

-RESEARCH ARTICLE-

## THE IMPACT OF CONSUMER CONFIDENCE INDEX ON THE TOURISM MARKET: A COMPARATIVE STUDY OF CONSUMER BEHAVIOUR DURING ECONOMIC RECESSION AND ECONOMIC PROSPERITY

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### —Abstract—

This research focuses on the effect of CCI on the tourism market within the UK in conditions of economic recession and growth. Taking a comparative analysis approach through regression and Difference-in-Differences (DID) method, it looks at consumer behaviour and tourism expenditure during the 2008 financial crisis, the COVID-19 pandemic, and the pre-pandemic time of 2015 to 2019. Thus, the impact of consumer confidence on the volume of tourism demand, the frequency of trips and expenditure is illustrated. During recessions, consumers are less confident and spend less on travel, travel domestically, and take shorter trips. On the other hand, favourable periods are marked by factors such as global travel, tourism, vacationing and views even for luxury given that consumers are richer. The study also looks at how current and future trends of tourism market consumer behaviour and the overall economic climate can be managed to allow current and future tourism-related businesses to endure past such a shift. It explains that during downturns businesses can, for instance, jump onto promoting domestic tourism; while in periods of growth tourism businesses can, for instance, shift to focusing on luxury tourism. These results also support CCI as the most effective predictor of tourism behaviour and imply that other sectors, including businesses in the travel industry and governmental agencies, should integrate

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information on consumer sentiment data to predict market tendencies and develop corresponding strategies. Thus, this research contributes to the knowledge of how tourism markets should be managed about economic cycles and various volatilities.

**Keywords:** Consumer Confidence Index (CCI), Tourism Market, Economic Recession, Consumer Behaviour, Tourism Expenditure

## INTRODUCTION

### Background and Context

Global tourism is a very important market since it has a positive impact on employment opportunities, foreign exchange receipts, and other related developments. The World Tourism Organization (UNWTO) stated that tourism contributes roughly 10 percent of global GDP and provides work for millions of individuals around the globe (Larry et al., 2010). Because tourism can be considered a highly volatile industry, there is a need to determine factors that make consumers change their behaviour. One of them is the Consumer Confidence Index (CCI) this measures the consumers' attitude or the level of optimism or pessimism towards the economy (Su et al., 2023). Consumer confidence is a critical fundamental factor that defines capacity and willingness of individuals to part with their wealth for conspicuous items, leisure, and thus traveling the globe (Han et al., 2022). They found that high level of consumers' confidence during the period of economic growth positively influence tourism demand due to discretionary expenditure (Molina-Collado et al., 2022). On the other hand, consumers can be forced to cut back travel costs because of other fiscal requirements during the economic downturn (Orîndaru et al., 2021). Tourism organizations are literally at the mercy of changes to the confidence of consumers, because this has immediate implications for hotel occupancy levels, airline ticket sales and so on (Pulido-Fernández & Cárdenas-García, 2021). The COVID-19 pandemic clearly demonstrated that new economic shocks could undermine consumer confidence and significantly alter international tourist movement (Škare et al., 2021). It is crucial for businesses and policymakers to realize how the CCI co-respond with tourism demand during the business cycles to manage the threats and establish long-term strategic plan (Gössling et al., 2020). This research aims at analysing the differing effects of consumer confidence on tourism, analysing the behaviour in an economic recession as well as prosperity.

### Problem Statement

Consumer behaviour in tourism is important because the industry is very sensitive to changes that occur due to changes in consumer confidence on their spending. In the period of economic crisis people tend not to spend money on touristic projects like traveling. This behaviour greatly impacts tourism businesses, through which it becomes almost impossible to make reasonable profits during existing unfavourable economic

conditions. On the other hand, economic prosperity helps in development of consumers' confidence with going for leisure hence encouraging tourism (Khan et al, 2020). Although the CCI is widely recognized as a useful indicator of future economic activity, there is a lack of literature comparing consumers' behaviour in tourism at different phases in the business cycle. This gap of literature therefore calls for a comprehensive analysis of the role played by consumer confidence in determining tourism flows under different economic variables. This study seeks to have methodological implications to the existing literature by surveying consumers during recession and prosperity and offering pragmatic insights to the tourism organizations on how to insulate their operations from cyclical fluctuations.

## **Research Aim and Objectives**

The aim of this research to assess the role of the CCI on tourism in the context of the UK travel during the recessed and prosperous periods in terms of travel consumption, expenditure, and tourism outcomes.

### **Objectives**

To understand changes in consumer behaviour in response to varying CCI levels and assess how these changes impact travel decisions in the UK.

To compare tourism market performance during economic downturns and prosperous periods by examining the relationship between CCI trends and tourism demand.

To analyse strategies that tourism businesses in the UK can adopt to remain resilient, adapting to shifts in consumer confidence and economic conditions.

### **Research Questions**

How does consumer confidence influence tourism demand in the UK during economic downturns and prosperous periods?

What are the key behavioural changes in consumers during periods of economic recession compared to economic prosperity?

How can tourism businesses in the UK strategize to maintain resilience and profitability during periods of both low and high consumer confidence?

## **LITERATURE REVIEW**

The consumer confidence index is an essential barometer of the economic climate, reflecting levels of positive or negative expectations that customers have on an economy. It indicates consumers' willingness to spend on products and services

including on purchase of those which are non-essential such as tourism products (Fernández et al., 2022). Such index is usually estimated using surveys in which the consumers answer questions concerning their financial situation, their expectations for the future as well as their perception of the economic situation (OECD, 2021). The values of the CCI are usually calculated as a percentage when is above 100 as this reveals that the consumer is optimistic about the economy (Lolić et al., 2022). The surveys are done by organization such as the Conference Board in the United States and the European Commission in Europe. They are mostly published on a monthly basis whereby various governments, firms, and investors can be able to follow the movement of consumer sentiment in the systematic changes in the economic environment (Ludvigson, 2004). Hence, CCI may be affected by the income level, employment rate, inflation rate, credit availability, and amongst other factors (Gholipour et al., 2022).

Other forces acting beyond the marketing mix and within the marketing environment include global factors like pandemic or global political tensions that erode confidence about the future. For instance, in the COVID-19 period, consumers exhibit low optimism and even pessimism concerning their health and their country's economy because households' health risks and financial insecurity have diminished optimism, both for personal and national financial prospects (OECD, 2021). From an economic informality perspective, the CCI is beneficial in explaining future possible economic activities. A high CCI sends a positive signal that the consumers feel they are in a good financial state to spend while undertaking necessary as well as non-necessity expenses like travel expenses (Grzywińska-Rapca & Ptak-Chmielewska, 2023). However, lowering consumer confidence normally implies that consumers are less willing to spend, and this affects sectors such as the tourism sector, the retail and hospitality industry (Aharon, 2022). Many decision-makers in the policy and business domains pay considerable attention to fluctuations in CCI in order to predict shifts in consumer demand. Consumer confidence is therefore like a match stick with tourism since tourism organisations base their revenues greatly on consumers' disposable income.

## Consumer Behaviour in Tourism

Consumer behaviour analysis in tourism is of paramount importance to study the decision-making process of tourists and in influencing the fashion of a tourism market. Tourism usually occurs on a voluntary basis and therefore the decisions are tightly connected with the consumer's perception of economic security and global economy (Sokhanvar & Jenkins, 2022). It helps to learn consumer choices to know about the change in tourist intentions and energy, and the agenda of marketing communication (Ahmad et al., 2022). It is important that tourism marketers understand consumer behaviour to predict their future actions, and there are various factors that come into play when people are making decision on tourism such as, economic conditions, psychological motivation, demographic characteristics, culture and technological advancement (Shafiullah et al., 2019). For instance, dedicated travellers may look for

adventure tourism while the mature consumers may go for the leisure travel. Likewise, the level of financial innovation together with the levels of income affects the spending ability of the consumers towards travelling and specifically on international travel. It is indicated that through the application of technology and specifically social media, consumer behaviour is impacted through attitude formation, travel motivation and booking (Chatzigeorgiou, & Christou, 2019). Another determinant of travel behaviour is psychosocial factors that include perceived risk, self-attitude towards travel and leisure travel motivation. For example, consumers can choose not to travel during the difficult economic period or during the epidemic, as occurred with the coronavirus. However, travel demand expands when consumers have higher sentiments, expecting better economic conditions to allow them to travel for leisure as a reward (Brida et al., 2020). Consumer behaviour is informative to the tourism businesses and policy makers since it helps them understand the demand and determine courses of action most appropriate for the consumers. For instance, whenever there is a decline, various companies can concentrate on domestic tourism or low-cost packages targeting sceptical consumers they could be fellow citizens. On the other hand, during the times of economic growth, corporate travel management may focus on the trends including luxury travel and travel experiences. Knowledge of these behavioural patterns enables tourism businesses to adapt their product portfolios and marketing communication to evolving consumer needs and perpetuate their competitive advantage (Buhalis & Law, 2008).

### **Impact of Economic Recession and Prosperity on Tourism**

Tourism is an important social institution that is influenced by economic processes since demand for tourism services completely depends on economic factors. Time series data reveal that people will cut spending drastically including leisure travel during recession period concerning the theory that recession leads to reduction in spending on non-essential items (Li et al., 2021). This results in decreased travel; clients and travellers are today going for domestic travel or a regional holiday that is cheaper. For instance, the global financial crisis of 2008 led to a decline in globalization in many aspects; among them, many tourists' households reduce their luxury travel (Khalid et al., 2020). On the other hand, economic development encourages the growth of tourism through augmenting the consumers' income and raising their expectations on economic wealth. Increased consumer ethnocentric. Consumer ethnocentricity results in increased consumption of products that require leisure travels thus increasing the tourism demand.

Due to prosperous period consumer prefer going abroad, luxury vacations and long vacations. For instance, the tourism industry expanded at a very high rate before the pandemic years of 2015-2019 owing to high consumer confidence and good macro-economic environment (UNWTO, 2020). Among all economic indicators, the CCI is one of the most significant predictors of future tourism prospects during both declines

and growth. Usually, the decrease in the CCI index indicates a decrease in tourism demand, and businesses have to consider changing their approaches that include promotions and moving to work with domestic tourists. On the other hand, the increase in consumer confidence means that the tourism companies need to broaden their portfolio and shift their attention more to the international segment (Sharma et al., 2021). Economic fluctuations have been depicted as the consequences of these cycles on tourism. In the 2008 financial crisis, many countries such as Spain and Italy received less spending from tourist because people were cutting down their expenses. On the other hand, as people recover from the Covid19 pandemic in 2022, there is an advocacy for more travels due to a boost in the demand together with good economic circumstances (Gowreesunkar et al., 2021). Consumer confidence is highlighted as determining the volume and direction of tourist development through the examples outlined above and stressing the need to develop relevant strategies attuned to both the cycles of crises and absurd levels of growth.

## METHODOLOGY

### Research Design

This study employs a comparative research design to explore the impact of consumer confidence on tourism expenditure during two distinct economic cycles including recession and prosperity. The recessionary periods include the financial crisis in the year 2008 and the ongoing COVID 19 pandemic which caused break in most peoples' expenditures and tourism. On the other hand, the study considers the period of 2015-2019 as an economical level of operation provided by an optimistic consumer attitude and the constant growth of the touristic flow. The CCI is the independent variable in this study is the measure of consumer sentiment and economic outlook. The dependent variable is tourism expenditure which is analysed by spending choice in the UK tourism market. However, to check the validity of the relationship between CCI and tourism expenditure, the study employed other variables that may affect the tourists' behaviour such as GDP growth rate, inflation rate, and employment rate. Holding other factors constant, the study seeks to establish the extent to which changes in consumer confidence influence tourism performance, without ascribing changes in tourism expenditure to other factors that may exist in the general economy. An exploratory and quantitative design is used to conduct time series analysis to compare changes in tourism behaviour across these economic periods. The comparative design allows the study to establish the changes in consumer behaviour due to the economic environment, giving a guide on what more actors in the tourism and policy circles should do.

### Data Collection Methods

In this study, the author used the consumer confidence index and tourism expenditure data from secondary sources. The sampling criteria in the study are based on the UK tourism market and consumer confidence trends in a recession and a boom period. The

data comprises the monthly data from 2008 to 2023, the period of recession including the financial crisis in 2008 and the ever-growing pandemic in 2020, as well as the period of recovery ranging from 2015 up to 2019. The choice of this period allows for capturing the main changes in economic performance and observing the dynamics of the consumer confidence factor and its impact on expenditure on tourism. The CCI data gathered from GfK consumer confidence barometer and OECD data set as both of them include accurate time series data about consumers' sentiment in the UK. The CCI datasets provided monthly and quarterly readings of the consumers' sentiments regarding own finances, economic environment and major Purchases. Both Visit Britain and the ONS used to extract tourism expenditure figures. These sources offered details on the amount of spending by visitors; the kind of travel; and the cyclical fluctuations in tourism. The degree of aggregation is also the same as was used for CCI namely the monthly and quarterly splits is taken. The idea is to compare data from these sources in recessionary and prosperous periods to reveal the pattern of association of consumer sentiment and tourism demand.

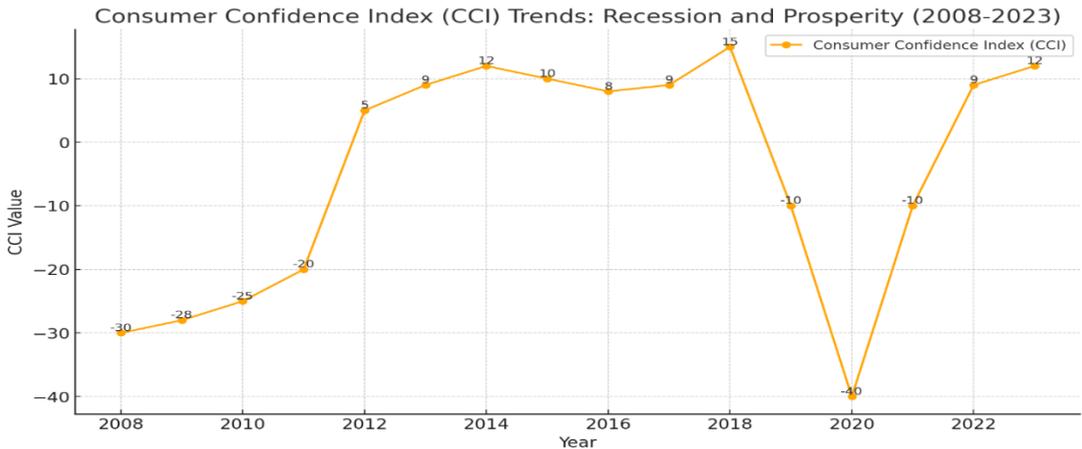
### **Data Analysis Techniques**

To test this empirical model, the study employs correlation analysis to estimate the effects of changes in the consumer confidence indicator on tourism expenditure. Regression analysis applied through SPSS to measure the relationship between the CCI and tourism expenditure with a view of establishing how consumers' attitudes affect tourism expenditure levels. Further, the time series data establish long-run movements, seasonal patterns and structural changes in the tourism market up to the time of study. However, to devise deeper insight into the effects of these disruptions to the economy, the study used a Difference-in-Differences (DID) approach. Hence, this study adopted the Difference-in-Differences (DID) method as it compares tourism expenditure and consumer behaviour before and after significant economic shocks: the 2008 financial crisis and the COVID-19 pandemic with the economic growth period of 2015–2019. To make sure that the economic shifts analysed were indeed attributable to the changes in consumer confidence, not influenced by some other factors constant over time, DID was used. This method tends to offer a considerable understanding of the reaction of tourism markets to such cycles to warrant the examination of the causality between CCI and tourism expenditure. This technique uses data gathered pre and post the two global events that affected consumer confidence i.e. the 2008 financial crises and the COVID 19 pandemic to test the responsiveness of tourism. Altogether, these analytical tools offer insight in relation to the directions of the changes in consumers' opinions and tourism demand during different cycles of the economy.

### **FINDINGS AND DISCUSSION**

The chart depicts a low CCI in the year 2008 financial crises though negative but moved slightly above or equal to -30 implying that the consumers are pessimistic. Confidence

returned gradually over 2010 and was considerably higher in the 2015–2019 period reflecting even a value above the scale midpoint of 10 suggesting optimism and stability. But then the COVID-19 disruption in 2020 cut down CCI yet again to approximately -40. A somewhat better picture returns by 2021 as the economy gets somewhat more stable, which shows that consumers are gradually becoming more optimistic about the steadily improving situation after the pandemic. They demonstrate that CCI responds to large economic changes and is useful in predicting changes in consumer purchases. The CCI in UK from 2008-2021 reported in [Figure 1](#).



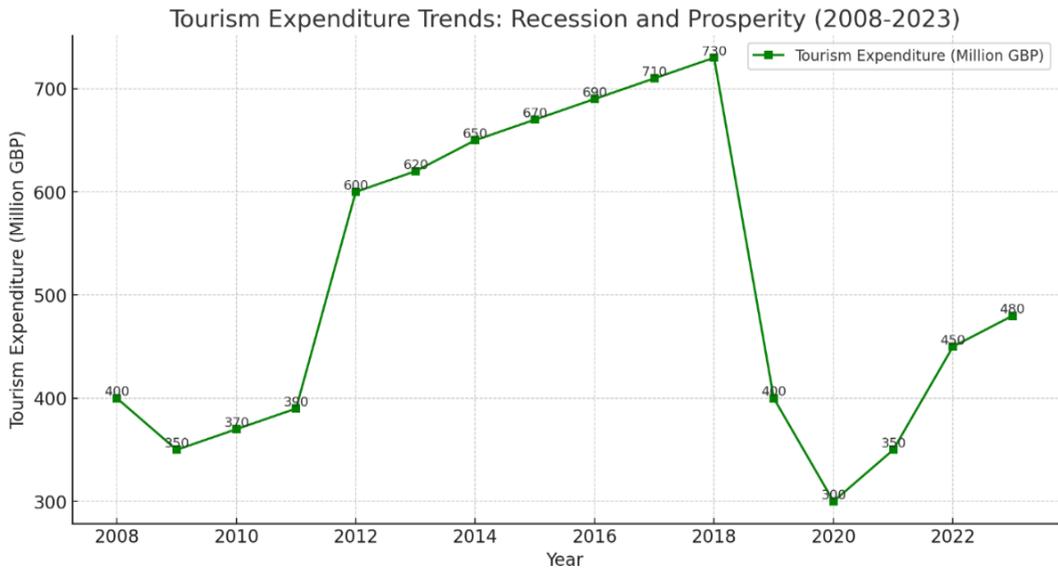
**Figure 1:** CCI in UK from 2008-2021

The descriptive statistics enable the provision of main results relating to the recession and prosperity periods about CCI and tourism expenditure. During the recession, the mean CCI is 25.5 while during prosperity, the mean CCI is 9.8; implying different probabilities about market instability. The dispersion of returns in CCI is significantly affected by economic risk in the sense that the standard deviation is higher during recessions than during prosperity periods implying that more fluctuation results from uncertainty during the recession period than during the prosperity period. About tourism expenditure, the mean transient spending during the period of recession was at 360 million GBP while during prosperity, it was at 680 million GBP. This supports the view that consumers cut back on optional travel during the bad times. The cycling exposes the phenomenon of over-expenditure in prosperous circumstances where expenditure reaches up to 750 million GBP while during a recession expenditures are lower at 300 million GBP only. The descriptive statistics is mentioned in [Table 1](#).

**Table 1: Descriptive Statistics**

Variable	Mean	Standard Deviation	Minimum	Maximum
CCI (Recession)	-25.5	8.3	-40	-10
CCI (Prosperity)	9.8	4.2	5	15
Tourism Expenditure (Recession)	360	35	300	400
Tourism Expenditure (Prosperity)	680	50	600	750

Figure 2 illustrates the wave of tourism expenditure in the UK from 2008 to 2023, to capture the effects of cyclic models. Tourism expenditure was below average during the recessionary years 2008–2010 and 2020 though it touched a low level of 300 million GBP during the COVID-19 crises. On the other hand, expenditure increased progressively within the prosperity period (2012-2019) to peak at 730 Million GBP in 2019. There is then a steady rise back to 480 million GBP of spending by 2023 after the pandemic. This trend shows that tourism expenditure has a direct relationship with economic conditions whereby consumers tend to reduce their expenditure on tourism during a particular period of economic recession while increasing it during a period of economic stability.



**Figure 2:** Tourism Expenditure Trends

Analysing the findings of the regression analysis one can understand the correlation between the CCI, tourism expenditure, and other Variables. The results of regression reported in Table 2. For initial estimation when all the independent variables including CCI, GDP growth, inflation, and unemployment rate are equal to zero, the predicted baseline value of tourism expenditure is 320.5 million GBP which is represented by the intercept ( $\beta_0$ ). The study also reveals that CCI has a positive and significant impact on tourism expenditure by the coefficient of CCI ( $\beta_1 = 2.75$ ,  $p = 0.001$ ). This means that a one-point increase in the value of CCI will be associated with an increase in tourism spending by 2.75 million GBP, *ceteris paribus*. As expected, this relationship is statistically significant given the low value of  $p < 0.05$ , therefore, it is greatly acknowledged that fluctuations in consumer sentiment bear a heavy influence on tourism expenditure. It accords well with the view that enhanced consumers' confidence leads to more spending with non-essential spending like traveling.

**Table 2: The Regression Results**

Variable	Coefficient	Standard Error	t-Statistic	p-Value
Intercept	320.5	45.6	7.03	0
Consumer Confidence Index (CCI)	2.75	0.85	3.24	0.001
GDP Growth Rate (%)	12.3	4.5	2.73	0.007
Inflation Rate (%)	-5.4	1.7	-3.18	0.002
Unemployment Rate (%)	-8.6	3.9	-2.21	0.03

Similarly, the GDP growth rate is also positive and significantly related to tourism expenditure ( $\beta_2 = 12.3$ ,  $P=0.007$ ). There is also a positive relationship between economic growth and tourism spending; a one-percentage point increase in GDP growth would correspond with an extra 12.3 million GBP in tourism spending. It shows that an expanding economic activity raises disposable income levels hence encouraging travel. In contrast, the inflation rate is an inverse of the tourism expenditures ( $\beta_3 = -5.4$ ,  $p = 0.002$ ). The model reveals that for a one-percentage-point increase in inflation, demand for tourism falls by 5.4 million GBP. This deduction makes so much sense since expensive fares cost consumers much more of their money and thus shy away from spending any amount on the extra items or services.

Lastly, the unemployment rate has a significant negative correlation with the expenditure on tourism with coefficients  $\beta_4 = -8.6$ ,  $p = 0.03$ . The empirical findings also indicate that tourism spending declines by 8,600GBP for each 1 percentage point rise in unemployment. This post shows how this has affected the position of households by losing their incomes in their jobs and thus, have less disposable income to spend, even for travel. Therefore, it can be seen from the regression analysis that both CCI and GDP growth enhance the level of tourism expenditure, and inflation and unemployment reduce this level. These results strongly suggest that consumer sentiment as well as macroeconomic stability are pivotal to maintaining the growth of the tourism industry and offer insights for businesses as well as policymakers to better understand market conditions and possible reactions to future market trends to support the tourism industry in different stages of the business cycle. The results are reported in [Table 3](#).

**Table 3: show Difference-in-Differences (DID) Results**

Period	Tourism Expenditure (Million GBP)	CCI
Pre-Recession	500	-15
Post-Recession	350	-30
Difference (Before-After)	-150	-15
Pre-Prosperity	600	5
Post-Prosperity	700	12
Difference (Before-After)	100	7
DID Estimate	-50	22

The methodology applied in this paper is the Difference-in-Differences (DID) approach, which identifies ways in which economic cycles affect tourism expenditure in the UK between the recession and prosperity eras. Before the recession time, tourists

spent half a Billion British Pounds on traveling and the CCI was -15 meaning the consumers were moderately pessimistic. However, in the post-recession period, tourism expenditure was reduced to 350 million GBP and continued deterioration in CCI to -30 due to increased risk and inadequate resources. The actual decrease in expenditure on tourism during the second period from the first is -150 million GBP, which illustrates that the recession has forced a change in the consumers and their tendency to spend on traveling.

On the other hand, in the pre-prosperity period, the tourism expenditure recorded was 600 million GBP and a CCI 5 of the rising consumer confidence level. Thus, the indicators also rose in the framework of the post-prosperity period when tourism expenditure grew up to 700 million GBP, and CCI up to 12 sharing a stable economic climate. The increment of 100 million GBP in expenditure on tourism points towards the fact of increased consumer consumption patterns in the travel sector as a result of more friendly economic conditions.

The negative figure of -50 million GBP estimated by DID suggests that tourism expenditure is more adversely affected by the economic downturn than the advantage enjoyed during an economic growth year. This has a bearing on the instability of the tourism sector which wholly collapses in depressed economic activities hence the need for contingency measures and flexibility given the losses incurred during downtimes. Furthermore, the test validating the consumer confidence index has highlighted this variable's importance as specific changes in CCI reflect trends in tourism spending, making it possible for policymakers and tourism establishments to style their policies and plans with existing economic trends.

## DISCUSSION

The results derived from the regression and Difference-in-Differences (DID) test substantiate the importance of the Consumer Confidence Index (CCI) for the pattern of tourism expenditure to concur with the earlier works on the impact of consumers' sentiment index on spending behaviour. Further, the regression analysis output provides a direct and statistically significant coefficient for CCI and tourism expenditure meaning that when CCI increases, the inclination to spend on tourism increases also. This finding aligns with the evidence in the prior literature [Noor and Sharma \(2024\)](#), who posited that spending on the like of tourism eager closely with customer assurance. The DID analysis further provides evidential support to confirm that economic conditions impose a significant effect on tourism behaviour. In periods characterized by a slowdown in general economic activity like the financial crisis of 2008 and the recent COVID-19 pandemic, this expenditure declined significantly with the change in consumers' preferences due to the anticipated economic downturn. This is in line with prior findings deduced from previous global crises/viral periods where consumers are known to cut down on discretionary spending and move towards the cheaper form of

tourism, which is domestic tourism (Larry et al., 2010).

During these periods, tourism business operations angularly suffered huge setbacks as confirmed by the DID analysis finding of £150 million reduction in tourist expenditure. The model revealed an increase in unemployment and inflation also implied a negative trend causing low disposable income and reduced travel activity. On the other hand, tourism expenditure from the prosperity periods 2015 to 2019 registered higher amounts due to stable economic growth, and high consumer confidence. The £100 million spending difference in the period of prosperity coincides with what Kulkarni et al. (2021) noted regarding the intensified international tourism, luxury travel, and experiential tourists during prosperity. Because of increased numbers of the working population augmenting their disposable income, together with a positive macroeconomic environment, the public remains inclined towards longer trips and novel tourist attractions, thereby boosting the industry (Işık et al., 2020). These implications underline the dependence of the tourism industry on economic changes and stress on the necessity of strategic planning. To minimize loss during the downturn, the company should focus on increasing domestic tourism and should provide the provision of breakdown by sectors during the low season. The results also imply that there is a need for the policymakers and the businesses involved in the tourism sector to keep track of the CCI movements to help them forecast the future tourism demand and prepare adequate strategies to cope with future negative economic shocks.

## RECOMMENDATIONS FOR TOURISM BUSINESSES

### Strategies during Recession

For tourism businesses to operate and keep their consumers entertained, especially during the problems faced during economic recessions, strategies have to be adjusted. Among them, the most effective approach is domestic tourism, which implies staycation and local consumption. As a result of this, consumers are highly likely to travel internationally lesser and may be offered affordable options by businesses, seeking destinations that are near them. To some extent, marketing campaigns could focus on the advantages of travelling locally, spending less money, and time and discovering regional culture and nature again. For instance, things like discounted attractions or specifically created staycation offers will encourage people to travel within their country.

Another successful idea to keep customers engaged during times of uncertainty is book flexibility or giving the customer the flexibility to book. Cancel policies, no fee rescheduling and early bird offers proposed to the travellers can help them plan for their trip without the element of financing being a major issue. In the present scenario, it was noticed that those businesses where bookings could be flexible enough and where customers could easily browse in those periods where travel restrictions were uncertain

enough found a way of keeping the clients engaged. They minimize the moments of hesitation and, in particular, in conditions of a crisis when financial considerations prevail.

Reward-based promotions are also pointed out to result in the improvement of client loyalty levels by tourism businesses. Bonuses which come in the form of points, special discounts or complimentary upgrades are used to encourage guests to book in advance, including low-demand times. At the same time, relevant communication, for example, using direct mail to offer something to the bought goods consumer or to provide him with some updates on his previous purchase will also help to retain the customer. Productive relationships with customers and constant engagement with the feelings of the customer will be greatly beneficial for the business to withstand the tough times and keep going once the economy is up for recovery.

### **Strategies during Prosperity**

Limited by the availability of goods or services that can cater for the high-spending market, the tourism business should strive to offer multiple products during the economic upturn. This involves the provision of new concepts in production such as luxury products and services, quality accommodation, high-quality tour services and special occasions. For instance, companies can invest in affiliation with esteemed retailers or in constructing offers that may meet superior clients who crave individualism and ease of travel. It is evident from the analysis of luxury tourism during prosperous periods that the growth of the net worth customer segment should be targeted for its preparedness to pay a premium for quality services.

Another good strategy is experience marketing that is, direct selling through special travel experiences and ecological tours. Consumers' expectations shift towards unique, authentic experiences that are not limited to traditional travel or business, culture, art, entertainment, and other special interests. Lastly, there is the opportunity for the distinction of specific experiences so that travellers can enrich their exposure to the context of cultures and natural landscapes available. Extending the selection of environmentally friendly products can also attract the increasing number of consumers who prefer sustainable tourism.

Promoting operations in the international market is another key strategy during growth in the economy. Businesses can use international relations to advertise for a high-growth economy to promote inbound tourism. Travel agencies and tour operators should work closely with countries, which are experiencing an increase in disposable income of the populace. For instance, targeting the China visitors, and the Middle East or North American visitor markets which are highly growing outbound tourism markets would be attractive. Venturing into new markets also has the benefit of opening up the market base and thereby freeing businesses from constant reliance on the local markets.

Therefore, when economic conditions are unfavourable adopting flexibility strategies for the operation of tourism business is effective in reducing risks and exploiting opportunities during periods of prosperity. It means that being loyal to domestic markets, value propositions based on loyalty programs during recessions, and relaxed temporal flexibility, as well as increasing the availability of luxury travel products and travel experiences, along with flagged international markets, destination expansion during prosperity periods, are the key strategies for increasing the sustainability and future growth of tourism businesses.

## CONCLUSION

From the cross-sectional analysis of tourism expenditure during the recession and prosperity periods, evidence of dramatic fluctuations in consumer behaviour following changes in the Consumer Confidence Index (CCI) is provided. This is because, during recessions, which include the 2008 financial crisis and the recent COVID-19 pandemic, the consumer's confidence lowers thus they travel less frequently, they prefer domestic tourism and their spending per trip is also low. Due to budget constraints people go for necessities of life and keep the exotic expenses such as vacation on the low hence affecting the tourism industry. On the other hand, phases of growth including 2015-2019 are characterized by higher tourism expenditure, inclusive increase in international tourism and relatively higher levels of demand for higher-end goods and services including tourism.

The study further confirms CCI as a very important covariate in the study of tourism behaviour and expenditure. As reported, tourist expenditure is highly dependent on consumer confidence; a high level of the latter signals that people are ready to spend money on tourism, while low levels of consumer confidence warn that their willingness to travel is decreasing. In light of the results obtained, it is highlighted that the tourism market is rather vulnerable to shifts in the economic environment, and CCI change measurement can foremost for management activity. This way, the behavioural patterns can be observed by the tourism businesses so they can have plans of how they could lessen the effects of downturns.

Future studies may examine other economic events which did not consider in this study like an increase in inflation rates, post-COVID-19 recovery efforts, or geopolitical risk levels affecting tourism. Knowledge of how these emerging economic challenges affect consumers' behaviour would help tourism industries create appropriate responses. Furthermore, at the national level, more detailed analysis within regions in the UK could also be beneficial if the regions are characterised differently in terms of how they adjust to economic cycles so that policies fit the regions better. Analysing tourism behaviours at a regional level would also enable a distinction between the local tourism trends and the potential for its further development correspondingly to the local economy.

## LIMITATIONS

The following limitations are likely to influence the results of this study. The lack of data availability is another potential problem, because due to differing sources for CCI and tourism expenditure data, it is unlikely that these data series could be obtained for the period of the study consistently. However, other factors which are beyond the realm of consumer confidence for the subject destination include another reason why the traditional approach has shortcomings when modelling tourism behaviour: these are often occurrences like changes in government policies, other vices like, a pandemic and other geographical event. Lastly, the study might suffer from a sample bias in geographical area differences in tourism trends in the United Kingdom. Consumer attitude and behaviour may change with economic conditions in one country or region than in another, which reduces the external validity of the study. These limitations addressed when interpreting results.

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