



ADVANCES IN CULTURE, TOURISM, AND HOSPITALITY RESEARCH

VOLUME 2

ARCH G. WOODSIDE

Editor

ADVANCES IN CULTURE,
TOURISM, AND HOSPITALITY
RESEARCH

ADVANCES IN CULTURE, TOURISM, AND HOSPITALITY RESEARCH

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ADVANCES IN CULTURE, TOURISM, AND HOSPITALITY
RESEARCH VOLUME 2

ADVANCES IN CULTURE, TOURISM, AND HOSPITALITY RESEARCH

EDITED BY

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**ACTION AND OUTCOME METRICS FOR
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Arch G. Woodside and Marcia Y. Sakai

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PREFACE

Volume 2 contributes to the general theme of this *Advances* series by offering original, eclectic theories and field studies that focus on culture, tourism, and hospitality research. *Volume 2* includes chapters without length restrictions, giving authors the opportunity to provide more nuanced explorations of theory, method, and their findings, and so create articles that sharpen and deepen thinking to a greater extent than is usually possible in journal-length articles. Unlike handbooks of original essays, this *Advances* series aims to include chapters on topics and coverage heretofore missing from the literature, but that nevertheless build on prior scholarly contributions. Consequently, the primary objective for *Volume 2* is to provide must-read chapters unavailable from other sources – a wellspring providing exceptional insights and tools for applied researchers and scholars focusing on culture, tourism, and hospitality.

The members of the Editorial Board and the Editor of this *Advances* series encourage the reader to respond with review comments and by sending a chapter for consideration for publication in future volumes in this series. Please send chapters and review comments to the Editor as well as to one or more members of the Editorial Review Board.

Chapters in *Volume 2* appear in alphabetical order by the lead authors' names. The first chapter, by Antónia Correia, Adriano Pimpão, both of the University of Algarve, and Geoffrey Crouch, La Trobe University, presents a revolutionary contingent view of how perceived risk can have both a positive and negative power in affecting destination tourism behavior. The author presents some curious results regarding tourists who seek high novelty yet return to the same destination – a chapter particularly worth reading for honing opposing mind views of culture, tourism, and hospitality research.

In the second chapter, Elspeth A. Frew, La Trobe University, defines and exemplifies industrial tourism research. Industrial tourism involves visits by tourists to operational industrial sites where the core activity of the site is non-tourism oriented. The chapter serves to explain the paradox of firms in the same industry embracing versus rejecting industrial tourism. Frew offers a continuum perspective for understanding the occurrence and management of industrial tourism operations.

In the third chapter, Kenneth F. Hyde, AUT University, offers a multiple view, theoretical and empirical report on independent-traveller decision-making. Hyde presents an intellectual feast in reviewing the literature – along the way the advanced theory includes useful explanations of simple and effective tourism heuristics to apply to pre-trip and on-the-journey problems and opportunities.

In the fourth chapter, Rhonda L. P. Koster, Lakehead University, provides an organizational and sociological study on mural tourism, looking at how mural tourism creation occurs and makes profound contributions to the well-being of rural Canadian communities, this makes for inspiring reading. Koster provides a landmark contribution that relates well to Frew's and Hyde's chapters.

In the fifth chapter, Chien-Wen Tsai, Ming-Hsin University of Science and Technology, provides a thorough explanation of the multiple relationships affecting leadership style and employee job satisfaction in international tourist hotels. Where executives treating employees as team members, this proves to be a particularly effective leadership style – at first blush, a finding of no great surprise. However, Tsai provides tools to achieve this valuable but illusive mode of executive thinking and action.

The final chapter offers action and outcome metrics for measuring the management performance of destination marketing organizations. Arch Woodside, Boston College, and Marcia Sakai, University of Hawaii, Hilo, build on their prior work by reviewing a series of studies that provide a longitudinal view of a continuation in poor performance assessment at both a DMO and a State Audit Office responsible for doing management audits for the legislative branch of government. What should be done when little or no change in executive behavior and poor performance outcomes occurs following continuously from one DMO management audit to the next? Woodside and Sakai review such audits and offer template tools to improve both DMO performance and auditor field research.

Reminder: please send comments on specific chapters and your own chapter for publication consideration for the next volume in this *Advances* series. Thank you for considering sharing your experiences and expertise in advancing the field of culture, tourism, and hospitality research.

Arch G. Woodside
Editor

PERCEIVED RISK AND NOVELTY-SEEKING BEHAVIOR: THE CASE OF TOURISTS ON LOW-COST TRAVEL IN ALGARVE (PORTUGAL)

Antónia Correia, Adriano Pimpão and
Geoffrey Crouch

ABSTRACT

Risk is a major concern among tourists and the objective of this chapter is to investigate how different factors contribute to the overall perceived risk and how novelty motivations moderate this risk. The sample population of the study consists of 4,057 international tourists on low-cost travel visiting the Algarve, Portugal in 2005 and 2006. The research findings show that the sensibility towards the occurrence of any type of risk vary with the tourist's age, familiarity with the destination, and travel experience as well as their propensity to seek novelty. Furthermore, it finds that younger tourists are more apt to be novelty seekers and, simultaneously, less sensitive to risk, than older tourists are. Familiarity with the destination derives from previous visits, diminishes the sensibility to the risk, and increases the degree of novelty-seeking. This chapter discusses specific managerial and theoretical implications.

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INTRODUCTION

Since its emergence in the United States in the mid-1970s, growth in the low-cost airline sector has been substantial. This new form of selling/buying travel has had a substantial impact on tourism, increasing the number of tourists all over the world, because of the explicit link between tourism and the cost of air transport, especially in the context of leisure travel.

Tourists on low-cost travel are rational passengers who give priority to value for money, often book trips over the internet, and actively collect information about the products they want to buy. Despite the information he/she has, risk is still present in their choice. Effectively, the role of risk in daily life is part of human experience and its importance is even more evident in tourism due to the characteristics of tourism products, especially their intangibility (Roehl & Fesenmaier, 1992) and the fact that the tourist places themselves in unfamiliar environments.

Previous research on perceived risk focuses on negative outcomes that follow from high risk-taking behavior. The focus of these studies is on whether or not, and if so, by how much, consumers perceive risk in particular buying or consuming decisions and how they deal with that risk. Raju (1980) assesses risk as a behavior construct that has unexpected consequences that may be negative or positive (Reisinger & Mavondo, 2005). This assumption of risk derives from Kahneman and Tversky's prospect theory (1979), which argues that individuals perceive possible choice options as potential gains and/or losses. Raju (1980) introduces the concept of optimum stimulation level (OSL) that stipulates that each individual has a preferred level of stimulation regarding environmental stimuli, governed by the degree of novelty-seeking, ambiguity, and complexity. The main assumption is that there is some optimum level of risk that the tourist is willing to take, and that this is the result of his or her personality and socio-demographic characteristics (Slovic, 1964). Welker (1961) argues that the level of novelty-seeking depends on past exposure and familiarity with the stimulus. Thus novelty-seeking is an exploratory behavior.

The exploratory behavior perspective of risk assumes that consumers may seek risk to increase stimulus complexity in order to escape boredom (Cox, 1967; Dowling, 1986; Hoyer & Ridgway, 1984). In fact, novelty-seeking is important in understanding tourist behavior in general (Petrick, 2002). In this two-dimensional framework, the assessment and perception of risk is a mix between, on the one hand, the risk that the tourist desires or is willing to take (such as eating new foods or styles of cuisine) and, on the other hand,

risks associated with vacation consumption that a tourist may prefer to avoid (such as drinking contaminated water). Most studies on tourists engaging in some type of travel risk generally focus on why individuals are ready to take risks while on vacation when such behavior is not normally typical in everyday life. These studies argue that people perceive tourism as a framework of time and space which offers the opportunity to feel less restrained and more adventurous. This perspective follows Cohen's (1972) novelty-seeking scale. Lee and Crompton (1992) develop a 21-item instrument that measures the novelty-seeking construct for the tourism context. They define novelty-seeking as a multidimensional construct which consists of six overlapping dimensions: change from routine; escape; thrill; adventure; surprise; and boredom alleviation. These studies, although of valuable insight, are limited, however, providing insight into only one-side of risk behavior. While emphasizing conduct marked by excitement, these studies ignore the mechanisms that might constrain novelty-seeking behavior.

The assumption that tourist behavior, characterizing some level of risk-taking, is limited derives from the works of Beck (1992, 1995) and Giddens (1990, 1994, 1998) who raise the issue of a risk society. Specifically, Beck and Giddens emphasize the increasing awareness of current consumer risk and worry. Thus, it is reasonable to assume that consumer awareness of risk is not absent even when he or she is on vacation. This leads to the need to develop a better understanding on how tourists perceive risk.

Jacoby and Kaplan (1972) identify five types of perceived risk (financial risk, performance risk, physical risk, social risk, and psychological risk) since adopted by several authors (Cheron & Ritchie, 1982; Mitra, Reiss, & Capella, 1999; Stone & Gronhaug, 1993; Stone & Mason, 1995). Roselius (1971) introduced time risk. Some studies (Stone & Gronhaug, 1993; Stone & Mason, 1995) apply these six dimensions. Additionally, satisfaction risk appeared in a study regarding perceived risk and leisure activities (Cheron & Ritchie, 1982). In addition to the seven perceived risk types in the study of Roehl and Fesenmaier (1992), Sönmez and Graefe (1998b) added three other types of risk: health risk, the possibility of becoming sick while traveling to or at the destination; political instability risk, the possibility of becoming involved in the political turmoil of the country being visited; and terrorism risk, the possibility of being involved in a terrorist act.

The present study examines how novelty-seeking construct, representing a risk the tourist is willing to take (Lee & Crompton, 1992), influences the construct-perceived risk, which corresponds to risk tourist prefer to avoid (see, for instance, Mitchell & Vassos, 1997; Roehl, 1988; Sönmez, 1994;

Um & Crompton, 1992). Additionally, this study assesses the role of previous experience, familiarity with the destination, and socio-demographic characteristics in terms of perceived risk and novelty-seeking behavior.

This chapter includes an exploratory and confirmatory analysis that depicts what the dimensions relating to novelty-seeking and perceived risk are in tourists on low-cost travel. Further, it shows a structural model that characterizes how socio-demographics, familiarity, and previous experience affect novelty-seeking behavior and the perceived risk. Therefore this chapter contributes to the literature, by means of a confirmatory factor analysis (CFA), to show that the antecedents of novelty-seeking and perceived risk are not well understood and require further research (Lepp & Gibson, 2003; Petrick, 2002). Further, a structural model assesses whether perceived risk varies according to novelty-seeking, previous travel experience, familiarity with the destination, and the socio-demographic profiles of participants. Previous research has shown evidence that these variables are antecedents of perceived risk and novelty-seeking, but has produced varied findings regarding the direction of the influence (Carr, 2001; Lepp & Gibson, 2003; Roehl & Fesenmaier, 1992; Sönmez & Graefe, 1998a, 1998b). Furthermore, the influence of these variables on novelty-seeking and perceived risk, to the authors' best knowledge, has never been tested by means of a structural model.

THEORETICAL FRAMEWORK

The concept of risk first arises in economic theory in the 1920s (Knight, 1948). This concept is a critical factor in the decision-making processes (Dowling & Staelin, 1994). Expected utility theory (EUT) supports the central role that risk plays in decision making (Von Neumann & Morgenstern, 1947). It states that utility is a subjective judgment about the value of choices in the context of uncertainty and risk. A variant of EUT is prospect theory of Kahneman and Tversky (1979), which states that individuals perceive possible choice options as gains and/or losses. Prospect theory introduces the value function and argues that decisions are not solely rational. In fact, individuals tend to perceive losses more intensively than they perceive gains. In terms of the attitude towards risk, both theories assume that risk affects the shape of the utility or value function (Weber, Blais, & Betz, 2002) of the consumer and, therefore, that the level of risk aversion or risk seeking underlies different shapes of the utility function.

The value function from prospect theory defines deviations from a reference point, which is normally concave for gains (implying risk aversion) and, commonly, convex for losses (risk seeking); being generally steeper for losses than for gains (risk aversion). According to this theory, risk averse choices relate to prospects perceived as gains, and when the prospects are perceived as losses, the choice is more likely to be risk seeking. This theory shows that irregularities in consumer behavior relate to the way that a consumer perceives risk. Bauer (1960) defines perceived risk in terms of the consumer's perceptions about uncertainty and possible adverse consequences. Although researchers widely accept perceived risk as an important construct in the decision process, and therefore in applied marketing and consumer research, perceived risk has been neglected in tourism behavior contexts (Lepp & Gibson, 2003; Verhage, Yavas, & Green, 1990; Yavas, 1987).

LITERATURE REVIEW

Risk perceptions directly affect the decision-making process (Lepp & Gibson, 2003; Mitchell, 1999; Sönmez & Graefe, 1998a) at its various stages (Moutinho, 1987). Bauer (1960) argues that consumers face the purchasing process with a myopic view, based on his/her perceptions of risk.

The concept of risk has been widely studied in marketing (Cunningham, 1967; Mitchell, 1994; Stone & Gronhaug, 1993). However, this concept is still an emergent concept in the tourism research field. Tsaur, Tzeng, and Wang (1997) define tourist risk as the possibility of unfortunate events during travel, particularly at the destination. Moutinho (1987) provides a comprehensive analysis by establishing a relationship between travel behavior and perceived risk that is "a function of uncertainty and consequence". He also identifies four aspects of perceived risk: (1) uncertainty inherent in the product; (2) uncertainty in the place and mode of purchase; (3) degree of financial and psycho-social consequences; and (4) the subjective uncertainty experienced by the tourist.

Most of the previous research assumes that perceived risk is necessarily regarded as a negative outcome. In contrast, Bauer (1960) suggests that people are willing to take risk and adjust their behavior to suit this target, although, individuals do not seek objective dangers per se, but rather attempt to match their skills and competence with the situational risk (Martin & Priest, 1986). This assumption shows that there are two levels of risk: the risk that tourists are willing to take and the perceived risk that

concerns the probability of not getting what they expected. Several authors assume that experiencing risk is an inevitable motivation for those involved in adventurous activities (Ewert, 1989), meaning that these tourists seek novelty or excitement.

Novelty-seeking appears in the literature as a motivation. However, in terms of its association with perceived risk, few research studies are available (Lepp & Gibson, 2003). Cohen (1972) explored the construct of novelty-seeking in depth by developing a widely accepted tourist typology that identified four types of international tourists based on their preference for novelty-seeking or familiarity. Since the work of Cohen (1972) other researchers have also investigated the construct of novelty-seeking as a motivation, but few have considered the role of novelty-seeking as a measure of perceived risk (Lepp & Gibson, 2003). Novelty-seeking is a curiosity/exploratory drive that counters the desire for familiarity (Jang & Feng, 2007).

The arousal of a desire for novelty-seeking may relate to personal traits and psychological characteristics influenced by socio-demographic and psychographic variables. Previous studies have investigated the perceptions of risk based on personal characteristics (Roehl & Fesenmaier, 1992; Sönmez & Graefe, 1998b). Lepp and Gibson (2003) explore tourist role or type and Lepp and Gibson (2003), Sönmez (1998), and Sönmez and Graefe (1998a, 1998b) examine the role of previous travel experience. Sönmez and Graefe (1998b) report on how information search and education affected perceived risk. Other variables investigated include life-cycle stage and age (Gibson & Yiannakis, 2002; Lepp & Gibson, 2003), gender, destination image, familiarity (Lepp & Gibson, 2003), and nationality (Hurley, 1988; Seddighi, Nuttall, & Theocharous, 2001).

Perceived risk relates to novelty-seeking (Lepp & Gibson, 2003), and tourists differ in terms of the degree of familiarity they have with, and novelty they seek in, a destination (Pearce, 1982, 1996). Although, research on novelty-seeking behavior focuses primarily on the role of motivation (Crompton, 1979; Dann, 1981), more recently research provides scales to measure novelty-seeking behavior, and exploratory and risk-taking behavior (Lee & Crompton, 1992; Mo, Howard, & Havitz, 1993; Yiannakis & Gibson, 1992).

According to Lepp and Gibson (2003), differences among tourists in terms of novelty-seeking behavior transpose into differences in the level of perceived risk. Surprisingly, the hospitality and tourism domains do not yet integrate perceived risk and novelty-seeking, which are likely to influence the tourist's current and future decisions.

CONCEPTUAL MODEL

The conceptual model consists of two phases of analysis: an exploratory factor analysis (EFA) followed by a CFA. This allows for the identification of two latent variables: perceived risk and novelty-seeking. Next, a structural model evaluates how the latent variable, novelty-seeking, and the three observed variables, familiarity, previous experience, and age, influence perceived risk.

The dependent variable of this model, perceived risk attempts to establish the extent to which tourists on low-cost travel perceive the level of risk associated with their travel to Algarve, Portugal – the context for this particular study. The EFA extracts the latent variables, novelty-seeking and perceived risk, as two multidimensional constructs derived from the literature, leading to the following hypothesis.

H₁. a set of novelty-seeking dimensions comprises the latent variable, novelty-seeking.

Novelty-seeking behavior appears as a multidimensional concept that comprises thrill, adventure, surprise, and boredom alleviation (Lee & Crompton, 1992). Studies based on this scale, in general, show that the dimensions of the novelty-seeking construct are consistent with Lee and Crompton (1992) with minor differences in terms of surprise and thrill (see for instance, Petrick, 2002; Chang, Wall, & Chu, 2006).

H₂. a set of risk dimensions comprises the latent variable, perceived risk.

Previous studies adopt the five dimensions identified by Jacoby and Kaplan (1972): financial risk, performance risk, physical risk, social risk, and psychological risk (Cheron & Ritchie, 1982; Mitra et al., 1999; Stone & Gronhaug, 1993; Stone & Mason, 1995). Beside these dimensions, other studies introduce new factors such as, satisfaction (Cheron & Ritchie, 1982) and political instability (McCleary & Whitney, 1994; Seddighi et al., 2001; Sönmez & Graefe, 1998a), showing that the perceived risk is a multidimensional concept.

Fig. 1 depicts a hypothetical causal model of the interactions among the latent variables perceived risk and novelty-seeking and the observed variables of familiarity with the destination, travel experience, and age.

The hypotheses deriving from the structural model are as follows.

H₃. The age of the tourists on low-cost travel relates negatively with the amount of novelty they seek.

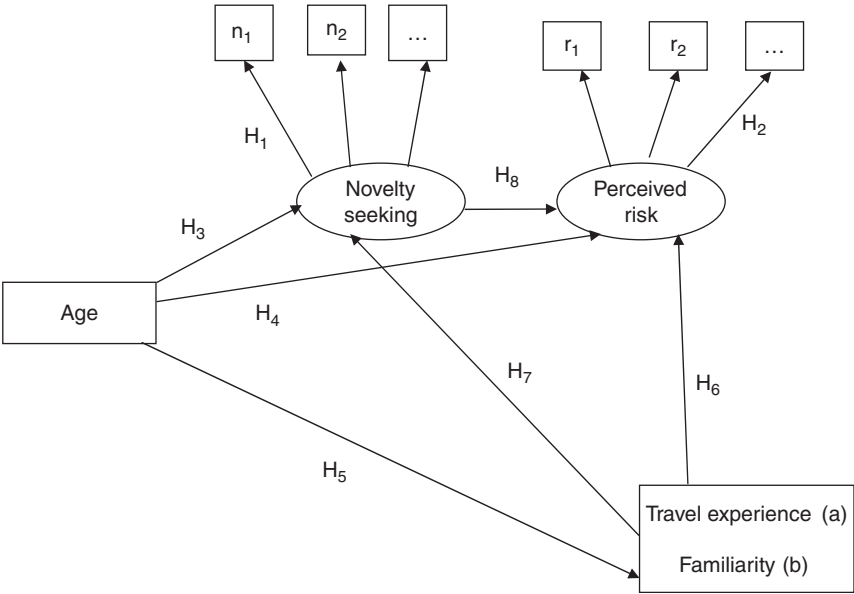


Fig. 1. Conceptual Model and Hypotheses.

Weaver, McCleary, Lepisto, and Damonte (1994) find that age is a discriminating demographic variable that influences the choice of destination. Petrick (2002) finds that younger golf players are more likely to display novelty-seeking behavior. Carr (2001) and Elsrud (2001) find that novelty-seeking and perceived risk are not homogeneous within tourist age groups.

H₄. The age of the tourists on low-cost travel relates positively with the amount of risk they perceive.

Gibson and Yiannakis (2002) show that perceived risk tends to increase with the age. Similarly, Pearce (1988, 1996) describes a career ladder in tourism that follows an individual's life stage, suggesting a further hypothesis that relates age with travel experience and familiarity with Algarve destinations, as follows.

H₅. The age of tourists on low-cost travel relates positively with (a) their travel experience and (b) familiarity with the destination.

Apart from the research of Pearce (1996), Cho (2001) also shows that familiarity and expertise are strongly correlated in a tourism context.

Similarly Gursoy (2001) tests the relationships of familiarity and expertise with information search behavior. Although these studies provide evidence that familiarity and travel experience are related, no one, to the authors' best knowledge, has assessed this hypothesis by means of a structural model.

H₆. The (a) travel experience of tourists on low-cost and (b) familiarity with the destination relate positively with the amount of novelty they seek.

Pearce (1996) argues that the more experience a tourist has, the greater is his demand concerning destinations; therefore, it can be anticipated that his experience leads him to seek increased novelty. However, Petrick (2002) shows that golf players with more experience tend to be more novelty avoiders than the less-experienced golf players.

Jang and Feng (2007) show that novelty-seeking is positively related with mid-term revisit intention. These authors argue that the tourist could search for novelty-seeking in a familiar destination with the sense that they control the situation. This assumption follows the theory of planned behavior of Ajzen (1991).

H₇. The (a) travel experience of tourists on low-cost travel relates positively with the amount of risk they perceived. Inversely (b) familiarity with destinations relates negatively with the amount of risk they perceive.

Lepp and Gibson (2003) argue that familiarity and experience negatively correlate with risk. Similarly, Cheron and Ritchie (1982) show that perceived risk has a strong inverse relationship with familiarity.

H₈. The amount of novelty which tourists on low-cost travel seek, relates positively with the amount of risk they perceive. Lepp and Gibson (2003) argue that in the actual international context of political instability and terrorism, tourists feel safer in more familiar destinations, whereas novel environments present higher risks. Elsrud (2001) concludes that the perception of risk increases with the degree of novelty-seeking behavior.

METHOD

Sample

The empirical study was undertaken at the Faro Airport, in the Algarve, southern Portugal. The Algarve is the main tourist region of the country

attracting 46% of the total tourists visiting Portugal in 2005. The survey took place in the low season (winter 2005) and the high season (summer 2006) using a stratified, random sample of British and German tourists on low-cost travel returning home, with the central aim of determining how they perceived the risks of international travel and their novelty-seeking behavior. This survey considered different types of risk derived from the literature, and employed the novelty-seeking dimensions developed by Lee and Crompton (1992). The random sample of passengers on low-cost travel departing from the Faro Airport was stratified by low-cost airline and country of origin of the passengers. These airlines transport more than 46.3% of the passengers on low-cost travel in Faro Airport with British and German tourists representing more than 38.6% of the tourists visiting the Algarve during 2005 (Correia & Pimpão, 2007).

To ensure the validity, reliability, and generalizability of the data, several steps were undertaken. First, the point of departure was a questionnaire comprising the dimensions already applied in tourism studies about novelty-seeking behavior and perceived risk (Lee & Crompton, 1992; Petrick, 2002), which were adapted for the present purpose, ensuring that prior research in the field was considered and face validity established. Second, all relevant literature was taken into consideration. Third, the questionnaire was pre-tested with a sub-sample of 150 passengers. These procedures were followed to ensure the validity of the questionnaire.

The survey returned a total of 1,978 questionnaires from the 4,057 distributed, representing a response rate of 49%. This corresponds to a sampling error of 2.7% with a confidence interval of 95% – an acceptable standard according to Dillman (1978). This procedure ensures the generalizability of the data, meaning that the findings are applicable to a more general population.

Tables 1 and 2 present a characterization of the sample in terms of nationality, age, education, social status, gender, income, travel experience, and familiarity with the Algarve (measured by past visits). The sample comprises British (81.9%) and German (18.1%) tourists who represent the two main markets to the Algarve traveling mainly with EasyJet (47.4%) and Monarch (15.7%). In this sample, gender was roughly equally represented. Most respondents are of a high social status (58.1%), with an average monthly income over 5,070.9 Euro. They are mainly middle-aged tourists with a superior level of education, since they have an average age of 40.6 years and 13.5 years of schooling. Most of the respondents are married (61.1%).

Table 2 also shows tourists engaged in low-cost travel more than twice a year. Additionally, they are familiar with the Algarve destination, since more than 61.3% have visited this region before.

Table 1. Sample Stratification by Airlines Companies and Nationality.

Airlines Companies	Sample Frequency	%	Passengers	%
EasyJet	937	47.4	288,903	25.6
Monarch	311	15.7	165,748	14.7
Hapag Loyd	207	10.5	127,669	11.3
Air Berlin	153	7.7	75,217	6.7
Channel Express	124	6.3	65,583	5.8
Others	246	12.4	406,131	35.9
Total	1,978	100.0	1,129,249	100

Market (country)	Frequency	%	Tourists	%
British	1,621	81.9	790,517	74.8
Germany	357	18.1	266,309	25.2
Total	1,978	100.0	1,056,826	36.8
Total of Tourists in Algarve			2,871,810	

Source: Faro Airport (ANA) and INE (National Institute of Statistics) (2005).

Survey

The survey instrument includes three parts. Part 1 covers socio-demographic variables (gender, age, family status, income, social status, years of education), travel experience, and familiarity with the Algarve. Part 2 contains 13 items that represented a modified version of Lee and Crompton's novelty-seeking dimensions (1992) adapted to the reality of the Algarve as a tourism destination and anchored in previous research that comprised items usually used to measure the dimensions of novelty-seeking. In the process of pre-testing and main analysis, the dimensions, escape, and adventure were found to exhibit little explanatory power. As with the research by Petrick (2002), the dimension, surprise, shows a very low reliability coefficient, therefore this dimension was discarded, with the final version of the scale reduced to three dimensions (boredom alleviation, change from routine, and thrill). This may be due to the degree of familiarity of the Algarve as a destination to British and German visitors.

Part 3 comprises 15 items of operationalized risk factors derived from the literature review. Each statement was modified according to the Algarve reality comprising, in each dimension, at least a positive statement and a negative one, which allowed analysis of risk as a negative or positive outcome, according to Weber (1998). The scale for measuring the risk construct is based on operational definitions of the varieties of perceived risk

Table 2. Profile of Survey Respondents.

	Frequency (%)	Average	Standard Deviation
<i>Gender</i>			
Female	49.1		
Male	50.9		
<i>Age</i>		40.6	12.6
<i>Age groups</i>			
Up to 25 years old	13.4		
From 26 to 40 years old	39.5		
From 41 to 55 years old	32.9		
More than 56 years old	14.2		
<i>Education (total number of years at the school)</i>		13.5	3.3
<i>Marital status</i>			
Married	61.1		
Unmarried	38.9		
<i>Monthly income (in Euro)</i>		5,070.9	1,960.1
<i>Social status</i>			
High	58.1		
High-medium	32.5		
Medium	8.1		
Low	1.3		
<i>International travel experience</i>			
This is my first trip	0.7		
Once a year	26.9		
Twice a year	33.2		
More than two times/year	39.2		
<i>Have you visited the Algarve before?</i>			
Yes	61.3		
No	38.7		

as suggested by Lepp and Gibson (2003). This scale contains five domains of risk; namely, financial risk, physical risk, satisfaction risk, terrorism risk, and psychological risk. The dimension social risk was discarded after subsequently being found to have been misunderstood in pre-test. Roehl and Fesenmaier (1992) similarly found that social risk had the lowest correlation with the other types of risk. Therefore this dimension was excluded in further analyses.

This part of the survey was pre-tested to ensure that respondents clearly understood the scale. Measurement of the novelty-seeking behavior and the dimensions of perceived risk were measured using a five-point Likert scale varying from 1, not important/strongly disagree, to 5, very important/strongly agree. Table 3 shows the variables used in this study.

Table 3. Characterization of the Variables.

Variable	Description	Scale
Age	Age groups	1, less than 25 years; 2, from 26 to 40 years; 3, from 41 to 55 years; 4, above 56 years
Travel experience	How many times do you travel abroad in a year on holidays?	1, this is my first trip; 2, once a year; 3, twice a year; 4, more than three times a year
Familiarity	Have you visited the Algarve before?	0, No; 1, yes

How important was each reason to you in deciding to take this trip?		Scale
Work	To escape the pressures of my workplace	1, not important; 5, very important
Routine	To escape from routine	
Crowds	To run away from the crowds	
Things	To try as many things as possible	
Nature	To learn more about nature	
Novelty	To seek novelty and change	
Culture	To learn about cultures and lifestyles	
Amusement	To amuse myself	
New	To discover new things	
Others	To do what most others have not done	
Adventure	To have an adventure	
Remote area	To visit a remote area that is hard to access	
Emotions	To stimulate emotions	

Perceived Risk

How likely are you to agree with these statements when you decide to travel?

Uncertainty	When one purchases a vacation, one is never certain of one's choice
Complicated	Choosing a vacation destination is rather complicated
Costs	When making decisions about holidays, it is important to get as much information as possible regardless of the time or cost involved
Substitutes	With the exception of the price, there is not much difference between one vacation destination and another
Comfort	I would feel very comfortable traveling anywhere
Sick	When I choose a destination I'm afraid to become sick
Natural disasters	Travel to natural areas is risky now because of natural disasters

Table 3. (Continued)

Gift	Buying a vacation is like buying a gift for myself	1-strongly disagree 5-strongly agree
Importance	I attach great importance to a vacation	
Achievement	The type of vacation one takes often represents his/her level of personal achievement	
Annoying	It is really annoying to purchase a vacation that is not suitable	
Upset	If, after I bought a vacation, my choice proves to be poor, I would be really upset	
Risk	Traveling is risky right now	
International	International travel is just as safe as domestic travel	
Without terrorism	Tourists are not likely to be targets of terrorism	
Terrorism	Because of terrorism, some destinations must be avoided	

Research Design

The present study follows three main stages of statistical data analysis. The main objective of this study is to test a structural equation model (SEM) that allows understanding of how tourists perceive risk. SEM evaluates how well a conceptual model containing observed and latent variables explains and fits the data (Yoon & Uysal, 2005). The technique adopted in this study also allows measurement of causal relationships among latent constructs, estimating the amount of unexplained variance (Yoon & Uysal, 2005). This SEM analysis comprised two stages. First, an EFA was used as a preliminary technique to find the underlying dimensions or constructs in the data. The extraction method employed was maximum-likelihood estimation, with a VARIMAX rotation method. The analysis considered a latent root criterion of 1.0 for factor inclusion. To extract factors, the cut-off of 0.5 was the criterion adopted. A subsequent CFA allowed for evaluation of the resulting scales. This analysis specifies the relationships of the observed variables to the latent constructs, and suggested that all the constructs can be inter-correlated freely.

Alpha (Cronbach, 1951) coefficients measure the reliability of the obtained factors, with independent analysis carried out to confirm

the goodness-of-fit for each construct. Validation of the scales allowed the estimation of the structural model. Having identified the factors that contributed most to the formation of each construct, SEM estimation allowed for the assessment of the research hypotheses. The factors obtained by means of EFA served as indicators of the latent constructs: perceived risk and novelty-seeking. AMOS 6 (Arbuckle & Wothke, 1999) was used to estimate the model, evaluating the model fit by following the approach suggested by Hair, Anderson, Tatham, and Black (1998); that is, assessment of the overall model fit, followed by individual measurement and structural modeling (Correia, Valle, & Moço, 2007).

EMPIRICAL MODEL AND RESULTS

The empirical model is a structural equation system with latent variables and the model has two components: the measurement model and the SEM. The aim of the former is the measurement of the latent variables, while the latter shows the structural equations.

The Measurement Model

The development of the measurement scales was performed with EFA, in order to reduce the dimensionality of the data and to identify the main factors relating to novelty-seeking and perceived risk. Following this, a CFA evaluated the resulting scales.

The reduction of the initial thirteen push motives into three new factors, together accounted for 49.2% of the total variance ($KMO = 0.9$; Bartlett test: $p = 0.00$). Table 4 presents these findings. Considering the meaning of the novelty-seeking factors grouped with higher loadings and the literature, the novelty-seeking factors are boredom alleviation, change from routine, and thrill. The internal consistency of these factors was measured by the corresponding Cronbach's alpha coefficients, which are good (they are at least equal or superior to 0.7 in all cases).

Boredom alleviation is the first factor and is particularly related to try as many things as possible, be an adventurer, and to discover new things. For the factor, change from routine, the principal motives were connected to escape from routine and to escape the pressures of my workplace. The third factor, thrill, was found to be comprised primarily of, to learn about the nature and to visit a remote area that is hard to access.

Table 4. Exploratory Factor Analysis for Novelty-Seeking (After Varimax Rotation).

Novelty-Seeking Factors	Loadings	Mean	Standard Deviation	Reliability (Alpha Cronbach)
<i>Boredom alleviation</i>				0.8
Seeking novelty and change	0.5	2.7	1.1	
To try as many things as possible	0.7	2.8	1.1	
Be an adventurer	0.7	2.7	1.1	
Know different cultures and lifestyles	0.5	3.2	1.1	
To discover new things	0.6	3.1	1.1	
To stimulate emotions	0.5	2.9	1.1	
To amuse myself	0.4	3.2	1.1	
<i>Change from routine</i>				0.7
To escape the pressures of my workplace	0.7	3.7	1.3	
Escape from the routine	0.9	3.9	1.1	
To get away from the crowds	0.5	3.0	1.2	
<i>Thrill</i>				0.7
Going places my friends have not been	0.5	1.9	1.0	
To learn about nature	0.7	2.3	1.1	
To visit a remote area that is hard to access	0.7	1.9	1.1	

Table 4 also shows the mean importance level of novelty-seeking factors. The importance ranking was based on the mean scores of each statement. In general, the factor structure that was extracted is consistent with Lee and Crompton's (1992) study but with minor divergences that result from the fact that the Algarve is a familiar destination, since more than 60% of the visitors are repeat visitors. As discussed above, however, the major difference is the lack of the surprise dimension that appears either to be inappropriate for the kind of tourist included in this study, or due possibly to a misunderstanding about these survey statements which addressed this dimension.

Further research is necessary to clarify this dimension (Petrick, 2002). In the case of the Algarve, the main motivation is change from routine, since escape from routine and escape from the pressures of the workplace have high mean scores. However, the boredom alleviation motivations also explain their choice. In fact, this dimension, in the case of the Algarve,

relates to amusement and trying as many things as possible, which accords with the reality of tourism development in the Algarve, where there are many touristic resources to explore. The least explicative dimension is thrill, which differs most from the scale of Lee and Crompton (1992). The item, be an adventurer, loads in this study with boredom alleviation rather than the thrill factor as proposed by Lee and Crompton (1992), since the Algarve is not very rich in adventurous activities of a thrilling nature.

The perceived risk responses to the statements in the third part of the questionnaire load into four factors (Table 5). To find the underlying constructs associated with risk, the research involved an EFA in order to reduce the 15 perceived risk statements to a more manageable number. The remaining nine statements, having eigenvalues greater than 1 and explain 44.4% of the total variance, group into four factors labeled as follows: security, uncertainty, psychological risk, and financial risk. The risk items most strongly associated with each factor appear in the loadings listed under each. Reliability coefficients were computed for each factor, all with an

Table 5. Exploratory Factor Analysis for Perceived Risk (After Varimax Rotation).

Perceived Risk Factors	Loadings	Mean	Rank	Reliability (Alpha Cronbach)
<i>Financial</i>				0.7
It is really annoying to purchase a vacation that is not suitable	0.9	4.4	1.1	
If, after I bought a vacation, my choice proves to be poor, I would be really upset	0.9	4.4	1.0	
<i>Security</i>				0.7
I would feel comfortable traveling anywhere	0.6	3.2	1.3	
Vacation travel is perfectly safe	0.9	3.3	1.1	
International travel is just as safe as domestic travel	0.7	3.3	1.2	
<i>Psychological</i>				0.7
Buying a vacation is like buying a gift for myself	0.9	3.7	1.1	
I attach great importance to a vacation	0.8	4.1	1.0	
<i>Uncertainty</i>				0.7
When one purchases a vacation, one is never certain of one's choice	0.9	2.8	1.1	
Choosing a vacation destination is rather complicated	0.9	2.5	1.2	

acceptable reliability coefficient above 0.7, ranging from 0.7 to 0.8. Furthermore, with respect to the reliability of the scale, the KMO = 0.8 and the Bartlett test of sphericity is significant ($p = 0.00$). Four factors have statistical validity (Table 5).

Table 5 also shows the mean importance level of perceived risk. Although this research tries to assess most of the items related to risk found in the literature (Table 3), only nine items condense into four factors, two of which are in accordance with previous studies, namely psychological risk and financial risk. As Roehl and Fesenmaier (1992) report, social risk is discarded due to a misunderstanding of the questions set in the pre-test of survey. In fact, the tourists on low-cost travel to the Algarve apparently are concerned that the experience is not good value for money. These results are also in accordance with other empirical research on low-cost travel that shows that these tourists get good value for money and are experienced tourists. Two further factors of risk are security, which is the third more important risk factor and comprises items such as, "I would feel comfortable traveling anywhere; vacation travel is perfectly safe, and international travel is just as safe as domestic travel". These perceptions show the level of confidence these tourists have in the travel system. The second label, uncertainty, provides evidence of the doubts tourists have when deciding to travel. In fact, uncertainty can be defined as "the extent to which people feel threatened by uncertainty and ambiguity and try to avoid these situations", Hofstede (1991, p. 113). Similarly, Stone and Gronhaug (1993, p. 40) define uncertainty as "when no probabilities can be attached for each possible outcome", meaning that the uncertainty around the decision highlighted in the statements relate to the ambiguity and doubts about the possible outcomes. Terrorism, health, and physical risks are not concerns of tourists who travel to the Algarve.

Since the main purpose of this investigation was to determine the ways in which the three novelty-seeking factors influence the four most important perceived risks, the following analysis imposed constraints on the loadings as they emerged from the EFA. A CFA model assessed and validated the measurement model of the antecedents of the perceived risks. This model fits the data well, as can be seen by the values of several fit-indices: GFI = 0.988, AGFI = 0.974, NFI = 0.815, RMR = 0.033, RMSEA = 0.052, and a $\chi^2 = 83.343$ (df = 13; $p = 0.000$), a value that is significant because of the sensitivity of this indicator to large samples. The regression parameters and the factor co-variances are all significant at the 5% level, and even at the 1% level. Therefore, the measurement model is acceptable, showing that H_1 and H_2 are not rejected, and we can therefore move on to the estimation of the SEM.

The Complete Model

Fig. 1 examines the nature of the relationships among novelty-seeking, age, travel experience, familiarity, and overall perceived risk, the study estimated the SEM. Fig. 2 shows the estimated standardized path coefficients on the model itself.

The complete model was estimated by using the asymptotically distribution-free procedure in the AMOS package. The retained model is the model in which all regression coefficients are significant at the 5% level and even at 1% level. All the variances and factor co-variances are significant at the 1% level.

Concerning the model fit, the χ^2 statistic has a significant value ($\chi^2 = 337.835$ with 31 degrees of freedom, $p = 0.000$) as expected due to the large sample size. However, the other indicators show acceptable values, suggesting an adequate incremental and parsimonious fit, as shown by the following goodness-of-fit indicators: GFI = 0.996, AGFI = 0.993, NFI = 0.872, RMR = 0.050, and RMSEA = 0.051. The model has all the paths significant at the 1% and 5% levels.

DISCUSSION OF RESULTS AND HYPOTHESES

H₃, H₄, H₆, and H₇ hypothesize that age, travel experience, and familiarity with the destination, were expected to be correlated with novelty-seeking and the perceived risk of travel by tourists on low-cost travel. These hypotheses build on the literature review and on the tourism career-ladder theory of Pearce (1996) which expects age to be positively correlated with the travel experience and familiarity with the destination (H₅). Furthermore, hypothesis H₈ contends that novelty-seeking is expected to be positively correlated with the perceived risk.

Since the path from age to novelty-seeking is negative and statistically significant at the 1% level, this results in the non-rejection of hypothesis H₃. This result suggests that younger tourists are more likely to seek novelty than older tourists. This is in accordance with previous research of Carr (2001), Elsrud (2001), and Petrick (2002) who show that the degree of novelty tourists seek tends to decrease with age, highlighting that age is negatively correlated with novelty-seeking.

Since the path from age to perceived risk is positive and significant at the 1% level, the result suggests that older tourists tend to be more sensitive to the risk, in support of hypothesis H₄. This is also in accordance

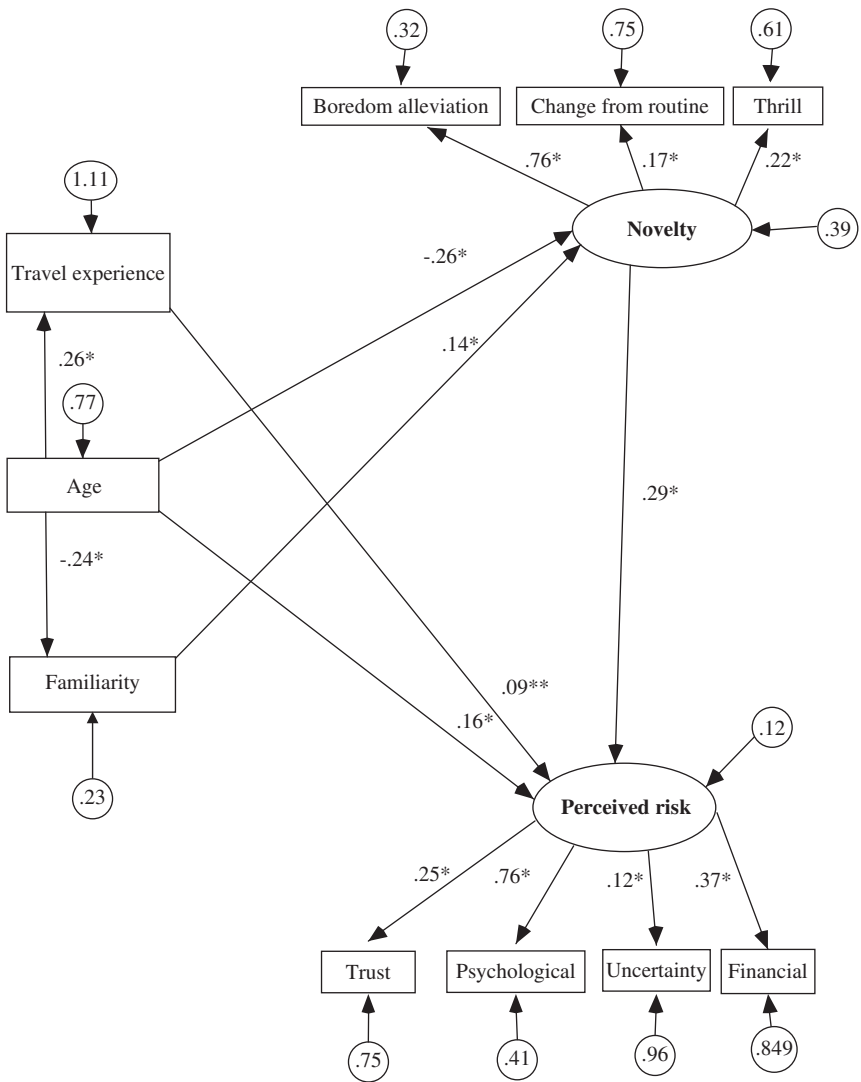


Fig. 2. Standardized Estimates of Proposed Model. The Asterisks “*” and “**” Denote Level of Significance 1% ($p > 0.001$) and 5% ($p > 0.005$), Respectively.

with the previous studies of Gibson and Yiannakis (2002) and the tourism career-ladder theory of Pearce (1996). The main assumption is that the experience of the tourist has a direct and positive relationship with age. Since the path from age to travel experience is significant at the 1% level and positive, H_{5a} is not rejected. This result confirms that older tourists are more experienced travelers. The path from age to familiarity with the destination is negative and statistically significant at the 1% level. Thus we reject hypothesis H_{5b} . This result implies that older tourists are more likely to seek familiar destinations, as was the case for the Algarve, seeking greater novelty instead.

Hypothesis H_{6b} is accepted, since the path from familiarity to novelty-seeking behavior relates positively and significantly at the 1% level. That is, the tourist may find novelty in familiar destinations, as shown by Jang and Feng (2007). But Hypothesis H_{6a} is rejected since this path is not significant. This result suggests that the Algarve holds some level of novelty-seeking even for tourists that are familiar with this destination. This result is in accordance with previous research of Jang and Feng (2007), and Gyte and Phelps (1989) who argue that repeat visitors tend to visit different places in the repeat destination suggesting a novelty-seeking behavior in familiar destinations.

Hypothesis H_7 tests the direction of the relationship between travel experience and perceived risk (H_{7a}), and between familiarity and perceived risk (H_{7b}). The results support H_{7a} with the path from travel experience to perceived risk being positive and statistically significant at the 5% level. This result makes sense in the actual context of political instability where it is widely accepted that tourists are the first target of terrorists and criminals (Pizam, Tarlow, & Bloom, 1997) and, therefore, the perception of risk increases (Enders, Sandler, & Parise, 1992; Gartner & Shen, 1992).

The path from familiarity to perceived risk is not statistically significant. Therefore, H_{7b} is not supported and is not in accordance with previous research (see for instance, Lepp & Gibson, 2003; Cheron & Ritchie, 1982).

The findings support hypothesis H_8 since novelty-seeking influences positively perceived risk. The path is positive and statistically significant. This result supports Elsrud (2001) who shows that the amount of novelty-seeking behavior tends to increase the perceived risk, suggesting that the tourists are aware of the risk of international travel although their novelty-seeking behavior remains.

CONCLUSIONS AND MANAGERIAL IMPLICATIONS

The major findings of this study have some significant managerial implications, especially for the marketers who promote this destination. The novelty-seeking behavior and the perceived risk appear as two distinct antecedents of tourism behavior, suggesting that perceived risk should not be conceived only in negative terms.

The positive relationship between these two variables indicates that novelty seekers are more aware of the risks and therefore special attention may be required to promote the Algarve among novelty-seeking tourists. From the EFA and CFA results, the study indicates that tourists who travel to the Algarve perceive this destination as safe, and this may be one of the Algarve's competitive advantages. Psychographic and personality traits were found to be associated with most of the perceived risks. Financial risk is the major concern of the tourist, the other being psychological risk. The uncertainty of the choice is of less importance.

Novelty-seeking behavior also shows quite interesting results given that they concern a familiar destination as most of those surveyed had visited the Algarve before. For tourists on low-cost travel, the main motivations appear to be escape from the routine and boredom alleviation. The Algarve therefore represents a familiar destination where there are nevertheless a variety of activities and resources that repeat tourists find worthwhile. This conclusion results from the EFA, which shows that discovering new things, trying as many things as possible, and amusement, are the motivations of these tourists besides escape from routine and from the work place. The positive effect of familiarity in novelty-seeking behavior is a curious result suggesting that the degree of novelty-seeking tends to increase with familiarity with the Algarve, and the potential of this destination for repeat visitation.

The geographic scope of this chapter limits the generalizability of the findings. Further research should encompass tourists traveling to other destinations and other origins in order to examine novelty-seeking and risk behavior more broadly. The estimated model explains overall perceived risk based on novelty, age, travel experience, and familiarity with the destination, and more research should estimate the effect of gender and nationality on the perceived risk and novelty-seeking behavior. A variety of extensions to this chapter could be undertaken. This chapter, although limited in geographical scope, identifies some fields of future research. These fields include extending the study to other geographical contexts, adapting the novelty-seeking construct to familiar destinations, and including further socio-demographic variables in the model.

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