

Infectious diseases magnify tourists' sensitivity to higher prices, according to new study

July 20 2020, by Paul Jordan



Credit: Pixabay/CC0 Public Domain

A new study from Queen Mary University of London has shown that

tourists tend to be more easily irritated by higher prices paid under the threat of infectious diseases.

Research has shown that in response to the threat of infectious diseases, businesses may apply new pricing strategies to maintain market demand, bolster their business or cover the losses inflicted by the infectious disease.

The COVID-19 pandemic has created a number of challenges for all aspects of the economy, including [tourism](#). Recent reports show that the COVID-19 pandemic has led to increases in [food prices](#) in the United States as well as those of luxury goods such as designer handbags.

Impact of infectious diseases on tourists

Previous research has demonstrated that infectious diseases influences tourists' willingness to travel and decreases their intention to visit places that may be considered hazardous to health.

The study, published in the journal, *Annals of Tourism Research*, provides the first evidence of the impact of infectious diseases on people's perceptions of price variations. Data was collected using surveys and experiments conducted online in February 2020.

The research demonstrates that tourists' emotional responses to service encounters and pricing are likely to be magnified by the threat of [infectious diseases](#). They are also more likely to be risk averse as a result.

The findings have implications for the [tourism industry](#) as it struggles to recover from the impact of the COVID-19 pandemic. Dr. Yuansi Hou, Senior Lecturer in Marketing at Queen Mary University of London said: "When a destination faces the threat of an infectious disease such as

COVID-19, tourism businesses operating at the destination need to be cautious in offering discounts or promotions, implementing dynamic pricing or price discrimination strategies."

Clear communication on pricing needed

The study also suggests that where a new pricing strategy has to be implemented, tourism and service providers must pay particular attention to communicating these price variations to customers clearly and effectively.

Dr. Hou added: "Tourism businesses should consider the balance between short-term profitability and long-term business sustainability. Decisions on increasing prices during an infectious [disease](#) outbreak should be taken cautiously, even though operating costs may increase."

More information: Ke Zhang et al. Threat of infectious disease during an outbreak: Influence on tourists' emotional responses to disadvantaged price inequality, *Annals of Tourism Research* (2020). [DOI: 10.1016/j.annals.2020.102993](#)

Provided by Queen Mary, University of London

Citation: Infectious diseases magnify tourists' sensitivity to higher prices, according to new study (2020, July 20) retrieved 28 June 2024 from <https://phys.org/news/2020-07-infectious-diseases-magnify-tourists-sensitivity.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.