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Analysing The Interplay Of Price, Quality, And Brand Image And The Mediating Role Of Tourist Experience In Shaping Tourists' Purchasing Decisions: Strategic Insights For Travel Agencies

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Abstract

The purpose of this study is to investigate the simultaneous interaction of multiple factors (price, quality and brand image) in influencing tourists'purchasing decisions, with a special focus on tourist experience mediating this interaction.The research design involved an extensive literature review, referencing several high-quality studies, focusing on tourism service management, pricing strategies, travel agencies, tourist experience, tourist behaviour, and tourists' purchasing decisions. Data was collected from 320 tourists, using a mixed sampling strategy and analysed using Smart PLS-SEM model. The study found a significant association between product price, product quality, and brand image influencing Indian tourists' purchasing decisions. Significantly, the study confirmed an indirect effect of this association, mediated through tourists' experience. Significant theoretical and practical implications are provided. Thestudyalso providesseveral strategic insights for Indian travel agencies inimproving the tourist experience. Indian travel agencies can improve their competitiveness and better respond to changing tourist decision-making process by implementing these multifaceted strategies.The novelty of this study lies in its multidimensional approach, which goes beyond individual factor analysis to explore the combined effect of key factors driving touristpurchasing decisions.

Keywords:Travel Agency Strategy; Tourist Experience; Tourist Purchasing Decision; Purchase Behaviour; Tourism sector.

Introduction

The pandemic, economic fluctuations, balancing sustainability with growth, and the rise of digital platforms – which have fundamentally changed the way travel is organised and booked – are some of the recent scenarios that have posed challenges to the Indian tourism sector. These changing scenarios have led to a shift in tourists' purchasing decisions, making them more

discerning and cost-conscious. When choosing a destination, tourists are looking for strong brand assurance and high-quality services in addition to affordability. Further, the growing influence of digital media and digital platforms has emphasised the importance of a positive tourist experience, which has further influenced their purchasing decisions (Armutcu*et al*., 2023).

Small travel agencies are particularly affected by these challenges, as they often find it difficult to compete with more established, larger organisations and online travel platforms. The use of online booking platforms and purchasing directly from service providers has led to a decline in revenue for many small travel agencies. To remain competitive, these travel agencies need to change and focus on providing a high-end travel experience that surpasses price-based competition (Ho *et al*., 2024). To foster tourists' loyalty and guarantee long-term viability, it is important to improve the overall travel experience, develop a strong brand image, and provide high-quality services. To properly adjust their strategy to the changing scenarios, travel agencies must have a better understanding of the dimensions influencing tourists' purchasing decisions in a dynamic setting (Pinto & Castro, 2019).

Previous research (such as Pinto & Castro, 2019; Wang *et al*., 2023) has individually examined many aspects of tourists' purchasing decisions, including criteria for choosing a travel agency, the role of word-of-mouth publicity, purchase intentions, and the relationship between corporate image and perceived service quality. Despite that, there is still a lack of information about the simultaneous interaction of multiple factors influencing tourists' purchasing decisions. Furthermore, a comprehensive strategy that considers the mediating function of tourists' experience in influencing tourists' purchasing decisions is also missing in the extant literature (Ho *et al*., 2024). This study aims to bridge the existing gap in the literature by determining the key factors influencing tourists' purchasing decisions and understanding how these factors can be used to improve the overall tourist experience.

The purpose of this study is to investigate the simultaneous interaction of multiple factors (price, quality and brand image) in influencing tourists'purchasing decisions, with a special focus on tourist experience mediating this interaction. Given the challenges faced by the tourism sector, tourist purchasing decisions is changing rapidly, which makes it crucial to explore how travel agencies can adapt their products to meet changing tourist expectations. This study is expected to provide valuable insights for academic research and industry practice by elucidating the key determinants of tourists'purchasing decisions. The novelty of this study lies in its

multidimensional approach, which goes beyond individual factor analysis to explore the combined effect of key factors driving touristpurchasing decisions.

Theoretical Review And Hypothesis Development

Tourism Product Pricing

Price refers to the amount a customer pays for a good or service, including list price, discounts, and payment terms (Armstrong *et al*., 2020). Pricing is essential in the tourism sector because tourists prioritise getting the best deal. When it comes to travel agency services, tourists place emphasis on cost and convenience. However, tourists' purchasing decisions are influenced by factors such as service quality, product variety, and pricing (Godovykh&Tasci, 2020). These studies observed that product pricing can improve tourists' experience and purchasing decisions.

Tourism Product Quality

Tourists' risk perception is largely influenced by tourism products, such as physical facilities, services, hospitality, choices, and interactions (Antari*et al*., 2023). Travel agencies can differentiate themselves in a competitive marketplace and customise their offering by knowing the essential characteristics of their products (Pinto & Castro, 2019). Prior research has pointed out three crucial factors that tourists take into account when selecting tourism products - the type of accommodation, mode of transportation, and quality of food. Travel agencies must strike a balance between tangible and intangible elements of their offerings to produce a memorable tourist experience (Chen & Rahman, 2017). Previous research (e.g., Jasrotia*et al*., 2023; Sharma and Sharma, 2022) demonstrates that tourism product quality significantly influences tourists' purchasing decisions and improves their travel experience. These studies highlight that the quality of tourists' experience, which is directly linked to the tourism product quality, takes priority over the quality of services.

Brand Image

Brand image refers to the perceptions and associations consumers have about a brand, which are stored in their memory and give meaning to the brand (Isoraite, 2018). Consumers' opinions about an organisation and their decision to make a purchase will be positively influenced by its brand image. Brand associations, trust, distinctive benefits, reputation, visibility, and dedication to consumer service are some of the elements that help build brand image (Shams *et al*., 2024). Previous research in the tourism sector (such asMody*et al*., 2017; Nasri*et al*., 2023)has

consistently demonstrated that brand image significantly improves tourists' experiences and purchasing decisions.

Tourist Experience

Consumer experience refers to the totality of proactive, affective, visceral, and cognitive reactions to all stimuli experienced before, during, and following a service (Godovykh&Tasci, 2020). It is the result of cooperation between different service components and consumers. Prior research highlights that happy customers are more likely to repurchase (Chatzoglou*et al*., 2022). Even positive pre-consumption expectations considerably improve post-purchase perceptions (Schiebler*et al*., 2025). Prior research in the tourism sector has consistently demonstrated that tourists' experiences positively influence their purchasing decisions.

Tourist Purchasing Decision

Tourists' purchasing decisions are complex processes that are influenced by many psychological, cultural, and personal factors (Armstrong *et al*., 2020; Ho *et al*., 2024). Travel agencies seeking to successfully satisfy the tourists' needs and preferences must have a full understanding of these complex factors. Tourists' purchasing decisions have changed dramatically in recent years due to the changing landscape. Recent studies have highlighted that adapting to the changing landscape and using digital platforms is necessary to build alliances and a positive reputation. In addition, tourists' purchasing decisions are significantly influenced by the trust built through these platforms (Mele*et al*., 2023).

Research Hypotheses

Drawing on the positive findings of previous studies and considering the objectives of this study, the following hypotheses are proposed:

H_{01} –Tourism product price has a positive impact on tourists' purchasing decisions.

H_{02} –Tourism product quality has a positive impact on tourists' purchasing decisions.

H_{03} –Brand image has a positive impact on tourists' purchasing decisions.

H_{04} –Tourism product price has a positive impact on tourists' experience.

H_{05} –Tourism product quality has a positive impact on tourists' experience.

H_{06} –Brand image has a positive impact on tourists' experience.

H_{07} –Tourists' experience has a positive impact on tourists'purchasing decisions.

Theoretical Framework

The theoretical foundation of this study is based on the theory of consumer behaviour, especially as applicable to the tourism sector. To provide a solid foundation for this study, the following comprehensive theoretical framework showing the relationships among the variables was developed –

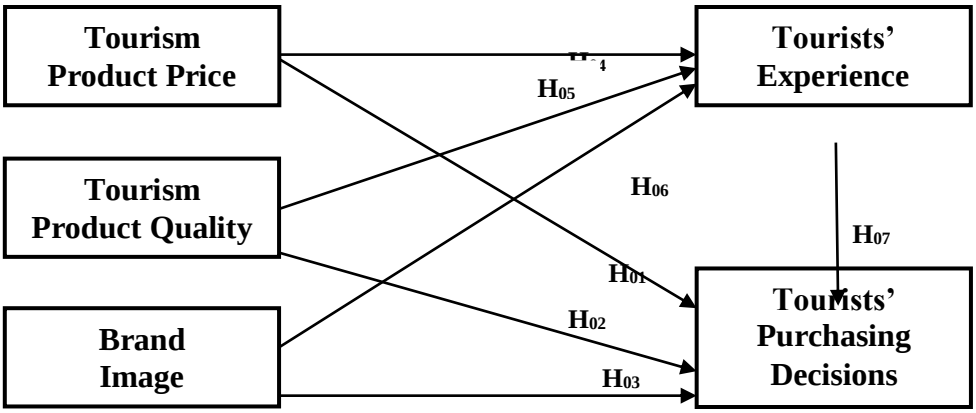

Fig. 1 –Theoretical Framework for the Study

Research Methodology

Research Design

This study analyses the interactive effects of price, quality, and brand image and the mediating role of tourist experience in influencing tourists' purchasing decisions. The research design involved an extensive literature review, referencing several high-quality studies, focusing on tourism service management, pricing strategies, travel agencies, tourist experience, tourist behaviour, and tourists' purchasing decisions.

Sampling Technique

To ensure effective data collection, a mixed sampling strategy was used, combining convenience sampling and random sampling techniques. The study focused on experienced tourists who had previously purchased travel services or tour packages and was carried out in Jaipur city between November 2024 and February 2025. To minimise selection bias, the sampling process was divided into two stages: convenience sampling was carried out in popular tourist destinations and shopping centres, followed by random selection of voluntary participants.

Designing Data Collection Tool

An in-depth literature review of high-quality studies served as the basis for the development of a structured survey. The survey instrument consisted of a total of 24 items. The initial part of the survey instrument asked demographic questions about gender, age, education, and frequency of

use of travel agency services. Subsequently, Likert-scale items were used to evaluate key constructs such as price, quality, brand image, tourist experience, and purchasing decisions. Responses were measured on a 5-point Likert scale, ranging from strongly disagree (1) to strongly agree (5).

Data Collection

A total of 388 questionnaires were distributed on-site to the tourists. After removing incomplete responses, 320 fully completed surveys were retained, resulting in a response rate of 82.5%.

Data Analysis Techniques

This study adopted the partial least squares structural equation model (PLS-SEM) and used Smart PLS 3.0 to analyse the data. PLS-SEM is particularly suitable considering the complex structure of the model involving multiple variables and indicators.

Measurement Model Evaluation

The reflective measurement model was evaluated by examining external loading, composite reliability, average variance extracted, and discriminant validity to determine the validity and reliability of the constructs and to ensure uniqueness between variables. Subsequently, this study used the PLS method to test seven hypotheses. Each hypothesis was analysed to determine the relationship between the key variables in the model, thereby understanding how different factors shape tourists' purchasing decisions.

Analysis And Results

Demographic Analysis

This study examines the demographic characteristics of the respondents, including gender, age, education level, and frequency of using travel agency services. Knowing these characteristics makes it easier to understand the patterns and preferences of different tourist demographics. The results of the demographic analysis are summarised in the following table –

Table 1 shows that male and female respondents accounted for 53.7% and 46.3% respectively, indicating that the gender distribution of users of travel agency services is relatively balanced. The ages of the respondents are concentrated in group 33-48 years (45.0%), followed by 18-33 years (34.1%), and the remaining 20.9% of the respondents are over 48 years, indicating that the users are mainly young and middle-aged. From the analysis of the educational level, it was found that users generally have a high level of education. The frequency of using travel agency services

is mainly 3-4 times (44.4%), followed by 1-2 times (37.2%), and only 18.4% of people are frequent users, indicating that occasional use is more common.

Table 1 – Results Of Demographic Analysis

Demographic Characteristics (N=320)		**Count**	**Percent (%)**
Age	18-33 years	109	34.1%
	33-48 years	144	45.0%
	Above 48 years	67	20.9%
Gender	Female	148	46.3%
	Male	172	53.7%
Education	Up to Bachelor's	135	42.2%
	Master's and Ph.D.	96	30.0%
	Professional Degree	89	27.8%
Frequency of using Travel Agency Services (in last 1 year)	1-2 times	119	37.2%
	3-4 times	142	44.4%
	5 or more times	59	18.4%

Statistical Analysis of Data

First, the convergent validity of the model was assessed by examining the factor loadings, average variance extracted (AVE), and composite reliability (CR). The reliability of the model was assessed by examining the Cronbach alpha coefficient. The following table summarises the results of the reliability and validity of the constructs

The model evaluation results presented in Table 2 show that the factor loading of each item exceeds the standard recommended value of 0.7, as proposed by Hair *et al*. (2014); the Cronbach's alpha coefficient of each construct also exceeds the standard recommended value of 0.7, as proposed by Bagozzi& Yi (1988); the average variance extracted by each construct exceeds the standard recommended value of 0.5, as proposed by Hair *et al*. (2013); and the composite reliability value of each construct also exceeds the standard recommended value of 0.7, as proposed by Chin *et al*. (2008). These results confirm that the measurement model has sufficient convergent validity.Subsequently, discriminant validity was assessed by examining the correlation coefficients between the constructs, and the following results were obtained

It can be observed from the results presented in Table 3 that the square root of the average variance extracted (AVE) of each construct exceeds the corresponding correlation coefficient of

the construct. These results confirm that the measurement model has sufficient discriminant validity.Subsequently, the study used 5,000 bootstrap iterations to determine the statistical significance of the item weights and path coefficients. The results and structural model are shown in Figure 2 below –

Table 2 –Results Of Reliability And Validity Analysis

Constructs	Items	Factor Load (>0.7)	Alpha Coeff. (>0.7)	AVE (>0.5)	CR (>0.7)
Product Pricing	PP1	0.768	0.847	0.694	0.882
	PP2	0.839			
	PP3	0.847			
	PP4	0.802			
Product Quality	PQ1	0.764	0.852	0.633	0.875
	PQ2	0.772			
	PQ3	0.825			
	PQ4	0.841			
	PQ5	0.713			
Brand Image	BI1	0.729	0.804	0.628	0.859
	BI2	0.810			
	BI3	0.853			
	BI4	0.736			
Tourist Experience	TE1	0.758	0.756	0.671	0.842
	TE2	0.844			
	TE3	0.794			
Purchasing Decisions	PD1	0.769	0.819	0.636	0.867
	PD2	0.832			
	PD3	0.827			
	PD4	0.761			

Table 3 –Discriminant Validity Analysis Through Examining Correlation Coefficients

Constructs	1	2	3	4	5
Product Price	**0.833**				
Product Quality	0.268	**0.796**			
Brand Image	0.162	0.394	**0.792**		
Tourist Experience	0.275	0.607	0.443	**0.819**	

Purchasing Decisions	0.437	0.686	0.469	0.781	**0.797**

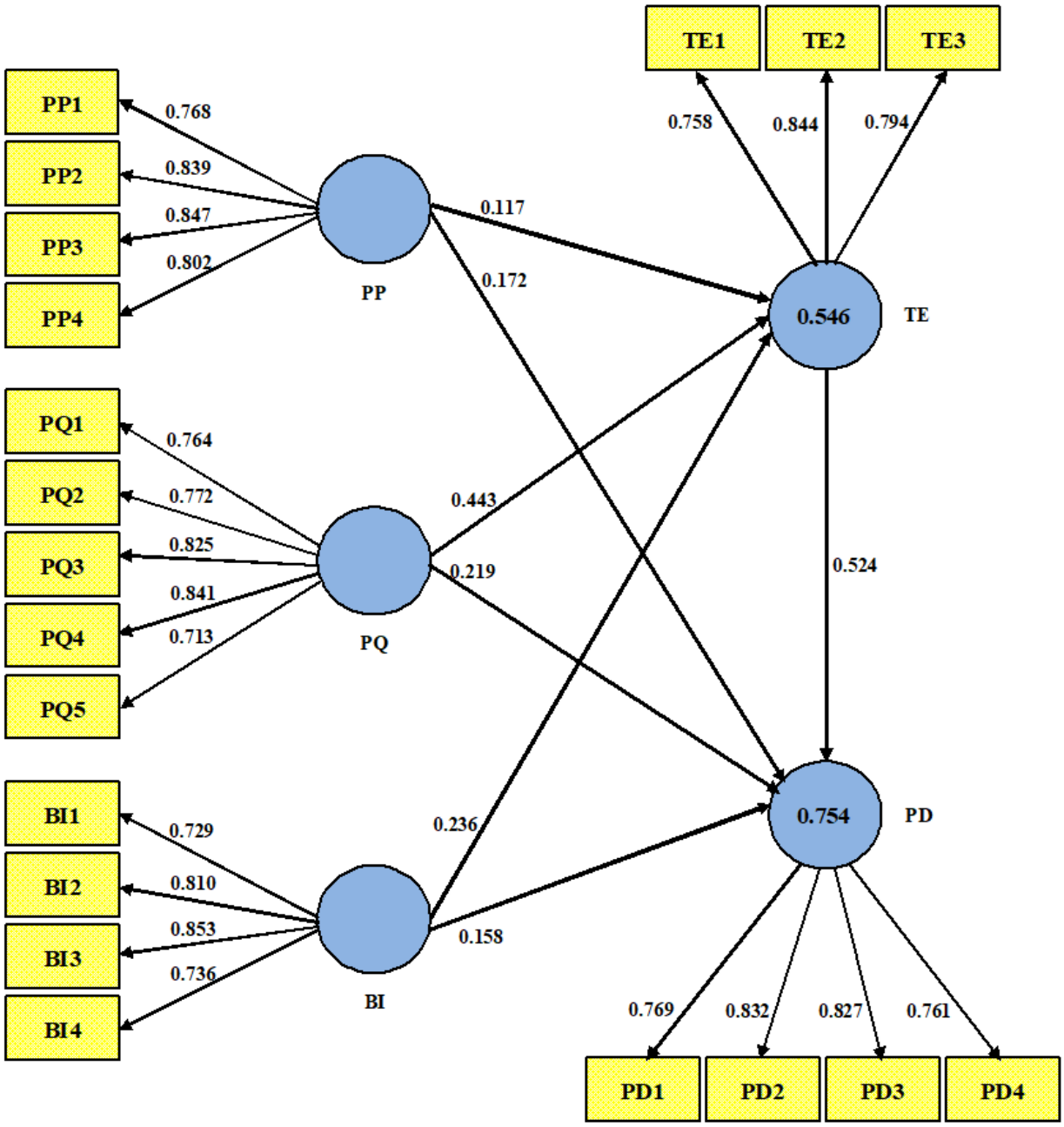

Fig. 2–Structural Model of the Study

In addition, the explanatory power of the predictor variable on each construct was evaluated based on R^2, and the prediction level of the variable was evaluated based on Q^2. The results are shown in Table 4 below. The results show that product price, product quality, and brand image

substantially explain 54.6% and 75.4% of the variation in tourists' experience and purchasing decisions, respectively.Q^2 for tourists' experience and purchasing decisions, obtained using the cross-validation redundancy procedure, are 0.354 and 0.497, respectively. This indicates acceptable prediction relevance and moderate prediction accuracy.Lastly, the PLS method tested the proposed hypotheses, and the results are shown in Table 5 below –

Table 4 – Results of Explanatory Power (R^2) and Prediction Level (Q^2)

Endogenous Latent Constructs	Explanatory Power (R^2)	Prediction Level (Q^2)
Tourist Experience	0.546	0.354
Purchasing Decisions	0.754	0.497

Table 5 – Results Of Hypotheses Testing

Hypothesis	Paths	Path Coeff. (β)	SD	*t*-score	*p*-value	Results
H_{01}	PP → PD	0.172	0.029	5.514	.000	Significant
H_{02}	PQ → PD	0.219	0.045	5.039	.000	Significant
H_{03}	BI → PD	0.158	0.028	2.833	.002	Significant
H_{04}	PP → TE	0.117	0.036	2.717	.003	Significant
H_{05}	PQ → TE	0.443	0.046	8.304	.000	Significant
H_{06}	BI → TE	0.236	0.041	5.168	.000	Significant
H_{07}	TE → PD	0.524	0.049	9.225	.000	Significant

Table 5 shows that the *p*-values for all the structural paths were below the threshold of $p = .05$. Hence, all the hypotheses were supported, indicating that the paths in the structural model were statistically significant.

Discussion Of Results

This study analyses the interplay of product price, product quality, and brand image in shaping tourists' purchasing decisions and the role of tourist experience in mediating this association. The results confirm a strong association between these constructs and tourists' decision-making process, which has important theoretical and practical implications.

The analysis shows that product price significantly affects tourists' purchasing decisions ($\beta = 0.172$; $p < .05$). Price can affect consumer perception and is a measure of quality and value, which is consistent with signalling theory. Tourists are also influenced by competitive pricing and promotional incentives (such as gifts, discounts, etc.) when choosing a travel agency (Hassan & Saleh, 2024; Pinto & Castro, 2019).

Consistent with earlier studies, the analysis shows a strong positive association between product quality and tourists' purchasing decisions (β = 0.219; $p < .05$). Safety precautions, informed staff, and high-quality products can improve tourist satisfaction, reduce perceived risk, and enhance tourist trust (Zou & Yu, 2022). According to the perceived risk theory of consumer behaviour, quality control can improve trust in tourism-related services.

In addition, purchasing decisions are significantly influenced by brand image (β = 0.158; $p < .05$). A strong brand image can enhance tourist trust and confidence, highlighting the importance of brand equity in the tourism sector. Purchasing decisions are ultimately influenced by favourable brand perceptions, which in turn are influenced by agency resources, service quality, and positive reviews (Wang *et al*., 2023).

Furthermore, the study found that product price (β = 0.117; $p < .05$), product quality (β = 0.443; $p < .05$), and brand image (β = 0.236; $p < .05$), all improve tourist experience. Consumer experience theory, which focuses on the impact of interactionsof varied factors on overall satisfaction, is consistent with these findings.

Tourists' purchasing decision is most easily predicted by their tour experience (β = 0.524; $p < .05$), highlighting the importance of sensory cues, brand reputation, speed, and decision flexibility. This relationship can be explained by the stimulus-organism-response (S-O-R) model, which posits that favourable purchase decision arises from positive experiences influenced by product attributes and the travel agency's reputation (Hochreiter*et al*., 2023).

Overall, this study presents a detailed model of how tourists make purchasing decisions and confirms the mediating role of the tourist experience. The findings highlight the importance of strategic product attributes in enhancing tourist experience and purchasing decisions, filling a gap in previous research in the tourism sector.

Conclusion

The study found a significant association between variables influencing Indian tourists' purchasing decisions. The most crucial among these was the tourist experience, which had a direct bearing on tourists' choices. Product price, product quality, and brand image all have a significant impact on tourists' experience and purchasing decisions. The results demonstrate how improving the tourist experience can reduce the gap between product attributes and tourists' purchasing decisions. To adapt to the changing needs of tourists, Indian travel agencies should place a high priority on improving the overall tourist experience.

These findings provide important insights for Indian travel agencies. They should use strategies to improve the tourist experience as it has a significant impact on tourists' purchasing decisions. To reap benefits from the findings, travel agencies should strive to increase service quality through regular inspections, train employees, use AI to deliver personalised services, and foster emotional engagement through unique travelling experiences. Digital platforms, quick response systems, local collaborations, loyalty schemes, and eco-friendly operations can also support travel agencies to gain benefits, through increased sales, lasting customer loyalty, and unforgettable tourist experiences.

Despite its significant contributions, this study also has some limitations. The convenience sampling approach limits how widely the results can be applied. To increase reliability, future research should use more representative sampling techniques. This study looked at only a small region; expanding its reach to other regions could reveal how tourist decisions vary by region. A deeper understanding of tourists' purchasing decisions over time would be possible with more interviews and long-term research. By addressing these issues, future studies may be able to better understand tourists' purchasing decisions and promote the development of Indian tourism.

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