

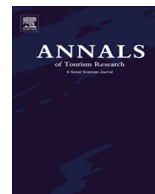


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Preventing tourists from canceling in times of crises



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ABSTRACT

Tourism destinations experiencing a crisis are vulnerable to trip cancellations and sudden drops in demand. Little is known about trip cancellations and how to prevent them. Specifically, it is unclear whether the effectiveness of different prevention approaches varies across crises and tourists segments. Using a conjoint design, the present study investigates the comparative stated effectiveness of different prevention approaches in situations where different crises hit a destination. Results indicate that certain prevention actions indeed have the potential to reduce cancellations. The most effective approach is change of accommodation—especially so when combined with an upgrade—followed by information updates and finally the provision of security devices or security staff. The effectiveness of approaches varies across tourists and crises.

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Introduction

Extreme event circumstances can have devastating effects on regions heavily reliant on tourism. For example, tourism is Indonesia's growth engine and the second largest foreign exchange earner after oil and gas (The World Bank, 2004). On 12 October 2002, the Bali bombings caused the single

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largest drop in international tourism demand in the history of this island (Darma Putra & Hitchcock, 2006). The number of tourist arrivals in the six months following the Bali bombings declined to less than half (43%) of the number of arrivals in the six months prior to the bombing (Pambudi, McCaughey, & Smyth, 2009). By 21 October, 40% of the Australian bookings with the national carrier Garuda were canceled and 2,000 tourists shortened their holiday (Henderson, 2003). Hotel occupancy dropped sharply and many tourism-related jobs were cut (Hitchcock & Darma Putra, 2005). The World Bank (2004) estimates that one-third of workers were affected by job losses and up to three-quarters of hotel workers were either working on reduced shifts or were temporarily redundant.

Recently, the terrorist attack in Tunisia led to the evacuation of tourists by major holiday agencies as well as cancellation of all bookings in the ten days following the attack (Burrows & Hutchinson, 2015; Calder, 2015). Cancellations of bookings made for the entire summer season were facilitated free of charge (Calder, 2015). The tourism industry is an important economic driver in Tunisia, contributing more than 15% to the country's GDP and supporting 14% of total employment (The World Travel & Tourism Council, 2015).

According to Sönmez (1998), terrorism and political instability are strongly linked and both have devastating effects on tourism. Terrorism takes place quickly and is immediately and intensely covered by media. Political instability has long-term effects representing "an enduring barrier to international tourism" (Sönmez, 1998, p.421). For example, the Middle East is considered risky due to ongoing conflicts in the region (Mansfeld, 1996; Sharifpour, Walters, & Ritchie, 2014). International tourist arrivals to this region have been adversely affected (Hall & O'Sullivan, 1996; Mansfeld, 1996). The average annual growth of international tourist arrivals (2005–2013) in the Middle East (4.5%) is less than that of other emerging regions including the Asia Pacific (6.2%) and Africa (6.1%) (UNWTO, 2014).

The 2011 Christchurch earthquake—the second deadliest natural disaster to hit New Zealand—has also adversely affected the local tourism industry. Annual international tourist demand in Canterbury dropped by 73% (Christchurch & Canterbury Tourism, 2012; Orchiston, Prayag, & Brown, 2016). Tourism is the third largest economic sector in the Canterbury region (Christchurch & Canterbury Tourism, 2012) and the loss of income due to cancellations and fee refunds forced many businesses to seek government assistance (Becken, 2013).

According to Hall (2010), financial and political crises have had the strongest effects on international tourist arrivals between 1970 and 2010. Natural disasters have also been consistently identified by researchers as a risk factor affecting travelers' decisions (Law, 2006). The present study focuses on political instability, natural disasters and terrorism and asks how these crises affect travelers' decision making. Little is known about why tourists cancel bookings and even less how this can be prevented. The present study contributes to filling this knowledge gap. Specifically, the following research questions are investigated:

- (1) Can cancellations due to crises at the destination be prevented?
- (2) Does the effectiveness of prevention approaches depend on the nature of the crisis?
- (3) Does the effectiveness of approaches vary across tourists?

Findings contribute to filling a critical knowledge gap in tourist decision making. They also enable destination managers and marketers to manage a crisis event more effectively and target appropriate groups of people with specific strategies to prevent them from canceling.

Literature review

The tourism literature identifies a number of risks associated with tourism including terrorism, natural disasters, political instability, health, crime, financial, and social risks (Faulkner, 2001; Maser & Weiermair, 1998; Roehl & Fesenmaier, 1992; Sönmez & Graefe, 1998a, b). Tourists choose to travel to low risk destinations or destinations perceived to be less risky (Law, 2006; Sönmez & Graefe, 1998b). Tourists perceive travel risks differently (Floyd & Pennington-Gray, 2004). Asian tourists, for example, perceive risks and their magnitude of threat higher than Western tourists (Law,

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