The Role of Customer Online Review in the Buying Decision Process of a Digital Tourism Product: A Conceptual Framework

by Anggraeni Permatasari

DIGITAL ECONOMY FOR CUSTOMER BENEFIT AND BUSINESS FAIRNESS

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ABSTRACT: In marketing travel, the customer online review (COR) plays an important role in validating information about products or services that consumers want and leads to buying interest. Therefore, the role of COR in the buying decision-making process becomes very important. This study aimed to develop a conceptual framework of the role of CORs in building consumer confidence and buying interest in purchasing travel products online in Indonesia. This study used an archival method to review and discuss the role of COR in the consumer buying process. Research data were obtained from literature studies and empirical data through in-depth interviews with customers of online travel agency services. The results showed there are seven hypotheses constructed to explore the COR roles in consumer purchase interest in e-commerce tourism products. The novelty of this study is construction of an online tourism marketing model that is capable of exploring real consumer experience and knowledge in Indonesia.

1 INTRODUCTION

The trend of digital tourism is becoming more popular every day, thus transforming society into a hyper-connected culture. According to Celdrán-Bernabeu et al. (2018), "Now, the digital tourist consumes and generates experiences thanks to co-creation processes which are supported by social networks, apps, inspiring videos, forums, online sales platforms or blogs, etc." Therefore, hundreds of websites and applications are being created and distributed every year to meet the increasing demand for the digital tourism market (Hudson & Thal, 2013). This makes online travel companies an important representative in fostering a new economy.

E-commerce tourism or online travel agent is a solution for travelers/tourists to buy products and services by effectively using a computer network. Online travel agents (OTAs) have become a popular means for travelers or tourists to organize their trips. One of the biggest challenges for the sustainability of OTAs is managing their services through customer online reviews (CORs). CORs can direct tourists to become interested in buying tourism products online. CORs also can benefit e-commerce tourism to market and sell tourism products online. Therefore, CORs have a very important role in anticipating shifts in consumer purchasing interest in choosing travel products through OTAs. This study explored aspects of CORs in building customer online trust (COT) and purchase intentions in experiential buying behavior of OTAs. The objective is to increase an understanding of online traveler buying behavior and the decision-making process in buying the products. The novelty of this study is in defining the conceptual framework regarding the roles of CORs and COTs in consumer purchase intention in digital tourism products.

1 LITERATURE REVIEW

2.1 Digital Tourism in Indonesia

Digital tourism industry has introduced a new dimension of purchasing tourism products in the world. Celdrán-Bernabeu (2018) also introduced the concept of smart tourism. This study explores digital tourism purchase behavior (Hudson, 1999; Hudson & Thal, 2013). In understanding traveler or tourist behavior, there are many fundamental influences on a person's decision to purchase a product or brand (Mautinho, 1987; Hudson, 1999; Hudson & Thal, 2013). The stimulus is processed in itself, according to product characteristics and experience, before finally a purchase decision is taken. Usually travelers search for online shopping and positive brand reputation (Wang & Hu, 2009; Hudson & Thal, 2013). Based on experiences (Wang & Hu, 2009), travelers can provide reviews by commenting through likes or dislikes on services provided by OTAs, such as travel tickets, tour packages, hotel, tour guide services, travel maps, accommodation costs, and more. Therefore, the COR gains the awareness of travelers to buy the product (Park et al., 2007).

2.2 Consumer Buying Decisions

E-commerce companies are already aware of the importance of understanding customer attitudes and their buying behavior. Decision-making can be defined as the determination of a series of activities to achieve the desired results (Permatasari & Kuswadi, 2017). This research used four variables from previous research on online consumer behavior by Li et al. (2007) and Park et al. (2007): e-commerce knowledge, perceived reputation, perceived risk, and perceived ease of use. In digital business, customer experiential learning is very important, as stated by Park et al. (2007), Lee et al. (2011), and Trenz and Berger (2013). The role of CORs provided by e-commerce companies can connect customers to view and develop an interest in buying online products. According to Wen (2009), a decision is a definite answer to a question about what should be done in connection with planning decisions. At the end of the process, a consumer can form basic decisions that lead to a complete good plan or other (new) plan.

3 RESEARCH METHOD

This study used archival research methods to review previous research and conduct literature reviews (Saunders & Lewis, 2012). The analysis was carried out by reviewing the literature inthe context of the discussion of e-commerce tourism. The aim of the study is to produce a conceptual framework. The results capture the phenomenon of the COR and its role in the decision-making process in purchasing digital tourism products. This study has seven initial hypotheses about the role of customer online reviews in driving consumer confidence and interest in buying tourism products.

4 RESULTS AND DISCUSSION

4.1 Purchase Intention

Portions of this research were based on articles by Ling et al. (2011), Lee et al. (2011) and Kim and Lennon (2013). Those researchers define consumer purchase intention as a customer's plan to buy goods or services. For Ramadani et al. (2014), purchase intention or interest in buying a consumer starts with analyzing information about a particular brand or product before deciding to buy a brand or product. In addition, purchase intention is influenced by the experience, preferences, and environment of consumers in gathering information, evaluating all possible alternatives, and making purchasing decisions (Wang & Hu, 2009; Lee et al., 2011). Therefore, when consumers take an interest in buying something or a particular product or brand, they have gone through certain evaluations of several possible alternatives (Ling et al., 2011; Permatasari & Kuswadi, 2017).

4.1 E-Commerce Knowledge

E-commerce knowledge is information possessed during the e-commerce buying process. According to Li et al. (2007), the growth of the internet has become one of the most abundant sources of consumer

information. Knowledge is an important resource for consumers and companies today, and companies want to mobilize these resources to improve their processes, products, services, and demand (Ratten, 2012; Ramadani et al., 2014). Therefore, it takes big steps to ensure that e-commerce companies use the right techniques to manage the information at hand. E-commerce knowledge means the customers have some idea, or know about the e-commerce existence in the business area (Permatasari & Kuswadi, 2017). Therefore, based on literature studies and background, the following hypothesis is proposed: H1: E-commerce knowledge has a positive influence on consumer online trust in buying online travel products.

4.2 Perceived Reputation

Perceived reputation or a good company reputation is positively related to online shopping trust. The process of building a positive company reputation is not easy. Consumer trust can increase significantly when a company is considered to have a good reputation (Permatasari & Kartikowati, 2018). A positive reputation is perceived as the level where people believe in the honesty and attention of the company to its customers. Research shows that there is a positive relationship between company reputation and consumers' online shopping trust (Casalo et al., 2007; Kim & Lennon, 2013; Broutsou & Fitsilis, 2014). Consumers' perceived reputation of a company had a positive impact on their trust and interest in shopping online, especially initial trust in the company (Casalo et al., 2007; Broutsou & Fitsilis, 2014). Therefore, based on literature studies and background, following hypothesis is proposed:

H2: Perceived reputation has a positive influence on consumer trust in buying online travel products.

4.3 Perceived Risk

Consumers are satisfied with products and services that do not have the potential to harm them. In other words, perceived risk refers to uncertainty for consumers regarding whether the transaction can produce benefits or losses (Permatasari & Kuswadi, 2017). Consumer confidence in evaluating product quality and making decisions to buy products will reduce perceived risk (Kim & Lennon, 2013). Increasing consumer risk perception can reduce the perceived value of shopping activities on e-commerce sites (Ling et al., 2011). Most consumers feel insecure because of the perceived risk of making online payments, so they prefer to place orders through traditional channels where they can chat with sellers (Jang et al., 2013; Permatasari and Kuswadi, 2017). Therefore, based on literature studies and background, the following hypothesis is proposed:

H3: Perceived risk has a positive influence on consumers' online trust in buying online travel products.

4.4 Perceived Ease of Use

Consumers pursued the benefits of using online transactions such as ease of use and faster service. Previous research by Ramadani et al. (2014) and Permatasari and Kartikowati (2018) defined the ease of use of information systems to be free from the pressures physical and mental efforts. E-commerce companies continue to innovate to provide ease of use for an online shopping portal, and the easier use of an online shopping portal will increase consumer buying interest (Li et al., 2007; Gangguly et al., 2010). Ling et al. (2011) justify their argument by stating that the higher the ease of use of an information system, the higher the usefulness of the information system for its users. Therefore, based on literature studies and background, the following hypothesis is proposed:

H4: Perceived ease of use has a positive influence on consumer online trust in buying online travel products.

4.5 Customer Online Trust

Customer online trust (COT) is very important in doing online transactions (Lee et al., 2011). Online products and services usually cannot be immediately verified and there is still a lack of rules and habits for

managing e-commerce (Koufaris, 2004; Chen & Barnes, 2007). In the transaction process, companies need to build and maintain trust between buyers and sellers (Ling et al., 2011). The relationship between risk and trust is reciprocal: risk creates opportunities for trust, which leads to risk taking. The higher the risk faced by consumers, the lower their trust in the company (Gangguly et al., 2010). Therefore, based on literature studies and background, the following hypotheses are proposed:

H5: Customer online trust has a positive influence on customer online review (CORs) in buying online travel products.

H6: Customer online trust has a positive influence on purchase intentions in buying online travel products.

4.6 Customer Online Review

Customer online reviews (CORs) facilitate consumers' searching process to find products that best suit their needs. Companies need to more actively developCOR as a promotional and marketing strategy to make consumers more aware of their positive products, services, and brands that leads to increasing sales. CORs are a powerful source of information in the consumer market. CORs display opinions expressed online by consumers about products or services (Trenz & Berger, 2013). Consumer reviews play an important role in product evaluation and provide comprehensive information about various valence attributes of a product (Park et al., 2007). CORs can also influence consumer trust in the initial buying interest formed by consumers. It can be concluded that COR has become a trendy phenomenon, and an increasing number of current consumers are now looking for peer consumer reviews before making a purchasing decision (Lee et al., 2011). Therefore, based on literature studies and background, the following hypothesis is proposed:

H7: The customer online review (COR) has a positive influence on the purchase intention for online travel products.

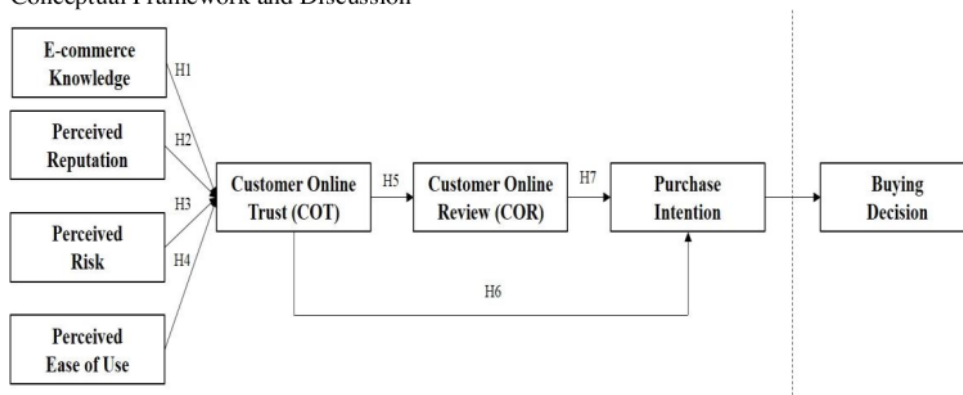4.7 Conceptual Framework and Discussion

Figure 1. E-tourism commerce conceptual framework.

The conceptual framework developed by previous researchers is shown in Figure 1. There are four factors that influence customer online trust: e-commerce knowledge, perceived reputation, perceived risk, and perceived ease of use. E-commerce knowledge and perceived reputation in the first and second hypotheses are proposed to have a significant effect on building customer confidence in buying online tourism products. According to Ratten (2012), the growth of the internet has become one of the most abundant sources of consumer information, and the use of the internet by consumers to search for information and their channel choices has made it relevant research on the factors that lead to intention in buying to a final purchase. The

perceived risk and perceived ease of use variables are predicted to have a significant effect on online trust (Ganguly et al., 2010; Ling et al., 2011). The ease of use of websites and online tools will add value to consumer trust and make consumers have a more positive attitude toward products or services. The relationship between online trust and consumer interest in buying online tourism products is proposed to have a positive connection. Gangguly et al. (2010) and Permatasari and Kartikowati (2018) stated that COTdoes not directly influence consumer buying interest, but rather significantly influences when COR becomes the variable mediator.

5 CONCLUSION

This study defined seven hypotheses to test in developing a model of COR in the tourism business. This study recommended testing the model using Sequential Equation Modeling (SEM) (Hair et al., 2010). The model will accommodate companies in developing a COR strategy using customer experiential learning to convince travelers. Responses or comments posted will provide references to potential new customers and get responses in the form of feedback from service providers. Hence, customer experience makes it possible for OTAs to increase trust and interest in purchasing the offered tourism products.

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