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ACADEMIC WEEKLY DIGEST

YOUR WEEKLY DIGEST OF KEY RESEARCH FINDINGS



WHAT ARE THE DYNAMIC EFFECTS OF RISK ATTITUDES ON TOURISM DECISIONS?

People's risk attitudes vary by age and generation and change over time. The impacts of risk attitudes on tourism decisions are not static.

Professor Gang Li and colleagues extended tourism demand research by focusing on how an important psychological factor, risk aversion, affects tourism participation and expenditure, and decomposing the effects of three time-related factors: age, period, and birth cohort.

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RISK AVERSION AND TOURISM CONSUMPTION: A HIERARCHICAL AGE-PERIOD-COHORT ANALYSIS

Prof Gang Li

Tourism is subject to various risks by nature. The intricate relationship between tourism and risk suggests the necessity of having a comprehensive understanding of the impacts of risk factors on travel decisions and tourist behaviour. By far, little is known about the temporal dynamics of risk aversion in travel decisions.

This study aimed to bridge some gaps in the literature by investigating the impact of risk aversion on both stages of the travel decision process (i.e., travel propensity followed by tourism consumption), taking account of individual differences. In addition, this study was the first to evaluate the dynamic effect of individuals' risk aversion on tourism decisions across age, cohort and period. For the first time in the tourism literature the hierarchical age-period-cohort analysis was combined with the Heckman model to pursue the above investigation.

The empirical study was based on five waves of China's national Household Financial Survey. Findings suggest that risk aversion more powerfully affected older household heads, women, and individuals with higher education and less household income in deciding whether to travel. The findings have important implications to tourist destinations and tourism service providers. Firstly, where tourism risks are of particular concern, marketing resources should focus on targeting less risk-averse and more risk-tolerant tourists. Secondly, tourism service providers should tailor their efforts in developing products and services in accordance with different risk profiles, including providing multiple options of add-on elements (e.g., travel insurance) or booking cancellation policies.

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Lin, V. S., F. Jiang, G. Li and Y. Qin (2023). Impacts of risk aversion on tourism consumption: A hierarchical age-period-cohort analysis. *Annals of Tourism Research*.

Link: bit.ly/3Q3wdpa