

Indian Tourists' Buying Intention towards Holiday Packages: An Analysis using Smart PLS SEM

Deepak Pandey¹ Amit Kakkar² Dr. Harpreet Singh Bedi³ Shivani Dhand⁴

¹ Assistant Professor, Mittal School of Business, Lovely Professional University,

¹ Assistant Professor, Mittal School of Business, Lovely Professional University,

¹ Assistant Professor, Mittal School of Business, Lovely Professional University,

¹ Assistant Professor, Mittal School of Business, Lovely Professional University.

Abstract

Dynasties and Kingdoms of Indian rulers have always attracted people across globe. The rich culture of India has given this country a name of “*Sone Ki Chiriya*” which means a place of wealth and so invaders from various part of the world has shown their interest in this country and many of them have looted it at various occasions in past. Some of them stayed in this country and some went back, but in this process India has imbibed various cultures. Subsequently Indians also started showing their interest in exploring other cultures and they started travelling. In this process of travelling they started showing a pattern and intention towards going for the holidays. Understanding intention to buy these holiday packages has become an important aspect for the researchers hence, this study has collected data from 192 regular travelers and tried to find out various antecedents of intention to buy holiday packages by using online applications.

Smart PLS 2.0 was used to analyse this data, which has established a relationship among the factors forming intention to buy. This study is useful for the marketers offering online applications for travel bookings.

Keywords: Intention to buy, Online application, Travel packages and Smart PLS 2.0

Introduction

Indian people loves travelling across world, the fourth important thing after Food, Cloths and House are travel trips. Travel and tourism is the largest service industry in India that provides fuel to its economic growth. Tourism is the third largest foreign exchange earner of the country that account 6.8% for country's GDP1. In the year 1966, government of India establishes the ITDC (Indian Tourism Development Corporation) for the development and promotion of tourism in India (Taqi et. al, 2018). The campaign like

“*Incredible India*” was launched to promote different tourism destination through websites that have user-friendly interface for booking, transportation, foreign exchange, etc.

Researchers always tried to look for the motivators influencing the attention towards booking the vacation destination and their criteria of looking for the most viewed places. However, the study will examine the components that add to trust of Indian sightseers in e-the travel industry organizations so as to make more an incentive for the clients. Trust-Building procedure of travelers will be examined by three angles to be specific: Consumer Characteristics, Website Characteristics and Service Quality (Phutela and Dasgupta, 2014).

Due to the invention of internet and advance technology many companies of travel and tourism industry are handling their customers by providing various information to the customers and making a good relationship between them and makes easier while handling the various data of the customers which are provided by customers while accessing the company’s websites or internet based applications. But, due to lack of trust to the company while buying or online transaction customers are more concerned to their privacy and which give an impact on the customer’s willingness to buy online or any other online transactions (Brown et. al, 2005).

Antecedents of purchase intention will help understanding the real reasons which a regular traveler look for before planning their trip, it will also help the marketers to work around those factors which further will add more value in this overall travel business. Lately it has been noticed that the reasons which used to be most frequently seen reasons are going away and travelers are coming up with the reasons which are based upon the perception, benefits and costs attached with their vacation destination. Knowing these reasons were always important, this study has helped understanding the customer side of it.

Review of Literature

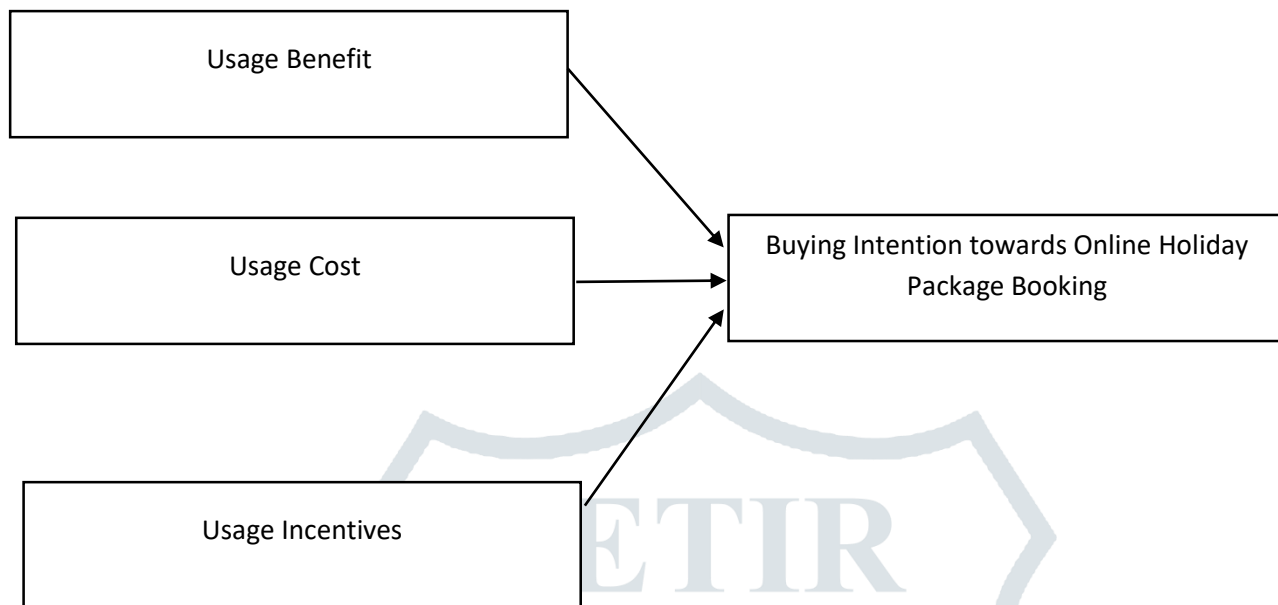
The rapid increase of travel and tourism in India has increased the usage of technology for online transactions. A research was conducted to know the satisfaction of Indian customers about the online booking of travel packages. They segregated the questionnaire into two dimensions related to trust and service attributes. The result shows that correlation is high between customer satisfaction and services attributes with travel websites. However, the study concludes that customers give less importance to trust and services but are convinced by the interactive facilities, service convenience attribute and user friendliness of travel website to make a vacation planning (Khare and Khare, 2010).

Bethapudi (2013) articulated the role of Information communication and technology (ICT) in today’s new era of internet to boost tourism industry. According to his study, it was found that ICT helps tourists by providing various information about the location of tourist destinations, hotels and e-ticket bookings of airlines in which a tourist can easily access these facilities sitting in any place of the world. Amaro and Duarte

(2013) studied and analyzed the further expansion in the advancement of the ICTs and its influences to the customers who buy the travel packages in the market. According to this study, the characteristics of online buyers are grouped in the form of three important reasons like customer segmentation, understanding perceived notion, the e-portal services in which customer saw qualities of channel attributes, and site and item attributes. The impacts of social media on buying behaviour of the consumer can be seen and understood very easily. Altınay et. al (2016) provides a holistic supply chain management which customers are involved in each and every stage to take care of environment and to increase sustainability and eco-friendly practices. According to his model, there are four dimensions of the consumer which are observed. The essence of the intentions to use social media has been articulated by many previous works (Parra Lopez et. al, 2011).

Pappas (2016) predicted the role and influence of media platforms in the buying behaviour and decision-making process especially in travel industry on holidays package segment. People are tremendously impacted by social media on the travel planning process before, during and after the journey in which tourists can gather more information from information shared by experienced people and they are using these scopes of information to plan their holidays package. Pearce et. al, (2009) contributed to the literature of tourism by analysing the behaviour of 567 respondents from New Zealand outbound tourists on which they have made their travel arrangement on holidays. They found that people are made their travel arrangement by vacation trip offered by various service provider. They also observed that there are differences in travel related information search, booking and purchase. They also came to know about the variations in the channel behaviour which are examined in the four different sectors like transport facility to destinations, their accommodation like hotels, attractions like beautiful scenery, monuments, waterfalls and activities which includes things happening throughout the tour. Peng et al. (2013) summarises the various reasons towards going for vacations using websites. In view of the writing survey, the paper subsequently proposes another examination motivation for tourists, practices in internet booking and suggests experimental strategies. Amaro and Duarte (2015) have used the travel studies based on the theory of planned behavior and technology accepted model which was focused towards understanding the perception and attitude of users towards the service providers.

Sometimes many people found website navigation issues on the interface of the web portal while they are looking for the products and services offered by the company (Taylor and England, 2006). Many tourists are not doing electronic transactions due to security threats and lack of trusts on sharing information through technology and other online portals (Chellappa and Pavlou, 2002).

Conceptual Model:**5. Analysis and Results**

The proposed hypotheses in the present study were tested through PLS-SEM technique. The validity of the scale was established once the convergent validity among the individual construct (relationship between indicators/items and construct) and discriminant validity among the constructs was proved. Internal reliability of the scale (Cronbach alpha) was also established. The internal reliability, construct validity (convergent validity as well as discriminant validity) and relationship establishment between items and construct and between different constructs were confirmed using Smart PLS 2. The detailing of every stage of PLS-SEM approach to be followed was provided by (Hair et al., 2014).

1) Outer Model Specification (Measurement Model): Once the models were developed at the model specification step, the analysis of the measurement model was done by establishing the reliability as well as the validity of the constructs through PLS-SEM algorithm (Henseler et al., 2012).

- a) Composite reliability of all the constructs was checked as the first step. Table 1 showcased the composite reliability as well as the internal consistency (Cronbach alpha) of all the constructs. As the values of composite reliability and Cronbach alpha (internal reliability) for all the constructs were more than 0.5, the internal reliability for all the constructs was established through both the reliability measurements.
- b) The construct validity was established by confirming the validity used by discriminant and convergent of the constructs. If the AVE (average variance extracted) of the individual construct is

more than 0.5 (Fornell & Larcker, 1981), the convergent validity of that construct is established (Hair et al., 2014). The value of convergent validity (AVE) for all the constructs are in table 1.

Table 1 (Measurement Model: Composite & Internal Reliability and Convergent Validity)

Constructs	Items	Loadings	Composite Reliability	Cronbachs Alpha	AVE
Access	Acc1	0.7676	0.7981	0.6208	0.5686
	Acc2	0.7449			
	Acc3	0.7494			
Altruism	Alt1	0.7906	0.8023	0.6296	0.5755
	Alt2	0.7037			
	Alt3	0.7787			
Benefits	Ben1	0.7911	0.8611	0.7584	0.674
	Ben2	0.8455			
	Ben3	0.8254			
Cost	Cost1	0.7606	0.8453	0.7247	0.646
	Cost2	0.851			
	Cost3	0.7971			
Difficulty	Diff1	0.7716	0.8243	0.6806	0.6102
	Diff2	0.8138			
	Diff3	0.757			
Efforts	EFF1	0.7996	0.8135	0.5439	0.6858
	EFF2	0.8558			
Functional	Func2	0.8352	0.814	0.5433	0.6864
	Func3	0.8218			
Hedonic	Hed1	0.7622	0.814	0.6574	0.5935
	Hed2	0.7441			
	Hed3	0.8037			
Incentives	Inc1	0.6229	0.8215	0.6757	0.6099
	Inc2	0.8671			
	Inc3	0.8306			
Intention	Int1	0.778	0.8434	0.7526	0.5742
	Int2	0.7284			
	Int3	0.7951			
	Int4	0.7272			
Privacy	Priv1	0.7721	0.8205	0.672	0.6038
	Priv2	0.7759			
	Priv3	0.7831			
Social	Soc1	0.7307	0.8268	0.685	0.6145
	Soc2	0.8122			
	Soc3	0.8063			
Trust	Trst1	0.8618	0.8644	0.6867	0.7612
	Trst2	0.883			

Discriminant validity showcases that how much one construct is empirically different from all other constructs. Fornell and Larcker (1981) provided one criterion for assessing the discriminant validity wherein the AVE of the construct should be higher than the squared correlation with any other construct. The value of discriminant validity for all the constructs are given in table 2. The discriminant validity of all the constructs is established as per the criterion suggested by Fornell and Larcker (1981) (Table 2)

Table 2 (Discriminant Validity)

	ACC	ALT	BEN	COST	DIFF	EFF	FUNC	HED	INC	PINT	PRIV	SOC	TRST
ACC	0.7541												
ALT	0.6075	0.759											
BEN	0.6262	0.65	0.821										
COST	0.5444	0.512	0.609	0.804									
DIFF	0.4163	0.427	0.524	0.728	0.781								
EFF	0.4595	0.423	0.428	0.757	0.509	0.828							
FUNC	0.4743	0.461	0.706	0.388	0.313	0.272	0.828						
HED	0.5331	0.582	0.728	0.555	0.485	0.462	0.547	0.77					
INC	0.7059	0.72	0.697	0.614	0.479	0.496	0.465	0.588	0.781				
PINT	0.717	0.623	0.632	0.57	0.439	0.43	0.474	0.566	0.704	0.758			
PRIV	0.3033	0.322	0.43	0.734	0.679	0.369	0.306	0.366	0.397	0.302	0.777		
SOC	0.5635	0.589	0.737	0.569	0.515	0.407	0.466	0.603	0.602	0.579	0.375	0.784	
TRST	0.3109	0.456	0.392	0.407	0.383	0.284	0.199	0.27	0.631	0.322	0.389	0.347	0.872

ACC: Access, ALT: Altruism, BEN: Benefits to Use, Cost: Cost to Use, DIFF: Usage difficulty, EFF: Efforts, FUNC: Functional, HED: Hedonic, INC: Incentive to Use, PINT: Intention to Use, PRIV: Privacy, SOC: Social, TRST: Trust.

- c) **Evaluation of Inner model:** Once the reliability and validity of the outer models were established and the validity of the scale was done, the next step was to test the significance of the hypothesized relationships. Significance of the hypothesis was done by analyzing the values of the estimation of path coefficients and further assessment of the inner model was done by determining the coefficients of determination (R^2) and cross-validated redundancy (Q^2). But before undertaking the above steps, the issue of collinearity among the constructs of the inner models was to be checked. Since the tolerance value was greater than 0.2 and the VIF value was less than 5, there was no issue of collinearity among the constructs in the inner model. (table 3a, 3b, 3c and 3d).

Table 3a: Tolerance and VIF Values for Collinearity

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF

1	(Constant)	6.337E-06	.048		.000	1.000		
	BEN	.220	.071	.220	3.107	.002	.462	2.164
	COST	.158	.064	.158	2.461	.015	.560	1.786
	INC	.453	.071	.453	6.371	.000	.457	2.190

a. Dependent Variable: PINT

Table 3b: Tolerance and VIF Values for Collinearity

Coefficients ^a								
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	1.084E-05	.021		.001	1.000		
	FUNC	.269	.026	.269	10.458	.000	.671	1.489
	SOC	.473	.027	.473	17.483	.000	.610	1.640
	HED	.395	.029	.395	13.811	.000	.545	1.834

a. Dependent Variable: BEN

Table 3c: Tolerance and VIF Values for Collinearity

Coefficients ^a								
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	-6.705E-06	.026		.000	1.000		
	DIFF	.355	.038	.355	9.411	.000	.461	2.167
	EFF	.456	.030	.456	15.299	.000	.739	1.352
	PRIV	.324	.035	.324	9.279	.000	.538	1.858

a. Dependent Variable: COST

Table 3d: Tolerance and VIF Values for Collinearity

Coefficients ^a								
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	-1.110E-05	.020		-.001	1.000		
	ACC	.443	.025	.443	17.513	.000	.629	1.589
	ALT	.450	.027	.450	16.632	.000	.552	1.812
	TRST	.288	.023	.288	12.743	.000	.790	1.265

a. Dependent Variable: INC

d) **Coefficient of determination (R^2)**. The predictive accuracy of the model is established by the value of R^2 . The collective effect of exogenous variable(s) on the endogenous variable(s) was represented by the value of R^2 . For the following study, the mentioned criterion (rule of thumb) wherein R^2 value

above the values of 0.75, 0.50, 0.25, respectively, illustrating substantial, moderate, or weak levels of predictive accuracy was used (Hair et al., 2011). Table 4 provides the R^2 value mentioning the collective effect of exogenous variables on endogenous variables. Since, the value of R^2 in all the cases is more than 0.4, it is confirmed that the predictive accuracy for one of the relations is from weak to moderate and for the rest of the relations, it is substantial.

- e) **Cross-validated redundancy (Q^2)**. Q^2 value highlighted the predictive relevance of inner model. More the value of Q^2 , higher is the predictive accuracy of the model. Greater than zero value of Q^2 for an endogenous construct establishes the predictive relevance of the path model for that construct. As the value of Q^2 (Table 4) was more than zero for all the endogenous variables, predictive relevance of the inner models was proved (Ringle et al., 2012).

Table 4: Values of R^2 (co-efficient of Determination) and Q^2 (Predictive Relevance)

Total	R^2	Relationship	SSO	SSE	1-SSE/SSO	Predictive Relevance
BEN	0.9126	Substantial	600	234.6796	0.6089	High
COST	0.871	Substantial	600	263.6198	0.5606	High
INC	0.921	Substantial	600	264.1762	0.5597	High
PINT	0.5479	Moderate	800	555.4314	0.3057	Medium

- f) **Path Co-efficients**: After running a PLS model, estimates (T-stats) were studied for the path coefficients. The value of the t-stats (estimates) determines the significance of the relationship between the endogenous and exogenous and constructs or the hypothesis proposed for the different relationships. The estimate value of more than 1.96 signifies that the relationship between the constructs is significant at 95% level of confidence. Table 5 illustrates the path-coefficients of all the relationships of the conceptual model.

Table 5: Path Co-efficient (Path Model)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)	Relationship
ACC -> INC	0.4433	0.4443	0.0279	0.0279	15.8763*	Significant
ALT -> INC	0.4496	0.4494	0.03	0.03	14.975*	Significant
BEN -> PINT	0.2209	0.2248	0.0789	0.0789	2.7985*	Significant
COST -> PINT	0.1572	0.1568	0.0643	0.0643	2.4431*	Significant
DIFF -> COST	0.3554	0.3598	0.044	0.044	8.0699*	Significant
EFF -> COST	0.4564	0.45	0.0458	0.0458	9.9672*	Significant
FUNC -> BEN	0.2695	0.2659	0.0275	0.0275	9.7919*	Significant
HED -> BEN	0.3949	0.3948	0.0325	0.0325	12.1545*	Significant
INC -> PINT	0.4529	0.455	0.0699	0.0699	6.4771*	Significant
PRIV -> COST	0.3245	0.3257	0.0384	0.0384	8.4554*	Significant
SOC -> BEN	0.4728	0.4747	0.0337	0.0337	14.0159*	Significant

TRST -> INC	0.2879	0.2843	0.04	0.04	7.1945*	Significant
* Significant at 95%						

ACC: Access, ALT: Altruism, BEN: Benefits to Use, Cost: Cost to Use, DIFF: Difficulty, EFF: Efforts, FUNC: Functional, HED: Hedonic, INC: Incentive to Use, PINT: Intention to Use, PRIV: Privacy, SOC: Social, TRST: Trust.

Conclusion

This study has concluded that a customer looks for various motivators for forming an intention towards booking vacation packages through e-Travel Portals. In this process research has identified that there are various factors which provide benefits of using these apps and there are other antecedents of incentives attached to it but as we know that for any activity we need to bear some cost, hence factors responsible for costs has been observed and reported. Hence it is important for marketer to understand the role of these antecedents for forming purchase intention and this can benefit the society as a whole as everyone plans for vacations sometime in life.

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