RESEARCH NOTE

THE INTERNET IMPACT ON TRAVEL PURCHASES:
INSIGHTS FROM PORTUGAL

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This research proposes an analysis of online consumer buying behavior in the travel and tourism field in Portugal. The study utilizes a self-administered survey on a sample of 380 individuals created in order to understand the influence of the Internet on consumer buying behavior. The survey was administered in Portugal, one of the European countries that are still struggling with Internet penetration. Results show the importance of the Internet has on two stages of the buying process: (i) alternative evaluation and (ii) buying act. Furthermore, this research highlights the critical role of tourist products availability and search costs on the buying behavior of consumers. However, past bad experiences and a certain level of insecurity persist as factors limiting the online purchase process. Results confirm the general trends in consumer behavior and highlight the need of moving further for Portugal in terms of technology adoption.

Key words: Online consumer behavior; Buying decision; Internet; Tourist products

Introduction

The advent of the Internet radically reshaped the rules of engagement of tourism companies and firms all over the world (Buhalis, 2003). In the digital age, communication has become much more interactive (Hoffman & Novak, 1996). On the one side, organizations and firms in travel and tourism benefit from the advent of the Internet, by having new marketing and selling outlets in which to present and sell their products (O’Connor & Frew, 2002). On the other side, travelers, who become much more exigent (Buhalis & Law, 2008), are in constant need of information and they are faced with the task of finding the right information in the tourism online domain (Xiang & Gretzel, 2010; Xiang, Wöber, & Fesenmaier, 2008). Therefore, the Internet brought a paradigm shift in travelers’ buying behavior, enlarging the choice of tourism product and making the “one click purchase” possible (O’Connor, 2008). Nonetheless, two decades after the commercial advent of the Internet (Sharma &
Mehrotra, 2007) not all tourism firms in all countries are ready to embrace the Internet (r)evolution. Likewise, not all consumers are ready to rely on online information and online commerce.

This study analyzes the impact of the Internet on travel purchase in Portugal for two main reasons:

1. Tourism represents a very important part of the Portuguese GDP (around 11%) (United Nations World Tourism Organization, 2006). The travel industry is presenting positive trends within the country (Instituto Nacional de Estatística, 2012) and the government is seeking solutions to increase its impact on the GDP (Turismo de Portugal, 2009).

2. Technology adoption in the country is not very high. Despite the fact that Portugal presented an exponential growth from 2008 (46%) until 2012 (61%) in Internet-connected households, the numbers are lower when compared with other European countries [e.g., UK (81%) and Netherlands (94%)]. Countries like Romania, Bulgaria, Greece, Cyprus, and Portugal have the highest rates of non-Internet users (Eurostat, 2012). As regards activities online, 59.1% of Portuguese had visited tourism websites in 2012 (with booking.com as market leader), representing 31% of total pages of tourism websites (Marktest, 2013).

Therefore, this study looks into online consumer behavior in Portugal with the goal of (i) understand the influence of the Internet in the purchase decision process of online touristic products and (ii) to understand how the buying behavior of touristic products is influenced by the Internet, thus shedding light on Portuguese’s online habits. Particularly, the study moves from the five stages of the purchase decision process (Blackwell, Miniard, & Engel, 2006; Mowen & Minor, 2007; Reid & Bojanic, 2006) to better understand the factors influencing the online decision-making process and the advantages and limitation of the Internet in supporting the purchase decision.

Literature Review

Over the years, it was possible to observe a substantial change of consumer behavior in tourism (Horner & Swarbrooke, 2007), intrinsically associated with the transformations that have occurred in the world economy towards digital communication (Buhalis & Law, 2008). In 1996, the Internet was already widely recognized as an emerging tool in the context of marketing (Hoffman & Novak, 1996), because it has unique features for marketing activities that distinguish it from traditional trade instruments. According to Cantoni and Tardini (2006), the importance of online communication has grown over recent years and transformed the Internet into one of the major communication tools, both at business and personal levels. Additionally, also thanks to the recent advent of the so-called Web 2.0 (O’Reilly, 2007), the Internet is now seen as an interactive media where communication is happening in a bidirectional way (Hoffman & Novak, 1996), enabling new business models (Inversini & Masiero, 2014).

Within the tourism domain, the Internet (r)evolution brought a fundamental change in the overall value chain (Buhalis, 2003). On the one side, tourism companies and organizations are understanding that a proper strategic and tactical use of technologies can bring a competitive added value (Inversini, Brülhart, & Cantoni, 2012). Consumers become much more sophisticated and, thanks to the Internet, they have the possibility of looking for different options while choosing their travel plans (Buhalis & Law, 2008). Additionally, consumers are in constant need of information to inform their decision-making process in all the stage of the tourism goods consumption.

According to Cetină, Munthiu, and Rădulescu (2012), it is unquestionable that the digital revolution exerted one of the most powerful influences on consumer behavior. Amor (2002) stated that one of the biggest advantages of the Internet is its global availability, with the consumer being influenced by the availability of the products. The rapid growth of the Internet has changed the way people search for information about hospitality and tourism services (Mattila, 2004). This topic attracted a vast interest by academics (Jang, 2004). The main issue related to information search is the possibility of locating the correct and relevant travel and tourism information in the so-called “online tourism domain” (Xiang et al., 2008). Assessing online tourists’ behavior is part of the online tourism domain, where professionals can work with
the demographic segmentation. Hsieh, O’Leary, and Morrison (1992) argued that segmentation is a management strategy based on assumptions about the behavior of population subgroups, being able to determine differences that are useful in selecting the target (Costa & Rita, 2000). Costa and Rita (2000) emphasized that segmentation is a tool of vital importance for tourism business management, bringing market knowledge and prioritizing market segments, positioning, and marketing strategies.

Analyzing consumers’ behavior means investigating the process, steps, buying influences, and use of goods and services by consumers. Horner and Swarbrooke (2007) define tourism consumer behavior as “the study of the reasons for purchasing products for people, and how they make their decisions” (p. 6). Understanding tourism consumer behavior is, among others, the most important challenge that marketers and managers are facing (Reid & Bojanic, 2006). The consumer goes through different stages until he/she makes choices about products or services for consumption. Mowen and Minor (2007) report that decision making of consumer purchase is a set of processes involving recognizing problems, seeking solutions, evaluating alternatives, choosing between options, and evaluating results to choose from. The decision of travel is a complex process that entails the solution of many subdecisions (Xiang et al., 2008). The decision process of tourism consumer purchasing is complex and involves internal and external factors that influence it (Horner & Swarbrooke, 2007). The internal factors that bound to the consumer decision are: Personal reasons; Personality; Health; Past experience; Commitment to the family; Commitment to work; Hobbies and interests; Knowledge; Lifestyle; Attitudes, beliefs, and perceptions; Time-table. The external factors presented are: Availability of suitable products; Council of the travel agencies; Information obtained from the destinations, travel agents, and travel media; Recommendation of friends and family; Restrictions on travel policies (e.g., visa requirement); Health and vaccination requirements at the destinations; Promotions and special offers; The weather at destination.

The purchase decision process comprises several stages (Blackwell et al., 2006; Reid & Bojanic, 2006) that can be summarized as follows. (i) Recognition of the problem: the different stimuli can trigger consumer awareness of the need or problem. (ii) Search for information: once the need is high on a conscious level, the model states that consumers seek information on how to meet this need. (iii) Evaluation of alternatives: for Kotler (2000), the consumer demands certain benefits from the solution offered by the product to satisfy a need and sees each product as a set of attributes with different capabilities to provide the advertised benefits and satisfying the need. (iv) Buying decision: when the consumer decides what to buy and makes his decision. (v) Postpurchase evaluation: was the shopping experience up to expectations? Was it better or worse than he/she expected? These are some of the questions that consumers give answers to after going through the experience of a tourist product purchase. According to Nascimento (2000), consumer satisfaction is an essential condition for loyalty. The satisfaction results from a positive disconfirmation of consumer expectations (i.e., perform higher than expectations) of their desires and mediated by psychological processes (cognitive, affective, and evaluative). In order to establish which stage of the presented models is more influenced by the Internet, the following hypotheses have been formulated.

The first hypothesis (H1) regards the Internet influences the different stages in the purchase decision process of online touristic products. When deciding to purchase a good or a service, the consumer goes through a series of steps: Reid and Bojanic (2006) proposed a model based on information search an alternatives evaluation and Blackwell et al. (2006) made an analysis from the consumer e-commerce perspective. What is clear is that the Internet is playing a strong role in influencing all these stages and influencing the decision-making process of the final consumers (Buhalis & Law, 2008). The decision process of tourism consumer purchasing is complex and involves internal and external factors that have an influence. Therefore, based on the research of Horner and Swarbrooke (2007), two hypotheses have been formulated (H2 and H3) and tested through the rotated component matrix.

**H2**: The internal factors influence the purchase decision process of online touristic products.

**H3**: The external factors influence the purchase decision process of online touristic products.
Gender is one of the most common forms of segmentation (Kim, Lehto, & Morrison, 2007), and demographic differences are extremely relevant when discussing online consumer behavior (Li, Kuo, & Russell, 1999), helping marketing managers define the market segment (Costa & Rita, 2000). Therefore, the following hypothesis (H4) was formulated and tested with a t-test for means difference.

**H4**: There are differences in the online purchase decision based on the characteristics of gender, age, income, residence, occupation, and qualifications.

The last set of hypotheses regards the perception of the advantages/disadvantages in the decision purchase process of touristic products and experiences. These hypotheses are driven by the fact that consumers seem to have gained substantial power within the tourism value chain (Buhalis & Schertler, 1999), becoming much more sophisticated than in the past (Buhalis & Law, 2008).

- **H5**: The Internet brings advantages and limitations in the purchase decision process of online touristic products for prospective customers.
- **H6**: The Internet brings limitations in the purchase decision process of online touristic products for prospective customers.

### Methodology

The objectives of this research are to (i) understand the influence of the Internet in the purchase decision process of online touristic products and (ii) to understand how the buying behavior of touristic products is influenced by the Internet. The research was carried out in Portugal due to the relevance of the tourism industry at the national level (Turismo de Portugal, 2009) and to the low rate of Internet adoption (Eurostat, 2012).

A questionnaire was designed to tackle these hypotheses. It consisted of three parts: (i) introduction of the questionnaire, (ii) a series of closed questions related to the online buying process of touristic products, and (iii) demographic data. In order to ensure the validity and reliability of the questionnaire and also to improve its functionality, a pilot test was developed and administered online to a sample of 20 people chosen by convenience within the parameters set for the sample profile. Cronbach’s alpha was computed, and a value of 0.911 was obtained, indicating good scale reliability.

The questionnaire was designed in accordance with the conclusions reached through the literature review and the research objectives. It was administered through an online survey between January and March of 2012. The data analysis methods include descriptive analysis, factor analysis of principal components, multiple regression analysis, and t-test for means differences. Sampling was done using a nonprobabilistic sample for convenience, comprising 380 individuals.

### Results

**Factors That Influence the Online Purchase Decision Process**

In order to reduce the number of factors that influence the purchase decision process of online touristic products, we proceeded to an exploratory analysis of principal components, resulting in five factors (all with eigenvalues greater than 1), which explain about 57.7% of the variation, as reported in Table 1. To obtain a better solution for this analysis, a rotated component matrix (varimax method) was computed (Table 1). The items related to the five factors are indicated.

- **Convenience and Satisfaction**: According to Mowen and Minor (2007) and Nascimento (2000), customer satisfaction is a prerequisite for loyalty, and using the Internet consumers can avoid traveling, waiting, and unpleasant sellers. The second factor is labeled Availability. Kotler’s consumer behavior models state that advertising is a marketing stimulus that influences the purchase. The third factor is related to Information and Planning. Consumers have at their fingertips all the information they need to develop their process of purchase decision, are increasingly exposed to a greater flow of information, and the easy access to information will make the future tourist more demanding (Dionísio, Rodrigues, Faria, Nunes, & Lefty, 2009; Turban, McLean, & Wetherbe, 2002; Vieites and Espiñeira (2008)). The fourth factor was called Evaluation of Alternatives. The consumer demands certain benefits from the solution offered...
confirming hypothesis H5. The limitations of the Internet influence the purchase decision process of online touristic products were also confirmed through hypothesis H6, on the seventh factor that highlights the tourists’ online Bad Experience.

The Internet Influence in the Stages of the Purchase Decision Process

To assess the Internet’s influence on the different stages of the purchase decision process, a multiple linear regression was conducted (Table 2), taking as dependent variable “The Internet is important in my purchase decision process,” and as independent variables the stages of the buying decisions process. According to the value of the $R^2$, one can conclude that 34.9% of the variance is explained by
Concerning the qualifications, there is a difference in perception between the two levels of secondary and higher education. Respondents with higher education give more importance to the Internet in the purchase decision process of touristic products.

There is also a difference between the individual monthly average net income from level 1 (less than 500 €) and level 3 (1,001–1,500 €), where respondents with an income between 1,001 € and 1,500 € give more importance to the Internet in the purchase decision process. This results stems from the actual crises that Portugal is facing, where tourists with a lower income lose purchase power.

Concerning occupation, it was observed that there is a difference in perception regarding one variable (The Internet is important during the stage where I evaluate the available alternatives), showing that students and engineers have different perceptions.

These results support hypothesis H4, indicating that there are differences in the decision to purchase online based on the characteristics of qualifications, income, and occupation.

Conclusions and Limitations

This study demonstrates the importance that the Internet has on consumer behavior in the decision-making process. The factors that most influence
this buying behavior process are: convenience and satisfaction, availability, information and planning, and evaluation of alternatives. In addition, having a bad experience on the Internet was found to be relevant.

The evaluation of alternatives and the purchasing act itself are the most relevant stages to consumers. Because so many different online market choices are offered, companies should focus on disseminating information and increasing the online website and search engines, leading companies to have a more in-depth knowledge of consumer preferences. From a marketing strategy perspective, these companies should invest in adequate prices for the right audience. This means that consumers will choose the best value they can find (i.e., the best quality/price relationship) and this should be the central message in their communication efforts.

Regarding the average differences with respect to demographic characteristics, it was found that there is no difference in perception between genders, yet qualifications and monthly income showed that respondents with higher education and higher income are more influenced by the Internet in the purchase decision process. This suggests an opportunity to segment and to adjust companies’ offers.

Concerning the limitations of this research and suggestions for future research, one limitation is that the variables tested did not fully explain the process of purchase decision process of online touristic products. It is therefore suggested to conduct further studies to assess other factors that may also influence consumers of tourist products, thus increasing the number of influencing factors in addition to those that were revealed in this research, and, by doing so, increasing also the percentage of explanation of the online consumer behavior. Another limitation relates to the limited degree of generalization of the results, due to sample size (380 subjects) and the fact that it is a nonprobabilistic by convenience sample, so it is suggested a replication of this study to other samples of consumers. Still, the instrument of data collection provides a general overview of the buying process, in relation to the type of buyer and touristic product. Thus, for future research, it is recommended the use of questionnaires more adapted to different market segments, as well as to particular product classes (such as hotel, flight, or rent-a-car company). This would allow gathering specific and detailed data, so that the findings and conclusions would have a higher added value for business recommendations.

References


