



Prospects of Tourism Marketing in the Digital Economy: A Structural Equation Modelling Approach

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ABSTRACT: Tourism has become one of the most important sectors of modern society. New digital solutions demand transcending the conventional tourism marketing approaches toward acknowledging new digital realities. The development of the Internet technologies has brought the need for being flexible while focusing on different antecedents of successful marketing. The study aims to understand what engages potential tourists in favourable purchase behaviour. It focuses on analysing how website informativeness, along with online word of mouth mediated by website interactivity, interacts with individuals' purchase intention. A questionnaire was a source of data collected online. The results indicate that website informativeness influences customers' purchase behaviour while positive features of website interactivity significantly impact the relationship between the dimension of positive electronic word of mouth and purchase intention.

KEYWORDS: Tourism Marketing, Electronic Word of Mouth, Website Interactivity, Website Informativeness, Purchase Intention.

I. INTRODUCTION

Tourism has become one of the most important sectors (Khan, Hassan, Fahad & Naushad, 2020; WTO, 2016). Although coronavirus significantly impacted the sector and there are still long-lasting issues to be solved, the sector has started to recover. Before the pandemic, the WTO (2016) reported its crucial contribution to global welfare – according to the figures, the tourism sector globally contributed to GDP, supporting one in every eleven jobs globally. There is a vast body of literature on tourism being related to economic growth. For example, the researchers

found 0.08 % economic growth for every 1 % increase in tourist arrivals in the sample of six Western Balkan countries applying the data from 1998 to 2014 (Selimi, Sadiku & Murat Sadiku, 2017) while Khan, Azam, Ozturk, and Saleem (2022) report 0.04 % of economic growth on 1 % tourism activities in Commonwealth of Independent States in years from 1995 to 2018, though some like Haller, Butnaru, Tacu Hârşan and Ştefănică (2021) argue that although the tourism sector positively contributes to national economic growth its convergence is rather slow.

Nevertheless, the tourism sector, even in the post-pandemic era, remains an important sector, and as such, it requires special attention from government authorities and tourism managers alike. In the post-pandemic period, tourism development strategies are built on a modern approach, focusing on the solid implementation of a sustainability agenda and further digitalization (Maksimieniuk & Timakova, 2022). Several challenges need to be addressed – besides post-pandemic recovery efforts – nowadays, the business climate, in general, features an extremely competitive climate, whereas the customers are increasingly demanding. There is a need for constant quality development to satisfy modern tourists who are more affluent, more educated than ever before, health conscious, ICT literate, and also more exposed to social media (Middleton, Fyall, Morgan & Ranchhod, 2009). Social media platforms are finding ways in our lives – whether for professional, leisure, or study purposes. The practitioners need to effectively study happenings in social media to accomplish marketing goals (Alalwan, 2018; Alsoud, Alfdool, Trawnih, Helalat & Mahrakani, 2023). Though the topic has gained research attention,



focus on deeper discovering the dimensions of tourist behaviour intention is still needed (Alsoud, Alfdool, Trawnih, Helalat & Mahrakani, 2023). Thus, the current study attempts to examine the factors that might be important predictors of tourists' purchase behaviour intention.

The paper is organized into four sections. After the introduction, the second section offers a basic information on previous research and offers basic understanding of the constructs related to favourite purchase behaviour within the framework of the Stimulus Organism Response Model. The third section presents the research results, while the final section discusses practical implications.

II. LITERATURE REVIEW

Technological development demands transcending the conventional tourism marketing approaches toward acknowledging new digital realities. Over the last decade, the number of internet dwellers has increased dramatically; therefore, it is important to identify social network variables related to tourists' intentions to purchase or visit a destination. Phillips, Barnes, Zigan, and Schegg (2017) call for further research on contextual factors on the business performance of tourism companies in the digital era due to mixed results of previous studies to gain more detailed information on several variables that impact customers' purchase intention like customers' ratings and reviews.

Modern tourists have been using online information when choosing a destination that would meet their needs. They might search for information on Instagram, Twitter, Pinterest, Facebook, Reddit, Vero, Minds, LinkedIn, TripAdvisor, Booking.com, MyTravel.com, Youtube, photo and video sharing sites, professional networks, and others. Social media, as well as electronic word of mouth, became the key source of information about products and services that are mostly perceived as reliable (Hudson & Thal, 2013). Travellers need to gather information to reduce risk and make more secure travel decisions. Tourism depends on several factors: infrastructure, culture, security, natural environment, price levels, security, and others (Khan, Hassan, Fahad & Naushad, 2020). For example, the perceived overpriced services

most probably cannot be sold (Middleton, Fyall, Morgan & Ranchhod, 2009). There are numerous holiday products, and a customer faces a limited set of choices. There is a so-called awareness set of choices that a customer inspects, and a few of them meet his/her expectations and, as such, represent his/her choice set. A customer further checks the features like a scenic location or other important characteristics of a destination (Middleton, Fyall, Morgan & Ranchhod, 2009).

The Internet technologies offer several opportunities for tourism businesses to reach tourists directly and at a lower cost (Middleton, Fyall, Morgan & Ranchhod, 2009). Through social media platforms, tourism businesses and even tourist destinations as business units that offer special products and services might easily communicate with the target audience and encourage individuals to prefer their products. Digital marketing offers enterprises the opportunity to focus on consumers' wishes and demands while their information open venues to improve the products or services (Alsoud, Alfdool, Trawnih, Helalat & Mahrakani, 2023; Hajli, 2014). Although the digital revolution brought many benefits, enterprises mostly lost control of messaging the brand and its philosophy to potential clients. It is good to remember that more than 90 % of consumers do online reviews (Leefflang, Verhoef, Dahlström & Freundt, 2014).

The theoretical context of the study lies within the framework of the Stimulus Organism Response Model (Mehrablan & Russel, 1974), which predicts exposure to online information stimuli together with existing marketing information (*stimulus*: the environmental stimuli) that impacts the internal state of an individual (*organism*: the internal processes – feeling and thinking) that stimulates behaviour response (*response*: purchase intention and finally actual purchasing).

The study focuses on the marketing perspective of online reports analysing the impact on customer behaviour and decision-making. The main research question is: what factors might be important in determining potential tourists' purchasing intention?

[1] Electronic Word of Mouth: Modern technology significantly changed marketing approach solutions. Tourism actors



might implement quality improvement measures based on customer-generated reviews on which to build a competitive edge (Alsoud, Alfdool, Trawnih, Helalat & Mahrakani, 2023; Jalilvand & Samiei, 2012; Schuckert, Liu & Law, 2015). In the digital era, a realization of profits lies in understanding the empowerment of clients depending on customer satisfaction. On the one hand, the customers can gain information about the product, while on the other hand, they are free to voice their experiences. Business survival demands adapting the business according to clients' standpoints (Middleton, Fyall, Morgan & Ranchhod, 2009).

The concept of word of mouth is about discussion between different consumers in the context of a certain product or a certain tourism destination. Electronic word of mouth, or as some call it "e-word of mouth" reflects experiences to a wider audience in social networks via the Internet. Electronic word of mouth, or as some researchers conceptualize it as user-generated content (Kaplan & Haenli, 2010), refers to statements (be they positive or negative) made by former customers about a certain product or service (Buhalis & Law, 2008). The online ratings and reviews are freely available via the Internet, with its practical dimension offering a possibility to the general public to assess the product or service quality.

Social media has become a key factor in many individuals' purchase decisions (Abubakar, Shneikat & Oday, 2014; Alsoud, Alfdool, Trawnih, Helalat & Mahrakani, 2023). Its potentials decrease uncertainty and are especially relevant for the tourism industry due to its intangible nature (Jalilvand & Samiei, 2012). Due to the intangible nature of tourism products, individuals search for a selected destination before visiting it. For a potential customer, reading online opinions is crucial, especially when purchasing online (Schuckert, Liu & Law, 2015). Based on online reviews, potential customers might revise their purchase intention and even change their purchase behaviour (Cantalops & Salvi, 2014).

Most tourists are computer literate and accustomed to using the Internet in deciding about travel (Middleton, Fyall, Morgan & Ranchhod, 2009). In the modern world, online reviews have become critical for tourism and hospitality management (Cantalops & Salvi,

2014). Potential customers search for as many objective opinions as possible. Traditional word of mouth is only relevant within limited social settings, while electronic word of mouth communication is wider and, therefore, much more powerful. Before making a final decision about an important purchase, individuals increasingly pay attention to reviewing online customers' comments (Hajli, 2014). Electronic word of mouth is greatly powerful since an exchange of information is with no commercial motive. Travellers mostly regard it with a

high level of trust. Therefore, electronic word of mouth has become more effective compared to tourism marketing campaigns. Tourists evaluate a tourism destination in line with their own past experiences or according to the experiences of others.

Managers need to follow the exchanges of tourists via different e-communities and act towards quality improvement according to tourists' quality perception (Jalilvand & Samiei, 2012). As the most important information source, positive electronic word of mouth might be significantly related to intention to visit the destination (Alsoud, Alfdool, Trawnih, Helalat & Mahrakani, 2023; Reza Jalilvand, Samiei, Dini & Yaghoubi Manzari, 2012) and as some researchers like Jalilvand and Samiei, (2012) elaborate the Internet offers the perspective with qualitative and quantitative results in tourism activities via collaboration between the different parties. The features of electronic word of mouth call for investigation of its impact on intention to visit a destination / on intention to purchase:
Hypothesis 1: *Electronic Word of Mouth has a positive impact on Intention to Purchase.*

The items of the Electronic Word of Mouth construct, like "I intend to visit a certain tourism destination only after I read some evaluations online" are taken from the study by Jie-Hua, Wen-Goang, and Li-Wei, 2020.

[2] Website Interactivity: Website interactivity is rather important when examining social media. It impacts the way individuals communicate online. Online marketing, in comparison with traditional marketing approaches, is more interactive two-way communication (Lee & Hong, 2016). Individuals gained active participatory positions in social media. Supportive interaction between consumers facilitates stronger relationships



(Hajli, 2014). It correlates significantly with individuals' intention to purchase products evaluated within social networks (Hajli, 2014; Alalwan, 2018), and as such, I form the second hypothesis: **Hypothesis 2: Website interactivity has a positive impact on the Electronic Word of Mouth.**

The website interactivity items like "Social media advertising is effective in gathering customers' feedback" are adopted from the research setting on the effects of reciprocal communication related to purchase intention by Jiang, Chan, Tan, and Chuna (2010).

[3] Website informativeness: Website informativeness shows the attitudes of different customers about a certain product, and they are willing to share their evaluations with others. Social networks offer the opportunity for information exchange between the users of a certain product that creates a positive image in the minds of those corresponding (Dar, Ahmed, Muzaffar, Nawaz & Zahid, 2014).

Modern marketing specialists need to focus on customer insights within social media (Alalwan, 2018). There is a need to monitor sentiment indices for brands that are increasingly dependent on the engagement of customers on social media rather than focusing on traditional brand building that is not effective anymore (Leeflang, Verhoef, Dahlström & Freundt, 2014). Due to its potential power, tourist marketers need to focus on factors like website informativeness. Active consumers help marketing experts understand customers' needs (Hajli, 2014). The third hypothesis is: **Hypothesis 3: Website informativeness has a positive impact on the Intention to Purchase.**

The items of the website informativeness construct like "Social media advertising offers complete information about the product" are borrowed from the study that examined female students' perceptions of the value of advertising on social networks compared to their perceptions of TV ads (Dar, Ahmed, Muzaffar, Nawaz & Zahid, 2014). Online advertising might be more informative to a customer compared to gaining information from traditional advertising (Lee & Hong, 2016).

[4] Purchase Intention: The internet has become a primary travel and tourism

communication media that provides evaluations of quality and value for money (Middleton, Fyall, Morgan & Ranchhod, 2009).

The purchase intention construct with its items, like "When I plan to purchase an important product, I acknowledge the experiences of my social network friends.", is adapted from Duffett (2015), while other items are taken from Hajli (2014).

III. RESEARCH RESULTS

The study builds on quantitative data of individuals' opinions about certain items. The data were gathered from the survey questionnaire. An online questionnaire was introduced to a broader mailing list, while it was also introduced to certain Facebook accounts. The items used in the current study were taken from earlier literature. Some items are altered to fit the aim of the study. The online survey questionnaire captures the respondents' opinions measured on a five-point Likert scale from one "strongly disagree" to five "strongly agree".

To test internal consistency, Cronbach's alpha value of research constructs needs to exceed 0.70 (Hair, Thomas, Hult, Ringle & Sarstedt, 2017). All the constructs meet an acceptable value higher than 0.70 as required – as the Electronic Word of Mouth Cronbach's alpha is 0.809, the Website Interactivity Cronbach's alpha is 0.914, the Website Informativeness Cronbach's alpha is 0.818, and the Purchase Intention Cronbach's alpha is 0.914. Further, an indicator converges when the standardized factor loading estimate is greater than 0.50. The survey items have all the regression weights higher than 0.50, as presented in Table 1.

Table 1: Standardized Regression Weights

| Constructs | Items | Estimates |
|--------------------------|---------|-----------|
| Website informativeness | inform1 | 0.91 |
| | inform2 | 0.75 |
| | inform3 | 0.81 |
| Website interactivity | inter1 | 0.97 |
| | inter2 | 0.86 |
| Electronic Word of Mouth | wom1 | 0.81 |
| | wom2 | 0.94 |
| | wom3 | 0.57 |
| Purchase intention | purch1 | 0.91 |
| | purch2 | 0.87 |



| | | |
|--|--------|------|
| | purch3 | 0.70 |
|--|--------|------|

Structural equation modelling is applied. This technique tests the associations between observed as well as latent variables (Diamantopoulos & Sigauw, 2000). Within the stimulus organism response theory, structural equation modelling is applied to analyse the salient environmental stimuli that impact an individual's behaviour. Website interactivity is, besides other important factors like word of mouth, and website informativeness, one of the stimuli factors correlated to positive purchase behaviour, that impacts perceived factors of website interactivity (environmental stimuli) on the behaviour response – purchase intention.

The structural model adequately fits the data according to the recommended fit indices. The fit indices of linear model equations are within recommendations; namely, Chi-Square corrected for the degrees of freedom (χ^2/df) = 1.06 (a cut-off point is less than 3), Goodness of

Fit Index (GFI) = 0.896 (a cut-off point is more than 0.90 while the GFI index fails the standard but is still greater than 0.80 which is still acceptable range), Adjusted Goodness of Fit Index (AGFI) = 0.828 (a cut-off point is more than 0.80), Normed Fit Index (NFI) = 0.930 (cut-off point is more than 0.90), Comparative Fit Index (CFI) = 0.987 (a cut-off point is more than 0.90), and RMSEA = 0.029 (a cut-off point is less than 0.08).

The structural equation modelling results are presented in Figure 1. The structural model shows a moderate impact of Interactivity on Electronic Word of Mouth ($\beta=0.33$; $t=2.28$), a moderate impact of Electronic Word of Mouth on Purchase Intention ($\beta=0.27$; $t=2.18$), and a strong positive impact of Website Informativeness on Purchase Intention ($\beta=0.59$; $t=4.02$) as presented in Figure 1.

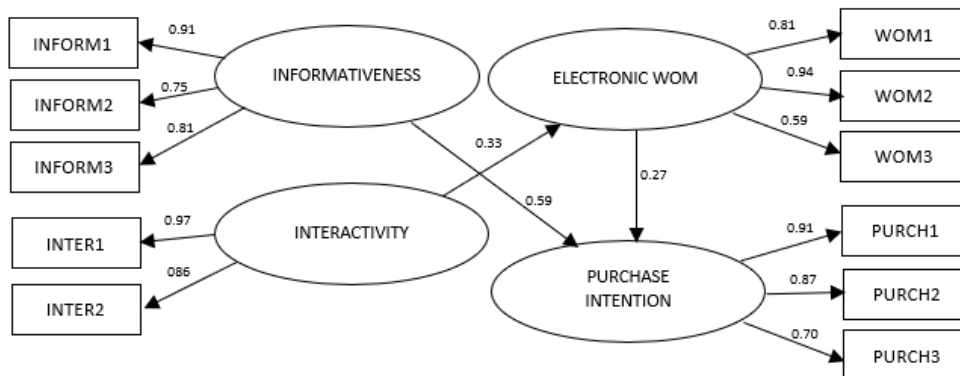


Figure 1: Structural model results

The results of hypothesis testing are presented in Table 2. All the hypotheses are supported with significant positive Path Coefficient Values ranging from 0.27 to 0.59.

Table 2: The Hypotheses Testing Results

| Hypothesis | Path Coefficient Value | t-value | Significance (yes/no) | Result |
|---|------------------------|---------|-----------------------|-----------|
| H1: Electronic Word of Mouth has a positive impact on Purchase Intention | 0.27 | 2.18 | yes | supported |
| H2: Website Interactivity has a positive impact on Electronic Word of Mouth | 0.33 | 2.28 | yes | supported |
| H3: Website Informativeness has a positive impact on Purchase Intention | 0.59 | 4.02 | yes | supported |



VI. CONCLUSION WITH DISCUSSION

Conclusion: The study identified some of the key indicators of tourists' purchase intention by analysing correlations of Electronic Word of Mouth that is mediated by Website Interactivity with the tourists' Purchase Intention while also acknowledging the impact of Website Informativeness as a significant contributor to tourists' Purchase Behaviour.

Marketing specialists need to acknowledge specific approaches adopted to the needs of the modern digital era to reach marketing goals. Previous research (Alsoud, Alfdool, Trawnih, Helalat & Mahrakani, 2023; Jie-Hua, Wen-Goang & Li-Wei, 2020; Reza Jalilvand, Samiei, Dini & Yaghoubi Manzari, 2012) reported positive impact of the Electronic Word of Mouth on intention to visit a specific tourism destination. Similarly, the present study confirms a positive correlation between the Electronic Word of Mouth and Purchase Intention. Positive perception of online reviews might increase visits to a tourist destination and decisions to purchase certain tourist products. As such, it has an important place in successful marketing strategies. The Social networks that offer online reviews on travelling experiences make for potential tourists a chance to make decisions easily. Individuals make their decision considering suggestions from friends and tourists who post their reviews online. The communication media information might strengthen destination image and lead to actual purchase effects.

The results offer some insights into tourists' tendency to purchase travel products. The results show the support of all the hypotheses, highlighting the importance of travellers' generated opinions and to which extent trust impacts using travellers' opinions in the course of planning one's holidays or even a trip. Market specialists need to integrate strategies towards developing the quality of destination image based not only on their communication communities but directly impacting the reviews of tourists, who are the most important actors of tourism profits. Travellers mostly perceive suggestions from friends as well as unknown individuals as more

reliable compared to those made by the company staff and marketing specialists. Online word of mouth has become an important competitive tool to influence perception about different tourist products and give the impetus for visiting the destination. Therefore, it is recommendable to encourage tourists to be active online, posting reports about their experiences on special platforms, for example, Tripadvisor.com, as well as on their social networks. Managers active in one of the tourism industry branches might encourage tourists to disseminate their experiences via online communities. The more information on the Internet about a destination, probably the greater number of tourists would decide to visit the place. Social network sites allow marketing specialists to develop a dialog with tourists, which enables a more personalized approach that might be most effective. Tourism businesses need to utilize social media, which has become an important tool where market specialists can analyse consumers' demands and wishes and develop their marketing strategies accordingly.

Limitations and Future Research:

The study focuses on a sample in a single country, while future research might examine individuals' observations coming from different countries to gain generalizability. More research is needed to determine other factors important when evaluating similar content, also examining whether the impact of trust would differ in time and space. Moreover, an online survey itself features the limitation of not representing a random sampling method.

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