



## University of Canberra

This thesis is available in print format from the University of Canberra Library.

**If you are the author** of this thesis and wish to have the whole thesis loaded here, please contact the University of Canberra Library at *e-theses@canberra.edu.au* Your thesis will then be available on the www providing greater access.

**Master of Arts in Communication**

**University of Canberra**

**Consumer Behaviour On The Internet:  
A Critical Analysis of The Extensive Decision-  
Making Process of Online Holiday Travellers**

**By**

**Yongho Hyun**

**July 2002**

## Acknowledgements

There are many people who I would like to thank in assisting me financially and mentally to achieve my goals. Since the beginning of Masters course by research, all I have focused is on completing my thesis. Despite the unexpected barriers I have encountered, many people have boosted me in getting them over. In particular, my wife, Youngsook Kim, deserves to be given special thanks due to her patience, prayers and absolute belief in completing this work. As well, I could not have completed my thesis without my mother's care for my lovely daughter (Jihee Hyun) in Jeju, Korea, during my course. My brother (Yongsang Hyun), sister (Hyaelan, Hyun), and brother-in-law (Moobaek Jung) never cause me to worry about family concerns. This family support was a primary momentum for my study.

Without the assistance of my primary supervisor, tourism program director, Josette Wells who acted as mentor and guide during the research process and encouraged me to continue my research efforts unhesitatingly, I extend my appreciation.

I want to thank my Korean friends who played critical roles in my research: Brian Kim, Hyunjong Kim, and Jae Kim. Brian Kim taught me the advanced web design skills of a web survey at the initial research stage when the e-mail survey was being considered as the primary research method. His web design skills made it possible for me to use the most advanced research methodology that only a few researchers have initiated worldwide. Hyunjong Kim helped me launch the web survey with his plentiful IT knowledge of computer languages. I could not have completed my research if he had not been willing to be involved in developing the web survey. Moreover, I want to thank Jae Kim who is also researching golf tourism for masters' topic. He has provided me with some critical views about this research through frequent discussions during every coffee break.

I also have the other people to thank:

Dr. Trevor Lawrence who allowed me to use the web server and data server. He was in particular a great contributor to my research by helping to establish the database;

Dr. David Peterson assisted me to interpret my statistic data;

Mrs. Kate Wilson enthusiastically advised me how to write the thesis and provided guidance about its organization and structure.

I thank Mr. Mark Jensen, former marketing manager of Canberra Tourism and Events Corporation and Fiona Richards for their assistance and support to develop the web survey.

Above all, I want to thank God for his invisible care about me.

This thesis is dedicated to my late father (Wansik Hyun).

## **Abstract**

Both tourism destination marketing and the characteristics of holiday travellers have recently undergone radical changes driven by the rapid progress of computer technology. In particular, the advent of the Internet has had a great impact on holiday travellers as well as on the development of tourism promotion and distribution channel strategies.

While holiday travellers benefit from the characteristics of Internet use, for example, unlimited information retrieval, flexible accessibility, and direct interactivity with destination marketing organizations (DMOs), the Internet provides DMOs with the critical factor of an increase in operational costs incurred by running all possible online promotional activities and online distribution channels.

This paper attempted to discover which Internet functions are popularly used by existing/potential online travellers or which ones are not by testing the Canberra Tourism & Event Corporation (CTEC) web site. As a result, this research intends to provide CTEC with a way to operate its website cost-effectively, which can also lead to increasing the usage satisfaction of CTEC web visitors. Online travellers visiting the CTEC website were surveyed through non-probability self-selected web survey by using segmentation procedure; two key online travel groups: direct and indirect online access groups.

Based on the research methodology, this study has discovered several findings. Firstly, CTEC web visitors preferred to use the CTEC website for the purpose of gathering travel information rather than that of online booking or reservations for travel products on the CTEC website. Secondly, comprehensive travel information tailor-made to online individuals was found to be desirable through interactive online activities, while the multimedia, booking, and comparability function were not significant in helping the CTEC online visitors choose the travel destination. Based on their preferences for particular Internet functions, it is evident that web visitors wish to have comprehensive and tailor-made online travel information and interaction with the CTEC. Finally, it was revealed that the demographics of the CTEC web visitors were very similar to Internet users identified by previous researchers. Therefore, this study provides insights into website development strategies.

# Table of Contents

<b>Abstract .....</b>	<b>i</b>
<b>Certificate of Authorship of Thesis.....</b>	<b>vi</b>
<b>Acknowledgements .....</b>	<b>vii</b>
<b>List of Figures .....</b>	<b>ix</b>
<b>List of Tables.....</b>	<b>ix</b>
<b>Abbreviations .....</b>	<b>xii</b>
<b>Chapter 1: Introduction.....</b>	<b>1</b>
1.1 Overview of the Internet in Destination Marketing Organisations (DMOs) .....	1
1.2 Why study the Internet functions in the extensive decision- making process of holiday travellers.....	4
1.3 The aims of this study .....	6
1.3.1 Research questions .....	7
1.3.2 Scope of this research.....	7
1.3.4 Significance of the issue and its potential contribution .....	9
1.4 Limitations of this study .....	10
1.5 The organisation of this thesis .....	12
<b>Chapter 2: Literature Review .....</b>	<b>14</b>
2.1 Introduction .....	14
2.2 The conversion of the destination tourist market.....	19
2.2.1 A definition of Destination Marketing Organisation (DMO) .....	19
2.2.2 The traditional roles of DMOs in Australia .....	20
2.2.3 The marketing activity of DMOs .....	22
2.2.4 The importance of tourism promotion and the distribution channel system.....	26
2.3 The changing holiday travel market.....	29
2.4 Online travel market segmentation .....	31
2.4.1 Offline travel market segmentation.....	32
2.4.2 Online travel market segmentation: direct and indirect web access group.....	34
2.5 The impact of the web on the nature of travel product .....	38
2.5.1 Intangibility .....	38
2.5.2 Volatility .....	40
2.5.3 Heterogeneity .....	40
2.5.4 Inseparability.....	41

2.5.5 Perishability .....	42
2.5.6 Issues in marketing the tourism product by DMOs .....	43
2.6 The extensive decision-making process of holiday travellers.....	44
2.7 The promotion roles of the Internet in hierarchy of effects model .....	47
2.8 The application of offline/online promotion tools and the Internet functions to the extensive decision-making process .....	52
2.8.1 The marketing communication objectives and offline/online promotion tools used in the decision-making process .....	52
2.8.2 The application of redefined five Internet functions to the extensive decision- making process.....	57
2.8.2.1 The definitions of five Internet functions .....	58
2.8.2.2 Multimedia: Need recognition .....	60
2.8.2.3 Flexibility: Information search.....	62
2.8.2.4 Comparability: Evaluation of alternatives .....	63
2.8.2.5 Bookability: Purchase .....	66
2.8.2.6 Interactivity: Post-purchase.....	68
2.8.2.7 The application of the five web functions in Australian DMOs .....	70
2.8.3 The possibility of the Internet as a closed-loop marketing tool.....	76
2.8.4 The limitations and issues of the tourism Internet .....	77
2.8.4.1 The small Internet market size .....	78
2.8.4.2 Privacy and security issue .....	81
2.8.4.3 The uncertainty of return on investment (ROI).....	81
2.9 The impact of the web on tourism destination market.....	83
2.9.1 The DMOs.....	83
2.9.2 The private sector.....	88
2.10 Summary .....	94
<b>Chapter 3: Research Framework and Methodology .....</b>	<b>95</b>
3.1 Introduction.....	95
3.2 Research framework.....	97
3.2.1 Independent variables.....	98
3.2.2 Dependent variables .....	99
3.2.3 Proposed framework .....	100
3.2.4 Research hypotheses .....	102
3.3 Research design.....	104

3.3.1 Population and samples.....	104
3.3.2 Survey method: Self-selected web survey .....	105
3.3.3 Data collection: Web questionnaire .....	107
3.3.4 Data analysis .....	110
3.3.5 Justification of research design .....	111
3.4 Summary .....	117
<b>Chapter 4: Research Results .....</b>	<b>118</b>
4.1 Introduction .....	118
4.2 Descriptive and crosstabulation analysis: Demographics and past travel behaviour of the CTEC web visitors .....	119
4.2.1 Demographics for the CTEC web visitors .....	120
4.2.2 Previous travel behaviour of the CTEC web visitors.....	124
4.2.3 The direct and indirect access CTEC web group.....	127
4.2.3.1 Demographics of the direct and indirect access CTEC web group.....	128
4.2.3.2 Previous travel behaviour of the direct and indirect access CTEC web group .....	133
4.3 Multiple response analysis, descriptive analysis and Pearson Chi-square: Web-based survey questions .....	137
4.4 Independent-samples T Test and Pearson Chi-square test: Null hypotheses.....	157
4.5 Average mean score and descriptive result: The possibility of online closed-loop marketing on the extensive decision-making process of the CTEC web visitors.....	174
4.5.1 Need recognition stage: Multimedia .....	175
4.5.2 Information search stage: Flexibility .....	176
4.5.3 Evaluation of alternatives stage: Comparability .....	176
4.5.4 Purchase stage: Pre-purchase (booking) and Actual-purchase (actual visit) ....	177
4.5.5 Post-purchase stage: Interactivity and Reuse intention.....	177
4.6 Summary .....	178



<b>Chapter 5: Discussion.....</b>	<b>182</b>
5.1 Introduction .....	182
5.2 Demographics of the CTEC web visitors .....	183
5.3 Previous travel behaviour of the CTEC web visitors.....	187
5.4 The web functions at the extensive decision-making process .....	190
5.4.1 Need recognition stage: Multimedia .....	190
5.4.2 Information search stage: Flexibility .....	191
5.4.3 Evaluation of alternatives stage: Comparability .....	194
5.4.4 Pre-purchase stage: Bookability.....	195
5.4.5 Actual-purchase stage: Actual visit to advertised attractions on the CTEC website .....	197
5.4.6 Post-purchase stage: Interactivity .....	198
5.4.7 Reuse intention of the CTEC web site .....	199
5.5 The effect of the CTEC web site on the whole decision-making process .....	199
5.6 Summary .....	208
<b>Chapter 6 Conclusions and Recommendations .....</b>	<b>212</b>
6.1 Conclusions .....	212
6.2 Recommendations for DMOs and future researchers .....	217
6.2.1 DMO web marketing.....	217
6.2.2 Future researchers .....	221
<b>References.....</b>	<b>226</b>
<b>Appendix 1: Web Questionnaire.....</b>	<b>237</b>
<b>Appendix 2: Statistical Results for Hypotheses.....</b>	<b>251</b>
<b>Appendix 3: Other Statistical results.....</b>	<b>257</b>

## List of Figures

Figure 1: Combined behavioural segments of online travel market segmentation.....	36
Figure 2: Identified online travel segments by this study: direct and indirect access web groups.....	37
Figure 3: The extensive decision-making process .....	46
Figure 4: Hierarchy of effects model in the extensive decision-making process .....	49
Figure 5: Marketing communication objectives and promotion tools used in the extensive decision-making process of holiday travellers.....	53
Figure 6: Analysis of Australian DMO web sites based on five Internet functions .....	73
Figure 7: The changing roles of DMOs as a result of the web impacts .....	87
Figure 8: The impact of the CTEC website on decision-making process of the CTEC web visitors.....	101
Figure 9: Reappraisal of the decision-making process and the most attractive Internet functions.....	204
Figure 10: Anticipated the DMO marketing roles as a result of impact of effective web functions.....	207

## List of Tables

Table 1: Age.....	120
Table 2: Gender.....	120
Table 3: Total household income.....	121
Table 4: Highest education level.....	122
Table 5: Usual occupation.....	123
Table 6: Marital status.....	124
Table 7: Previous visit to Canberra.....	124
Table 8: Visit time during last trip.....	125
Table 9: Main trip purpose.....	125
Table 10: Stay length during last trip.....	126
Table 11: The CTEC web access channel.....	127
Table 12: Age by the CTEC web access channel .....	128
Table 13: Gender by the CTEC web access channel .....	129
Table 14: Marital status by the CTEC web access channel .....	129
Table 15: Total household income by the CTEC web access channel .....	130
Table 16: Highest education level by the CTEC web access channel .....	131

Table 17: Usual occupation by the CTEC web access channel .....	132
Table 18: Previous visit to Canberra by the CTEC web access channel .....	133
Table 19: Last visit time by the CTEC web access channel .....	134
Table 20: Main trip purpose by the CTEC web access channel .....	135
Table 21: Stay length during last trip by CTEC web access channel .....	136
Table 22: The impact of the CTEC website on bookings .....	137
Table 23: Online booking mode by the online bookers .....	138
Table 24: Booked travel products by the bookers.....	139
Table 25: Online bill payment by the bookers .....	139
Table 26: Offline bill payment mode by the bookers .....	140
Table 27: Reasons for avoiding online bill payment by the bookers.....	140
Table 28: Actual visit to advertised attractions on the CTEC web site by the CTEC web visitors .....	141
Table 29: Actual visited attractions by the CTEC web visitors .....	142
Table 30: Online travel information seeker .....	143
Table 31: The CTEC web access channel.....	144
Table 32: Multimedia effect by CTEC web visitors .....	145
Table 33: Offline promotion tools.....	146
Table 34: Desired online travel information .....	147
Table 35: Usage of the CTEC website by the CTEC web visitors .....	149
Table 36: Required extra travel information.....	149
Table 37: Required mode for extra information .....	150
Table 38: Importance of influential factors on travel decision .....	152
Table 39: Direct e-mail contact after trip to Canberra .....	153
Table 40: Online interactive tools to leave travel opinions.....	154
Table 41: Registration as a member.....	155
Table 42: Experience of receiving emailed travel information.....	155
Table 43: Usefulness of emailed travel information by any other State/Territory .....	156
destination websites .....	156
Table 44: Reuse intention of the CTEC website for next trip.....	156
Table 45: Attractiveness of photos/pictures.....	159
Table 46: Moving animations .....	160
Table 47: Boredom without music.....	161
Table 48: Demand of Virtual Reality (VR).....	162
Table 49: Complex web layout of travel products.....	163

Table 50: Uselessness of travel information on the CTEC website.....	164
Table 51: No relevant travel information on the CTEC website .....	165
Table 52: Increase of knowledge of Canberra by the CTEC website .....	166
Table 53: Assistance of the CTEC website for self-planned itineraries .....	167
Table 54: Difficulty in finding preferred travel products on the CTEC website .....	168
Table 55: Influence of the CTEC website on travel decision .....	169
Table 56: Booking experience by the CTEC web access channel.....	170
Table 57: Actual visit experience to Canberra attractions by the CTEC web access channel .....	171
Table 58: Usefulness of e-mailed travel information by the CTEC web access channel	172
Table 59: Reuse intention of the CTEC website for next trip by the CTEC web access channel .....	173
Table 60: Average mean score of H1 by the CTEC web access channel .....	175
Table 61: Average mean score of H2 by the CTEC web access channel .....	176
Table 62: Average mean score of H3 by the CTEC web access channel .....	176
Table 63: Percentages of booking and actual visit of H4 and H5 by the CTEC web channel .....	177
Table 64: Mean score and percentages of H6 and H7 by the CTEC web access channel	177
Table 65: Main trip purpose by stay length of the CTEC web visitors .....	188
Table 66: The effect of the CTEC website on the decision-making process of online holiday travellers.....	201

## Abbreviations

ABS	Australian Bureau Statistics
ACT	Australian Capital Territory
AIDA	Attention, Interest, Desire, Action
AOL	America Online
ASP	Active Server Pages
ATC	Australian Tourist Commission
BTR	Bureau of Tourism Research
CD-ROM	Compact Disk-Read Only Memory
CRS	Computer Reservation Systems
CTEC	Canberra Tourism Events & Corporation
DAGMAR	Defining Advertising Goals for Measured Advertising Results
DITR	Department of Industry, Tourism and Resources
DMO	Destination Marketing Organisation
DMS	Destination Management Systems
E-community	Electronic community
E-mail	Electronic mail
E-postcard	Electronic postcard
FTP	File Transfer Protocols
GDS	Global Distribution Systems
HTML	The HyperText Markup Language
IDC	International Data Corporation
IBM	International Business Machines Corporation
IT	Information Technology
NTA	National Tourism Administration
NTTC	Northern Territory Tourism Commission
NTO	National Tourism Organisation
PATA	Pacific Asia Travel Association
PR	Public Relations
QTTC	Queensland Tourist and Travel Corporation
ROI	Return On Investment
SATC	South Australian Tourism Commission
SPSS	Statistical Package for the Social Sciences
TAST	Tasmanian Tourism

TNSW	Tourism New South Wales
TIA	Travel Industry association of America
TIC	Tourism Information Centre
TVIC	Tourism Victoria
VR	Virtual Reality
WATC	Western Australian Tourism Commission
WTO	World Tourism Organisation
WWW	World Wide Web