

CONSUMER BEHAVIOR STUDY IN COVID 19 PANDEMIC: PERCEIVED RISK, TRUST, BRAND CREDIBILITY, AND BOOKING INTENTIONS

by Witarsna Inheic 2021

Submission date: 25-Jun-2023 08:39AM (UTC+0700)

Submission ID: 2122040679

File name: 20._PROCEEDINGS_1st_INTERNATIONAL_HOSPITALITY_INHEIC.pdf (321.47K)

Word count: 2259

Character count: 13177



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1.5 Introduction

This study aims to investigate the effects of consumers' perceived risk, trust and brand credibility on hotel purchase intention in Covid-19 pandemic. The tourism industry is extensively as the vector for worldwide spread of corona virus since people movement from one destination to accros destinations. Due to several travel restriction/ bans until applying of mass lockdowns to decrease the spread of the virus (Arezki and Nguyen, 2020; Stezhko et al., 2020; Yanga et al., 2020). Hotel business in one of the affected sector during this pandemic. The hotel occupancy in Bali significantly decreasing with only 15% average occupancy per month in 2020 (Central Bureau of Statistic, 2021). Bali has become more risky to visit than the other destinations with lower number of infected people. Meanwhile, Covid-19 infecting estimated 38.000 people in Bali and become as one of Covid-19 red zone area in Indonesia (Indonesia Covid-19 central information, <https://covid19.go.id/>).

Recently some research investigate the COVID-19 pandemic effect especialy in tourism. Zenker and Kock (2020) The research found there are six themes to consider for COVID-19 research: the level of complexity, destination image changes, tourist behavior changes, resident behavior changes, tourism industry changes, and long-term and indirect effects. This paper will focus on tourist behavior. The implication for consumer's behavior is the moment before they deciding to make a purchase, therefore what needs to be considered is consumers tend to have intentions in themselves (Erkan & Evans, 2016). In this case intention means consumers have already had sufficient information about the product to be purchased. Purchase intention is a stage of the consumer's tendency to act before actually making a purchase (Martinez & Kim, 2012). This stage refers to the evaluation activity, either the product or the company. The service provider should know better and deeper regarding their consumer final buying habits that can be predicted from their intention (Bai et al., 2008). This link has been empirically examined in hospitality and tourism industry (Bai, Law, & Wen, 2008; Sparks & Browning, 2011).

One of the antecedences from purchase intentions is perceived risk. Many studies have shown the positive correlation between perceived risk and purchase intention (Kakkos et al., 2015; Thanasuta, 2015). Based on consumer behavior research, perceived risk touch on consumers perceive risk in that will effected to their decision-



making process since the uncertainty possible make negative consequences (Shin and Kang, 2020). In regard, the concern of the future worldwide tourism industry are the residual effects of the pandemic of on travel and tourism in the form of perceived risk post-COVID-19 era (Matiza, 2020). Perceived risk is derived from unanticipated and uncertain consequences of an unpleasant nature resulting from product purchases (Bauer, 1960; Rehman et al., 2020). As a concept, perceived uncertainty highly associated with perceived risk. To reduce effect of perceived risk is by building customer trust level (Kakkos et al., 2015).

Currently hotel industry is struggling from corona virus since hotel properties it become high risk for environmental contamination (AHLA, 2020; Zemke *et al.*, 2015). Factually, the main focus of research on risk to health has been to understand how tourists perceive health risk when they engage in risk-taking activities in adventure tourism contexts (Bentley and Page, 2008; Buckley, 2012). The travel reluctance during and after the COVID-19 pandemic is resultant from high health risk (Shin and Kang, 2020). Tourist have main concern with health risk when visiting tourist destination and enjoying hospitality services. (Kozak et al., 2007). Health risk become consideration for tourist to decide their choices. The most consideration to visit a tourist destination is when the believe with high level of perceive of health risk. (Law, 2006; Williams and Bala'z, 2013).

Perceived risk equals to the probability of consequences occurring, multiplied by negative consequences of poor brand choice (Mitchell, 1992). When consumers are uncertain about brands and the market is characterized by asymmetric information (for instance, firms have better understanding of their products rather than the consumers), brands can serve as signals of product positions (Wernerfelt 1988). Product positioning means credibility play vital in a brand and trustworthiness in part of credibility (Association for Consumer Research). Brand credibility play vital when decision making process made by consumer, particularly with high-risk products, since perceived credibility towards a brand able to reduces perceived risk of consumption (Erdem et al., 2020; Gotlieb et al., 1992; Kerstetter and Cho, 2001; Sweeny and Soutar, 2001; Jun, 2020). Therefore the perceived risk about the uncertainty of hotel product can be reduce by brand credibility of the product.

To achieve success as service provider, building consumers trust is play vital role (Kim, et al., 2012). Many studies examining that purchase intention effected by trust using the TRA approach (Erkan & Evans, 2016; Hernandez, Jimenez, & Martin, 2008). However other research indicate assurance on purchase intentions is insignificant Lien et al., (2015). To build the trust in tourism and hospitality business Indonesian government (ministry of tourism and creative economy) launch the Indonesia Care program through CHSE (clean, health, safety, and environment sustainability) certification in 2020 with total 5863 businesses have been certified by March 2021. The



aim of this program is to give the assurance and gaining the trust for traveler also attract customers to the destinations including hotels. Thus, hotels require to take focus on increasing guest perceptions of safe travelling and minimize customers' anxiety levels by doing the CHSE. By this CHSE certification and brand credibility of the hotel, the perceived risk of customers is expected to reduce. It means the lower level of perceived health risk the higher intentions to travel will be. Therefore, the major key antecedents and mediators of purchase intentions to understand pre-purchase stage of guest specifically during Covid-19 Pandemic need to analyze.

2. Research Methodology

This research based on a quantitative approach to validate the research model. This studies use random sampling and data collection conduct using questionnaires. The target of respondents are all consumers who have intention to book hotel during covid-19 pandemic. the questionnaire consisted of questions regarding respondents' geographic, demographic, and psychographic. In this study, the indicator of purchase intention is taken according to Schiffman and Kanuk (2010) and Ling et al., (2010), which are as follows: 1) Interested in finding information about a product 2) Considering buying 3) Interested in trying 4) The desire to make a purchase in the near future. To measure a trust, the indicators used are taken according to Mayer et al., (1995) and Mukherjee and Nath (2003), namely: 1) Integrity 2) Ability 3) Reputation 4) Perceived Risk. Data analysis using the partial least squares (PLS) program utilized to validate the measure. The research model consists of firstly, identification of perceived risk and trust. Secondly, examination of effects of perceived risk, trust and brand credibility on purchase intention. Finally, examination of trust, brand credibility mediating perceived risks on hotel purchase intention. The research model is shown in Figure 1.

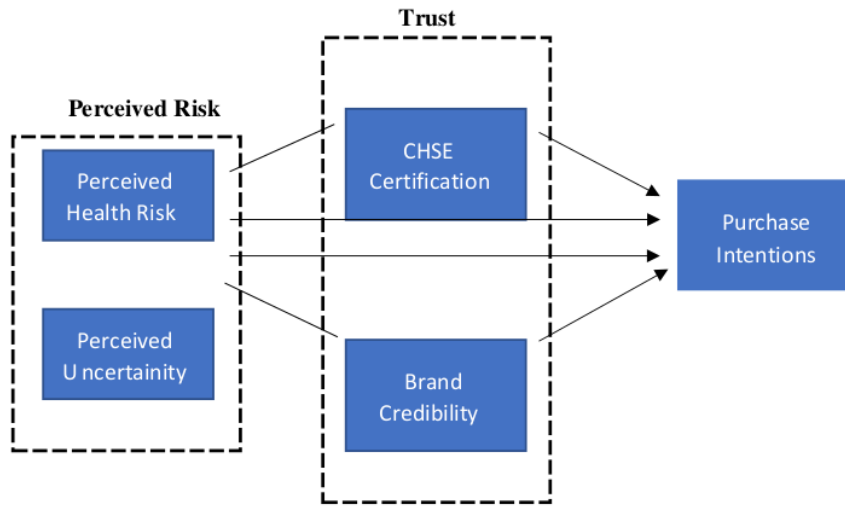


Figure 1: Research Model

3. Expected Result and Conclusion

This study benefit to the literature in assessing the effects of perceived risk, trust, brand credibility, and booking intentions on consumer behavior hotel booking in covid-19 pandemic. Perceived health risk and perceived uncertainty act as antecedents to consumer trust. CHSE certification and brand credibility as mediator variables which significantly affect the consumers behavioural intentions to book hotel. The results from studies expected that CHSE certification positively influences purchase intentions. The consumer will choose hotel that applied standart program by the Ministry of Tourism and Economy Creative as a form of trustworthy of service providers. The consumer mark CHSE as guarantee indicator of sense of security and comfort to tourists when they visit a destination that applies the health protocols. Brand creadibility have a significant impact on purchase intentions. The variable trust give positive impact and fundamental on consumer repurchase intention to book hotel by online. Perceived risk will be decreased if hotel able to implement trust variable that will boost purchase intention.

This study outcome have practical implication for hotel management in design strategic plans to improve hotel booking perfromances during pandemic. Perceived of health risk and perceived of uncertainty of the antecedents of consumer trust online is useful for managers who should develop strategies and actions in decreasing risk that might be consumer think before book the hotel. Hotel providers should have clear communication to consumer. For instance, hotel management should share update information regarding government regulation to prevent covid-19, several test that



applied if guest travel from other city and new hotel regulations to adapt with health protocols. Findings from our study imply that trust of consumer build by application of CHSE program and hotel brand credibility to attract consumer of hotel purchase intention in pandemic covid-19.

Keywords: *Consumer Behaviour, Perceived Risk, Trust, Brand Credibility, Booking Intentions*

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