The willingness to pay for safer airline after crisis.

Teitler Regev Sharon

Shahrabani Shosh

The Economics and Management Department,

The Max Stern Yezreel Valley College

ISRAEL

Aviation is generally considered to be a safe industry. The probability that an airplane will be involved in a crash due to a terrorist attack is thought to be very low. Nevertheless, recent international media reports of terrorist incidents at airports and on airplanes have made people more aware of the risk terrorism poses to flying and the need for airline security measures.

The aviation industry is growing at the rapid rate of about 5-9 percent annually. In 2014 the total number of passengers carried on scheduled services rose to 3.3 billion. Various factors affect people's willingness to pay (WTP) for airline tickets, among them the level of an airline's security measures. Yet previous studies have not examined the factors affecting people's WTP for airline tickets at a time of ongoing terrorist incidents. The current study contributes to the existing literature by examining factors affecting people's WTP for flying with a safe and secure airline after terrorist incidents. In particular, it examines how people's attitudes regarding the importance of airline safety and their emotions evoked during terrorist incidents affect their WTP for airline safety. The implications of this study are important in understanding attitudes and WTP for airline safety and security in the context of terrorism.

The current research was conducted during the 2014 Israel–Gaza conflict. During the war, rockets were fired on Israeli cities. El Al, the Israeli national airline, is equipped with anti-missile systems, and its security checks are more stringent than those of other airlines.

The study was conducted by a polling company using an internet survey during August 2014. A total of 402 Israelis answered an internet survey that included questions regarding WTP for tickets on safe and secure airlines during routine times, their attitudes regarding the importance of airline safety and security, the level of their emotions evoked by the war and socio-demographic characteristics.

The results show that individuals who experienced higher levels of fear during the war were willing to pay more for airline tickets, not only during wartime but also during routine times. Therefore, the research results indicate that emotions of fear have a strong impact on how people choose to travel on vacation.
People who considered airline security to be an important attribute were willing to pay more. In addition, people with a higher level of education and those with stronger ties to religion were willing to pay more for airline tickets. The implications of the study are important for understanding people’s feelings, risk perceptions and attitudes toward airline safety and security in situations of danger. Due to the rise in terrorism on flights and at airports worldwide, people will become increasingly aware of security issues. Therefore, understanding people’s perceptions and their willingness to pay for airlines with better security measures is of great importance.