

Managing the Asian Century

Erkan Sezgin *Editor*

e-Consumers in the Era of New Tourism

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e-Consumers in the Era of New Tourism

 Springer

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ISSN 2364-5857
Managing the Asian Century
ISBN 978-981-10-0085-0
DOI 10.1007/978-981-10-0087-4

ISSN 2364-5865 (electronic)
ISBN 978-981-10-0087-4 (eBook)

Library of Congress Control Number: 2015960203

Springer Singapore Heidelberg New York Dordrecht London

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Printed on acid-free paper

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Foreword

During the last decade, rapid developments in information technologies have significantly changed how travelers make their travel arrangements. These days a large portion of travelers are utilizing the Internet for their information search and for making their bookings online rather than relying in brick-and-mortar travel agencies. Travelers use the Internet to access and process travel-related information, to buy tourism products and services, and to express their opinions about different tourism products. Furthermore, consumers are able to access a large amount of information from different online sources such as industry suppliers (e.g., hotels, airlines, and restaurants), intermediaries (e.g., travel agents), controllers (e.g., governments and administrative sectors), user-generated online social networks, and many nonprofit organizations (e.g., destination marketing organizations). This has significantly changed the hospitality and tourism landscape and the way hospitality and tourism businesses conduct their operations. This also resulted in a large investment in technology from hospitality and tourism businesses, which have enabled them to provide the information required by the market about their products on the Internet. Scholars argue that this drastic shift is likely to continue in the future, making online presence and information technology a more important success factor for hospitality and tourism business.

Therefore, this book fills a void on hospitality and tourism e-marketing and serves as a helpful resource for practitioners as well as scholars of e-marketing. It focuses on e-consumers and e-marketing in the area of hospitality and tourism business. The book mainly focuses on the role of technology in consumer decisionmaking process, in the production and delivery of a satisfactory tourism and travel experience, impact of technology on travelers' satisfaction, loyalty and e-complaint, and e-word of mouth behavior. This book also focuses on topics like mobile marketing in tourism, using gamification as a tool for marketing communication in tourism, and the usage of e-loyalty programs in hospitality industry. Chapters on these

topics are likely to provide critical knowledge that can be used by industry practitioners and students who study hospitality and tourism. Overall, this book, edited by Assoc. Professor Erkan Sezgin, can be used as an important supplemental resource for both the industry and academia.

Washington State University
September 2015

Doğan Gürsoy

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Chapter 1

An Introduction to Consumer Metamorphosis in the Digital Age

İnci Oya Coşkun and Hakan Yılmaz

Abstract The role and characteristics of the consumer has evolved through a series of economic, social and technological developments. The power to control the market has passed from the producer to the consumer. As Karl Marx acknowledged by the end of the nineteenth century, production and consumption are related with each other inevitably, inherently and dialectically. Prosumers create exchange value for the companies; therefore, they inspire a fundamental change in the economic system, and this change has significant implications for the production process. Technological developments such as the introduction of personal computers, the Internet, social media and mobile devices accelerated the digital revolution and the metamorphosis of consumers into a new type of prosumers. Developments based on digital technologies continue to draw the borders of a new world with unique characteristics and dynamics. Briefly, consumer behaviour is influenced by the digital revolution, and it changed the classical understanding on production.

Keywords Consumer • Prosumer • Technology • Digital age • Tourism

1.1 Evolution of Consumers to Prosumers

The role and characteristics of the consumer has evolved through a series of economic, social and technological developments. The power to control the market has passed from the producer to the consumer (Rezabakhsh et al. 2006). In fact, Karl Marx first acknowledged the beginning of this change in 1867. Marx (1867 [2001]) recognized that ‘production and consumption were inevitably, inherently and dialectically’ related with each other (Ritzer et al. 2012). This recognition has paved the way for Toffler (1980) to introduce a new wave of economics (Chandler and Chen 2015). In his book, *The Third Wave*, Toffler (1980) defined prosumer as a concept ‘blurring the distinction between a consumer and a producer’

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(Gerhardt 2008). In marketing studies, the term prosumer is used as an acronym for either ‘professional consumers’ or ‘producer consumers’. For the purposes of this chapter, the latter is considered.

The concept of consumers involved in the production process has long been investigated in the relevant literature. Except for mass production (a low-cost production approach with standardized products or services), several theories including mass customization (mass production of highly customized products according to consumer expectations) (Hara and Arai 2012) and personalization/individualization (co-production and co-creation) (Humphreys and Grayson 2008) relate to prosumers. In order to understand the underlying circumstances of this evolution better, historical background should be investigated. In this case, Toffler (1980)’s three waves of economic development enlighten the process.

In the ancient times, people were producing goods and trading them with other goods offered by other members of the community. They were acting as prosumers to provide necessary goods simply to live. This could be regarded as the primitive beginning of consumers transforming into prosumers. After the Industrial Revolution, during eighteenth and nineteenth centuries, the economy was utterly defined by production. Ritzer argued that production and consumption processes were separated by the prevailing conditions of the Industrial Revolution. Industrial age is characterized by rapid increases in the population, transition to modern production methods using new machines, farmers migrating to urban areas as factory workers and the rise of the capitalist system (Ritzer and Jurgenson 2010). Ritzer and Jurgenson (2010) also state that even Marx and Baudrillard, major theorists of production and consumption respectively, realized the symbiotic relationship between these two concepts. They acknowledged that if consumers were missing in the market, production would have no meaning at all and vice versa.

In the post-industrial age (the so-called third wave by Toffler), advances in technology increased free time and accelerated consumers shift to become prosumers (Xie et al. 2008). Post-industrial prosumers have specific needs and expectations, a different lifestyle supported by new economic, social and technological changes. In addition, unlike their ancestors, they do not get involved in production out of necessities, but they enjoy being a part of it (Humphreys and Grayson 2008).

1.1.1 Prosumers of the Digital Age

Prosumers create exchange value for the companies; therefore, they inspire a fundamental change in the economic system, and this change has significant implications for the production process. In the industrial age, within a marketplace that the consumer had no other options, mass production was a viable and an efficient way of producing standardized goods with lower costs. However, as the free time and disposable income increased, consumers developed new tastes and expectations; they became unsatisfied by these standard products or services and asked for more. Then,

companies introduced mass customization, a way to keep the low costs of mass production in addition to involving the consumers in design and/or production phases (Hara and Arai 2012). After 1950s, technological developments such as the introduction of personal computers, the Internet, social media and mobile devices accelerated the digital revolution and the metamorphosis of consumers into a new type of prosumers.

The prosumers of the digital age have a complex lifestyle, combining work, and an active family life, adopting every kind of technology and embracing innovation and globalization (Gerhardt 2008). New communication channels such as social media, mobile communications and other Internet-based technologies provide the information they need, and they utilize this information to transform the marketplace on their behalf.

Today, it is all about information, as Egger (2011) states that ‘almost every aspect of life has become dependent on the quality and availability of information’. Information is an important element for all industries, but a crucial one for the service industry. Since services are intangible, experiential and perishable, information plays a significant role on the consumer experience. The content provided by the service companies determines the experiences of the consumers about the service not only during utilization, but also prior and subsequent to it (Stickdorn and Zehrer 2009).

1.1.2 *Tourism Industry in the Digital Age*

Tourism, as a service industry, has discovered the effects of information on tourist experiences. Tourism industry has always embraced the rise of new technologies, for example, the computer reservation systems (CRSs), the global distribution systems (GDSs) and the Internet. The dynamic structure of the industry allows both producers and consumers to react instantly to developments. ‘Experience’ and ‘value’ are the two outstanding concepts for the modern tourism industry. Generic and market-specific features affect prosumers of the tourist market. Niezgodna (2013) summarizes these features as shown in Table 1.1.

Table 1.1 Generic and market-specific features of tourism prosumers (Niezgodna 2013)

Generic features	Market-specific features
Free time increase	Tourism product complexity
Unsynchronized work, mobility and relaxation	Tourist market trend towards individualization
Consumer behaviour individualized corresponding to the good or service	Co-creation of values and expectations through interactions among consumers and companies
Knowledge increased by experience and education	Tourist expectations and needs constantly changing

Salvado et al. (2011) encapsulates the demographics of the new prosumers, i.e. more individualistic, involved, independent, more conscious of their power and rights, expecting more convenience, authenticity and credibility due to shortage of time, greater life expectancy and increased environmental concerns. These characteristics demand more interaction and response to expectations. Most of the tourists have the opportunity to take single vacations within a year, so they have only one chance to be satisfied by the service provided. Since it is impossible to compensate a bad experience during their holidays, they are willing to get involved with the design and production processes as well as to help the companies in producing personalized experiences. Digital media has become an indispensable source for creating positive experiences through the interaction between producers and prosumers of the tourism industry.

Generational differences provide clues on how the expectations of tourists evolved through time, in addition to the differences between the prosumers of the former and the new era. Before identifying the tourist behaviour based on the generational differences, basic characteristics of different generations are to be comprehended, and they are listed as follows (Li et al. 2013):

- Traditionalists (or the silent generation) were born between 1930 and 1945. They appreciate discipline, hard work, loyalty and self-denial. They prefer status quo rather than change.
- Baby Boomers were born between 1946 and 1964, right after the World War II. They are defined as a generation of optimism, exploration and achievement, since they have better life conditions than the traditionalists. They value individual choice and community involvement.
- Generation Xers were born between 1961 and 1976. They are described as individuals with independent spirits, sceptical and non-committal. Recognition of their needs as individuals is important. They value quality of work and life.
- Generation Ys were born between 1977 and 1995. They are confident, comfortable in embracing new technologies, self-reliant, ambitious and eager for challenges. They are globally oriented and care about self-expression.
- Generation Zs were born after mid-1990s. They are defined to be creative, worldly, over protected and communitarian digital and social natives.

All these generations have distinctive consumer behaviour, because they all have different lifestyles and conditions in addition to different environmental circumstances. For example, traditionalists appreciate hard work, because they were born in a crisis era and they were taught to work hard and save money. It affects their travel decisions, appreciating the chance they tend to take longer trips out of the country or region. Baby boomers were born after the war so they care about optimism and community involvement. They had children at their early ages, and because of that, they favour quality time with their family away from home. Baby boomers are frequent travellers, most likely for business purposes.

Even if they did not see any critical one, Generation Xers were affected by the conflicts around the world. They value life; therefore, they try to balance their work and family lives and more likely to go on holidays with their children. Generation