



Tourists' temporal booking decisions: A study of the effect of contextual framing



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H I G H L I G H T S

- This research is among the first to seek to understand better the temporal determinants of tourists' choice decisions.
- As suppliers of tourism services benefit from early booking behaviour, such knowledge is of significant value.
- Prospect Theory can be applied successfully to the study of tourists' temporal decision-making.
- Different approaches to message framing can influence the timing of tourists' choices.
- Positively framed messages elicit more early booking decisions than negatively framed messages.

A R T I C L E I N F O

Article history:

Received 11 November 2016

Received in revised form

8 September 2017

Accepted 16 September 2017

Keywords:

Temporal booking

Framing

Risky-choice framing

Attribute framing

Prospect theory

A B S T R A C T

Travellers make booking decisions under uncertainty. They may book early and get a discount, but then find they cannot travel at the later time. Or they may wait until the last minute, and perhaps miss out altogether. Prospect Theory introduced framing (presentation of messages emphasising loss or gain) to investigate decision-making under uncertainty. In other studies a loss (negative) frame has been found to be more effective than a gain (positive) frame when decision-makers were given a choice. Since tourism providers benefit when travellers make early bookings, three studies using framing were performed to see what kind of framing was more effective in persuading travellers to book in advance. Two different kinds of framing were adopted: risky choice and attribute framing. The results of the three studies confirm the predictions of Prospect Theory, and suggest ways of managing tourism campaigns to encourage advance booking.

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1. Introduction

Life is full of socially and economically risky decision-making (Gong et al., 2015, p. 411).

The traveler's risk preferences might indeed matter and might have important practical implications. (Schwartz & Chen, 2009, p. 195, p. 195)

The quotations above succinctly state the theme of this article: decision-making under risk and uncertainty, minimising losses and maximising gains for both the tourist and the tourism provider. What is better for the tourism consumer — to book early, often taking advantage of early bird discounts, or to book later, when potential disadvantages such as bad weather, political discord or money exchange rates are better known? For travellers, this issue of uncertainty can create anxiety (Reisinger & Mavondo, 2005), and may consequently affect their planning and booking behaviour as they contemplate the risks and weigh up the gains (advantages) and losses (disadvantages) of whether to book early or leave it until later. For tourism marketers and providers, this uncertainty creates a different kind of anxiety — how best to encourage early booking,

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to avoid empty plane seats and hotel beds, and unused capacity for organized tours and events?

Travellers often face the dilemma of whether to make all bookings in advance or deliberately delay some decisions to the last minute or until the holiday is under way. A traveller's timing of booking decisions, whether taken before the departure or at the destination, can potentially be influenced by many factors. By booking in advance, holiday-makers avoid the risk of potential unavailability, especially of transportation and accommodation (Stewart & Vogt, 1999), at popular visitor attractions. On the other hand, if they delay booking until just before departure, they might benefit from exceptional last-minute deals, although by leaving it too late they run the risk of missing out altogether. A potential traveller can face other timing dilemmas. On the one hand, if holiday activities are researched and booked ahead, valuable leisure time can be saved which might otherwise be taken up in investigating and deciding among different choices at the destination; but on the other hand, if decisions are postponed until the holiday has commenced, travellers can vary their itinerary and activities to suit new circumstances such as weather conditions or an attractive option learnt about after their arrival.

Tourism providers have several strategies available to promote early booking. But the question remains: what can they do to persuade tourists to take advantage of those early booking promotions? A holidaymaker tends to weigh the costs and benefits of alternatives before deciding. Marketers can influence decisions in their favour and potentially encourage more early booking by effectively presenting promotional messages, especially by using the presentation method called framing.

The aim of this research is to provide some insights into this aspect of travel decision-making. It explores how tourism marketers might influence tourists' booking choices through the way information is presented, particularly information that addresses tourists' dilemmas regarding risks, losses and gains.

The article begins with a brief account of framing. It discusses the meanings and implications of gains and losses in the context of framing, and then gives the details of the experiments using framing: first, risky choice framing (two experiments), and second, attribute framing (one experiment).

2. Theory

2.1. Framing

Framing was operationalised by Kahneman and Tversky (1979) in Prospect Theory (hitherto referred to as PT) as the presentation of information to produce different consumer effects (Kahneman & Tversky, 1979; Levin, Schneider, & Gaeth, 1998; Tversky & Kahneman, 1981). Kahneman and Tversky (1979) used the construct to show how seemingly simple, almost unnoticeable changes in the wording of decision questions can lead to totally different preferences known as framing effects (Freling, Vincent, & Henard, 2014; Kahneman & Tversky, 1979; Kühberger, 1995) or 'preference orders' (Kühberger & Tanner, 2010 p. 314). In particular, Kahneman and Tversky studied framing options in terms of losses and gains under uncertainty.

Framing has been researched and applied in many different fields including social psychology, health promotion, clinical psychology, finance and marketing (Kühberger, 1998). In tourism, framing research and analysis explores how the mass media and advertising use framing to create definitions and images of holiday destinations (e.g. Dell'Orto, Dong, Schneeweis, & Moore, 2004; Santos, 2005; Pan, Tsai, & Lee, 2011), or to facilitate discussion on conflicts (e.g. McLennan, Becken & Moyle, 2014 on tourism vs. mining; Wardell-Johnson et al., 2015 on tourism vs. the

environment). Articles discussing framing that emphasise tourist risk and uncertainty include Daye (2014) on how UK newspapers framed Hurricane Ivan, and Lee, Wright, O'Connor and Wombacher's (2014) comprehensive review of medical tourism framing. Among the hundreds of empirical framing studies that have been conducted, the majority demonstrate that the predictions of PT hold.

The literature yields some research on tourism booking behaviour (especially Schwartz, 2008, 2012; Schwartz & Chen, 2009). However, the current researchers could find nothing on how framing analysis can be applied to booking behaviour. To address the gap, this article describes three experiments using two of the framing paradigms: two experiments using risky choice framing (Kahneman and Tversky's original construct, 1979), and one using attribute framing (one of the framing variations defined by Levin et al., 1998).

2.2. Risky choice framing

Kahneman and Tversky's (1979) proposition that choices in decision-making should be conceptualised as gains or losses led them to broad-reaching discoveries. First, they found that people generally tend to give less weight to *probable* outcomes of gains or losses than they do to *certain* outcomes. This is known as the certainty effect. Second, they found that the certainty effect led to risk-aversion or risk-seeking: people tend to be risk averse (that is, avoid making risky choices) in situations providing sure gains, and are more inclined to take risks in situations involving sure losses. The many framing experiments conducted by Kahneman and Tversky (1979) and Tversky and Kahneman (1981) exemplify these effects. In each experiment, participants were presented with a hypothetical vignette and asked to decide between two options. The phrasing of one option suggested a certain outcome with no risk (a riskless 'sure thing', Levin et al., 1998, p. 52); the other suggested an uncertain outcome with a calculated probability of risk (a risky, 'all-or-none option', Levin et al., 1998, p. 52). Examples of recent studies showing the influence of risky choice framing include Koetse and Brouwer (2016), Laing (2016), Schneider, Kauffman, and Ranieri (2016), Mitchell, Bakewell, Jackson, and Heslin (2015), and Mays and Tercyak (2015).

Levin et al.'s diagram of risky choice framing (Fig. 1) illustrates its major feature, namely that the majority of decision-makers are more risk averse (less willing to take a risk) when the framing emphasises sure gains (Levin et al.'s 'positive frame') than when the framing emphasises any loss ('negative frame').

2.3. Losses loom larger than gains

Loss aversion is explained by Tversky and Kahneman (1981, p. 456) as 'losses loom larger than gains'. As described above, a large number of studies into framing effects over the past few decades have found that 'people are more likely to act when presented with a choice expressed in terms of the negative consequence of not acting on it, relative to the positive consequence of acting on it' (Gamliel & Herstein, 2012, p. 1229). Research has consistently identified the stronger impact of negative over positive information while investigating how people process information, from its introduction to its later recall (Pratto & Oliver, 1991; Peeters & Czapinski, 1990; Ito, Larsen, Smith, & Cacioppo, 1998; Meffert, Chung, Joiner, Waks, & Garst, 2006; and many others).

According to PT, the perceived value of every possible outcome, let's say a \$4000 gain, is not equivalent to the actual value: the difference between \$0 and \$4000 in subjective value is very large; the difference between \$4000 and \$8000 is the same in actual value, but in subjective value it is smaller (Moss, 2009). Moreover,

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