

UNDERSTANDING DIGITAL CONSUMERS IN TOURISM

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Abstract:

Digital age has triggered numerous changes and innovations in the corporate sector. The rapid advancement of information and digital technologies has brought about diverse benefits to tourism industry, thus enabling tourism enterprises to enhance the overall quality of their services and maintain successful customer relationships. Also, wide Internet accessibility has fundamentally altered the manner in which tourists collect and share information, organise travel, and in particular, how they share their valuable travel experiences. From the business perspective, contemporary tourism trends are primarily oriented towards consumers. Digital communication has become one of the main prerequisites for successful business performances, bearing in mind the growing Internet use and considerable number of consumer addicts. The development and implementation of mobile technologies and applications plays an important role in the overall tourism development, and has contributed to development of the special form of tourism business- smart tourism. The aim of this paper is to identify the change of value among the new, so-called digital consumers. The research results indicate that the identification of specific needs of digital consumers has led to diversification of tourism products and services and new and adjusted communication. Accordingly, it is necessary to ensure integrated application of new technologies, adjusted business processes and efficient cooperation among all employees in the company in order to successfully manage customer relationships.

Keywords:

digital consumers, mobile digital technologies, quality, smart tourism, tourism services.

INTRODUCTION

Digital or online consumers belong to the generations of consumers born after the 80s of the XX century, where digital technologies are widely accessible and consumers possess skills needed for their proper use. Those generations, which fully adopted and implemented digital communication, are also known as „Y„ generation” (McDaniel *et al.*, 2013; Tapscott, 2009).

The lifestyle of such consumers, excessive Internet consumption, as well as the daily use of digital networks has triggered the emergence of new categories of consumers, and generated new business models. They primarily seek transparency, which means that the companies should adjust their values to the propaganda and advertising modes, or else they would be less valued by the consumers, who manage perfectly competitive markets. Modern consumers possess extensive experience, are aware

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of their own needs, demand value for money and have more multifaceted requirements. Also, one of their main characteristics is greater application of information technologies in the decision-making process when purchasing. The basis for meeting their needs is the provision of quality services, which are continuously improved and innovated, with special emphasis on the necessity of IT implementation. Tourism offer is faced with the challenges in terms of adjustment to individual needs of tourists, and thus transforms from being mass-market oriented to the one that is varied and oriented towards the needs of individual users. Modern tourists possess the following characteristics: they are oriented more towards learning, adventure and experiences; more flexible and independent (modern tourists create the need for better quality, greater value it gets for the money and greater flexibility on travel); interested in consistency and ready to pay more; interested in life and participate in the life of the local cultures; demand different types of tourism, such as cultural heritage tourism, rural tourism, medical tourism, spa tourism, sports tourism, rafting, hiking, volunteering tourism, bird watching, shooting, visiting national parks, golf tourism, cruising, fishing, education, city tourism *etc.*; they are more stressed and seek relaxation and benefits; are well conversant with technology and frequently use it for booking and purchasing tourism products; care more for health and security (Pirnar I., Icoz O., 2010).

UNDERSTANDING DIGITAL CONSUMERS

Digital or online consumers belong to the generation of consumers born after the 80s of the XX century, with widely accessible digital technologies and consumers who are able to properly use such technologies.

The generations born after the 80s are adjusted to digital communication, and are also known as “Y” generation (McDaniel *et al.*, 2013; Tapscott, 2009). Their lifestyle and excessive Internet consumption have generated new business models and new categories of modern consumers. They primarily seek transparency, which means that the companies should harmonise their values with advertising and propaganda, or else they could be considered as less valued in the eyes of consumers,

who manage a perfectly competitive market. Due to the rapid technological advancements, information is available via different devices. Consumers have access to updated and legitimate information, and do not rely solely on the information provided by tourism companies. Online consumer communities, such as Trip Advisor or Peer to Peer Travel Review, mutually exchange experiences and opinions through debates. A two-way communication triggered by the Internet took the monopoly over information. Brand is now in the phase of adjustment and monitoring the needs of consumers with the aim to gain their loyalty and maintain successful communication (Li & Zhang, 2002).

In order for a consumer to react, *i.e.*, purchase a product, service or see the products on the website of some brand, he/she needs to be aware of such act, which could be achieved through complex impact of some personal characteristics and emotions that could be triggered by various stimuli to trigger emotional reaction (Chaudhuri, 2006, pp. 108-117). Marketing managers are challenged to discover part of personality, either private or social, that triggers emotional states that lead to certain favourable behaviour towards the given brand, and whose characteristics and messages contribute to the recognition of own values among consumers.

Solomon & Bamossy (2006) state that the research on consumer behaviour and consumerism conducted in the USA indicates how the consumers observe their consumer activity.

- ♦ Consumption as an experience - it occurs when the goal of consumption is to achieve or encourage some personal experience, emotions.

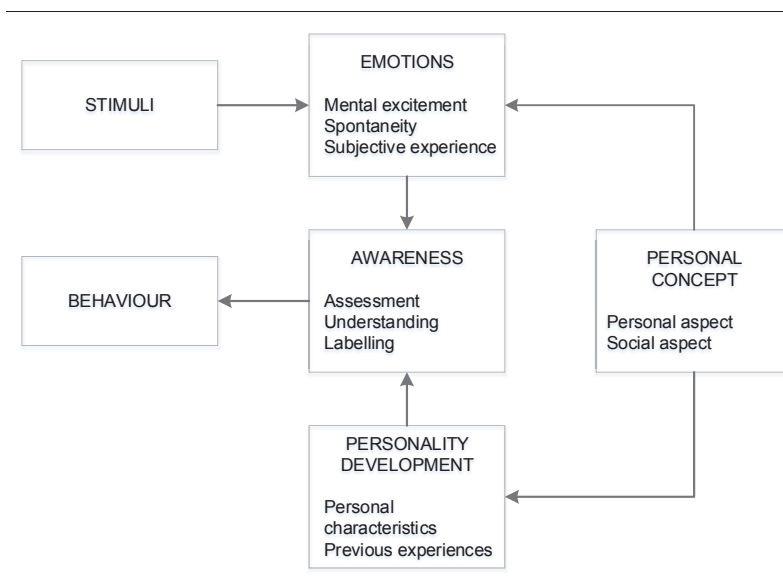


Figure 1. Emotional communication and personal concept

Source: Chaudhuri, A. (2006, p. 95)



- ♦ Consumption as belonging - consumption, use of products as the acceptance of values and brand symbolism.
- ♦ Consumption as categorisation - where consumers enter certain category or classification based on the use of products and services of the preferred brand.
- ♦ Consumption as a game - consumers are involved in creating public experience of brand through participation, support, comments in consumer communities.

An online consumer seeks to get informed via the Internet, but due to the vast amount of information, that process might be quite confusing and tiresome. In the traditional purchasing process, a consumer is affected by numerous information that is confidential at the purchasing moment, since the consumer can see and check the quality of products. One of the factors affecting the online purchasing decision is the way in which the purchasing process is regulated, its payment mode, way of ordering, delivery, service, relationships with consumers (Kardes *et al.*, 2011). Online consumers that use web, *i.e.*, *dotcoms* to collect information and purchase can be divided into five categories of online users that differ in terms of behaviour and way of using web pages: direct information seekers, indirect information seekers, buyers, occasional buyers and entertainment seekers (Chaffey, 2010, pp. 492-493; Laudon and Traver, 2009).

Modern consumers form their opinion on the company and its products and leave comments by joining online consumer groups, through forums, emails, and chat groups. Consumer associations, established on social networks are a new way of communication among consumers, and a source of information for brands. Such consumer communities can exist on the relation consumer-consumer, as well as between companies and consumers, or just between companies. In compliance with the market needs, Chaffey (2010) developed various types of communities on the relation company-consumer and communities among various companies, from the point of:

- ♦ Benefits - among consumers going through the same processes or attempting to achieve the same goal.
- ♦ Position - for consumers that belong to the same category according to some criteria such as age, certain status, lifestyle.
- ♦ Interests - for consumers with the same or similar interests.
- ♦ Profession - particularly important for the companies operating in the same field.

ADJUSTING TOURISM COMPANIES TO DIGITAL CONSUMERS

Tourism is a social life sphere that is considerably affected by communication and information technologies, and tourism activities are the frequent topic within online communities, in particular during the production stage (Živković *et al.*, 2014; Boyd & Ellison, 2008; Bosangit, Dulnuan, & Mena, 2012; Banyai & Glover, 2012; Huang *et al.*, 2010; Litvin *et al.*, 2008). The average length of membership or participation in online communities is 4.5 years, and about 54% of users is active on those profiles on a daily basis. They use them to establish personal contacts and contacts with present and potential business partners. Lebo (2013) believes that the impact of various social media channels is the most significant in terms of achieved business effects with 64%, while the impact of web sites accounts for 84%.

In order to respond to the demands of modern tourists, Nunes *et al.* (2013) state that special business models should be developed through:

1. Information strategy - the companies analyse the previous behaviour of consumers and their purchasing habits, and based on that change their relationship with suppliers and distributors.
2. Consumer interaction platforms - the company uses these platforms to stimulate communication between consumers and enables them to directly communicate with the company through online communities.
3. Different business models - consumers demand from companies to fully adjust to their needs through implementing models that enable them to rent products and return them if they fail to meet their expectations. Well-known brands are also susceptible to this trend and oriented towards new needs of consumers.

Corporate Social Responsibility - consumers expect the company to pay attention to its business model and be responsible to all participants-partners. To create value and be innovative and stimulating for consumers.

Customer Relationship Management plays an important role in the process of business digitalisation - an old business concept that is becoming up-to-date due to the emergence of new technologies that not only support it, but also impose as a necessary solution for successful business performances. Thus, considerable attention is nowadays devoted to Customer Relationship Management (CRM) concept, *i.e.*, managing long-term customer relationship. It is well-known that CRM



combines the business strategy and technology with the aim to identify, attract, and retain long-term relationships with consumers through value achievement. CRM implies being familiar with strategic management and Internet technologies, and aims to identify the possibilities for establishing profitable customer relationships, as well as to maintain and retain such relationships (Živković, 2010, pp. 172-173). Based on the research conducted in the tourism industry, it can be noticed that CRM represents a source of competitive advantage only when the activities of the concept are directed towards planning and implementation of marketing strategy. Practically, CRM technology enables the companies to plan and implement efficient marketing activities with the aim to improve the ability of companies to maintain profitable customer relationship. Moreover, in the competitive environment, CRM has become the key marketing niche for achieving profitable business performances (Mohammed & Rashid, 2012).

Due to the development of innovative information technologies, new possibilities emerged for the efficient process of collecting and processing vast amount of data. However, it is necessary to establish integrated application of new technologies, adjusted business processes and efficient cooperation of all employees so as to successfully manage customer relationships. Along with the Internet advancement and incessant technological development, it is possible to state that CRM has entered a new development phase. The growth of information and communication technologies has triggered the emergence of so-called e- Customer Relationship Management (eCRM). eCRM can be defined as a business strategy that utilizes Internet technology and enables the hotels to connect with their guests via fierce, personal and mutually beneficial interaction, which should ensure profit increase and efficient sales (Milović, 2012).

From the CRM perspective, the Internet is a means of interaction with customers, which brings numerous benefits to the organisation. Creating and maintaining customer loyalty implies that the company perceives the Internet as an environment oriented towards the customer, who needs to be less treated as a target, and more as a partner (Stockdale, 2007). Tourism enterprises need to have a good eCRM strategy, considering that nowadays a great deal of communication with customers is done via the Internet, no matter if it is a website, social network or some other digital media. A good eCRM strategy can bring numerous benefits to the company such as increasing the service value for customer, increasing the quality of services, advertising costs reduction, strengthening loyalty and spreading of the popular eWOM.

In order to ensure the development of high-quality tourism offer, there is the strong necessity of establishing modern and efficient infrastructure that would ensure accessibility and mobility. Accordingly, an innovative approach to tourism emerged - so called smart tourism, which supports new digital technologies and is oriented towards enhancement and simplification of tourism experience (Palumbo, 2015; Ferri *et al.*, 2014). In the modern digital era, one of the most significant ways of communication between tourism supply and demand is the use of mobile applications. This enables tourists to collect all relevant information when organizing travel, but they also enable all participants in tourism supply to promote their offer and facilitate communication with customers (Mišković *et al.*, 2015). Since mobile applications can offer various types of services to customers, Mišković *et al.* (2015) and Bendon *et al.* (2010) claim that they can be divided into eleven main groups:

1. Transport planning applications - they enable tourists to keep track of all information on the preferred means of transport, most often plane, in the real time. Also, all available information is shared, which facilitates change and development of alternative arrangements in case of unplanned travel circumstances (Trainline, Flight track).
2. What's On guide/Event listing apps - these applications enable downloading or posting information on the events and activities at certain location, with the possibility of rating/ giving recommendations for some place or event. They can enhance the feeling of spontaneity among tourists, encourage new forms of socializing, and together with eWOM, intensify the feeling of authenticity and deeper interaction at the destination (Buzzd).
3. Travel planner apps - these applications have the role of creator of integrated travel plan that includes car renting, booking flights and hotels and restaurant seats, and are synchronized with the user's personal calendar. They perform the role of traditional travel organizers and enable users to independently organize their travel via the Internet (TripIT, Tripcase, TripDeck).
4. Accommodation planning apps - these applications function as LBS (location-based service) tourism information center, which provides accommodation booking services. The users are able to locate the nearby hotels, compare prices, give reviews and book the preferred accommodation. They should help the users to collect information, reduce the time needed for travel organi-



- zation and increase flexibility and possibility of choice (Hotels.com).
5. Tour guide apps - they mostly imply city guidebooks that contain recommendations for restaurants, stores, attractions and nightlife. They replace paper guidebooks and give additional value as they are constantly being updated. They are quite easy to use and provide good value for money (UK Travel guide, NY Travel guide).
 6. Directional services - provide satellite navigation software designed for mobile platform, or the simple service of using maps so that the users would not get lost at the destination. They can offer simple solutions to tourists who are circulating through certain city or destination, and provide various information on distance, location *etc.* (Google maps).
 7. Location based social-networking apps - these applications can offer significant possibilities to tourists, they help them find friends and other contacts at the destination and discover new ways to experience the destination. This can strengthen the feeling of connection with the destination and lead to more authentic experiences. The users check in at certain location and share information on their location and activities with others. The users can win awards and participate in games, which would ensure additional value for guests/customers (Foursquare).
 8. Attraction apps - these applications are mostly developed to provide more interactive and better experience to tourists at certain location. For instance, „London Museum Guide“ offers its users the possibility to place mobile device camera in front of certain artefacts and instantly get additional info on those artefacts and gain high-quality experience (ThrillSeeker).
 9. Company specific apps - these applications enable users to access and manage their reservations and other information that company has about them. Airlines can provide boarding cards to their customers on mobile devices. They can be very useful for the companies for efficient customer relationship management (Lufthansa).
 10. Tourist assistance apps - this type of applications provides support services to tourists, including the voice translation service for mobile devices and translation via camera on the mobile device. These services can facilitate travel and provide new possibilities for interaction (eCurrency, language translator).

11. Social-networking apps - these applications enable customers to share with their friends travel information, photos and experiences. They can generate new forms of destination management (Facebook, Twitter).

The value chain in digital economy is part of the digital eco-system in its broadest sense and has the potential to take on the role of the global leader in the key industry sectors and under proper conditions. Globalisation has triggered tourism development in various forms. The rapid advancement of electronic technology, communications and transport has provided new methods for tourism growth and development.

CONCLUSION

The modern era and the incessant and rapid pace of life have led to an increased need of digitalization and electronic communication. Namely, the things that were almost unimaginable to us just a few years ago, have made our present lives much easier, but have also led to alienating people from their natural environment. The rapid growth of the Internet has brought about new possibilities in the tourism field, such as innovative product development, greater number of potential clients, creating new value for consumers. In order to enable a tourism company to successfully manage its business activities and performances, it is essential that it assumes the same position as its present and potential buyers. The power of digital media lies in the possibility of maintaining good relationships with the present customers, which would also enable hotel companies to attract new customers. Finally, it is worth noting that the importance of digital technologies in both personal and business sphere will maintain a growing tendency, which would considerably affect the principles of doing business in the tourism market.

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