

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In this chapter, theoretical foundations and relevant studies supporting the hypothesis will be discussed. The variables that will be discussed in this chapter are: perceived value of the group-travel experience to a major event, social value, emotional value, monetary value, functional value, novelty value, convenience value, and enduring event involvement.

2.2 Theoretical Foundation

2.2.1 Consumer decision making process

Consumer behavior is a field study that focuses in the activities of consumers and consumption analysis (Blackwell, Miniard, Engel, Pai, Yasin, & Hood, 2012). Moreover, consumer behavior is defined as the activities of the consumers go through when obtaining, consuming, and disposing the products or services. Consumer behavior consist primarily of three activities: obtaining, consuming, and disposing. Obtaining refers to the activities that leads to the purchase or receipt of a product or service. These activities include from the information search, comparing to competitors, up to the purchase. Furthermore, consuming refers to where, when, how, and under what circumstances consumers use the products or services. An example is for a consumer to decide to use the product at the office or at home; to read the instructions of usage or to explore on how to use the products. Lastly, disposing refers to how the products or the packing are being disposed of. Consumers may dispose, donate, or selling for secondhand.

According to Blackwell, Miniard, Engel, Pai, Yasin, & Hood (2012), the consumer decision process (CDP) model, as shown in figure 2.1, is an illustration of a road map that shows the consumer's mind that managers and marketers can use as a guide for communication, product mix, and sales strategic. At stage one, need recognition occurs when an individual recognizes that they have desires that needs to be fulfilled, where there is a sense of differences between what is perceived to be ideal versus the actual state. Consumers willing to sacrifice their desires to meet their budget in purchasing a

product, though in the future he or she will try to fulfill their desire when affordable. At stage two, consumers will begin to search for information for their product that can be the solution to their unmet needs. The search can be either internal, or external, or even both. Internal is where the individual retrieves information from knowledge in the memory or genetic tendencies, while external is information collected from family, peers, and the marketplace. At stage three, product evaluation is done by the consumer when evaluation options and alternatives that can fulfill their needs. Consumers will compare among brands and products, looking for the best options and solutions that is closest to meeting their desire. At stage four, the consumer purchases the product after deciding whether or not to purchase, which among the options to choose. The end product that the consumer chooses might be different from the first product, as this might be affected by the influencers (product competitors, salesperson, family, friends). At the last stage, when the consumer finally owns the product after the purchase, the consumption can either occur immediately or delayed. The consumer might have something else to do before finally consuming or using the product.

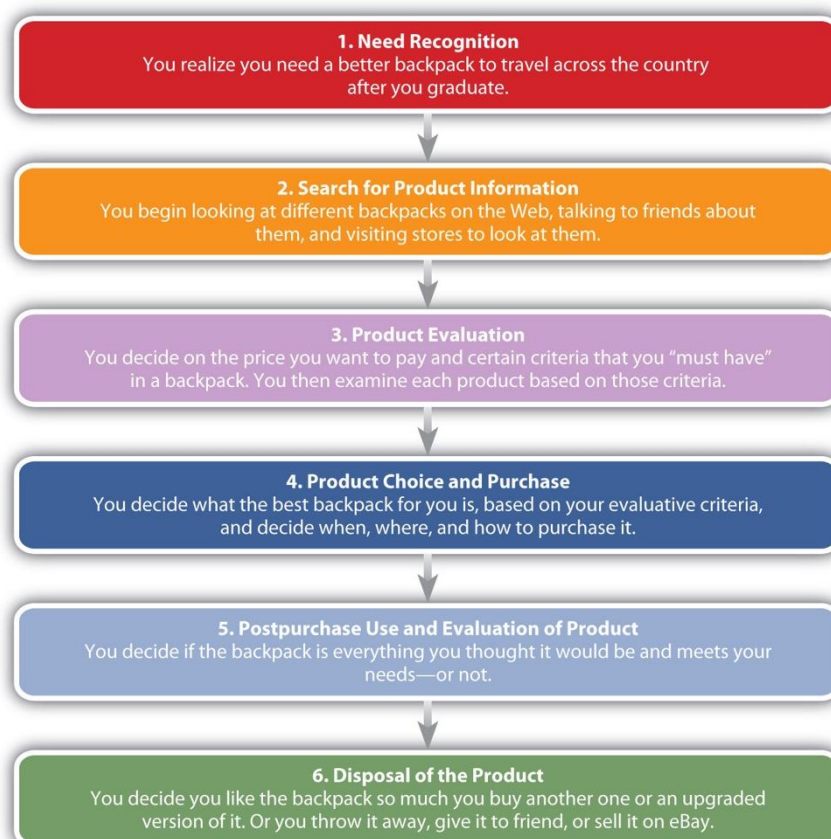


Figure 2.1 How Consumers Make Decisions for Goods and Services
Source: Blackwell, Miniard, Engel, Pai, Yasin, Hood, 2012

2.2.2 Customer perceived value

Baker, Grewal, & Parasuraman (1994) defines perceived value as the advantages received by the customer in exchange for what they have paid for. Furthermore, perceived value can also be defined as consumer's judgment towards the cost or sacrifice that they have made in return for the goods or services received (Hellier, Geursen, Carr, & Rickard, 2003). Zeithaml (1988) defines perceived value as the overall assessment by the consumer on the effectiveness of the product based on the view of what was given to what was received. According to Doods (1991), it is critical to understand the importance of perceived value from the consumer's point-of-view because it is one of the influencer to consumer's behavior. Perceived value of a live performance such as a concert clearly concerns usage value (M. Derbaix, & C. Derbaix, 2010).

2.2.2.1 Perceived value of the group-travel experience to a major event

According to Petrick (2003), tourism marketing managers should understand the concept of perceived value, since it can help in strengthening their product or service's features and can help in predicting tourist's purchase behavior. To be competitive, it is important for event-management, destination-marketing organizations and tourist operators to recognize what are valued by their customers (Prebensen, Woo, Chen, & Uysal, 2013). Perceived value can be experienced before or after purchase, and during or after usage, therefore it is defined as a dynamic variable (Sanchez, Callarisa, Rodríguez, & Moliner, 2006).

Although there is an increase in the amount of research on customer-perceived value, researchers have deepened their definitions (Carlson, Rosenberger III & Rahman, 2015). For example, the definition of perceived value is the customer's overall evaluation of the benefit of a product or service based on the view from what has been given and received (Zeithaml, 1988, p. 4). Researchers propose that consumers of hospitality, leisure and tourism industries to not measure value in just economically, but it will be more applicable if seen in a broader view of perceived value with various factors (Bradley & Sparks, 2012; Gallarza & Gil Saura, 2006).

From the multidimensional perception of value, marketing researchers interpret perceived value as consumer's view towards the advantages and benefits from the relationship and usage of the product or service offered by an organization (Bradley & Sparks, 2012; Holbrook, 1999; Woodall, 2003). Petrick (2002) created a scale to measure the perceived value of restaurants by identifying the five factors: monetary price, reputation, quality, behavioral price and emotional response.

However, in the recent years, perceived value has been measured as a post-purchase of a product or service consumption experience and association with the future consumer, and has been the center of attention in the tourism researches (Carlson et al., 2015). For instance, Gallarza and Gil Saura (2006) characterized five value factors relating to benefits of student travelers are quality, efficiency, play, aesthetics and social. However, Williams and Soutar (2009) later discovered that the five-factor model of value are social, emotional, monetary, functional and novelty; these are the factors that positively influence adventurous travel intention. However, Carlson et al (2015) added convenience value into the model as the sixth factor. They argued that the convenience value should be separated from the functional value. Convenience value refers to the benefits of ease and speed in planning for a travel, while functional value refers to the excellence of the travel facilities.

2.2.2.2 Social value

It is imperative to further understand the correlations between the social value and the group travel experience (Carlson et al., 2015). No matter what form of travel that an individual may experience, either an organized travel, tour guide or just with friends, it is believed that social value will be involved in it (Chen, 2013; Lo & Lee, 2011). Events such as sports allows groups to interact and socialize, which increases the overall experience (Kahle & Riley, 2004). In addition to that enjoyment on an event is usually emotive that concludes the findings that any group oriented event, will eventually strengthen the overall experience (Carlson et al., 2015). Those attending festivals, the young including those young-at-heart, will be able to share similar emotions and experiences (Derbaix, M., & Derbaix, C., 2010).

2.2.2.3 Emotional value

According to Swisher and Shepard (2013), fifty percent of every buying decisions derives from emotions, this shows how likely emotions plays the role in the decision making process. Furthermore, what defines that emotional value is a social psychological factor that creates connection of feelings between the buyer and the product (Sheth et al., 1991; Sweeney & Soutar, 2001). Thus, emotional value will solely rely on the group travel experience (Carlson et al., 2015). It is also understand that research have shown many other factors can be related to buying or consuming activities, some critical factors involves group oriented, event tourism experience, entertainment, escapes and attendance to major events, all of these are factors that will affect emotional values(Carlson & O’Cass, 2011; Havlena & Holbrook, 1986; Holbrook & Batra, 1987; Williams & Soutar, 2009), however the interactions with whom the person is travelling will be the key component in a group travel experience events (Sparks, Bradley, & Jennings, 2011).

2.2.2.4 Monetary value

The original journal by Carlson, Rosenberger & Rahman (2015) agrees with Sweeney and Soutar (2001) that there can be a multiple components of functional values, which consist of monetary as one of the value. There are many factors that can affect the functional value one of which the monetary value can be correlated to it (Sweeney and Soutar, 2001). This factor brings the basis of the universal view of “I get what I paid for” (Zeithaml, 1988). Many sees that by participating in group travel format will provide savings in terms of cost, transportation, accommodation and food (Carlson et al., 2015), likewise the consideration of monetary value will be one of the key components.

2.2.2.5 Functional Value

Functional value of a product is described as the attribute benefits of the physical products or the services (Sheth et al., 1991). In the following context, the measurement of a functional value would be the quality, reliability and durability of a product or service (Williams & Soutar, 2009). With the current analysis on the group travel topic, functional value is applied to be analyzed by the quality of the hotel or

accommodation, mode of transport, event amenity and attractions that can be visited, all this will be factors to conclude the perceived perceptions on functional value (Gursoy, Spangenberg & Rutherford, 2006; Sanchez et al., 2006; Sparks et al., 2011).

2.2.2.6 Novelty value

Following the studies of group travel, novelty value derives from the individual urge, curiosity and knowledge generated from group travel experience (Carlson et al., 2015). The novelty value can be achieved and analyzed from the individual satisfaction to gain or gaining knowledge (Sheth et al., 1991). Recent studies show that novelty is the key attribute for the adventurous and main tourist that are seeking for full travel experience, desire to explore, uniqueness and seeking to gain knowledge (Crompton & McKay, 1997; Nicholson & Pearce, 2001). Likewise, novelty value will be the key component to an individual purchasing a group travel experiences to events.

2.2.2.7 Convenience value

Convenience value is defined as the ease of planning and organizing the entire trip while travelling in a group. It is understood that consumer will make plans and decision in the group upon purchasing which tourism experience to select (Sparks et al., 2011). As argued by (Sweeney & Soutar, 2001) convenience value will be viewed as a different and separate dimensions from the functional value, the following can be seen as the quality, reliability and performance of the group travel. However, convenience value here, will refer specifically to the experience on ease and speed of planning the travel (Sparks, Butcher, & Pan, 2007). Therefore, with understanding that customers are able to analyze the advantages they are able to achieve while travelling in a group (Carlson et al., 2015).

Perceived-value is a multidimensional construct that consists of the followings: social value, emotional value, monetary value, functional value, novelty value and convenience value. As argued by Carlson, Rosenberger III & Rahman (2015), these values can motivate the consumers' future behavior, which is the intention to travel. In the original study, the first hypothesis is constructed as:

H1: Perceived group-travel value (configured as a multidimensional construct) positively influences group-oriented travel intentions.

To gain better understand of which dimensions of perceived values are the strongest influencer to travel intentions, in this study the hypothesis H1 is further divided into six sub-hypotheses, as follows:

H1a: Social value positively influences group-oriented travel intentions.

H1b: Emotional value positively influences group-oriented travel intentions.

H1c: Monetary value positively influences group-oriented travel intentions.

H1d: Functional value positively influences group-oriented travel intentions.

H1e: Novelty value positively influences group-oriented travel intentions.

H1f: Convenience value positively influences group-oriented travel intentions.

2.2.3 Involvement theory

Solomon (2015) defines involvement theory as “a person’s perceived relevance of the object based on their inherent needs, values, and interests.” ‘Object’ generically refers to a brand or product, purchase situation or an advertisement. Consumers will be able to find involvement in all the objects. Figure 2.1 below shows examples of the different factors that can create involvement. These factors can be from antecedents of involvement, including person factors, objects or stimulus factors and situational factors. When these factors are involved with the ‘objects’, it will result in a possible involvement results. There are three types of involvement: product involvement, message involvement and situational involvement.

Product involvement is the consumer’s interest level in a certain product or brand. When marketers can closely tie a brand to an individual, the involvement will be higher. Media vehicles that have advertisement on the vehicles for their target customers have different qualities that can influence customer’s attention to pay attention to the message is knows as message involvement. Lastly, situational involvement can either take place in a location, a store or a Website when consumers are using consume a product or service. Situational involvement can be increased through personalizing the messages that consumers receive at that moment during purchase.

High involvement is when a consumer requires more time and effort to decide whether or not to purchase the product, whereas low involvement requires lesser time and effort in the purchase decision (Howell, 2017).

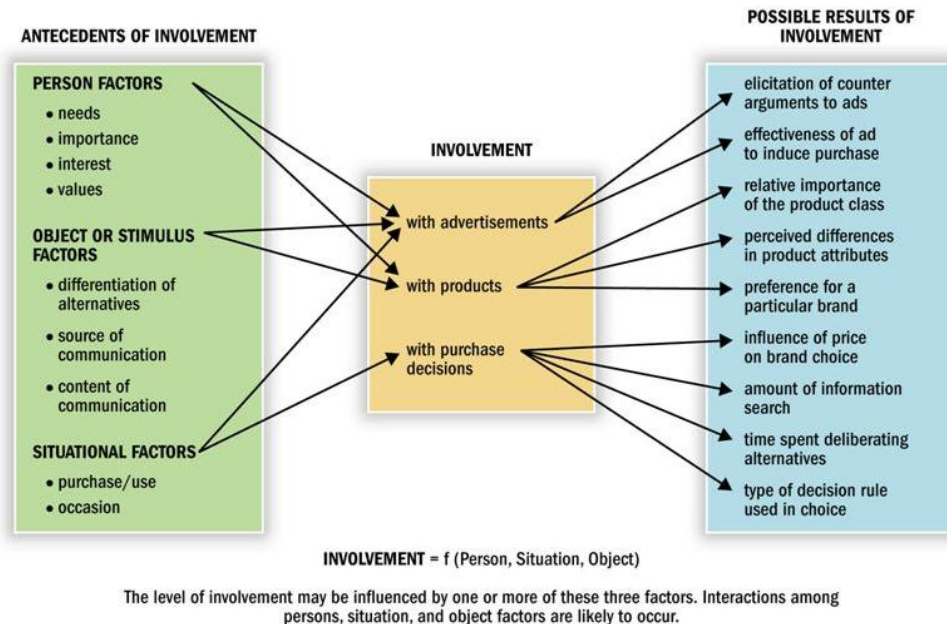


Figure 2.2 Conceptualizing Involvement
Source: Solomon, 2015

2.2.4 Enduring event involvement

There are numerous factors that may influence a consumers' decision making process. The sufficient knowledge of an individual's past experience, variety of cognitive biases, commitments, individual differences (age and socio economic) and belief in personal relevance are all related to the decision making process of a consumer (Cindy, 2010). In the past, research has shown that previous product experiences are what helps consumer in the decision making process and also further generate information in a circumstance, however true but it is the also believe that the involvement in a certain object that motivates the consumer making their decisions (Celsi & Olson, 1988).

Consumers that are highly involved are more likely to process information in comparison to the less involved consumers (Borgida & Howard, 1983), while involvement is lead to greater attribute variability (Howard & Sheth, 1969). It is also suggested that a personal relevance of a product is then referred by the active cognitive structure that link individual's knowledge about a product attributes and its benefits to

their self-importance needs, goals and values (Celsi & Olson, 1988). In addition to that the inclusion of enduring event involvement in this topic in order to further analyze the interest of a consumer to the event is a factor that affects the decision making process.

Applying to the tourism, it is understandably engaging and involving in all stages by nature throughout the buying process (Seabra, Abrantes & Kastenholz, 2014), it is also proven that high levels of enduring involvement are seen when major events offer high self-satisfactory level (Jang, Lee, Park & Stokowski, 2000). This context can be applied when an individual is able to get a pre-sale ticket even before the normal ticketing to a music concert is announced. Furthermore, it is stated that a socially situated aspect to enduring involvement plays an important role, this will further reinforce family bonds and friendships (Coulter et al., 2003). Attending major events with friends and family can therefore relate as part of social bonding too.

Therefore, the following hypothesis are constructed:

H2: Enduring event involvement positively influences group-oriented travel intentions.

2.2.5 Destination image theory

Destination image gives a picture of the situation of the location or destination and will provide the tourist an idea of what they will experience at the destination country. Svelatna and Juline (2010) states that for the past four decades, destination image has become one of the important research topics. Due to the effect towards demand- and supply- aspects of marketing, destination image became important in the successful development of tourism and destination marketing (Tasci & Gartner, 2007). There are three aspects that can influence the destination image, demographic variables, tourists' motivation and the information of the destination (Lopes, 2011). The personality of the tourist is an important factor in choosing the destination planned to be visited (Govers, Go, & Kumar, 2007). Furthermore, the differentiation among destinations are influenced by the personality traits of the tourists (Murphy, Moscar-do and Benckendorff, 2007). Therefore, the image tourists have towards tourist destinations are strongly influenced by the demographic variables (Firmino, Santos & Carneiro,

2006). Cultural values and tourist's motivations strongly influence the building of image of a tourist destination even way before being visited (San Martín & Rodriguez, 2008).

Lastly, information gathered can be from magazines, opinion leaders, internet and the television, which will influence the tourist's perception towards the tourist destination (Gartner, 1989; Vasudavan and Standing, 1999, Wang and Fesenmaier, 2005; Govers, Go and Kumar, 2007)

2.2.6 Attitude towards host destination

Geographical factors are highly correlated to consumer behavior and it helps influence their decision making process. The potential tourist's moods can be highly affected from the aspect of location. Geographical location provides or can be an act or indicator of the things that potential tourists want to see and experience in a certain destination. Geographical distribution of the population is important as the people who inhabit a certain region usually have or share the same values, attitudes and preferences. Significant differences between regions are the consequence of the differences in climate, social customs and other factors such as culture or religion (Lukrecija, Tanja, Dragan, Milan & Svetlana, 2014). Therefore, an individuals' mood can be affected by many factors as stated above, the sensitivity of culture and religions will affect the attitude towards the destination.

It is also believed that the destination has a set of cues that consumers are able to make of by their first impression, these can involve natural landscape, historic locations and infrastructure (Sirgy & Su, 2000). Through the following destination image can be used as a representation and determine the feelings of the consumer towards the venue which then further leads to the intention to visit or revisit (Baloglu & McCleary, 1999).

Therefore, the following hypothesis are constructed:

H3: Attitude towards the host destination positively influences group-oriented travel intentions.

2.3 Theoretical Framework

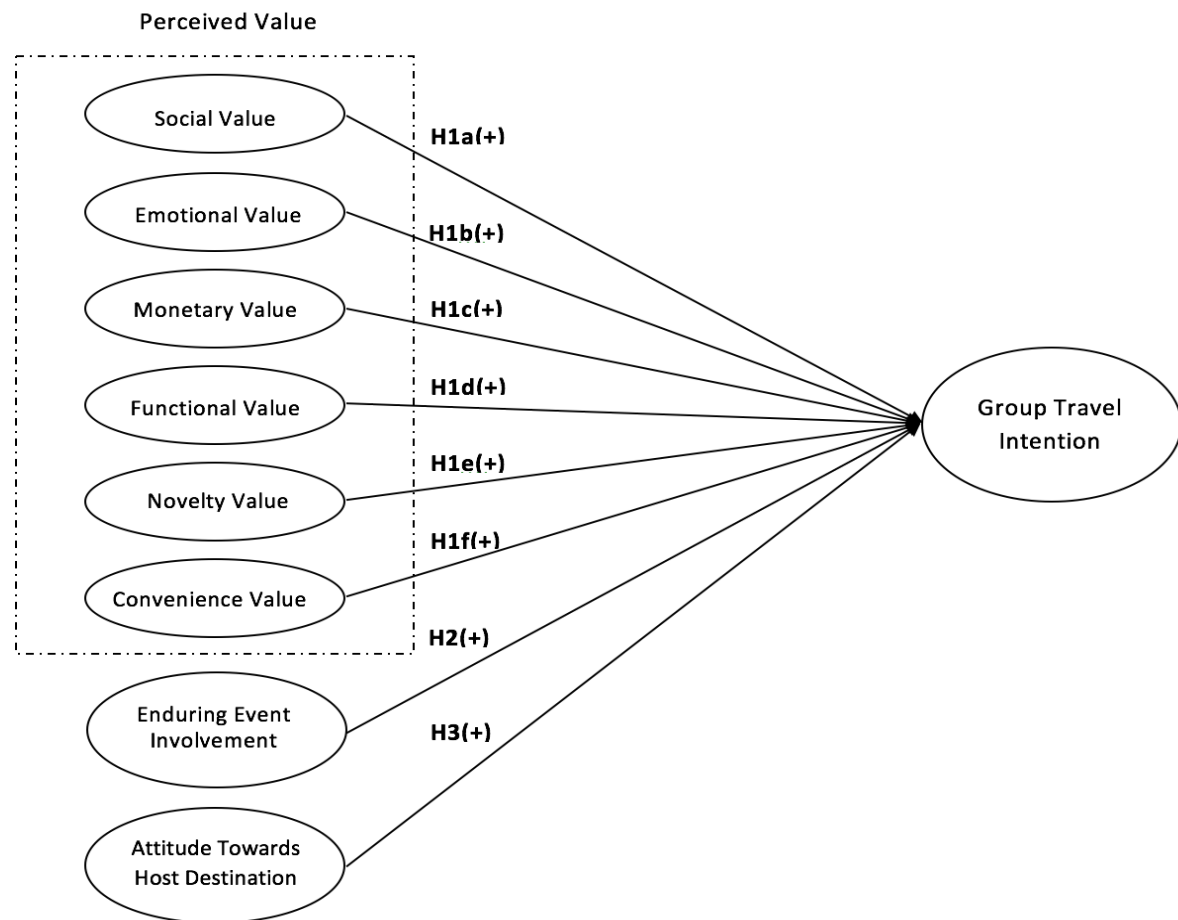


Figure 2.3 Theoretical Framework (Adapted from Carlson, Rosenberger III & Rahman, 2015)

Table 2.1 Summary of Hypothesis

H1a	Social value positively influences group-oriented travel intentions.
H1b	Emotional value positively influences group-oriented travel intentions.
H1c	Monetary value positively influences group-oriented travel intentions.
H1d	Functional value positively influences group-oriented travel intentions.
H1e	Novelty value positively influences group-oriented travel intentions.
H1f	Convenience value positively influences group-oriented travel intentions.
H2	Enduring event involvement positively influences group-oriented travel intentions.
H3	Attitude towards the host destination positively influences group-oriented travel intentions.

2.4 Conclusion

From the following three hypotheses, there are nine variables involved in this research study, the author has highlighted that there are eight independent variables (social value, emotional value, monetary value, functional value, novelty value, convenience value, enduring event involvement and attitude towards host destination) and one dependent variable (group travel intention) that are inter-dependent relationship in terms of the intention to group-travel to a musical event. The next chapter will discuss the methodology used for this research to collect and analyze the data.