

# FINANCIAL EFFECTS DUE TO PERCEPTION RISK ON THE JOURNEY INTENTIONS DURING CRISIS IN ROMANIA

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## **Abstract**

*This study was conducted in November 2008 and it examined the relationship, between perceived risk and travel intentions, among young residents in the Constantza city area during the period of crisis. The study found that intentions to take a pleasure trip in the next 12 months (at the time of the survey) were related to safety concerns, perceived social risk, travel experience and money income. Data for this study were obtained through a survey of households in the Constantza city area. Travel intention, the dependent variable, was measured by asking respondents if they intended to take a pleasure trip in the next 12 months. A set of risks, like financial risk, health risk, physical risk, crime risk, terrorism risk, social risk, psychological risk and risk of natural disasters, was introduced as independent variable. Examining risk perceptions, risk factors and variables, travel experience emerged as the most significant predictor of travel intentions and suggests that past experience might override one's perception of risk. Results from the study hold potential for better understanding risk perceptions and their impact on travel behavior and on the marketing of travel services, during periods of uncertainty as during crisis.*

**Keywords:** social risk, travel experience, marketing, travel services, risk perception

**JEL Codes – G40**

## **1 Introduction**

Travel and tourism are the world's largest industries and also represent the top three industries in many countries. International tourism is concentrated in Europe 50%, 20% America, East Asia 15% Africa 3%, Middle East 2% and South Asia less than 1%. The main countries issuing travel are Germany, USA, France, Canada, Holland, Belgium, Luxembourg, Italy, Japan, and Switzerland. As countries receiving tourists one could name: France, Spain, USA, Italy, China, Hungary, Mexico, Poland and Austria.

“Arrivals in the establishments of tourists' reception in June 2018 amounted to 1.208 million people, of which 75.7% were Romanian tourists and 24.3% foreigners - 74.1% of the latter being Europeans.

The overnight stays in the tourist accommodation facilities in June 2018 amounted to 2.7 million, of which 79.3% were Romanians and 20.7% were foreigners - 71.8% of the latter were Europeans.

The average length of stay, in June 2018, was 2.3 days for Romanian tourists and 1.9 days for foreign tourists.

Moreover, in June 2018, arrivals of foreign visitors to Romania totaled 1.132 million, 3.1% more than in June 2017. Of this total, 43.8% came from the European Union, from countries such as Bulgaria, Hungary, Germany, Great Britain or France.

And the departures of Romanian visitors abroad were in June 2018, higher than in the same period last year, with 4.6%, totaling 1.894 million.

Between January 1 and June 30, 2018, arrivals in tourist accommodation establishments were 4.1 percent higher than in the same period last year, amounting to 5.264 million. And the overnight rate increased by 2.5%, totaled 10,360 million. The average length of stay during this time period was 2 days for Romanian tourists and 1,9 days for foreign tourists” (Ionescu, 2018).

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## 2 Options of our time

The ability to tolerate (or perhaps even enjoy) risk varies between individuals. The same set of circumstances produce excitement in one individual but fear in another. The perception of the likelihood of a risk being realized, and assessment of its consequences, also varies between individuals.

The extremely personal nature of risk perception affects an individual's perception of what constitutes an adventurous experience.

Specialty literature has focused on risk factors for tourism. These risk factors are: „war and political instability, health, social factors, crime, terrorism and natural disasters”.(Myron F. and all, 2003)

Out of these risks, terrorist attacks and political instability have the most influence on travel intentions (Sömez and Graefe, 1998). Sömez suggests that even experienced travelers when faced with the risks of terrorism tend to generalize the problem to other countries in that region and choose safer alternatives.

In the last couple of years, the influence of natural disasters on travel intentions was carefully studied (Faulkner, 2001; Mazzocchi and Montini, 2001).

The first studies conducted to identify risks associated with travel intentions were based on consumer behavior models. Un american author, analyzed these „types of risks: financial, physical, psychological, social and factors related to satisfaction, time and security” (Brooker 1983)

## 3 Data and methods

Data for this study were obtained through a survey regarding risk perception and the effects of risks on travel intentions for the following 12 months. The survey was conducted in December 2018, on 175 Constanta residents, with ages between 20 and 50.

## 4 Measures

Intent to travel in the next 12 months from the time of the survey, was measured considering risk perception tied to travel intentions, but also, the number of trips estimated, both in the country and abroad.

The answers were marked 0 for NO and 1 for YES.

As independent variables, 4 sets of questions were used, each for the following factors: the risk of the trip itself to the destination, the risks at the destination, personal safety and the preference for international or local travel. Each question had 4 possible answers: never, rarely, often and always.

To measure their perceptions of risk associated with travel, the people that took part in the survey were asked to consider 8 types of risks: financial, health, physical, crime, and terrorism, social, psychological and natural disasters.

## 5 Findings

The people who took the survey were 32% male and 68% female.

Table no. 1

	Number of trips in relation to income (€)		
Monthly Income [€]	<300	300-400	300-400
Number	80	68	27
Percent	45,7	38,8	15,5
Estimated number of local trips	120	136	14
Estimated number of international trips	33	45	15

**Table no. 2**

**Number of trips in relation to age**

Age	20-25	25-30	30-40	40-45
Number	40	55	47	33
Percent	22,8	31,5	26,7	18,8
Estimated number of local trips	40	55	125	26
Estimated number of international trips	8	66	54	8

Analysing Table nr. 1 we find that domestic travel is preferred on a ratio of 3:1 with international travel. Analysing Table nr. 2 we find that people with ages ranging from 30 to 40 travel the most and that those with ages between 25 and 30 prefer international travel.

**6 Risk Perceptions**

The analysis of the factors used to measure risk is shown in Table 3.

Statements reflecting feelings of comfort and anxiety about travel were labeled *travel risk* and constituted factor 1.

Factor 2 contained statements indicating *destination risk*.

Factor 3 appeared to reflect concerns about *safety concerns* as an attribute of travel decision making.

Factor 4 consists of an item seemed to tap risk in international versus domestic travel.

To analyse and quantify risk perception we suggest using a set of analytic variables:

$$I1 = \frac{TR - TR_{accepted}}{TR_{accepted}}$$

$$I2 = \frac{DR - DR_{accepted}}{DR_{accepted}} ;$$

$$I3 = \frac{SC - SC_{accepted}}{SC_{accepted}}$$

and a synthetic variable:

$$I_{RP} = \sum I_i \cdot p_i$$

where: TR – is an average of the respondents’ answer to factor 1

TR<sub>accepted</sub> – is an average of the answers of the respondents who chose the „rarely” option;

I<sub>RP</sub> - is the synthetic variable of risk perception and „p” is the probability of that event actually occurri

**Tabel no. 3**

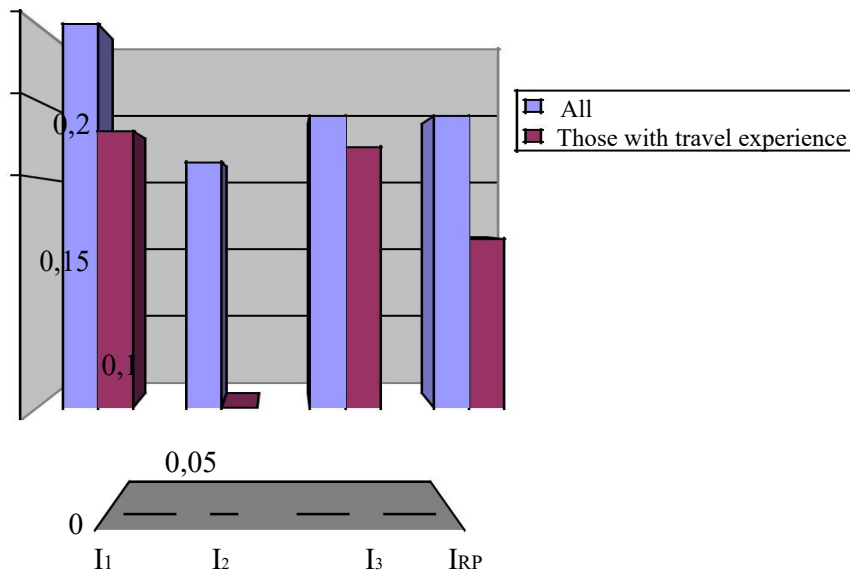
**The analysis of the factors used to measure risk perception**

Travel risk	Never	Rarely	Often	Always	Respond	Media
1 I feel nervous traveling right now	128	40	7	0	175	1,31
2 Traveling is risky now	14	121	20	20	175	2,26
3 Because of terrorism large theme parks should be avoided	7	60	20	88	175	3,06
4 I would feel very comfortable traveling right now	0	13	60	101	175	3,49
5 I would rather travel by plane	47	80	5	43	175	2,23
6 I would rather travel by train	13	87	28	47	175	2,60
7 I would rather travel by car	0	22	77	76	175	3,30

Travel risk	Never	Rarely	Often	Always	Respond	Media
<b>Destination Risk</b>						
1 Travel to natural areas such as national parks is not risky	21	116	30	8	175	2,14
2 Trips to natural area scenic attraction are safe light now	21	107	40	7	175	2,17
3 Vocation travel is perfectly safe	20	19	98	38	175	2,88
4. Visiting art galleries / museums are safe tourist activities	46	47	34	49	175	2,49
<b>Safety concerns</b>						
1. Safety is most important attribute o destination can offer	0	7	20	148	175	3,80
2 Safety is a serious consideration when choosing a travel destination	7	13	34	121	175	3,53
3 Additional security measures at airports make traveling safe	0	7	13	155	175	3,851
<b>International versus domestic travel</b>						
1. International travel is just as safe as domestic travel	0	32	93	50	175	3,10

Figure no. 1

The values of the analytic and synthetic variables



The probabilities were measured by analysing data, from only one survey. By doing more surveys the accuracy of the probabilities may increase.

Figure no. 1 shows the values of the analytic and synthetic variables for all the respondents and for the ones with travel experience. and for the ones with travel experience.

## 7 Discussions and conclusions

The objective of this study was to examine the effect of perceived risk on travel intentions in the next 12 months. This study identified three factors associated with perceived risk towards travel. Examining risk perceptions, risk factors and mediating variables as predictors of travel intentions revealed that only four items were significant predictors of the

intention to travel in the next year. Travel experience emerged as the most significant predictor of travel intentions.

## 8 Conclusions

Travelers' concern about safety has been felt in every sector of the industry. Understanding traveler's risk perception and its relationship to travel intention has a number of benefits to marketers in the various sectors. The results of this study suggest that money income, past air travel experience, perceived safety concerns and perceived social risks were the best predictors of intentions to travel (in the next 12 months). The results suggest that strategies to decrease perceptions of risk might only exist for two of these predictors: safety concerns and social risk. One strategy to mitigate safety concerns and perceived social risk is through persuasive advertising techniques.

"Therefore, more experienced travelers may be less focused on safety than less experienced travelers. Spending associated with domestic travel is also substantial. Information about the effects of perceived risk and its effect on travel intentions has the potential to contribute to marketing strategies to counter losses associated with perceptions of risk". (Ion-Bocanete, 2012)

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