

## A STUDY OF CONSUMER DECISION MAKING PROCESS WITH REFERENCE TO THE INTERNATIONAL HOLIDAY PACKAGE TOURS: A PILOT STUDY

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### ABSTRACT

*This research study on consumer decision making process with reference to the international holiday package tours comes in the backdrop of the Covid-19 pandemic, called as a once in a century event, and which has hit the Tourism sector the most. The study was initiated in pre-Corona times and hence underwent a major revision in the objectives and the hypotheses to duly factor the Corona scare. While there was no such thing like Corona known at the time of initiation of the research, the year 2020 marked a major change for the tourism sector due to the onslaught of Covid-19. The revised objectives of the study incorporated the Corona angle and focused on studying impact of tangible and intangible factors in consumer decision making process with reference to the international holiday package tours. 400 tourist with an international tour in mind were surveyed. The features of international tour market, the role of the tour operators and characteristics of popular destinations were also studied. Before undertaking the full-fledged study a pilot study was carried. This paper presents the same.*

**Keywords:** Consumer decision-making process, International holiday package tours, Covid-19

### 1. Introduction

Covid-19 brought a big halt to the impetus of travel industry. While travel bans and main event cancellations have become recent headlines, progress seem like a thing of the distant past, it's significant to recall the industry was doing well and gaining overwhelming achievements before the pandemic hit. In spite of these challenges, past has revealed us that travel is one of the world's most robust industries and while there is no exact prediction when travelers will be back in force, it is certain travel industry will be in motion soon. A research was undertaken to study the consumer decision making process with reference to international holiday package tours. The aim was to identify and evaluate the impact of both tangible and intangible factors on the consumer decision making process.

Before undertaking the main study, a pilot study was carried. Following objectives were fixed for the pilot study:

- a. To understand issues to be encountered in data collection
- b. To test the usage of the questionnaire
- c. To test the hypotheses as per research methodology
- d. To test validity and reliability of questionnaire prepared for primary data collection

### 2. Literature Review

The literature review was carried with the following objectives:

1. To review the literature on consumer decision-making process,
2. To review the literature on consumer decision-making process in case of tourism,
3. To review the literature on consumer decision-making process in case of international tourism.

After reviewing 50 items of literature mostly from the years 2019 and 2020, following research gaps were identified:

Comprehensive studies factoring both tangible and intangible factors influencing consumer decision-making process in case of selection of international tour packages are not seen much. Studies considering either of the two are on record. But it would be interesting and relevant to see how these two factors interplay in impacting the consumer decision-making process in case of selection of international tour packages. The situation has become slightly delicate with the fear of Corona. A study of both tangible and intangible factors including the likes of Corona threat is considered as essential at this juncture when the tourism industry faces a stiff challenge in showing a recovery from one of its all-time low.

### 3. Methodology

#### Population and Sample

As per the 2019 tourism report of the Ministry of Tourism (Ministry of Tourism, Government of India, 2019), total outbound tourists from India in the year 2018 were 26296484, out of which tourists boarding from Mumbai were 5457293. Given these numbers it was safely assumed that International tourists from Pune must be easily more than 10,000 that is

considered as a large population in the context of sampling. For a population of 10,000 at a 95% confidence level and a 5% confidence interval, the sample size works out to 370. This was rounded off to 400 to take care of possible errors in sampling. For the pilot study, a sample size of 10% of the sample for the main population, that is, 40 tourists was taken.

#### Model

Following model was adopted for the study:

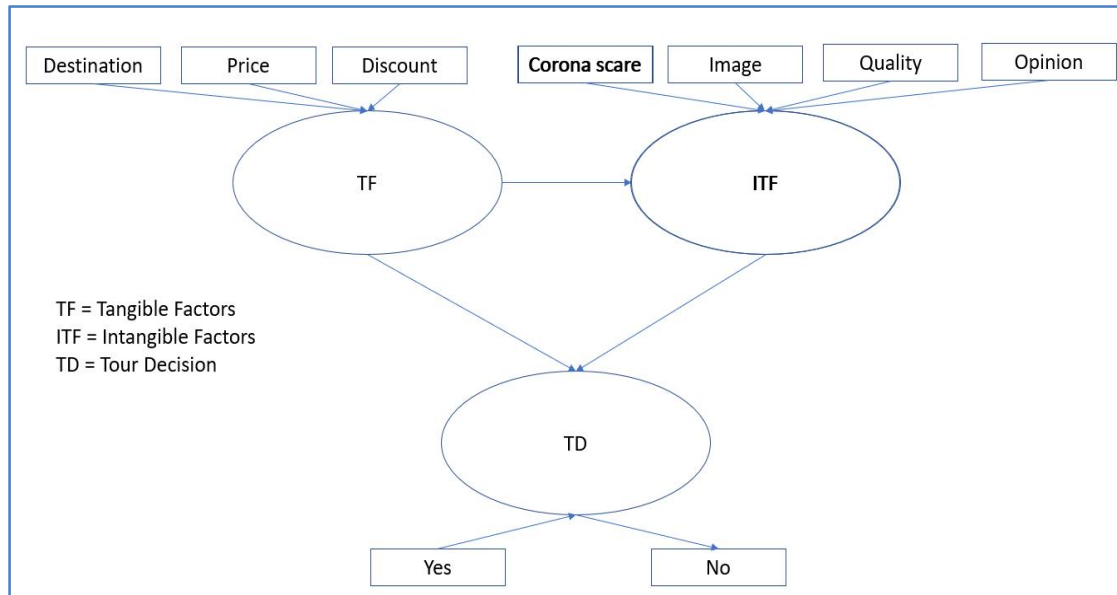


Figure 1: Conceptual model for the research

#### Instrument for survey

A survey questionnaire was used and responses were sought from the international tourist respondents on the two factors: tangible and intangible. Total 11 questions were asked for the three factors under the heading tangible factors. Another 14 questions were asked for the three factors under the heading intangible factors. Responses were sought on an impact Likert scale with response options, Can't say, No impact at all, Very little impact, somewhat impact, Strong impact. The questionnaire is given as annexure to the pilot study.

The questionnaire was tested for validity and reliability as under:

*Test of validity* –The hypotheses, hypotheses testing method, questionnaire etc. were validated by the Guide and other experts in the field so as to ensure that the measurement was adequate and accurate in terms of the desired

direction. Check-list recommended by Collingridge (2015) was used.

*Test of reliability* – Cronbach's Alpha and other tests were applied on the questionnaire using "Siegle Reliability Calculator" an excel program. The Cronbach's Alpha index was 0.71 for the entire questionnaire. It was 0.77 for the tangible factors and 0.86 for the intangible factors. As the scores were above the threshold of 0.70, the questionnaire was considered as reliable.

#### Hypotheses formulation

The hypotheses formulation is presented below:

Ho1 - There is no significant relationship between tangible factors and consumer tour decision.

Ha1 - There is significant relationship between tangible factors and consumer tour decision.

Ho2 - There is no significant relationship between intangible factors and consumer tour decision.

Ha2 - There is significant relationship between intangible factors and consumer tour decision.

Ho3 - There is no significant relationship between tangible and intangible factors together and consumer tour decision.

Ha3 - There is significant relationship between tangible and intangible factors together and consumer tour decision.

#### ***Scheme formed for testing of hypotheses***

1. The questionnaire was divided over three sections: Profile, Impact of tangible factors and Impact of intangible factors.
2. In the profile a question was asked about the recent tour decision of the respondent in the form of Yes or No. For analysis purposes, the decision of Yes was assigned a value of 1 whereas that of No was assigned a value of 0.
3. Responses to each of the questions under the tangible and intangible factors were averaged for all the individual factors, namely, destination, price and discount under the tangible factors and corona scare, image, quality and opinion under the intangible factors.
4. A multiple regression analysis was performed taking the averages of the three tangible factors as independent variables and the tour decision as the dependent variable and the 1<sup>st</sup> hypotheses was tested.
5. A multiple regression analysis was performed taking the averages of the four intangible factors as independent variables and the tour decision as the dependent variable and the 2<sup>nd</sup> hypotheses was tested.
6. A multiple regression analysis was performed taking the averages of the three tangible factors and the four intangible factors as independent variables and the tour decision as the dependent variable and the 3<sup>rd</sup> hypotheses was tested.
7. All the hypotheses were tested at 95% confidence level.

### **4. Data analysis**

#### **a. Profile information**

Out of the forty respondents twenty were male and twenty were female. Seventeen out of the

forty international tourist respondents were of the age-group <30 years, eight were from the age-group 30-40 years, five were from the age-group 40-50 years and 10 were from the age-group of >50 years. Eleven respondents had no prior international touring experience, thirteen had an experience of 1-3 international tours and sixteen had the experience of more than three international tours in the past. As many as thirty seven respondents had opted for a tour operator for the international tour while three did not. Thirty tourists had a main motive of leisure for the international tour while ten had a main motive of shopping for the international tour. Six out of the forty respondents had preference for Europe, seven for the US, five for Asia, seven for Australia and NZ, six for other, and nine for no specific destination. Four respondents rated cost as the main problem, three rated safety, eight rated government procedures, five rate lack of time, ten rated other, and ten rated a mix as the main problem for international tour. Twenty seven out of the forty respondents had taken a "No" decision of the tour recently while thirteen had taken a "Yes" decision for the international tour in the recent past.

#### **b. Inferential analysis Hypotheses testing**

Ho1 - There is no significant relationship between tangible factors and consumer tour decision.

Ha1 - There is significant relationship between tangible factors and consumer tour decision.

Summarized results of the regression analysis were as under:

Interpretation (TD):

Given the  $R^2$ , 37% of the variability of the dependent variable TD is explained by the 3 explanatory variables. Given the p-value of the F statistic computed in the ANOVA table, and given the significance level of 5%, the information brought by the explanatory variables is significantly better than what a basic mean would bring. Based on the Type III sum of squares, the following variables bring significant information to explain the variability of the dependent variable TD: Destn. Based on the Type III sum of squares, the following variables do not bring significant information to explain the variability of the

dependent variable TD: Price, Discount. You might want to remove them from the model. Among the explanatory variables, based on the Type III sum of squares, variable Destn is the most influential.

Ho2 - There is no significant relationship between intangible factors and consumer tour decision.

Ha2 - There is significant relationship between intangible factors and consumer tour decision.

Summarized results of the regression analysis were as under:

Given the  $R^2$ , 76% of the variability of the dependent variable TD is explained by the 4 explanatory variables. Given the p-value of the F statistic computed in the ANOVA table, and given the significance level of 5%, the information brought by the explanatory variables is significantly better than what a basic mean would bring. Based on the Type III sum of squares, the following variables bring significant information to explain the variability of the dependent variable TD: Corona, Image. Based on the Type III sum of squares, the following variables do not bring significant information to explain the variability of the dependent variable TD: Quality, Opinion. You might want to remove them from the model. Among the explanatory variables, based on the Type III sum of squares, variable Corona is the most influential.

The null hypothesis was rejected.

Ho3 - There is no significant relationship between tangible and intangible factors together and consumer tour decision.

Ha3 - There is significant relationship between tangible and intangible factors together and consumer tour decision.

Summarized results of the regression analysis were as under:

Interpretation (TD):

Given the  $R^2$ , 84% of the variability of the dependent variable TD is explained by the 7 explanatory variables. Given the p-value of the F statistic computed in the ANOVA table, and given the significance level of 5%, the information brought by the explanatory variables is significantly better than what a basic mean would bring. Based on the Type III sum of squares, the following variables bring significant information to explain the

variability of the dependent variable TD: Destn, Discount, Corona, Image. Based on the Type III sum of squares, the following variables do not bring significant information to explain the variability of the dependent variable TD: Price, Quality, Opinion. You might want to remove them from the model. Among the explanatory variables, based on the Type III sum of squares, variable Corona is the most influential.

## 5. Conclusions

- i) The tangible factors have a significant impact on the consumer decision making process in case of international tour decision. However, out of the three tangible factors, destination, price and discount, destination shows a major influence on the consumer decision.
- ii) The intangible factors have a significant impact on the consumer decision making process in case of international tour decision. However, out of the four intangible factors, corona, image, quality, and opinion, corona shows a major influence on the consumer decision.
- iii) Taken together, both the tangible and intangible factors have a significant impact on the consumer decision making process in case of international tour decision. The impact of both sets of factors together has more impact than the individual sets of factors.

About the pilot study following conclusions were drawn:

- a) Data collection is possible with reasonable comfort.
- b) Processing of the data into variables required for inferential data analysis can be done.
- c) The hypotheses can be duly tested as per research methodology.
- d) The questionnaire prepared for primary data collection tests well for validity and reliability. However, respondents demanded confidentiality.
- e) For the full-study the three variables features of international tour market, the role of the tour operators and characteristics of popular destinations should also be studied.

### References

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