Tourists’ risk aversion and willingness to take risks: the case of tourists visiting Egypt after 25th January revolution

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Abstract

Risk is an inherent component of travelers’ product and destination choice. Individuals have different perceptions of possible destination choices, and tend to be risk-averse or risk-taking to different degrees. Destinations differ in many respects; their location, historical experience, to political instability, ethnic conflicts and crime. Given these differences, the analysis of destination risk and its components is of substantial interest. A random sample of foreign tourists visiting Cairo was surveyed; in addition to a mail survey. The study aimed to measure visitor’s perspective on issues they consider before and after visiting Egypt after the 25th revolution circumstances. It revealed that risk perception is affected by media and marketing communication messages. And that a need to develop innovative approaches to risk management and assessment has become vital helping in risk mitigation and disaster recovery.

Keywords: political instability, risk perception, decision making, destination choice, media, Egypt.

Introduction

There are several external influences on the flow of tourism; some of which are natural in their origin and others very much the result of human activity called human-caused disasters. However, the possibility of potential threat that accompanies political instability and terrorism causes a more severe reaction, affecting the future of tourism of the place. Due to its inherent characteristics, the tourism industry is particularly vulnerable to crises not confined to any geographical region, ranging from natural disasters to epidemics, and from mismanagement to security concerns. Travel research provides ample evidence for the fact that the tourism experience is associated with risk (Bentley et al. 2001). Tourists are generally both more likely to take certain risks while travelling, and more susceptible to hazard and uncertainty in an unfamiliar environment. Political instability describes a situation “in which conditions and mechanisms of governance and rule are challenged as to their political legitimacy by elements operating from outside of the normal operations of the political system” (Hall and O'Sullivan 1996:106). Political instability may not be as blatant as terrorism; it does, however, a barrier to international tourism.

Regardless of the number of occurrences, terrorism continues to capture world attention for the last two decades. Terrorist acts exacerbate public perception of danger in the world in general and at some destinations in particular such as the case of Egypt. Egypt’s attacks were particularly severe in the 1990s, when the Islamist movement “Al-Gama’a al Islamiya” targeted high level political leaders and killed hundreds in its pursuit of implementing Islamic law in Egypt (Murphy 2002). According to US Department of State, Egypt suffered a series of deadly terrorist attacks in or near tourist sites in 2005 and 2006 – often coinciding with major local holidays. A series of bomb attacks targeting the Egyptian resort city of Sharm el Sheikh and the town of Dahab
killed more than 80 people. Evidence of instability in Sinai has also been reflected in random attacks on vehicles conveying Multinational Force Observers near Rafah borders crossing in August 2005 and April 2006. In September 2008, 11 foreign tourists and 8 Egyptians were kidnapped for ransom in the remote south-western desert region, close to the Sudanese border. They were subsequently released unharmed. In February 2009, a small bomb exploded in the main square in front of the Khan al Khalili bazaar, causing numerous casualties among foreign visitors, including the death of a young French tourist. There have been instances of instability and public disorder in some other areas of Egypt, most notably in the Nile Valley governorates of Assiut and Sohag, located between Cairo and Luxor. On January 1, 2011, a bombing attack occurred in Alexandria at a Coptic church. More than 20 deaths were reported and almost 100 were injured, from both the Christian and the Muslim communities. Just after January 25th revolution, public demonstrations occasionally took place in areas such as Tahrir Square in Cairo and in the vicinity of universities and mosques following the Friday noon prayers, including the Azhar mosque across from the Khan El Khalili Bazaar area. While the Egyptian Government took measures against the perpetrators of these attacks, these occurrences reflect a persistent, indigenous threat of terror activities in Egypt.

January 25th and the effects upon Egypt tourism industry

The recent wave of revolution that took the region by storm shook Egypt’s tourism industry to the core. The unrest caught many authorities off guard; their reaction adversely affected much of the country’s tourist destinations, while simultaneously dropping down the Egyptian economy. Enforced curfews shut down Cairo’s airport, for days the only activity at the airport was departures, mainly of tourists that had been caught in the conflict. Airline had to reduce their frequencies as well as re-route flights that travel via Cairo International Airport, and night flights were completely cancelled (Daoud 2011). Following the revolution, between January 27th and March 23rd, the Egyptian stock market plunged 10% (Werr 2011); this plunge undoubtedly had an effect on Egypt’s tourism industry and will have in the future, as stock market crashes have lingering effects, particularly when the economy is as intertwined with the tourism industry as the case in Egypt. According to The Egyptian Tourist Authority (ETA), tourism represents 11% of the gross domestic product, combining direct and indirect employment, as there are 2.5 million people working in the tourism industry. The ETA estimates that the industry has been losing $25 million dollars per day since the 1st of February (Baran 2011). In 2010, revenues from tourism reached $13 billion dollars, and the number of tourists climbed to 14 million, which provided Egypt with 20% of its return in hard currency. Due to recent circumstances the figures returned to the level they were at in 2004 before the liberalization of the Egyptian economy. An estimated 16 million tourists were expected to visit Egypt in 2011, according to the New York Times. Losses began in the aviation sector which serves as the primary means of transporting tourists to Egypt, and includes hotels, tourist sites, and entry
fees, fees for an estimated 16,000 tour guides, restaurants, nightclubs and bazaars. The timing of the violence and political uncertainty couldn’t be worse — winter is the high season for visitors. Large tour operators such as Gate 1 Travel and cruise companies including Norwegian and Italian Cruise Lines have canceled Egyptian stops. Tours elsewhere in the Middle East haven’t been canceled, but travel agents are getting a steady stream of inquiries about the status of planned trips. In addition to around 70 industries that are linked one way or another to tourism revenue were affected. The chairman of the Chamber of Hotel Facilities, estimated the losses suffered by the tourism sector at about 8 billion Egyptian pounds ($1.3 billion), adding that "current room occupancy in hotels does not exceed 4%.” The Foreign & Commonwealth Office of the United Kingdom released its official “Egyptian Travel Advice”, advising that: “There is a high threat from terrorism in Egypt. Attacks could be indiscriminate, including public places frequented by expatriates and foreign travelers, such as hotels and restaurants” (current through May first, ETA 2011). Moreover, advice is posted that “you stay away from demonstrations on Tahrir Square and follow the news on the television and radio” (British Embassy 2011). The United Kingdom’s release is not unique; other nations have discouraged their citizens that are potentially traveling to Egypt. These first world governments, who are responsible for majority of tourism worldwide, have the main concern of avoiding any potentially damaging international conflict. International Travel companies specialized in the Egyptian Market predict that 80 percent of their customers who have already booked trips to Egypt will try to cancel. And they do not expect any calls for new bookings during the next six months. They also expect that travel to the rest of the region, including Israel and Lebanon, to be hurt too. "People will fear that the whole region will be falling apart," they said (www.msnbc.msn.com). The Egyptian Prime Minister confirmed the strategic importance of tourism for the country’s economic recovery and social stability after January 25 revolution circumstances, especially in the current transition period (UNWTO 2011). Tourism is clearly seen as a national priority involving all areas of public policy and thus can be a major contributor to consolidate the transition. Given the current difficulties in the region, it is important for the industry to get a clear message out that the new Egypt is stable and open for business.

Destination choice decision

When tourists perceive travel to be less pleasurable due to actual or perceived risks, they exercise their freedom to select other destinations (Green et al. 2003). (Sonmez et al. 1999; Floyd and Gray 2004) note that travel statistics from around the world clearly suggest that tourism demand decreases as the perception of risks associated with a destination increases. A common finding in tourism literature is that the presence of risk, no matter if real or perceived, influences the travel decision-making process (Mawby 2000). It is expected that risk-averse consumers will purchase more pre-packaged trips and spend fewer nights abroad visiting fewer destinations. Destination choice is made after constraints such as time, budget, and physical distance are weighed
against destination image. It is likely for perceptions of crime, terrorism, or health scares including SARS, Asian and Swine flu to cause similar behavior. Many authors analyzed risk perception of tourists and found that health, political instability, terrorism, strange food, cultural barriers, a nation’s political and religious dogma, and crime were the main identified risk factors. Other researchers have concluded that natural disasters such as the tsunami in South East Asia and hurricanes in the Caribbean are one of the main risk factors affecting destination choice (Huan et al. 2004). This idea was supported by (Crompton’s 1992) assertion that destinations perceived as too high risk, due to situational constraints or barriers, may become undesirable.

Destination choice decision is a function of information available from different sources (Gartner 1993). As a form of protective behavior, travelers can alter their destination choices; modify their travel behavior; or if they decide to continue with their travel plans, they acquire information. According to (Murphy et al 2007), travelers that love risk and want adventure did not seek a lot of information. But those who feared risk not only gathered information but also considered particular vacations and lodging facilities. (Maser and Weiermair 1998) showed that the higher the perceived risk, the more information search occurs, and the more rational decision-making becomes. Potential tourists rely on others’ experiences for their decision making in an effort to decrease uncertainty and increase the exchange utility (Kotler, Bowen, and Maken 2010). Tourist decisions to stay home or choose safer destinations are translated into significant losses for the tourism industry of the country suffering from terrorism (Sonmez et al. 1999). Individuals planning their holidays are less likely to choose a destination with a higher threat of terrorist attacks. Host countries providing tourism services, which can be easily substituted are therefore, negatively affected by terrorist attacks to a substantial extent (Frey et al. 2004). It is likely that tourists may postpone their visit until the situation appears to have calmed down. But, more likely, activity will be redirected to alternative destinations, which appear to be safer. Some destinations may be eliminated from the decision making process due to their potential costs or perceived risks attached to that destination, especially if associated with negative media images of terrorist threats (Sonmez, and A.R. Graefe 1998).

Impact of Media on travel decision making

The media has a very important relationship with tourism as it acts as a significant influence on the image of potential tourist destinations and so affecting potential tourist’s destination choice. Social media influence several components of consumer behavior such as awareness, information acquisition, opinions, attitudes, but also purchase behavior and post-purchase communications and evaluation (Mangold
As in other industries, also in tourism, Web 2.0 has changed significantly the way individuals plan and consume travel (Buhalis and Law 2008). Continuous media coverage of political rebellion, military coups, strikes, protestation or regional wars can deter tourists from choosing to travel to specific destinations or even entire regions. The general public relies to a vast degree on media accounts for an understanding of terrorists’ motives, the implication of aggressive actions, and the essential details of any critical situation the destination may be facing, which as a result may affect tourists’ attitudes towards holiday destinations.

During the events of the 25th revolution, more influential than the unrest caused by protests on potential tourists, was the reaction of the security forces of the deposed president. Attempts to quell protests had tremendous effects on potential visitors worldwide through the images of police brutality broadcasted to the world via satellite news stations. The Egyptian authorities’ attempts to shield the reality of the events on the ground from the eyes of the world by cutting down the internet, and other means of communication and the revoking of Al Jazeera’s license to broadcast lead to audience fear. Repeated street battles carried on for days, live on satellite television, broadcasting an image of the country’s security that with no doubt surprised international audiences. These sponsored acts took much the same effect on the tourism industry as an act of terrorism. Despite the polar difference between 25th January events and terrorists’ attacks in Egypt, the net result is identical. By consequence, the impressions and reactions made upon third party spectators, who are the tourists, are usually the same.

Travel warning lifted and Tourist reluctant to travel

The ambassadors of several country and the heads of different travel associations such as NTA, USTOA, ATTA and ASTA, along with tour operators and journalists starting their investigation visits to Cairo. The American ambassador Scobey met the American delegation who was on a six-day, fact-finding trip to investigate travel safety in Egypt and Jordan. They met Egyptian officials and toured Tahrir Square, the Egyptian Museum and other cultural attractions to confirm that Egypt is safe and ready for tourists, and that the Egyptian people welcomed foreign visitors with a renewed spirit and pride resulting from their revolution. Several European countries such as Britain lifted its Egypt travel warning and ordered “departure” status, clearing the way for their embassies’ personnel to return to Egypt. Americans have been slower to return to Egypt than their European counterparts, who tend to visit Red Sea resort destinations like Sharm el-Sheikh. Ever cautious, the U.S. was among the last nations to lift its Egypt travel warning (Koch, L 2011).
Methodology

The Study included two sample groups: international tourists (n= 92) who were contacted through a mail survey and tourists (n= 76) who were visiting Cairo after the 25th revolution. A randomly selected tourist sample was used. A target of 200 respondents was set; only 168 questionnaires were adequately completed and valid for analysis. No particular age group was chosen for this study, and balancing gender equality was taken into consideration in the sample. Tourist questionnaires were distributed to tourists during their visits to the Pyramid Plateau site in addition to the Egyptian Museum located at the heart of El Tahrir square. The tourist questionnaire included four sections. The first section was concerned with general questions such as the purpose of visitors’ trip, if they have visited Egypt before, with whom are they travelling...etc. The second section was concerned with their destination travel choice, asking them if they search for travel advice before visiting any destination, what affect their travel decision, knowing their opinions concerning most types of tourism associated with risk and uncertainty, and nature of hazards they may have faced before while travelling. The third section was focusing on evaluating their response/attitude towards threats faced in any destination they have chosen to spend their vacation, and a 5-point Likert-like scale was included to measure tourists’ perceptions of risk associated with travelling to Egypt, ranging from(1) which stands for not being important at all, and its importance increases along the scale up to the number (5) which stood for a factor being a very important attribute thus has strong influence on visitors destination choice. The fourth section was concerned with Egypt visitors’ profile, demographic questions such as gender, age, and nationality. The survey was conducted over four non consecutive weeks in July and August 2011. A pilot study was conducted on randomly selected 12 sample tourists to ensure questions and procedures would work properly for the main study.

Data Analysis

Descriptive analysis such as frequency, mean and standard deviation were conducted to examine respondents’ demographic profiles, purpose of travel and destination choice related characteristics, affected factors, decision-making, attitudes to and satisfaction with travel and destination choice. SPSS (Statistical Program for Social Sciences, version 18) was the statistical analysis package used to analyze findings.

Results and Discussion

The findings revealed that most of respondents visiting Egypt were travelling for leisure (63.11%), while (26.8%) were in business trips. Their average length of stay
ranges from 6 to 10 days (41.13%), except those who were visiting Cairo (24.17%) as part of their job such as people working in media and journalism, they didn’t have a definite length of stay as it depends on the work place circumstances and unpredicted events they may face. There were 29 females and 53 males among the respondents, representing 35.3 % and 64.6 % of the total respectively. The probability of cancelling travel increases for females. It seems that woman is risk – adverse more than men so, she prefers to change her travel decision. The two domain age groups were 24-34 and 35-44, accounting for 59.8 % of the respondents. Only 8.5%, or seven respondents, were above 55 years of age or older, which revealed that elderly people are risk-adverse more than youth. Most of the socio-demographic variables such as the marital status, the age, the gender, the level of studies, and the income per capita seem to have an effect on the probability of travelling to Egypt following an attack. Television and books are the principal sources of information used to recognize Egypt as a tourist destination followed by internet and the conversations with friends. The booklets and travel agencies are the least solicited. Travel review readers perceive that other travelers' online reviews have great impacts on their pleasure trip planning process. Almost all agree that travelers' reviews help them learn about a travel destination, product or service, help them evaluate alternatives, help them avoid places they would not enjoy and also provide them with ideas. Over 80% also agree that reading other travelers' online reviews increases confidence in decisions, makes it easier to image what a place would be like, helps reduce risk/uncertainty, makes it easier to reach decisions, and helps with planning pleasure trips more efficiently. Frequent review readers use the Internet even more and are even more likely to look at other consumers' materials, read travel-related blogs, watch videos online and use interactive trip planners. They are more likely to use travel reviews throughout all trip planning stages and more likely think that online travel reviews are important for a variety of travel-related decisions especially if the required destination is facing troubles. Some people see that sometimes the windows of opportunity are just after revolutions and bombings. By enjoying best deals, for example, prices virtually decreased 25% of what was written in Lonely Planet and enjoying the calm while visiting attractions' sites. Their comments included that to avoid the crowds; this is a great time to visit Egypt. Tourism is down 80% compared to last year. Others added that “if you want to score a deep discount on papyrus scrolls, stroll into the Egyptian Museum without waiting on line, or snap photos of the great pyramids without another traveler in sight, it is really a suitable chance”. Many respondents assure that may be they were more encouraged to plan for a visit to Egypt especially after lifting the travel warning which was stressed on their countries' websites. A great percentage of Americans tend to be ‘risk averse’ when it comes to traveling abroad and they confirmed that this significant modification will give them the green light they’re looking for. A great percentage of respondents mentioned that they believe that from outside the situation looked much more chaotic than it is in reality. 47% of
respondents noted that they have the feeling that people outside Egypt are very confused at the moment. The whole Middle East is going through different kinds of revolutions or unrest, and especially after Libya’s events it’s easy to think that the whole area could be dangerous. Responses of tourists visiting Cairo few months after the 25th revolution, revealed that the most common interest wasn’t the Pyramids or other famous monuments but rather it was the curiosity to observe the scene in reality, for example “aside from the remnants of the burned out Ministry of Internal Affairs building and the routine Friday afternoon demonstrations in Tahrir Square. In addition to sharing with others the idea of the discounted rates as mentioned before. Another common comment was the remarkable chaotic traffic that was witnessed with incredibly skilled drivers, insincere but slick touts, and a strong sense of community across classes and ethnic groups was noted. Respondents’ comments came as follows; “if I had a trip planned to Egypt, I would postpone it. There are riots in many of the major cities, people have been arrested, and there’s a pretty nasty history of terrorist attacks against foreigners at many of Egypt's top attractions. Given the fact that the Pyramids are located right outside of Cairo, and that Cairo is on every tour itinerary, it makes sense to avoid a vacation right now”. Some respondents agree that if they already have a tour booked, or planned to travel to Egypt in the next few weeks, or months, they should not cancel their trips, but just postpone it. They justified their opinion saying that” Egyptians who drive your tour bus, clean your hotel room, and sell to you souvenirs will all feel the burden of these cancellations more than any politician will”.

Conclusion

Peace and political stability are pre-requisites for international tourism as well as for local tourism. Since millions of people are involved in tourism mobility around the world, it is of paramount importance that the tourism industry should help increase awareness of the hazards that visitors may face when travelling. It is not easy to judge the real risk associated with travel, but this initiates a new form of experience for travelers in which there is a positive element to risk where tourists have the excitement of danger from terrorism and other forms of hazards. It is rarely possible to quantify, the impact upon the tourist industry that can be subdivided into categories; regional, national, and international. The January 25th revolution obviously has had international impacts upon the tourist industry, primarily in regards to the opinion of the international community. However, many still ask is Egypt safe to visit?

Recommendations

Here lies the difficulty that Egypt is facing, determining how to attract future visitors; first-world governments are still promoting the old Egypt. Creating a contrast in the marketing of post-revolution Egypt with the ways in which tourism was orchestrated in
the past. The revolution set out to make changes for the better, but with over 10% of its economy relying on tourism, Egypt must be conscience of the impressions of the international community. It is therefore essential for Egyptian tourist authorities to press for stability to return to Egypt, while simultaneously promoting the January 25th revolution.

Turning to social media to accelerate the lifecycle from revolution to a return to normalcy. "From Egypt with Love" with different languages seems to be trying to quickly rebrand the country, from a potentially dangerous destination, to a place full of warm and gentle people. Positive media coverage during the next phase is essential to lure tourists to the main sites such as Luxor, Hurghada, Sharm el-Sheikh and Aswan. With no doubt lifting the travel warning from official countries’ websites will go far in restoring international consumer traffic to Egypt.

Foreign tourism operators may start incorporating revolutionary attractions in their itineraries to promote “new Egypt”. Encouraging the domestic market, the Egyptians themselves, through local promotions at competitive prices. Discounted rates may exceed 50%. Planning for mega events and different summer festivals to promote social causes, arts and culture.

Highlighting the responsibility of the private sector, in terms of representatives of the tourism industry to be more actively involved in planning and managing tourism in Egypt. This may occur in the form of partnerships with sectors of government. Such partnerships are also likely to involve other interested parties including non-government organizations (NGOs).

Due to tourism’s predilection for locating relatively high-risk zones, tourism facilities and activities should be considered at both the risk analysis and warning stages of hazard assessment. The development of innovative and creative approaches to risk management and risk assessment used by tourism companies and destinations’ authorities has become a vital component helping in risk mitigation and disaster recovery, and bring visitors back to an affected area.

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Descriptive analysis were conducted

I cannot find Green et al 2003 at al.