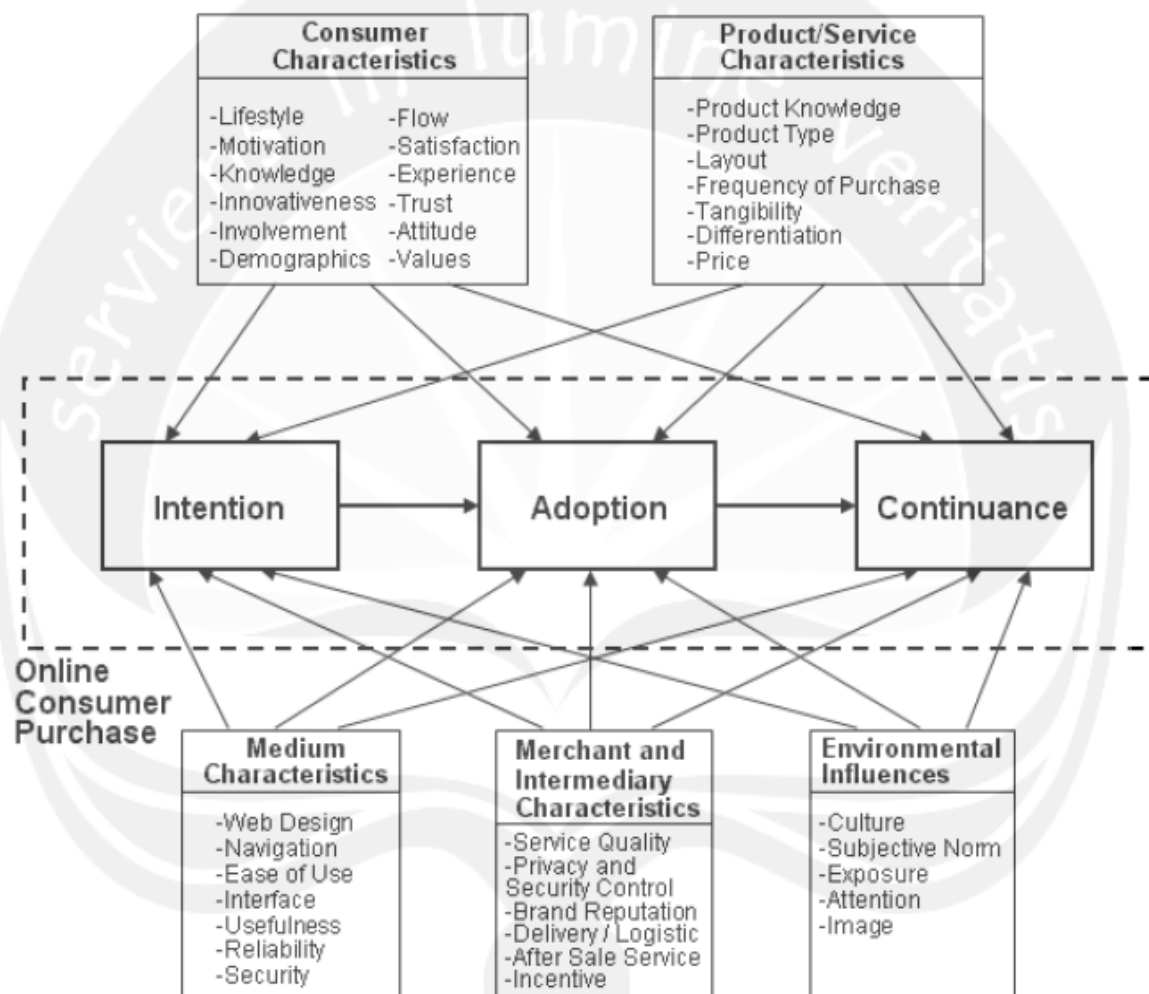
For manufacturers and retailers the relatively stable behavior of deals means that a targeted promotion may be a good way of testing out a promotion or to find out how the deal seeker demographic will behave. Shorter promotions would allow them to judge the reaction of the users, knowing that the initial reaction has much to say about the overall success of the promotion.

Price, Trust and Convenience were identified as important factors. Price was considered to be the most important factor for a majority of the students

“Furthermore, three segments were identified, High Spenders, Price Easers and Bargain Seekers. Through these segments we found a variation of the different factors importance and established implication for online book stores” (Christy M. K. Cheung, Lei Zhu et. al., 2003).

Online consumers can be divided into two types: individual consumers, who get much of the media attention, and organizational buyers, who do most of the actual shopping in cyberspace in terms of dollar volume of sales. Organizational buyers include governments, private corporations, resellers, and public organizations. Purchases by organizational buyers are generally used to create other products (services) by adding value to the products. Also, organizational buyers might purchase products for resale without any further modifications.

### Online Merchants and Intermediaries Characteristics



**Figure 2.5**  
Framework of Online Consumer Behavior

Source: Christy M. K. Cheung, Lei Zhu et.al, 16th Bled eCommerce Conference eTransformation, Online Consumer Behavior: A Review and Agenda for Future Research, page 201, 2003

Researchers have suggested a broad classification of Internet retail stores as well as the key attributes and features of online stores. These studies provided us with a better insight into the study of online merchant and intermediary characteristics. In the current study, we



included factors like service quality, privacy and security control, brand/reputation, delivery/logistic, after sales services and incentive in our framework of online consumer behavior.

These five domain areas were integrated into our base model - Model of Intention, Adoption, and Continuance (MIAC) to form a framework (as shown in Figure 2.5) for the study of online consumer behavior. This proposed framework not only provides us with a cohesive view of online consumer behavior, but also serves as a salient guidance for researchers in this research area (Christy M. K. Cheung, Lei Zhu et. al., 2003).

## **2.3 IMPLICATIONS ONLINE - OFFLINE**

Preferences for shopping online or offline were shown to vary across products, consumers, and stages of the shopping experience. Some of our findings concerning individual differences in online/offline shopping preferences are consistent with those reported by Swinyard and Smith (2003). However, many of these differences are product-specific. To a great extent, these differences could be accounted for by differential importance placed on product attributes that are perceived to be better delivered online or offline. When attributes such as large selection and shopping quickly are predominant, online shopping is preferred. When attributes such as personal service and ability to see-touch-handle the product are predominant, offline shopping is preferred. (Nidhi Khurana and Gaurav Bakshi et al. 2011)

### **2.3.1 Theoretical Implications**

The researchers' approach of examining how attribute-level perceptions drive preferences for online vs. offline shopping can be useful to those trying to model this important issue in consumer behavior. It has been demonstrated here at the aggregate level that differences between products could be accounted for by the differential weighting of attributes that are perceived to be better online or offline. At the individual consumer level a significant portion of the variance in online/offline preferences within a product class was accounted for. Future researchers are encouraged to address the questions of who prefers to shop online and who prefers to shop offline and for which products, to include in their models parameters corresponding to both the value and weight assigned to each key product attribute.

“Furthermore, the researchers demonstrated the need to allow parameters to vary as a joint function of product and consumer characteristics. For example, females were more likely than males in the sample to prefer online shopping for clothing whereas males were more likely than females to prefer online shopping for electronic and computer products. Thus, those who study individual differences in online shopping preference need to consider that these may play out differently for different products and, conversely, for those who study product differences” (Nidhi Khurana and Gaurav Bakshi et al. 2011).

### 2.3.2 Managerial Implications

The findings have implications for online retailers, whether they are click stores or click-and-brick retailers. For example, the results show that for electronics products, a no hassle exchange is thought to be delivered better offline and a large selection is thought to be delivered better online. There is a need to convince customers that they can exchange merchandise as quickly and easily as possible through the mail. In contrast, a multi-channel electronics retailer, would be wise to emphasize that customers can enjoy great selection, prices, and convenience by purchasing on the website, and can exchange merchandise at their local store, if necessary. Individual consumer differences can lead to different marketing approaches for different segments. For example, those who perceive themselves to be more computer literate have a lesser need for personal service or for “hands-on” shopping experience, so there is less need to address these issues with this segment (Nidhi Khurana and Gaurav Bakshi et al. 2011).

## 2.4 CONSUMERS SEARCHING for INFORMATION in ELECTRONIC MARKETPLACE

Kuan-Pin Chiang (2011) summery about consumers searching for information in electronic marketplace following. Several reasons suggest that conventional economic theories do not adequately explain consumer online search behavior. First, the fundamental premise of economic theory is that the amount of information search will increase when search costs are reduced. Empirical evidence, however, has not shown such a prediction. For example, by examining the shopping patterns of online users over time, Johnson et al. (2004) found that the amount of online search is actually quite limited. On average, households visit only 1.2 book sites, 1.3 CD sites, and 1.8 travel sites during a month in each product category. Another study by Jansen et al. (2000) revealed a similar pattern from the analysis of logs containing 51,473 queries posed by 18,113 Excite users. The results show that Web queries are short. Most users had only few queries per search and 76% of users did not go beyond their first and only query.

Second, it is cognitive, not physical effort that affects consumers searching for information online. Although physical efforts (e.g., going to stores) have been reduced to finger clicks, it is possible that the cognitive challenges of interacting with computers and online information exist which potentially limit consumer information search in the electronic marketplace.

In addition, the Internet has transformed consumer behavior in two ways: (1) transformation of consumers into online shoppers requiring the usage of computers, and (2) transformation of the physical stores into online marketplaces that is information technology intensive. In order to understand consumer online search behavior, it is necessary to include the interaction between the combined roles of consumer/computer user and information



technology provided by the online stores. These factors impose certain search costs on consumers and influence their online search behavior.

### **2.4.1 Information Search**

Information search is a stage of the decision making process in which consumers actively collect and utilize information from internal and/or external sources to make better purchase decisions. Internal search occurs when consumers access information previously stored in memory. It is the primary source used for habitual and limited decision-making. On the other hand, external search, which is the focus of this article, involves searching for information from sources outside of memory because the required information was not previously acquired or cannot be recalled from memory. Sources such as friends, advertisements, and magazines such as Consumer Reports are often utilized by consumers to facilitate their decision-making. Lately, the Internet has joined other traditional media and become a major source of information for many products and services for consumers because of its abundance of information and convenience.

To explain information search, the economics of information identifies two types of search costs that influence information search – external and cognitive. The costs of resources consumers invest in search, such as monetary costs to acquire information, or opportunity costs of time during acquisitions, are external search costs. Such costs are influenced by factors beyond consumers' direct control. They are exogenous and depend on situational influences. On the other hand, cognitive search costs are internal to the consumer and reflect the cognitive effort consumers must engage in to direct search inquiries, sort incoming information and integrate with stored information to form decision evaluations. They are influenced by consumers' ability to cognitively process incoming information.

Searching information online requires consumers to change their conventional behavior. Behavioral change is difficult and often requires incentives such as explicit monetary savings or increased convenience. Past studies have found that convenience is the single most salient benefit of online shopping and consumers look for new way to find information and buy products that are faster and more convenient. For consumers to search for information online, perceived external search cost is lower in an online environment than in the physical market.

In the electronic marketplace, external search costs have been significantly reduced to finger clicks. However, information in such an environment is highly visual and perceptual. It increases cognitive search costs that affect consumers' search for information. In addition, information search online is characterized by human-computer interaction requiring consumers' ability and knowledge to acquire information (Hodkison et al., 2000). In order to search online, consumers must not only be able to locate the web sites of interest and move between sites but also to acquire information within the sites. There are several ways to identify the location of Web sites: (1) via search engine, (2) via manual entry of a URL, and (3) via memory-aid of a browser such as bookmarks. Given the vast amount of information

available on the Internet, these search techniques will affect consumer information search. As a result, the Internet imposes a certain degree of cognitive search cost on consumers, negatively impacting the amount of information searched.

### **2.4.2 Effects of Personal and System Factors**

From the consumer perspective, the Internet has changed the relationship between buyers and sellers because of the unprecedented increase in the number of choices and levels of control over the message. It has also changed the decision-making environment by the amount, type, and format of information available to consumers because it provides tools for information storage, for information search and for decision analysis. Tools such as bookmarks, search engines, and decision-aids (e.g., shopbots) are likely to influence consumer information search behavior. Personal factors such as domain (ability to identify information in the product category) and system expertise (skills of using computers and WWW for information search) as well as system factors such as information load and interruptions impose certain search costs on consumers and influence online information search.

### **2.4.3 Analysis and Results**

Kuan-Pin Chiang (2011) found that the results from surveys show two different perceptions of search costs between the physical and online environments. Perceived external search cost is lower in the physical environment whereas perceived cognitive search cost is higher in an online environment. Using a custom-designed Web browser in online experiments, domain expertise is negatively related to perceived cognitive search cost, thus affecting information search between and within sites. In addition, participants with a lower level of domain expertise search for more information among brick-and-click retailers. System expertise significantly affects information search between sites. Overall, these findings suggest that although physical efforts have been reduced to finger clicks, the cognitive challenge of interacting with computers and online information limits consumer information search in electronic marketplace.

### **2.4.4 Conclusion**

The online market offers consumers vast opportunities because it reduces physical efforts of information search and provides access to a large amount of information and choices. What may have been substituted, however, is the cognitive effort required by the consumers to interact with computers. This effort may prevent consumers from taking advantage of the opportunities to search for more information.

There are several unique characteristics of the Internet that make it a fruitful environment in which to study search behavior. Its rapid growth makes it a vibrant marketplace that competes with all other conventional channels. As the Internet evolves,

consumers' online search behavior will accompany changes. The implications for consumers in terms of availability of information, access to greater numbers and sources of product information, privacy and security issues, to name a few, will require continued attention and investigation.

“Additional opportunities to examine information search also include other possible personal and computer system variables, effects of Web site position on a Web page and “location” of the site in the cyberspace, and most importantly, the use of a custom browser to better understand the dynamic and complex process of information search in electronic marketplace” (Kuan-Pin Chiang, 2011).

## **2.5 TOURIST INDUSTRY**

Tourism is the world's largest industry and so is of vital importance to the world economy. The tourism industry is highly fragmented, with a large number of small businesses. The disparate nature of the industry creates difficulties for both businesses and customers. For businesses, a lack of co-ordination could hamper the industry's ability to respond effectively to changes in market conditions. The presence of a large number of small businesses also affects promotional activity within the industry.

### **2.5.1 Employment**

Defining the tourist industry is difficult. It is not an industry that is grouped into a single heading within the Standard Industrial Classification (SIC). The defining feature of tourism is not the product, but the purchaser, the 'tourist'. Most definitions concentrate on the services that a number of different industries, such as the travel industry; hotels and catering; retailing and entertainment provide to tourists (Laura Bardgett, 2000). The internationally agreed definition of tourism says that:

‘Tourism comprises the activities of persons travelling to and staying places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.’ (Eurostat, 1998)

For reasons outlined above it is difficult to measure the exact number of jobs that are either directly or indirectly dependent on tourism. While the business generated by tourists is crucial to many hotels, restaurants, travel services and entertainment facilities, it does not account for all the business of these sectors and in some regions of the country it will make up very little of the activity.

Laura Bardgett (2000) said that The most commonly cited employment data ignore these problems and provide information for employment in sectors that depend on tourism for some of their business.

These include employment in the following sectors:

- Hotels & other tourist accommodation
- Restaurants, cafes etc
- Bars, public houses and night-clubs
- Travel agencies and tour operators
- Libraries, museums & other cultural activities
- Sports & other recreation activities

While these sectors will depend on tourism for some of the business, they are by no means entirely dependent on it, and will be often used by non-tourists. However this method is sometimes justified on the grounds that while it includes a certain amount of non-tourism related employment, it also excludes some which ought to be included such as employees in transport services.

### 2.5.2 ICT and Tourist Industry

In *ICT and e-Business in the Tourism Industry* (2006) said that. ICT, and in particular the internet, can be used in various ways to support marketing activities, including the communication with customers, offering products or services for sale or developing new marketing strategies. In the tourism industry, a variety of services and products are sold via intermediaries, despite the fact that the internet enables service providers to sell directly to end consumers. As many tourism companies recognise the potential of ICT for marketing and sales, the move towards web-based sales activities in tourism is much more advanced than in other economic sectors. Interestingly, although the tourism sector is one of the vanguards in the application of e-commerce, this does not hold true for all related applications. For example, the diffusion of ICT systems linked with customers is somewhat lower than in other sectors.

One of the ICT applications that can help companies to improve the distribution of their products is Customer Relationship Management (CRM) for business intelligence purposes. CRM systems help the company to systematically increase the knowledge about customers and their profitability, and to build and adapt marketing strategies on the basis of this intelligence

CRM is a term that refers to a broad range of methodologies and software applications that help an enterprise to manage customer relationships in an organised way. Normally, CRM solutions are based on some kind of database with systematic information about customers and the business record the company has with them. Ideally, this information will support management, salespeople, staff providing services, and possibly the customers themselves in their tasks; for example by matching customer needs with product designs and offerings, and by specifying service requirements. There are three parts of application architecture of CRM. (Marios Alexandrou, 2012)

- *Operational CRM*: supporting the so-called "front office" business processes, which include customer contact (sales, marketing and service).

- *Analytical CRM*: data gathered within operational CRM are analyzed to segment customers or to identify cross- and up-selling potential.
- *Collaborative CRM*: facilitates interactions with customers through all channels (personal, letter, fax, phone, web, e-mail) and supports co-ordination of employee teams and channels.

## 2.6 TOURIST BEHAVIOR

Chaiyapruk Boonlert. (2010) study Thai tourist's behavior in using online room reservations. The sample for this research is 400 Thai tourists who have used online room reservations in the past 2 years. Online questionnaire is utilized as the research tool to collect data. Data were analyzed by Percentage, Mean and Standard Deviation. Hypotheses were tested by Chi-Square test.

Travel and tourism especially for the economic growth around the world, have undergone different stages of development in the last few decades (Hui et al., 2007). According to Castro et al (2007), one of the major challenges that face tourism managers is to understand the behavioral patterns of individual tourists. They argue that international tourists may face many dangers that may affect their behaviors such as diseases, tourists' accidents and natural disasters. For example, this can be observed in the natural disasters and the series of terrorist's attacks around the world (e.g. the Indian Ocean Tsunami in 2004 and 11 September event, 2001, in the United States of America) (Howard, 2009). tourists' behavior that is only dependent on the tourism news in the media is likely to develop negative images about the Middle East and Arab countries. Unquestionably, the tourist's behavior of Middle Eastern countries is continually impacted by the ongoing Palestinian-Israeli conflict and many terrorist incidents which happened in Jordan in 1995, 2004 and 2005 (Alrai, 2008).

Internationally, there are only very few studies that examine the actual behavior of visitors (Castro et al, 2007; Ryu et al, 2007; Um et al, 2006; Valle et al, 2006; Hong et al, 2009). Also, many studies stopped at behavior intention as the dependent variable (Anderson & Sullivan, 1993; Um et al, 2006; Castro et al, 2007; Chen, 2008; Hong et al, 2009). Also there are limited past studies that have examined predictors of actual behavior (ACT) in tourism setting, such as intention (Zhang, 2008; Duffy, 2009) subjective norm (Lin, 2008), service (Bigne, 2001; Lin, 2008), attitude (Steinbauer and Werthner, 2005), habit (Zhang, 2008), and satisfaction (Allard & Van Riel, 2004).

### 2.6.1 Revisit Intention and Actual Visit Behavior

Many studies found consistently significant positive relationship between behavior intention and actual behavior (Gopi & Ramayah, 2007; Amoroso & Hunsinger, 2008; Canniere et al, 2008). However, most of the earlier researches have been conducted in developed countries and focused mainly on IT, banking industries (Ryua et al., 2007; Ekinici

et al., 2008). For example Alhroot (2007) found that there is a weak intention of revisit amongst tourists in Jordan. This may be related to indefinite reasons (economical, social or political). Theory of TPB (Ajzen, 1991), also suggest PBC has direct effect on actual behavior, thus, the next section will discuss this relationship. Perceived behavior control and actual visit behavior Perceived behavior control (PBC) refers to the presence or absence of necessary resources and prospects, the person's perception of the simplicity or complexity in showing the behavior of attention. Thus, the operational definition of PBC for this study is 'tourists' assessment of ease or difficulty in performing the visit behavior'. There is inconsistency in finding for this linkage whereby previous studies found significant relationship (Gopi & Ramayah, 2007), while others found insignificant relationship (Pedersen & Nysveen, 2005). Additionally, there are limited studies in tourism settings in general (Alhroot, 2007).

Several direct paths are found to be significantly related to either intention or behavior. The level of perceived risk among international tourists is low, and three predictors (revisit intention, tourists' attitude, and subjective norm). Generating Model (GM) is the best model to explain the international tourists' behavior. (Dr. Ayed Mohd Al Muala, 2011)

Lee (2007) used satisfaction as the mediating variable and integrated a theory of planned behavior to develop a behavioral model for national forest recreation areas in Taiwan. This model indicated that tourist attitude, subjective norms and the perceived behavioral control significantly affected satisfaction and behavioral intention. These previous studies indicated that tourist behaviors can be explained by destination image, place attachment, activities involvement, tourist attitudes, subjective norms and perceived control behavior

Destination image is widely considered to be a key aspect of tourist decisions (Castro et al. 2007) The intention behind an attitude can affect external behaviors (Lee, 2007).

“In addition, many authors used constructs of push-and-pull motivations to assess tourist motivation in different tourism fields” (Correia, Valle, & Moco, 2007).

“In nature-based tourist studies, Mehmetoglu (2007) reported the motivation components to be nature, physical, novelty/learning, mundane every day, social contact and ego/status. Moreover, tourism motivation is thought generally to include the constructs of cultural exploration, novelty regression, equilibrium recovery, known group socialization, external interaction and gregariousness at festival events” (Chang, 2006).

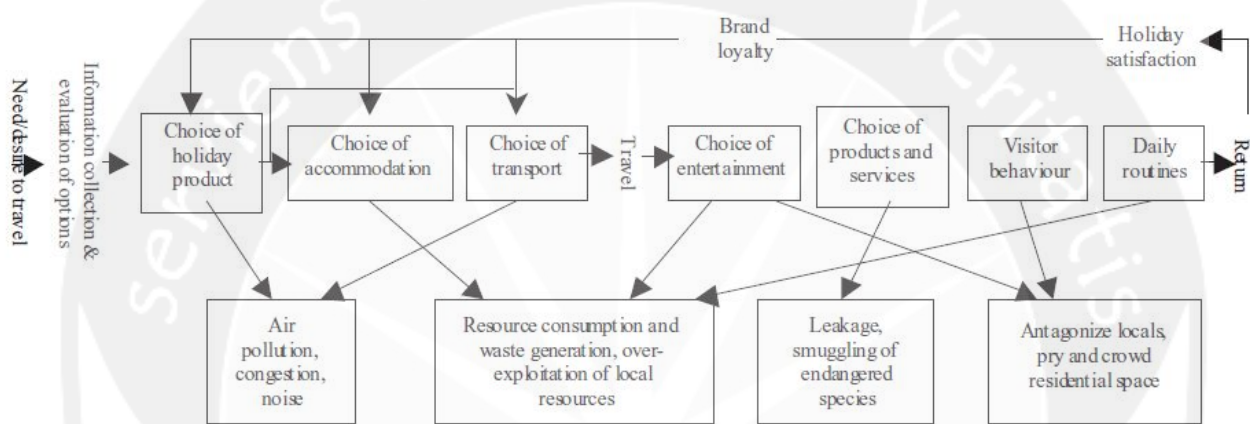
Lee, Yoon and Lee (2007) compared overall tourist satisfaction with tourist expectation, taking into account the time and effort invested by the tourists.

A structural model of the relationships among service, satisfaction and behavioral intention is widely accepted among nature-based tourism researchers (Lee, Graefe, & Burns, 2004, 2007). These studies indicated that tourist satisfaction significantly affected behavioral intention of tourists to nature-based settings. Therefore, past research seems to support the

idea that tourist satisfaction is the mediating variable in many behavioral models of nature-based tourism (Lee, 2007; Osman et al., 2006).

“Tourist attitudes directly affect satisfaction and indirectly affect tourists’ future behavior, while tourist motivation directly affects satisfaction and indirectly affects future behavior” (Tsung Hong Lee, 2009).

“Tourism is the largest migration in the history of humankind, performed yearly by more than 10% of the world’s population. Desired worldwide for its potential to generate income and economic growth, tourism is expanding fast and predicted to double in the next 15 years” (WTTC, 2007).



**Figure 2.6**

Tourist holiday choices and associated environmental impacts.

Source: Adriana Budeanu, Sustainable tourist behaviour – a discussion of opportunities for change, 2007

The overview of individual tourist choices throughout the holiday process and potential impacts, illustrated in Figure 2.6, gives a general idea of the complex challenges encountered when trying to reduce damaging effects of tourism. The diversity of impacts, from air pollution to social disturbances, their occurrence over time and at different locations indicate that minimizing them may require a combination of strategies, and emphasize the key role that tourists play in sustainable tourism (Adriana Budeanu, 2007).

“Industry measurements indicate that energy consumption in hotels range from 15 to 90 kWh per room per day, while water consumption varies between 200 and 450 l per room per day” (UNEP, 2006; Accor Group, 2007).

“May add up to significant negative impacts when considering the large volume of more than 850 millions of tourists who travel yearly” (WTTC, 2007).

Given the same quality and function fulfilled, environmental alternatives to products and services are likely to be preferred by customers (Mont et al., 2006). However, environmental alternatives may be far away and difficult to access, less comfortable (coach



transport), less appealing or require additional time for tourists (shifting from aeroplane to train transportation). While some tourists may be prepared to accept the alternatives, they have to have the available resources to do so (time, money, information).

“Individual decisions to act are also determined by external aspects that relate to the availability of benign products and services, the convenient to access them, and to the belief that one person cannot make a difference”( Yan *et al.*, 2006).

A few concluding ideas are important to remember here for the rest of the discussion. First, in order to steer tourist choices and behaviors towards sustainable patterns, a better understanding and more precise knowledge about tourist environmental profiles is necessary. As discussed above, environmental attitudes and preferences may not have enough explanatory power for sustainable behavior of tourists (Dickinson and Dickinson, 2006). Assumptions based on incomplete information may lead industry and public authorities to wasted resources and energy, by approaching tourists who are not interested in environmental protection, or by making demands that conflict with tourist choices. Second, responsible holiday services must deliver good quality and the same entertainment as conventional holidays. Third, it is important that demands towards tourists are formulated in a language that tourists relate to, using a mix of rational arguments (related to individual finances, health, safety, security) and hedonic ones (emphasizing the experiential element of tourism).(Adriana Budeanu, 2007)

After review of a large variety of literature on tourists' motivation, tourists' typologies, push and pull factors, theory of planned behavior, the relationship between tourist motivation and behavioral intention, attitude, subjective norm, perceived behavioral control, it is clear that understanding tourist motivation to choose and travel to a destination is important for destinations to further attract tourists. Based on the review, a model together with five hypotheses have been proposed to test the relationship between push factors and attitude, pull factors and attitude, attitude and behavioral intention, subjective norm and behavioral intention and perceived behavioral control and behavioral intention. The results have shown that push and pull factors influence tourists' attitude in choosing and travelling to a destination. Subjective norm as well as attitude also play an important role in people's intention to travel to a particular destination. However, perceived behavioral control did not influence tourists' intention (Haywantee, 2010).

## 2.6.2 The Vital Statistics of Tourists

There are three key measurements taken for you the tourist, which can be labeled as volume, value and profile (Cooper et al., 2008). Volume statistics measure things like the number of trips, number of nights and length of stay. Value statistics measure things like spend per trip, spend per person, spend per day and the breakdown of spend between different product categories such as transport, accommodation, activities, meals and so forth.

Different tourism organizations are interested in different forms of these statistics. For example, length of stay for a national tourism organization is measured in nights, an attraction is more interested in length of stay in the form of 'dwell time' – a consideration of how many hours the visitor spends at the attraction, the tourism section for a city council is



interested in both measures – length of stay in nights for tourists and in hours for same-day visitors.

Profile statistics can be thought of as describing both you and the details of the trip that you take. There are many possibilities (see Tables 2.2 and 2.3) that configured together in some form to produce a more rounded and individual picture of the tourist than the vital statistics of volume and expenditure. Hence the term ‘profile’ is appropriate for it denotes a silhouette that distinguishes you from others. Table 2.2- trip characteristics – relates to the individual unconnected to the trip decision. It would hold equally true for the purchases of breakfast cereals, cars or banking services. Table 2.3 – trip characteristics – relates to the individual within the context of a trip decision. It would not be relevant to other purchases because it describes an interface between the person and that unique trip decision.

“Many such profile statistics are captured by different tourism organizations through their market research and market intelligence according to their business needs. They are often used to identify and subsequently target specific groups or segments of tourists that share profile characteristics that are attractive to the organization” (D. Bowen and J. Clarke 2009).

**Table 2.2**  
Tourist profiles: illustrations of person characteristics

Age	Gender
Occupation	Income level
Household size	Household composition
Social class	Nationality
Religion	Ethnic origin
Media habits	Car ownership
Attitudes	Opinions
Life stage	Personality
Education level	Marital status
Paid leave entitlement	Country of residence
Rural/urban resident	Lifestyle
Interests/hobbies	Beliefs/values

Source: Adapted from Godfrey and Clarke, 2009

**Table 2.3**  
Tourist profiles: illustrations of trip characteristics

Purpose of trip, e.g. leisure, business, VFR	Benefits sought by tourist
Motivation for trip	Trip duration
Distance travelled	Party size by adults/children
Party composition	Timing of trip, e.g. month, peak, trough
Price sensitivity	Sensitivity to other marketing factors
Information sources used	Method of booking, e.g. online, direct
Timing of booking e.g. advance, last minute	Method of payment
Timing of payment	Usage rate, e.g. heavy, light
Usage status, e.g. first time user, regular	Decision-making roles
Purchase occasion, e.g. honeymoon	Frequency of use
Use of travel organizers, e.g. travel agents	Mode of transport
Social/environmental sensitivity	Satisfaction levels
Loyalty status (to brand)	Decision load/decision environment
Patterns of tourism components used, e.g. accommodation, activities	Trip patterns, e.g. touring, single destination, multi-destination

Source: Adapted from Godfrey and Clarke, 2009

Do not forget that volume statistics (such as length of stay) and value statistics (such as spend per trip/day/head) also play a part.