

# Marketing Innovations for Sustainable Destinations

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## 2 Advertising and Word of Mouth in Tourism, a Simulation Study

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## Introduction

The nature of tourism is that the potential visitor lives at a distance from the place where the consumption of the experience will occur, the destination. This distance may increase the perceived psychological risk of travel due to the cost of the trip and the lack of familiarity with the destination (Law, 2006; Roehl and Fesenmaier, 1992). On the other hand, distance may increase the attractiveness of the destination making it exotic and appealing. These factors have emphasized the importance of marketing as a fundamental activity for a tourism operator (or destination) and an important determinant of success (Govers et al., 2007) as marketing is considered a key variable that managers can influence in their search for customers. In order to better market a tourism destination or resort, marketers study consumer behavior and develop models such as those examining consumer decision making and information search (Moutinho, 1987). A variety of previous studies have used such models to examine how to influence the consumer to travel to particular places.

A number of prior studies have examined the way potential travelers obtain information on which to base travel decisions (Fodness and Murray, 1999; Gitelson and Crompton, 1983; Lee and Sparks, 2007; Rasinger et al., 2007; Zins, 2007). The main approach used is based on individual psychology where visitors are considered active and purposeful agents who seek information useful for their trip. The effect of others is recognized through discussion of social influences on decision making or more specifically the effect of word-of mouth (WOM) (passing information from person to person) but somewhat surprisingly there has been little study of the specific effect of such influences (Murphy, 2001). Recently studies have examined at the effect of a number of individual traveler characteristics that encourage WOM (Simpson and Sigauw, 2008) and have also noted the strong effect of WOM on travel patterns, particularly for the backpacker market (Hanlan and Kelly, 2005). Other studies, have suggested the effectiveness of WOM but always from an individual perspective (Kim et al., 2005; Stokes and Lomax, 2002; Sweeney et al., 2008). WOM is considered to be growing in importance due to the increase in digital social networking. This digital version of WOM is considered to provide a wealth of new opportunities and possibilities to reach market segments that would have been hard to access otherwise (Dellarocas, 2003; Litvin et al., 2008).

This chapter seeks to examine the effect of WOM compared to advertising on travel using a modeling approach. In particular it seeks to examine the effect of social networks on WOM amongst a population in the origin prior to travel. In this chapter the effect of WOM is compared to paid advertising (ADV).

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