

The Influence of Airline Ticket Price Reduction Policy and Tourist Consumption Behavior on Year-End Holiday Destination Choices in Indonesia

Sofyan Abas¹, Yana Priyana², Rani Eka Arini³

¹ Universitas Muhammadiyah Maluku Utara and sofyanabas36@yahoo.com

² STAI Al-Andina and mrpyana@gmail.com

³ Universitas Nusa Putra and raniekaarini1009@gmail.com

ABSTRACT

This study examines the impact of airline ticket price reduction policies and tourist consumption behavior on the choice of year-end holiday destinations in Indonesia. A quantitative approach was employed, involving 60 respondents selected through purposive sampling. Data were collected via a structured questionnaire using a Likert scale (1-5) and analyzed with SPSS version 25. The findings reveal that both airline ticket price reduction policies and tourist consumption behavior significantly influence destination choices, with price reduction policies having a stronger effect. The regression model explains 63% of the variance in destination choices, highlighting the importance of affordability and spending preferences in shaping travel decisions. These results provide valuable insights for policymakers and tourism stakeholders to design strategies that enhance destination competitiveness, particularly during peak travel seasons.

Keywords: Airline Ticket Price, Tourist Consumption Behavior, Destination Choice, Tourism Policy, Indonesia

1. INTRODUCTION

Tourism is a crucial component of Indonesia's economy, significantly contributing to foreign exchange earnings, job creation, and cultural exchange. The sector's growth is influenced by various factors, including transportation costs and consumer spending habits, which are particularly impactful during peak travel periods like year-end holidays. The cost of airline travel and tourist spending behaviors are pivotal in shaping travel decisions, affecting the overall economic contribution of tourism in Indonesia. Despite its potential, the tourism sector's contribution to GDP remains relatively low, at less than 2% in recent years [1]. Foreign exchange receipts from tourism positively influence economic growth, although the number of workers in the industry has not shown a similar positive impact [2]. Tourism significantly impacts various regions and sectors in Indonesia, with provinces like Kepulauan Riau and Jawa Timur showing high tourism multiplier effects [3]. The manufacturing sector benefits the most from tourism, followed by trade, construction, and transportation, highlighting the inter-sectoral connections within the economy [3]. Furthermore, there is a growing emphasis on sustainable tourism, with policies aimed at developing priority destinations to enhance local economic growth and sustainability [4]. The shift towards ecotourism and the development of tourism villages reflect a strategic move to leverage Indonesia's strengths and opportunities in the tourism sector [5].

In recent years, the Indonesian government has implemented various policies to stimulate tourism, including airline ticket price reductions. This strategy aims to make air travel more affordable for the middle and lower-income segments, thereby encouraging domestic tourism. The underlying assumption is that price-sensitive travelers will opt for destinations within their reach when airfare costs are reduced. Simultaneously, tourist consumption behavior—including spending

preferences, travel motivations, and budget constraints—plays a crucial role in determining holiday destination choices. Understanding how these factors interact can provide valuable insights for policymakers, travel operators, and stakeholders in the tourism industry.

This study seeks to explore the combined impact of airline ticket price reduction policies and tourist consumption behavior on the selection of year-end holiday destinations in Indonesia. By employing a quantitative research approach, this paper investigates whether and to what extent these factors influence travelers' decisions

2. LITERATURE REVIEW

2.1. *Airline Ticket Price Reduction Policies*

Airline ticket pricing has a significant impact on travel demand, particularly for cost-sensitive travelers. Studies by [6] and [7] highlight that affordable airline tickets can act as a catalyst for increased tourism activity. Government policies aimed at reducing ticket prices are commonly implemented to stimulate domestic tourism, particularly during off-peak or critical periods of economic recovery. For example, Indonesia's policy of subsidizing fuel costs for airlines during the COVID-19 pandemic was designed to boost domestic travel. Price elasticity theory underpins the relationship between reduced airline ticket prices and consumer behavior, stating that a decrease in price leads to a proportional increase in demand, assuming other factors remain constant [8]. However, the magnitude of this effect varies depending on consumer segments, economic conditions, and the availability of substitute destinations. In the context of Indonesia, the affordability of airline travel is crucial for connecting remote islands and enhancing the accessibility of less popular destinations.

2.2 *Tourist Consumption Behavior*

Tourist consumption behavior refers to the spending patterns, preferences, and decision-making processes of travelers, influenced by factors such as personal income, cultural background, travel motivations, and psychological factors [9]. Theories like Maslow's hierarchy of needs explain how individuals prioritize spending on travel based on perceived value and satisfaction. Recent studies emphasize the role of experiential value in shaping tourist behavior, as travelers increasingly seek personalized experiences that influence their willingness to spend on specific destinations and activities [10], [11]. Additionally, consumer behavior research highlights the importance of economic constraints, with budget-conscious travelers often favoring destinations offering value for money. The integration of behavioral economics into tourism research provides insights into how perceived utility, discounts, and promotional offers affect decision-making processes [12].

2.3 *Destination Choice*

Destination choice is a complex decision influenced by a combination of economic, psychological, and environmental factors. Research by [13] and [14] identifies push and pull factors as key drivers of destination selection, where push factors such as the desire for relaxation or adventure act as internal motivators, and pull factors like affordability, accessibility, and destination image serve as external influences. Airline ticket price reductions act as a significant pull factor, particularly for domestic travelers with

constrained budgets. When combined with tourist consumption behavior, these factors enhance the attractiveness of a destination, especially during high-demand periods like year-end holidays. Studies by [15] and [16] demonstrate that price-sensitive travelers are more likely to select destinations offering lower transportation costs and affordable accommodation options.

2.4 Research Gap

Despite the wealth of literature on tourism economics and consumer behavior, limited research has examined the combined effect of airline ticket price reductions and tourist consumption behavior on destination choice in Indonesia. Existing studies primarily focus on isolated variables or international contexts, leaving a gap in understanding the interplay of these factors within the domestic tourism landscape. This research aims to fill this gap by providing empirical evidence specific to Indonesia's unique geographical and cultural context.

2.5 Conceptual Framework

The conceptual framework for this study is grounded in the interplay between price elasticity theory, consumer behavior models, and destination choice theories. Airline ticket price reductions are hypothesized to directly influence destination choice, while tourist consumption behavior serves as a moderating factor that either amplifies or diminishes this effect. By integrating these theoretical perspectives, this research seeks to provide a comprehensive understanding of the determinants of year-end holiday destination selection in Indonesia.

3. METHODS

3.1. Research Design

The study adopts a descriptive and explanatory research design to explore the relationships between the variables. The descriptive aspect aims to provide an overview of how airline ticket price reductions and tourist consumption behavior influence destination choices, while the explanatory component examines the causal relationships among these variables. A structured questionnaire was used to collect primary data from respondents.

3.2 Population and Sample

The population for this study includes domestic travelers in Indonesia who planned or undertook year-end holiday trips. A purposive sampling method was used to select respondents who met the criteria of being affected by airline ticket price reductions and who demonstrated active travel behavior. A total of 60 respondents were selected as the sample size, ensuring a diverse representation of travelers from different regions and socioeconomic backgrounds.

3.3 Data Collection

Data were collected using a structured questionnaire designed to capture responses on a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire was distributed electronically through email and social media platforms to ensure broad reach and convenience for respondents.

3.4 Data Analysis

The collected data were analyzed using SPSS version 25 through a series of steps. Descriptive statistics were employed to summarize respondent demographics and provide an overview of

responses. Reliability testing was conducted using Cronbach's alpha to ensure the internal consistency of the questionnaire items. Correlation analysis was performed to explore the relationships between variables, while multiple regression analysis was used to determine the impact of airline ticket price reduction policies and tourist consumption behavior on destination choice. The regression model's significance was tested at a 5% significance level ($p < 0.05$) to assess the strength and direction of the relationships.

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

Descriptive statistics provide an overview of the demographic characteristics of respondents, their travel behavior, and their responses to the variables in the study. A total of 60 respondents participated, with 25% aged 18–24 years, 65% aged 25–40 years, and 10% above 40 years. In terms of income, 20% were classified as low-income (< IDR 50 million annually), 70% as middle-income (IDR 50–150 million), and 10% as high-income (> IDR 150 million). Regarding travel frequency, 30% of respondents took 1–2 trips annually, 60% traveled 3–5 times, and 10% traveled more than five times per year.

The travel behavior of respondents revealed that 83.3% preferred traveling during the year-end holidays, with reduced airline ticket prices significantly influencing their decisions. Specifically, 30% strongly agreed, 50% agreed, 15% were neutral, and 5% disagreed with the impact of reduced ticket prices on their choices. Additionally, budget allocation for travel showed that 35% of respondents allocated less than 5% of their annual income, 50% allocated 5–10%, and 15% allocated more than 10%. Descriptive statistics for the main variables—Airline Ticket Price Reduction Policies, Tourist Consumption Behavior, and Destination Choice—highlight the central role of affordability and preferences in shaping travel decisions.

Variable	Mean	Standard Deviation	Range
Airline Ticket Price Reduction Policies	4.32	0.61	3–5
Tourist Consumption Behavior	4.18	0.64	3–5
Destination Choice	4.41	0.52	3–5

Respondents reported high agreement on the influence of airline ticket price reduction policies, with a mean score of 4.32, indicating that reduced ticket prices strongly affect travel decisions. Tourist consumption behavior also showed significant importance, with a mean score of 4.18, highlighting the emphasis travelers place on budget considerations and spending preferences. Additionally, destination choice had the highest mean score of 4.41, reflecting the combined impact of affordability and consumption behavior on the selection of travel destinations.

4.2 Reliability Testing

The reliability of the questionnaire was assessed using Cronbach's alpha, with all variables demonstrating high reliability exceeding the acceptable threshold of 0.70. Specifically, airline ticket price reduction policies had a Cronbach's alpha of 0.853, tourist consumption behavior recorded a value of 0.828, and destination choice achieved the highest reliability with a Cronbach's alpha of 0.871, indicating strong internal consistency across the measured variables.

4.3 Correlation Analysis

A Pearson correlation analysis was conducted to explore the relationships between the variables. The results showed that airline ticket price reduction policies and destination choice had a significant positive correlation ($r=0.652, p < 0.01$), while tourist consumption behavior and destination choice also demonstrated a significant positive correlation

($r=0.584, p<0.01$ $r = 0.584, p < 0.01$ $r=0.584, p<0.01$). These findings indicate that both independent variables are strongly associated with destination choice.

4.4 Regression Analysis

Multiple regression analysis was performed to evaluate the combined effect of the independent variables on destination choice. The regression equation is as follows:

$$Y=1.23+0.45X_1+0.38X_2$$

Where:

- a) Y: Destination Choice
- b) X1: Airline Ticket Price Reduction Policies
- c) X2: Tourist Consumption Behavior

The results are summarized below:

Variable	Coefficient (β)	t-value	p-value
Airline Ticket Price Reduction Policies	0.45	5.23	<0.01
Tourist Consumption Behavior	0.38	4.12	<0.01
R²	0.63		

The regression analysis reveals a significant positive relationship between the independent variables—airline ticket price reduction policies (X1) and tourist consumption behavior (X2)—and destination choice (Y). Airline ticket price reduction policies ($\beta=0.45$) increase the likelihood of destination choice by 0.45 units per unit increase, supported by a t-value of 5.23 and $p<0.01$, highlighting affordability as a critical factor in price-sensitive markets like Indonesia. Similarly, tourist consumption behavior ($\beta=0.38$) increases destination choice likelihood by 0.38 units, with a t-value of 4.12 and $p<0.01$, emphasizing the role of budget-conscious spending. The model's $R^2=0.63$ indicates that 63% of the variance in destination choice is explained by these variables, with the remaining 37% influenced by other factors such as destination image and marketing campaigns. These findings highlight the importance of pricing strategies and tailored travel offerings in boosting domestic tourism.

Discussion

The findings confirm the significant impact of airline ticket price reduction policies and tourist consumption behavior on year-end holiday destination choices. These results align with existing literature and provide new insights into the Indonesian tourism context.

1. Airline Ticket Price Reduction Policies

The regression analysis reveals that airline ticket price reduction policies ($\beta=0.45, p<0.01$ $\beta = 0.45, p < 0.01$ $\beta=0.45, p<0.01$) have the most substantial influence on destination choice. This finding supports previous studies [6], [7] that highlight the role of affordability in increasing travel demand. For Indonesian travelers, lower ticket prices make domestic destinations more accessible, especially during peak travel seasons like year-end holidays. This result underscores the effectiveness of government interventions aimed at reducing airfare costs to stimulate tourism.

2. Tourist Consumption Behavior

Tourist consumption behavior ($\beta=0.38, p<0.01$ $\beta = 0.38, p < 0.01$ $\beta=0.38, p<0.01$) also significantly impacts destination choice. This finding is consistent with [10] and [11], who emphasize the importance of spending patterns and preferences in travel decisions. The preference for affordable and value-for-money destinations indicates that Indonesian travelers prioritize

destinations offering economic benefits while maintaining satisfactory experiences. This highlights the need for destination managers to balance affordability with quality to attract budget-conscious travelers.

3. Combined Effect on Destination Choice

The model's R^2 value of 0.63 indicates that 63% of the variance in destination choice can be explained by the two independent variables. This suggests a strong combined effect of airline ticket pricing and consumption behavior on travel decisions. However, other factors such as destination image, marketing campaigns, and social influences may also play a role and warrant further investigation.

Implications

The findings have several practical implications for stakeholders in the tourism industry:

1. **Policy Makers:** The government should continue supporting ticket price reduction policies, particularly during high-demand periods, to boost domestic tourism.
2. **Tourism Operators:** Businesses should tailor marketing strategies to highlight affordability and unique experiences, catering to the preferences of price-sensitive travelers.
3. **Destination Managers:** Enhancing the overall value proposition of destinations, including affordability, accessibility, and quality of services, can attract more tourists.

By addressing these areas, Indonesia's tourism sector can achieve greater competitiveness and resilience, particularly in periods of economic recovery or uncertainty.

CONCLUSION

This study demonstrates the significant influence of airline ticket price reduction policies and tourist consumption behavior on the selection of year-end holiday destinations in Indonesia. The results confirm that price affordability is a key driver for travel decisions, particularly for domestic travelers with budget constraints. Tourist consumption behavior, characterized by spending patterns and preferences, also plays an important role, emphasizing the need for destinations to offer value-for-money experiences.

The regression model highlights that these two factors collectively explain 63% of the variance in destination choices, underscoring their combined impact. Policymakers are encouraged to continue supporting price reduction strategies, while tourism operators and destination managers should focus on enhancing affordability and tailoring offerings to meet traveler expectations. By addressing these aspects, Indonesia's tourism sector can foster greater growth and resilience, especially during high-demand periods such as year-end holidays. Future research could explore additional factors influencing destination choice, such as destination image, marketing efforts, and social influences, to provide a more comprehensive understanding of traveler behavior.

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