A STATE-OF-THE-ART REVIEW OF TOURIST DECISION-MAKING LITERATURE

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Abstract:
Decision-making theories in tourism can be classified into three groups based on their underlined assumptions: rational choice, affect-driven and dual-process theories. Rational choice theories are the dominant framework in many fields including economics, political science, finance, and marketing. Consumers are considered as “rational-decision-makers” who evaluate available options by rational thinking. In contrast, the affect-driven theories assume that tourists are hedonic decision-makers and their choice is influenced and guided by affective factors (i.e., emotions, feelings). Dual-process theories reconcile these two opposite approaches by proposing a dual-system of decision making: System 1 related to automatic, emotional, non-conscious process, and System 2 involving rational thinking (Evans, 2008). This review paper provides a general picture of how tourism decision-making literature has been developed with a focus on the latest advancement, dual-system theories. Tourism marketers may find this paper beneficial in understanding tourist behaviours, in particular, tourists’ destination choice. By advancing our knowledge of tourist decision-making, this paper provides useful guidelines for tourism marketers to develop better marketing initiatives..

Keywords: Tourist behaviour, decision-making, dual-system, destination choice, marketing.


1. Introduction
How tourists choose a destination for their future vacation is one of the key questions in tourism research. Over the past six decades, tourism has experienced continued expansion and diversification, to become one of the largest and fastest-growing economic sectors in the world. The intense competition between traditional and emerging tourism destinations requires tourism marketers to improve their knowledge about the tourist decision-making process. Understanding how tourists decide and plan their trips results in important implications for future product development and promotional schemes (Chen, 2003) as well as marketing strategies (Sirakaya & Woodside, 2005). There is a growing research base of theoretical and empirical studies on tourist destination choice and tourist decision-making over the last five decades (Smallman & Moore, 2010).

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Tourism research remains dominated by the assumption of rational decision-making (Cohen, Prayag, & Moital, 2014; McCabe & Chen, 2015). The rational theories used in tourism decision-making research adopt one of three major approaches: the normative approach (utility theory), the prescriptive cognitive approach (the theory of reasoned action & the theory of planned behaviour) and the structured process approach (the choice-set model). However, rational decision-making models seem to be problematic in explaining how choices of experiential products such as vacations are made because they ignore affective factors (Jun & Vogt, 2013; Kwortnik & Ross, 2007; Lerner, Li, Valdesolo, & Kassam, 2015; Loewenstein & Lerner, 2003; McCabe & Chen, 2015).

In the 1980s, researchers started to explore how affective factors are involved in tourist decision-making (Holbrook, 1986; Holbrook & Hirschman, 1982; Litvin, 2008). People rely on their emotions when choosing hedonic products such as a pleasure vacation (Bechara, 2004; Mellers, Schwartz, & Ritov, 1999; Pham, 1998; Prayag, Khoo-Lattimore, & Sitruk, 2015; Schwarz, 2011; Zeelenberg, Nelissen, Breugelmans, & Pieters, 2008). The affect-driven theories clarify different mechanisms that affect influence consumer behaviours. The impact of emotions on consumer decision-making is explained by four influential theories including the feelings-as-information (Schwarz, 2011), the affect-priming (Forgas, 1995), the appraisal-tendencies (Lerner & Keltner, 2000) and the feeling-as-doing (Zeelenberg et al., 2008). In addition, anticipated emotions are supposed to guide consumer behaviour. Decisions are made to pursue positive anticipated emotions or avoid anticipated emotions such as regret or disappointment (Baumeister, Vohs, DeWall, & Zhang, 2007; Mellers & McGraw, 2001).

Recently the recognition of affective influence in the consumer decision-making process leads to the call of reappraising traditional tourist decision-making models (Jun & Vogt, 2013; McCabe & Chen, 2015). Dual-system theories which incorporate both affective and rational factors may provide a better explanatory framework to explain consumer decision and choice. Dual-system theorists agree that the consumer decision-making process involves two systems. System 1 is experiential, automatic, intuitive and related to affective factors. System 2 is rational, analytic, reflective and related to rational thinking (Chaiken, 1980; Epstein & Pacini, 1999; Evans, 2006; Kahneman & Frederick, 2002; Lieberman, 2003; Strack & Deutsch, 2006). The final decision is made based on satisficing principle between two systems (Evans, 2006). The dual-system theories reflect how people make decisions by incorporating both fast and slow thinking (Kahneman, 2011). Neuroscience research support dual-system theories by providing evidence of two neural systems involved in decision-making: an impulsive, amygdala-dependent system for signalling the pain or pleasure of immediate prospects (i.e., system 1) and a reflective, orbitofrontal-dependent system for signalling the prospects of the future (i.e., system 2) (Bechara, Noel, & Crone, 2006).

2. Rational theories
The rational choice theories are based on the assumption that consumers are rational decision makers and utility maximisers. This view of “consumer-as-rational-decision-maker” has been investigated from two perspectives: the
macro-perspective (i.e. general models) used to study the social-psychological context and the inputs that influence individual decisions; and the micro-perspective (i.e. operational models) for better explaining actual decision-making outcomes (McCabe & Chen, 2015). From the macro-perspective, the earliest and most influential models of consumer behaviour sought to provide a systematic understanding of the consumer buying decision for tangible, manufactured products (Engel, Kollat, & Blackwell, 1968; Howard & Sheth, 1969). According to these early studies, the decision-making process includes a series of well-defined stages: (1) recognition of need, (2) search for information, (3) evaluation of alternatives, (4) choice and (5) post-purchase (Engel et al., 1968). The entire tourist decision-making process has been similarly conceptualised as a multi-phased process: anticipation (planning and thinking about the trip), travel to the site, on-site behaviour, return travel and recollections of experiences (reflection and memory of trip) (Clawson & Knetsch, 1966). However, these macro-perspective models do not describe how consumers evaluate alternatives to make their decision. The complexity and difficulty of their operationalization have resulted in a lack of empirical support for these models (McCabe & Chen, 2015). Other criticisms of such macro-perspective models include their failure to incorporate emotional, social and symbolic influencers on consumer decision-making (Holbrook & Hirschman, 1982), as well as the social characteristics of consumer behaviour and decision-making contexts (Decrop & Kozak, 2009).

From a micro-perspective, there are three different approaches (Table 1): a normative utility approach, the prescriptive cognitive approach (theory of reasoned action and theory of planned behaviour) and the choice-set models (McCabe & Chen, 2015). The first two analyse the decision-making process as an input-output process: the normative approach considers product attributes as input and a decision as output; while the prescriptive cognitive approach uses psychological concepts (e.g. attitude, subjective norms, and behavioural control) as input and intention to purchase as the output. The third type, choice-set models, explain decisions as the result of a filtering process (Smallman & Moore, 2010). The normative and prescriptive models focus on how optimal decisions should be made while a descriptive model (e.g. choice-set) describes how consumers make decisions in a series of steps (Tamura, 2008).

As the tourist decision-making process is unlikely to fit neatly into a single decision theory, recent research tends to apply more than a decision-making theory (Sirakaya & Woodside, 2005). For example, a number of tourism studies explain tourists’ destination choice based on both the TPB and the Lancaster’s Characteristic Utility theory. Tourist attitude toward a destination is calculated by the sum of the attitudes toward experiencing the destination’s perceived attributes (e.g. the likelihood of experiencing each attribute) (Crompton, 1992; Yoo & Chon, 2008). Some aspects of Prospect Theory (Kahneman & Tversky, 1979) such as perceived risk and perceived uncertainty have been integrated into the TPB model to explain the formation of attitudes and behavioural control (Quintal, Lee, & Soutar, 2010). Rational theories have been strongly criticised for neglecting affective factors (Gnoth, 1997;
### Table 1: Different rational approaches in decision-making literature

<table>
<thead>
<tr>
<th></th>
<th>Normative utility</th>
<th>Prescriptive cognitive</th>
<th>Choice-set</th>
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<tr>
<td><strong>Basic assumption</strong></td>
<td>Consumer follows a utility-maximisation principle.</td>
<td>Consumer behaviour is planned. The intention is the antecedent of behaviour.</td>
<td>Consumer follows a funnel-like process to narrow choices until the final decision is made</td>
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<td></td>
<td></td>
<td></td>
<td>Choice-set model (Spiggle &amp; Sewall, 1987)</td>
</tr>
<tr>
<td><strong>Contribution</strong></td>
<td>Explain how consumers should make decisions based on the evaluation of product attributes or characteristics</td>
<td>Consumer behaviour intention is influenced by their beliefs and past behaviour.</td>
<td>- Describe how consumer decisions are actually made</td>
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<td>- Help marketers to define their main competitors</td>
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<tr>
<td><strong>Limitations</strong></td>
<td>Poorly explain consumer decisions under risk or uncertainty (Kahneman &amp; Tversky, 1979)</td>
<td>- Neglect affective factors (Godin &amp; Kok, 1996; Perugini &amp; Bagozzi, 2001)</td>
<td>- Simplifying consumer choices by a binary logic of selecting or rejecting a destination (Decrop, 2010).</td>
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<td>- Do not explain unplanned behaviours (i.e., impulsive purchase)</td>
<td>- Reasons for selecting a destination can differ considerably from reasons for rejecting a destination to the extent that actual choices may be based on a process of elimination rather than of selection (Perdue &amp; Meng, 2006)</td>
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*Sources: Summarised by the authors*
Loewenstein & Lerner, 2003; McCabe & Chen, 2015; Sirakaya & Woodside, 2005). There is neuroscience evident of the affective involvement in decision-making. Patients with orbitofrontal brain damage who cannot process emotional information, have severe impairment in judgments and decision-making in real-life (Bechara, Damasio, & Damasio, 2000; Damasio, 1994). The affect-driven theories in decision-making theories are discussed in the next section.

3. Affect-driven theories

In opposition to the view of “consumer-as-rational-decision-maker”, the perspective of “consumer-as-hedonic-person” highlights the important role of affective factors in the decision-making process (Hyde et al., 1999). Two main approaches have been identified (Table 2): the affect-as-direct-cause and the affect-as-feedback (DeWall, Baumeister, Chester, & Bushman, 2015). The affect-as-direct-cause focus on explaining different influencing mechanisms of experienced emotions at the decision moment including feeling-as-information theory (Loewenstein, Weber, Hsee, & Welch, 2001; Schwarz, 1990) affect priming theory (Forgas, 1995), appraisal tendency theory (Lerner & Keltner, 2000) and the feeling-is-for-doing theory (Zeelenberg et al., 2008). The second approach (affect-as-feedback) argues that people make decisions based on the anticipation of the decision’s affective consequences (Wilson, Lisle, Kraft, & Wetzel, 1989). Important affect-as-feedback theories include regret theory (Bell, 1982; Loomes & Sugden, 1982), disappointment theory (Bell, 1985; Loomes & Sugden, 1986), subjective expected pleasure (Mellers & McGraw, 2001), and emotion-as-feedback theory (Baumeister et al., 2007).

Both the affect-as-direct-causation and the affect-as-feedback approached has provided important findings on how emotions are involved in the consumer decision-making process (Achar, So, Agrawal, & Duhachek, 2016; Lerner et al., 2015). A meta-analysis of research from these two theoretical perspectives shows that anticipated emotions may have more reliable impacts on consumer behaviour than experienced emotions (DeWall et al., 2015). The recognition of both affective and rational factors in the consumer decision-making process leads to the development of dual-system theories. This latest trend of research in decision-making literature will be reviewed in the next section.

4. Dual-system theories

According to dual-system theories, consumers make decisions based two distinct cognitive systems: system 1 is unconscious (preconscious), automatic, rapid, effortless and holistic while system 2 is conscious (rational), controlled, slow, effortful and analytic (Evans, 2008). A number of influential dual-system theories include experiential and rational systems (Epstein & Pacini, 1999), the theory of intuitive and reflective judgment (Kahneman & Frederick, 2002), heuristic and analytic systems (Evans, 2006), reflexive and reflective systems (Lieberman, 2003), reflective and impulsive systems (Strack & Deutsch, 2006), heuristic-systematic model (Chaiken & Ledgerwood, 2011). The dual-system approach is supported by neuroscience evidence of two neural systems described as an impulsive, amygdala-dependent system for signalling the pain or pleasure of immediate prospects and a reflective, orbitofrontal-dependent system for signalling the prospects of the future (Bechara, Noel, & Crone, 2006).
Table 2: Affect-driven approaches in decision-making

<table>
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<tr>
<th>Assumption</th>
<th>Affect as direct causation</th>
<th>Affect as feedback</th>
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<tr>
<td>Experienced affect (e.g., emotions, feelings) influences consumer judgment and decision-making.</td>
<td>Consumer decisions are made based on the anticipation of affective consequences (i.e., anticipated emotions).</td>
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<tr>
<th>Influential theories</th>
<th>Feelings-as-information theory (Schwarz, 1990; Schwarz &amp; Clore, 1996)</th>
<th>Regret theory (Bell, 1982; Loomes &amp; Sugden, 1982)</th>
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<tr>
<td></td>
<td>Appraisal tendency theory (Lerner &amp; Keltner, 2000)</td>
<td>Emotion-as-feedback theory (Baumeister et al., 2007).</td>
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<td></td>
<td>Risk-as-feelings theory (Loewenstein et al., 2001)</td>
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<tr>
<td></td>
<td>Feeling-is-for-doing theory (Zeelenberg et al., 2008)</td>
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<table>
<thead>
<tr>
<th>Contribution</th>
<th>Explaining different mechanisms that experienced affect can influence consumer behaviour</th>
<th>Consumer behaviour can be guided or shaped by anticipated emotions</th>
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| Limitations | If the consumer has formed an appraisal-based impression of the product, the affect that they experience subsequently has a limited impact (Yeung & Wyer, 2004). Emotions do not necessarily lead directly to behavior (e.g., mood-freezing) (Baumeister et al., 2007) | Anticipated emotions are not the only determinants of participants’ decisions. Consumer perception of risk and others’ decisions have direct influences on individual choices independently of their mediating impact on anticipated emotions (Fong & Wyer Jr, 2003) |

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<td></td>
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<td>Kim, Njite, and Hancer (2013)</td>
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<td>Bagozzi, Belanche, Casaló, and Flavián (2016)</td>
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Sources: Summarised by the authors
<table>
<thead>
<tr>
<th>Name of theory</th>
<th>System 1</th>
<th>System 2</th>
<th>Relationship between two systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elaboration likelihood model (Petty &amp; Wegener, 1999)</td>
<td>Peripheral route related to low-effort mechanism</td>
<td>Central route based on relatively extensive and effortful information processing</td>
<td>Default-interventionist</td>
</tr>
<tr>
<td>Experiential and rational systems (Epstein &amp; Pacini, 1999)</td>
<td>Experiential system related to preconscious, rapid thinking</td>
<td>Rational system related to logical thinking</td>
<td>Parallel-competitive</td>
</tr>
<tr>
<td>Intuitive and reflective judgment (Kahneman &amp; Frederick, 2002)</td>
<td>Intuitive system related to affective content</td>
<td>Reflective system related to abstract content based on effortful thinking</td>
<td>Default-interventionist</td>
</tr>
<tr>
<td>Reflexive and reflective systems (Lieberman, 2003)</td>
<td>X-system (reflexive) related to affect and social meaning</td>
<td>C-system (reflective) related to further reasoning</td>
<td>Default-interventionist</td>
</tr>
<tr>
<td>Heuristic and analytic systems (Evans, 2006)</td>
<td>Heuristic process generating representations of problem content,</td>
<td>Analytic process deriving judgments from these representations</td>
<td>Default-interventionist</td>
</tr>
<tr>
<td>Reflective and impulsive systems (Strack &amp; Deutsch, 2006)</td>
<td>Impulsive system operating as a fast and automatic information processing network</td>
<td>Impulsive system related to rule-based reasoning</td>
<td>Parallel-competitive</td>
</tr>
<tr>
<td>Heuristic-systematic model (Chaiken &amp; Ledgerwood, 2011)</td>
<td>Heuristic system focusing on salient and easily comprehended cues derived from well-learned judgmental shortcuts</td>
<td>Systematic system involving careful attention, deep thinking and intensive reasoning</td>
<td>Parallel-competitive</td>
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Source: Summarised by the author
Dual-system theories differ on the role of affect and the interactions between two processes described (Evans, 2008). Firstly, affective factors are explicitly (Epstein & Pacini, 1999; Evans, 2006; Kahneman & Frederick, 2002) or implicitly (Chaiken & Ledgerwood, 2011; Lieberman, 2003; Strack & Deutsch, 2006) linked to System 1. Secondly, dual-system theories can be distinguished based on their “default-interventionist” (Evans, 2006; Kahneman & Frederick, 2002; Lieberman, 2003) versus “parallel-competitive” (Chaiken, 1980; Epstein & Pacini, 1999) assumptions. The dual-system approach has received two main types of criticism: (1) there are multiple kinds of implicit processes described by different theorists and (2) not all of the proposed attributes of the two kinds of processing can be sensibly mapped into two systems as currently conceived (Evans, 2008). There is also an increasing number of marketing research in accordance with dual-system theories. Consumer behaviour is explained by two intervening response systems in parallel: information-processing system related to conventional Cognition-Affect-Behaviour (CAB) paradigm and experiential system related to fantasies and feelings (Holbrook & Hirschman, 1982). The Consciousness-Emotion-Value (CEV) differs from the CAB paradigm by involving three phases of consumption experience: consciousness, emotions and value (Holbrook, 1986). According to the CEV model, emotions shape value in the consumption experience. The influence of both affective and rational factors in consumer decision-making process has been studied in numerous studies by Bagozzi and collaborators (Bagozzi, Baumgartner, Pieters, & Zeelenberg, 2000; Bagozzi, Dholakia, & Basuroy, 2003; Bagozzi, Gopinath, & Nyer, 1999; Bagozzi & Pieters, 1998). The Model of Goal-Directed Behaviour (Perugini & Bagozzi, 2001) and the Model of Effortful Decisions (Bagozzi et al., 2003) incorporate anticipated emotions into the theory of planned behaviours to better explain consumer behaviour.

Sources: Adapted from Kwortnik and Ross (2007)
Based on a grounded-theory study, the Experiential-Decision Model is developed to explain the choice of experiential products by incorporating both experiential (i.e., imagery and emotions) and rational processes (i.e., attribute analysis) (Kwortnik & Ross, 2007).

5. Conclusion

The explanatory power of rational decision-making models has been questioned in case of purchasing experiential products such as vacations (Jun & Vogt, 2013; McCabe & Chen, 2015; M. Pham, 1998; Prentice, 2006; Walls, Okumus, & Wang, 2011). Tourists seek fantasy, feelings and fun in their holidays (Hirschman & Holbrook, 1982; Holbrook, 1986; Holbrook & Hirschman, 1982; Litvin, 2008). These experiential aspects, in turn, have a role to play in tourist decision-making process (Decrop & Snelders, 2004; Goossens, 2000; Kwortnik & Ross, 2007; Prentice, 2006). The development of dual-system theories offers a bigger picture of how both rational and affective factors are involved in tourist decision-making. The application of dual-system theories in tourism research consists of a significant advancement in understanding tourist behaviours. This will help tourism marketers to design and deliver more effective marketing initiatives.

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