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Understanding Budget Travelers' Responses to Price Hikes: Insights from Emerging Tourism Markets

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A R T I C L E   I N F O

A B S T R A C T

The demographic of budget travellers plays a crucial role in the global tourism sector; nevertheless, rising costs hinder their ability to travel and influence their decision-making processes. This research investigates the effects of price escalations on travel behaviours, providing valuable insights for stakeholders operating within emerging markets. A questionnaire designed with a five-point Likert scale was utilised, and the researchers implemented a convenience sample comprising 350 travellers. The researcher employed Partial Least Squares (PLS) and Structural Equation Modelling (SEM) methodologies to assess the conceptual framework and to rigorously test the hypotheses presented. The results of the study reveal that factors related to journey planning, encompassing travel frequency, food selection, and destination choice, significantly influence the preferences and decisions of budget travellers. Furthermore, the paper elucidates substantial insights for tourism stakeholders, including local authorities and service providers, to adjust to the ever-evolving preferences of budget travellers.

Introduction

In today's increasingly globalized world, travel has become an essential aspect of our lives and society. The allure of discovering new places, encountering unique cultures, and going on adventurous experiences is a tremendous drive for many people. Travel not only broadens our horizons and enriches our perspectives, but it also allows us to create lasting memories and connections with people from different backgrounds (Ahmed et al., 2023). When individuals want to travel and visit new places, one important issue is their budget or the amount of money they require for the trip. Some individuals prefer to travel on a tight budget, and recent price increases in areas such as transportation, hotels, food, and activities have made it more difficult for them to plan a trip on a limited budget (Alegre et al., 2010).

The travel and tourism industry is highly dynamic and subject to various factors that influence travellers' preferences and choices, including economic conditions, political stability, and global events. It is important for

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individuals to stay informed and flexible in their travel plans to adapt to these changing factors and make the most of their experiences (Seyidov, 2016). One crucial factor that significantly impacts travellers, particularly budget travellers, is the recent price hike in the tourism sector (Ringbeck et al., 2009). Many nations around the world rely heavily on the tourism sector as a cornerstone of their economic development, so fluctuations in prices can have widespread effects on local economies and the overall travel industry. It is essential for both travellers and governments to work together to find sustainable solutions to ensure the continued growth and success of the tourism sector (Ren et al., 2019).

A few of the various activities and services that belong under this single roof, each of which benefits a nation's economy and job market, including transportation, accommodation, food, and entertainment (Comerio & Strozzi, 2019). However, the ongoing problem of price hikes is one key issue that has recently disrupted the tourism sector and especially creates a barrier for the budget-minded travellers. Budget travellers make up a sizable portion of the travel industry, and they stand out for favouring affordable travel options and having limited funds. They frequently place a higher value on experiences than on luxury and look for chances to travel to new places while staying within their financial boundaries (Loker & Pearce, 1995). Because of the price increase, accommodations, transportation, various types of attractions, leisure activities, and food and beverage products are all significantly more expensive than before, forcing budget travellers to change their preferences and choices (Obenour, 2004).Price increases in the travel and tourism sector can be attributable to a number of circumstances, including fluctuating exchange rates, inflationary pressures, increasing operational expenses, and rising demand (Narasimham, 1985). Increased pricing for travel-related goods and services has a direct impact on travellers' purchasing power, prompting them to change their travel plans, choose alternate locations, or perhaps give up on their travel dreams altogether. Such demand fluctuations may have detrimental effects on the tourism industry's operations (Nafi & Ahmed, 2018). Further, price hikes in the tourism industry can create social and economic inequalities, particularly for low-income individuals and families who wish to explore new destinations and experience new cultures (Bohoslavsky, 2016). Travel becomes less accessible and more expensive, creating a divide between the wealthy and the unprivileged. This imbalance may have a negative effect on destination countries because it may be difficult for them to draw a variety of visitors, which could reduce the socio-cultural advantages of tourism (Masiero & Nicolau, 2012). Therefore, it is crucial for policymakers and industry stakeholders to consider the potential consequences of price hikes in the tourism sector and work towards ensuring that travel remains accessible to all. By implementing measures to address these inequalities, destination countries can continue to benefit from the positive impacts of tourism while promoting inclusivity and diversity in their visitor demographics.

Extensive empirical research has been undertaken regarding the impact of price increases on travel preferences and decision-making across various nations and regions. Despite the considerable advancements achieved in comprehending the effects of economic fluctuations on travel behaviour, a discernible gap persists in our understanding of how recent price escalations affect budget travellers in emerging markets. Bangladesh has received relatively little attention in this regard, despite its increasing significance in the global tourism landscape(Nafi & Ahmed, 2017).Bangladesh's tourism industry has experienced significant growth in recent years, drawing an increasing number of low-cost tourists drawn to the country by its rich cultural heritage, varied natural landscapes, and vibrant urban environments (Akter, 2017). However, there have been significant price increases associated with this expansion in a number of tourism-related industries, including travel, lodging, and attraction admission fees. The escalating costs have prompted significant concerns regarding their potential influence on the travel preferences and decision-making processes of travellers who are particularly mindful of their budgets.

Comprehending the ramifications of these price escalations is essential for both policymakers and industry participants. Understanding the ways in which budget travellers modify their preferences and decision-making processes in light of economic fluctuations can provide valuable guidance for developing strategies aimed at attracting and retaining this significant segment of the travel market. This holds significant importance in guaranteeing the sustainability and competitiveness of the tourism industry in Bangladesh (Islam & Akter, 2021). This investigation endeavours to investigate the impact of recent price increases on the preferences and decisions of budget travellers in Bangladesh, thereby addressing a current gap in the research literature. This research employs meticulous empirical methodologies to explore the correlations between price escalations and critical travel decisions, which include destination selection, accommodation preferences, transportation options, food consumption, and the frequency of travel. This research examines the implications of increasing expenses on the

conduct of economy travellers through a thorough analysis of data collected from an extensive survey of this demographic. The survey was executed with the purpose of gathering data.

The outcomes of this research are anticipated to yield significant insights for stakeholders in the tourism sector and policymakers, thereby facilitating evidence-based decision-making that promotes sustainable tourism development. Furthermore, this study enhances the existing body of literature by illuminating the distinctive traits and obstacles encountered by budget travellers within the context of an emerging market. By tackling this significant issue, the research establishes a groundwork for subsequent enquiries and provides practical ramifications for the tourism sector in Bangladesh and beyond.

Literature Review

In the domain of travel and tourism economic fluctuations consistently shape the behavior of consumers, which is why the exploration of the price hike effect on budget travelers' choices and preferences is significant in the realm of tourism and travel research. The relationship between travelers' preferences and economic factors has become a cornerstone for research (Koh & King, 2017). From recent research, the sensitivity of budget travelers to price fluctuations has been found, which emphasizes the profound impact on travelers' decisions. Accommodation is one of the significant aspects of budget travel and price hikes in accommodation have an immediate impact on travelers' decisions as budget travelers search for quality accommodations at affordable prices (Samy, 2010). These papers indicate that budget-conscious travelers generally opt for alternative accommodation options, which include guest houses, hostels, and short-term rental houses due to price fluctuations. Along with the accommodation fuel price hikes and fluctuations in transportation fees impact the budget-conscious individuals' travel choices (Sorupia, 2005). As a result, those budget-conscious travelers favor budget-friendly airlines and affordable public transport (Kolupaev et al., 2018). They even choose to travel on shared rides to cope with the increasing travel costs (Murphy & Pearce, 1995). Similar to the above two segments, price fluctuations in the food segments can also change the behavior of travelers, especially budget-conscious travelers (Björk & Kauppinen-Räisänen, 2016). Their preferences can be changed from dining establishments and restaurants to self-catering, local street food, or any other budget-friendly catering to keep their food expenses within their budgets (Coughlan & Saayman, 2018). The destination choice of budget-conscious travelers strictly depends upon the overall cost of the travel to that destination (Cronjé et al., 2020). Famous tourist destinations in Bangladesh are getting more expensive day-to-day resulting in a shift in budget travelers' preferences towards affordable offbeat destinations (Seddighi et al., 2002). Here destination expense contains entrance fees, increased accommodation expenses, and overall living costs in a particular destination and the phenomenon of choosing offbeat destinations mainly occurs due to price fluctuations in these subsectors. The most affected key by price hikes is the travel frequency. Budget-conscious travelers may decrease their frequency of travel or trips due to the increase in overall travel expenses (LaMondia et al. 2014). One of the essential things to consider when assessing the choices of budget travelers and the behavior of travel in the face of the increasing price is the economic factors. Recent price fluctuations in the sector of travel in Bangladesh have shaped the landscape of budget trips and travel by changing preferences of accommodation, choices of transportation, decisions for dining, destination preferences, and the frequency of travel (Karl et al., 2020). The strategic decision-making and adaptability of budget travelers signify their resilience to navigate between travel preferences and price fluctuations.

Theoretical Framework

The indicator price is a key component of the tourist industry since it is a versatile tool that allows for quick modifications and a strong competitive factor. Therefore, understanding how prices affect people's decisions is essential for managing and understanding tourist behavior and actions. (Masiero and Nicolau, 2012). As per the study of Pellinen (2003), It can be challenging to forecast how price changes will impact consumer preferences or customer behavior. The concept of budget travelers encompasses backpackers, students, solo travelers, individuals, and families with limited financial resources to travel (Markward, 2008).

✓ Accommodation:

Accommodation is one of the most important considerations for any traveler when embarking on a journey (Sukrana et al., 2023). Choosing a good place to stay can be a powerful motivator for traveling enthusiasts (Morando & Platania, 2022). Affordable lodging, however, is a top priority for travelers with budgetary constraints (Ren et al.,

2018). The increase in accommodation prices has led many budget-conscious travelers to adjust their accommodation preferences.

H1: The recent price hike in accommodation options will significantly affect the preferences of budget travelers in their choice of accommodation during travel.

✓ Transportation:

Travel relies heavily on transportation, as it is an integral component that allows tourists to travel from their origin to their desired destination. The choice of transportation mode is a critical consideration for travelers when planning their trips. Transport prices, in particular, have a significant impact on the overall costs associated with travel (Kolupaev et al., 2018).

H2: The recent price hike in transportation costs will significantly influence the preferences of budget travelers in their mode of travel to their destinations.

✓ Food Choice:

Food is an integral part of the overall travel experience for many travelers, traveling to new places is primarily motivated by the opportunity to taste local foods (Kim et al., 2009). Having a memorable dining experience can enhance a trip and create lasting memories. Prices in the food industry are often affected by economic factors such as inflation and economic fluctuations (Naylor & Falcon, 2010). Cost of food is a significant factor to take into account before starting a journey.

H3: The recent price hike in food items will significantly influence the preferences of budget travelers in their choice of food options during travel.

✓ Destination Choice:

Destination is the most vital element of travel as the destination itself as an attraction triggers the desire to travel (Cronjé et al., 2020). Generally, destination is chosen based on the info that has been heard from different sources like friends and electronic media, especially social media. The cost of visiting a destination is dependent on the level of services given and the economic situation (Eadington et al., 1991).

H4: The recent price hike will significantly influence the destination choices of budget travelers.

✓ Travel Frequency:

In other words, it is a way to measure how frequently someone engages in tourism-related activities, such as vacations, visiting new countries, and experiencing different cultures (Lee, 2016). Individual preferences, availability of time and resources, and the purpose of the trip all influence how often tourists travel (Karl et al., 2020).

H5: The recent price hike will significantly influence the travel frequency of budget travelers.
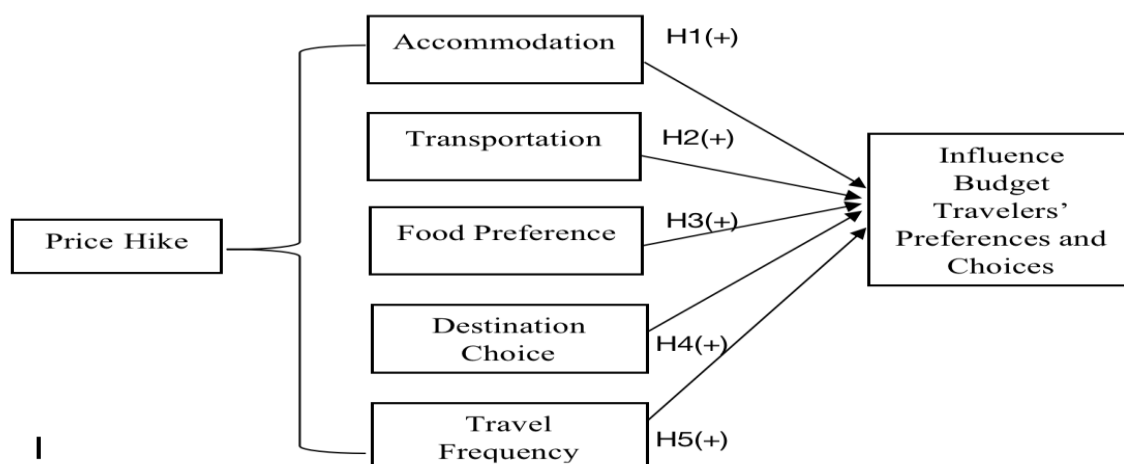
Research Model

Figure 1: Conceptual Framework. **Source:** Constructed by Authors

Methodology

Sampling Method & Sample Size of the Study

In this study, convenience sampling was used to select the sample since it allows the researcher to acquire basic data without unnecessary complications (Stratton, 2021). In total, 400 questionnaires were distributed, of which 362 were valid, however after careful consideration, only 350 were finally analyzed. To ensure the integrity and transparency of the data the exclusion criteria were established and based on incomplete responses some participants may have been removed. Researchers collected all the information through personal interviews from various tourist spots in Bangladesh like Cox Bazar, Saint Martin's, Sajek, Kuakata, and Sylhet. Due to the fact that these places are the most tourist visiting places in Bangladesh (Das & Chakraborty, 2012).

Questionnaire Design

This research employed a structured questionnaire to ascertain the factors that influence the preferences and decisions of budget travellers. The questionnaire was based on prior research in tourism and consumer behaviour, including Santos, Ramos, Sousa, Almeida, & Valeri (2022) ,(Nafi & Ahmed, 2019) and Björk & Kauppinen-Räisänen (2016). The questionnaire was systematically organised into two distinct sections: the first aimed at gathering general demographic information, while the second focused on analysing five key factors that influence travel preferences: accommodation, transportation, food preferences, destination selection, and frequency of travel. Each factor underwent assessment utilising a five-point Likert scale. A preliminary investigation was undertaken involving 25 participants to ascertain both clarity and cultural pertinence. Cronbach's alpha was used to test the scales' reliability, and it showed that all of the constructs met or exceeded the acceptable threshold of 0.70, which means they were very consistent with each other. The careful design process guaranteed the validity and reliability of the measures employed to evaluate the preferences and choices of budget travellers. The findings played a crucial role in enhancing the clarity and contextual relevance of the wording of the items within the Bangladeshi context.

Linguistic Validity

The questionnaire was translated into Bengali using the forward-backward translation method to ensure linguistic validity (Evans et al., 2014). A panel of bilingual experts reviewed the translated version to ensure accuracy and cultural appropriateness. The translation involved an initial translation by a bilingual specialist, followed by a back-translation by an independent expert. The two versions were analyzed to ensure semantic equivalence, clarity, relevance and cultural appropriateness. The process ensured the questionnaire's efficacy in obtaining meaningful responses from participants in Bangladesh. The meticulous translation and validation process ensured the survey's linguistic validity resulting in improved effectiveness and data dependability.

Data Collection

Primary data:

Using the structured, pre-designed questionnaire primary data was collected for the study incorporating personal interviews. For selecting the respondents from diverse tourist spots in Bangladesh convenience sampling method was used. Asking for their voluntary participation, interviewers interviewed travelers in different tourist locations. Proper confidentiality and privacy of the respondents was maintained.

Secondary data:

The firsthand sources of secondary data were previous journals, publications, and online sites such as annual reports, blogs, and so on. The materials of these sources demonstrate the background information on the recent price hikes, especially in the tourism sector.

Data Analysis:

To analyze the data, the author followed a comprehensive approach, which begins with descriptive statistics to demonstrate the demographic profile of budget travelers. To analyze the interconnected relationships between variables and indicators the measurement model was constructed (Martin & Hine, 2005). To examine the measurement model CFA was used focusing on key factors like accommodation, food preference, transportation, destination choice, and travel frequency. To measure the hypothesis correlation a structural equation model was employed, which confirms the relationships between the price hike and accommodation, food preference,

transportation, destination choice, and travel frequency. This study uses IBM SPSS Statistics 26 and SmartPLS 4 to run the equations and related tests.

Smart PLS is chosen for this study due to its flexibility in modeling complex relationships between latent variables and indicators, its ability to accommodate small to medium sample sizes, and its intuitive interface and strong statistical algorithms (Ramayah et al., 2014). It is favored among scholars for its ability to analyze intricate data structures with ease. PLS-SEM is particularly effective in exploratory research settings, where the primary aim is to forecast significant target constructs, rather than validating pre-existing theories (Hair et al., 2014) . It integrates formative measurement models, which are commonly used to understand budget travel preferences. The method's reliability even with reduced sample sizes and its flexibility in handling non-normally distributed data make it an ideal choice for this inquiry. PLS-SEM's focus on prediction rather than explanation makes it an invaluable instrument for research aiming to reveal novel insights within budget travel preferences.

Data Screening and Normality Testing:

The The study's descriptive statistics show that budget-conscious travelers in Bangladesh are more likely to adjust their travel decisions due to rising prices, as indicated by mean scores exceeding 3.5, indicating a general trend of agreement with the statements. The participants exhibited a notable inclination towards investigating alternative, more cost-effective lodging options (Mean = 4.2571) and to proactively seek out budget-friendly dining alternatives (Mean = 4.1829).

The data shows a moderate consensus among respondents, with skewness values showing a negative orientation. Kurtosis values are generally within acceptable range, indicating a normal distribution with minor deviations due to survey data characteristics. The Kolmogorov-Smirnov and Shapiro-Wilk tests indicated significant departures from normality in the study, which suggests a sizable sample size of 350 participants. The Q-Q plots indicated that the data points were closely aligned with the reference line, thereby suggesting a normal distribution. Nonetheless, the application of SmartPLS in the context of structural equation modelling (SEM) and confirmatory factor analysis (CFA) alleviated these apprehensions. PLS-SEM demonstrates resilience in the face of non-normality and does not presuppose a normal distribution, a factor of significant importance in this study. The substantial sample size serves to alleviate the impacts of non-normality, in accordance with the principles outlined in the Central Limit Theorem. Bootstrapping techniques produce robust estimates, effectively reducing deviations and enhancing the reliability of results. Even though the p-values are pretty high, the results are still valid because of advanced statistical methods, a large sample size, and strong techniques like bootstrapping. These help to lessen the effect of non-normality on the study's conclusions.

Table 1: *Descriptive Statistics and Tests of Normality*

	Descriptive Statistics						Tests of Normality					
	Std. Deviation	Variance	Skewness		Kurtosis		Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error	Statistic	df	Sig.	Statistic	df	Sig.
I am willing to explore alternative, more budget-friendly accommodation options.	.67467	.455	-.981	.130	2.671	.260	.286	350	.000	.753	350	.000
I am willing to compromise on comfort for affordable accommodation.	.79229	.628	-.926	.130	1.305	.260	.306	350	.000	.802	350	.000
I prioritize budget-friendly accommodation over amenities and location.	.90661	.822	-1.014	.130	.889	.260	.297	350	.000	.811	350	.000
I consider sharing accommodation to save on costs.	.94924	.901	-.899	.130	.507	.260	.307	350	.000	.831	350	.000
Increased accommodation prices made me more cautious about advance bookings.	.75682	.573	-.786	.130	1.272	.260	.305	350	.000	.810	350	.000
I am willing to consider alternative modes of transportation to save money.	.77120	.595	-1.010	.130	1.672	.260	.288	350	.000	.788	350	.000
I prioritize cost-effective transportation even if it means longer travel times or less convenience.	.90367	.817	-.583	.130	-.066	.260	.294	350	.000	.858	350	.000
Increased transportation prices made me cautious about advance ticket booking.	.83607	.699	-1.132	.130	1.874	.260	.331	350	.000	.786	350	.000
I actively look for transportation discounts.	.79432	.631	-.902	.130	.960	.260	.284	350	.000	.802	350	.000
The increase in food prices has influenced my overall satisfaction with my budget travel experience.	.77476	.600	-.783	.130	.653	.260	.300	350	.000	.801	350	.000
I actively search for budget-friendly dining options before and during my trips.	.67772	.459	-.908	.130	2.545	.260	.298	350	.000	.761	350	.000

I am willing to prepare my meals or buy groceries to cut down on food costs.	.96860	.938	-.543	.130	-.331	.260	.273	350	.000	.869	350	.000
The price hike led me to explore more affordable food destinations.	.84747	.718	-1.076	.130	1.613	.260	.326	350	.000	.797	350	.000
I prefer eating at local eateries and street food vendors to save on food expenses.	.99029	.981	-.822	.130	.192	.260	.310	350	.000	.840	350	.000
I am now more likely to choose travel destinations based on their affordability.	.70947	.503	-.715	.130	.810	.260	.285	350	.000	.788	350	.000
Certain destinations that were previously on my travel list are no longer feasible due to the price hike.	.78580	.617	-.606	.130	.806	.260	.288	350	.000	.837	350	.000
I am more likely to consider off-season travel to avoid peak prices in popular tourist destinations.	.88479	.783	-.833	.130	.424	.260	.309	350	.000	.823	350	.000
I am willing to explore less popular destinations to save money on my travels.	1.05054	1.104	-.629	.130	-.327	.260	.280	350	.000	.867	350	.000
I choose destinations based on affordability.	.76999	.593	-.815	.130	.966	.260	.294	350	.000	.806	350	.000
I am more likely to opt for shorter trips to manage my travel budget.	.77343	.598	-.778	.130	.911	.260	.319	350	.000	.809	350	.000
I am now prioritize quality over quantity when it comes to travel experiences.	.78669	.619	-.842	.130	1.150	.260	.311	350	.000	.811	350	.000
Price hike led to fewer international trips, favoring domestic travel.	.78780	.621	-.595	.130	.581	.260	.290	350	.000	.838	350	.000
Increased travel costs made me cautious about spontaneous and unplanned trips.	.76577	.586	-.871	.130	1.609	.260	.319	350	.000	.805	350	.000
The recent price hikes influence my accommodation choices.	.72644	.528	-1.167	.130	2.992	.260	.293	350	.000	.756	350	.000
The price hikes impact my transportation decisions.	.74595	.556	-.901	.130	1.416	.260	.300	350	.000	.787	350	.000
I reduced my travel frequency due to price hikes.	.82509	.681	-.957	.130	1.263	.260	.301	350	.000	.809	350	.000
The price hikes impact my food choices.	.79215	.627	-.795	.130	.982	.260	.301	350	.000	.819	350	.000
The preferences and choices of budget travelers are greatly affected by the recent price hikes.	.67637	.457	-.906	.130	2.568	.260	.299	350	.000	.760	350	.000

Data Analysis

The collected demographic information of the respondents is shown in Table 02. From the information, it can be seen that most of the respondents are male with a percentage of 56.3 on the contrary female is 43.7%. Most of the respondents fall under the age group of 25-34 years with 40.9% in portion, the second most are 35-44 and it is 32.9%, 26% fall under the age group of 18-24, and the rest .3% is 45-54. When it comes to occupation, most of them are full-time job holders (38.6%), part-time job holders 33.4%, and .9% are self-employed, 92 of the respondents were students and the percentage is 26.3%. 137 respondent's income is between 21,000-40,000 which is 39.1%. The second highest income level is 40,000-60,000 with a percentage of 32.9% making them the right respondents to understand the purpose of the study.

Table 2: *Demographic Information*

Variable		Frequency	Percentage
Gender	Male	197	56.3%
	Female	153	43.7%
Age	18-24	91	26%
	25-34	143	40.9%
	35-44	115	32.9%
	45-54	1	.3%
Occupation	Unemployed	3	.9%
	Student	92	26.3%
	Job (Part-Time)	117	33.4%
	Job (Full-Time)	135	38.6%
	Self-employed	3	.9%
Income	Below 20,000	95	27.1%
	21,000-40,000	137	39.1%
	40,000-60,000	115	32.9%
	60,000-80,000	2	.6%
	Above 80,000	1	.9%

Measurement Model

For examining the measurement model, we used CFA. The relationships among the latent variables and the indicators are constructed by the measurement model (Bollen and Noble, 2011). By Constructing the relationship, the paper evaluates the model's validity along with discriminant validity, and convergent validity. To evaluate the convergent validity, we measured factor loadings, Cronbach's Alpha (CA), Reliability Coefficient (rho_A), Composite Reliability (CR), and Average Variance Extracted (AVE). The factor loadings, Cronbach's Alpha (CA), Reliability Coefficient (rho_A), Composite Reliability (CR), and Average Variance Extracted (AVE) are shown in Table 3.

Table 3: *Measurement model results*

Variables	Items	Loadings	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Price hike effect on Accommodation choices	AE1 AE2 AE3 AE5	0.635 0.677 0.692 0.633	0.814	0.91	0.775	0.562
Price hike effect on Destination choices	DE1 DE2 DE5	0.721 0.688 0.688	0.707	0.807	0.792	0.559
Price hike effect on Food choices	FE1 FE2	0.634 0.814	0.769	0.865	0.814	0.688
Price Hike Effect on Travel Frequency	FrE1 FrE2 FrE3 FrE4	0.655 0.724 0.634 0.722	0.721	0.783	0.779	0.569
Price hike impacts on budget traveler preferences	IBTP1 IBTP2 IBTP3 IBTP4 IBTP5	0.680 0.688 0.653 0.642 0.667	0.789	0.894	0.798	05442
Price Hike Effect on Transportation Choices	TE1 TE3 TE4	0.677 0.746 0.750	0.601	0.711	0.789	0.556

The results of the CFA illustrate that the value of factor loadings of all indicators was more than 0.63 except AE4, DE3, DE4, FE3, FE4, FE5, and TE2. The highest factor loading in this paper was 0.814 and the lowest one was 0.517. Some standards recommended by Comrey and Lee (1992) are, factor loadings more than 0.70 are considered excellent, 0.63 are very good, 0.55 are good, 0.45 are fair, and 0.32 are poor. In this study, we took 0.63 or above as the standard value for conducting further analysis, and the rest of the values were cropped. For decent convergent validity 0.70, 0.70, 0.70, and 0.50 are recommended values for CA, rho_A, CR, and AVE respectively (Fornell and Larcker, 1981; Hair et al., 1998; Nunnally and Bernstein, 1978). In this study, the outcome complies with the values recommended for CA, rho_A, CR, and AVE. The measurement model is shown in Figure 2. The initials in Figure 2 represent the key factors to which the study focuses. Here's what they stand for:

- **AE (Accommodation Effect)** : It explores how budget travelers' preferences are affected by price increases in accommodation (such as hotels or guesthouses).
- **TE (Transportation Effect)** : It shows that rising transportation costs (buses, trains, flights) do affect their choices.
- **FE (Food Effect)** : This explains why higher food prices affect tourist preference
- **DE (Destination Effect)** : This factor examines how the total cost of visiting a place (lodging, entrance fees, etc.) affects choices of destination.
- **FrE (Frequency Effect)** : This tells us how often budget travelers take trips after taking into account rising costs.
- **IBTP (Impact on Budget Traveler Preferences) :** This investigates impact on Budget Traveler preferences.

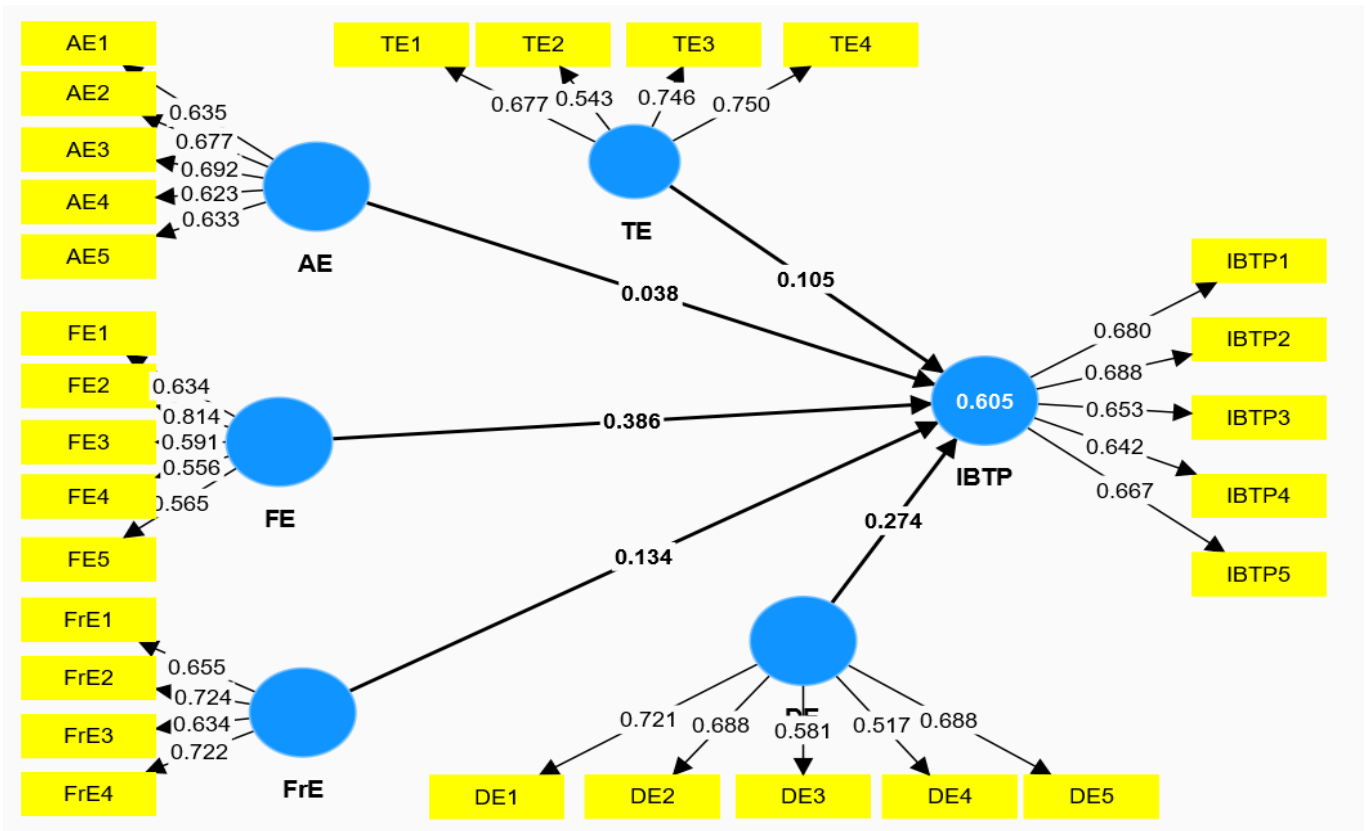All of the above factors have this overall effect on travelers' decisions.

Figure 2: *Measurement model*

Structural Model

The paper evaluated the proposed relation among the constructs by conducting a standardized path analysis. The indirect and direct dependent variables' impact on the independent variable was analyzed thus, the study found a plausible cause-and-effect correlation. The findings can be helpful for researchers and practitioners. The graphical view of the structural model is illustrated in Figure 4. The Path column in Table 4 shows the relationships tested in the study. Each path links one of the factors to the overall preferences of budget travelers (IBTP):

✓ AE → IBTP: Tests if price hikes in accommodations affect travelers' choices.
✓ TE → IBTP: Looks at how transportation costs influence preferences.
✓ FE → IBTP: Examines the effect of rising food prices on dining choices.
✓ DE → IBTP: Studies how destination costs impact travelers' choices.
✓ FrE → IBTP: Checks if higher costs reduce travelers' trip counts.

Figure 2 is the visual version of the research model, showing the connections between the factors (like AE, TE, FE, DE, and FrE) and their overall impact on traveler preferences (IBTP). Table 4 takes it further by showing the actual results—whether each factor has a strong, weak, or no effect. Each path is tied to a hypothesis, showing whether or not the relationship is significant (affects choices). These symbols typically indicate the hypothesized direction of the relationship:

▲ means a positive effect was hypothesized.
▼ means a negative effect was hypothesized.

Table 4: *Hypothesized Structural Model Results*

Hypothesis	Path			β	t-statistics	P – value
H1 (Not supported)	▼	AE	IBTP	0.049	0.706	0.48
H2 (Not supported)	▼	TE	IBTP	0.052	1.828	0.068
H3 (Supported)	▼	FE	IBTP	0.064	6.829	0
H4 (Supported)	▼	DE	IBTP	0.059	4.244	0
H5 (Supported)	▼	FrE	IBTP	0.059	2.147	0.032

The path coefficient results are demonstrated in table 4. In the paper, we tested five hypotheses. Among them, three hypotheses were evaluated as significant and positive, and the rest of them were insignificant. The analysis demonstrates that the relationship between DE to IBTP (t=4.244, p<0.05), FE to IBTP (t=6.829, p<0.05), FrE to IBTP (t=2.147, p<0.05) are significant. Thus, hypotheses H3, H4, H5 are supported by the study. On the contrary H1, and H2 are not supported by the study as their relationship AE to IBTP (t=0.706, p>0.05), TE to IBTP (t=1.828, p>0.05) is not significant.

The findings of this investigation have important theoretical and practical ramifications. Notably, as far as the authors are aware, this study is the first to directly investigate the effect of recent price rises on the preferences and choices of budget travelers. The study reveals that the choices and preferences of budget-conscious travelers in Bangladesh are significantly influenced by recent price hikes. The researchers identified five factors and numerous associated items that play a crucial role in impacting the decision-making process of budget-minded travelers. The findings add important insights to the theoretical framework of consumer behavior in the circumstances of low-cost travel by budget-friendly travelers. This contribution is expected to be vital to the existing literature in the field.As these outcomes are not only consistent with global trends in budget tourism but also offer fresh insights into the unique characteristics of Bangladeshi travelers.
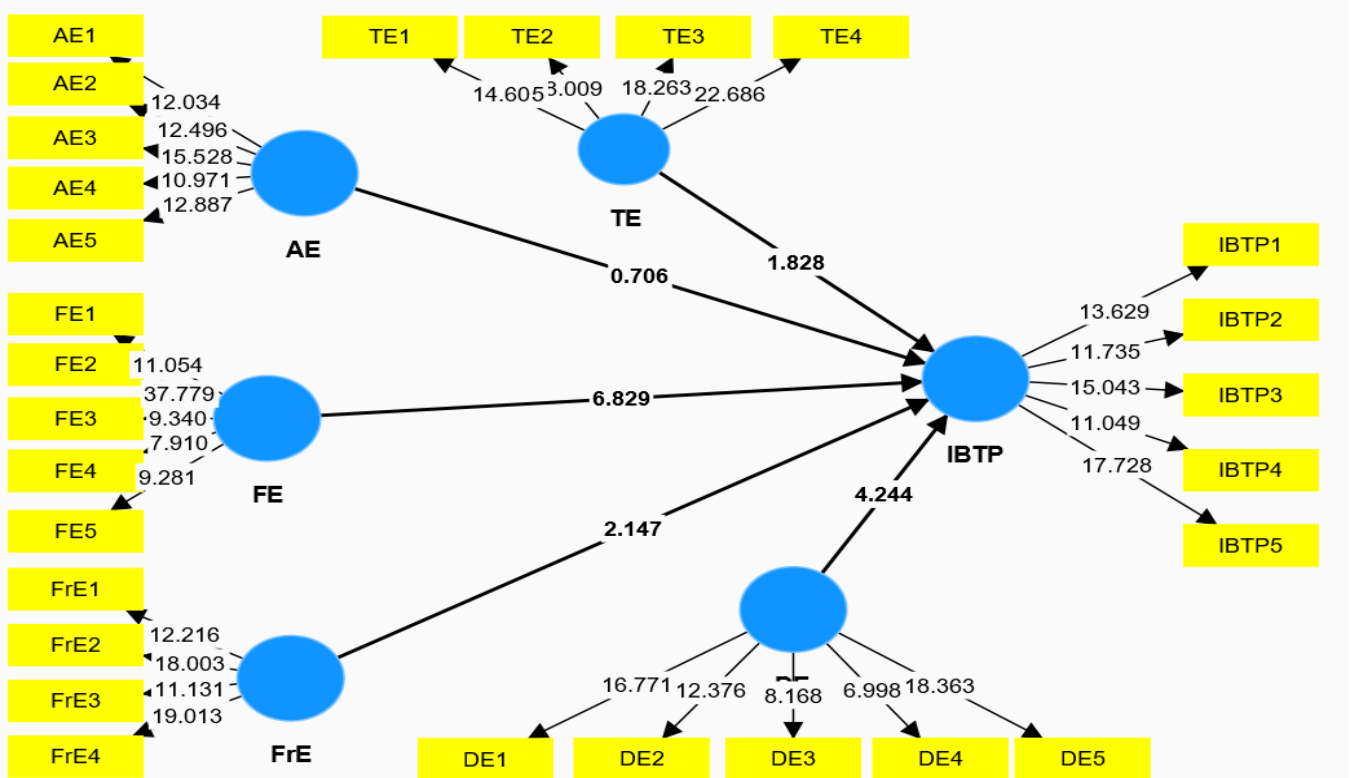

Figure 3: Structural Model

Finding and Discussion

The Impact of Price Hikes on Food Preferences

One of the most prominent findings in this study is the notable influence of price hikes on the food preferences of budget travelers. As the cost of food rises, budget travelers in Bangladesh increasingly opt for more affordable food options, such as local street food and self-catering alternatives, rather than dining at traditional restaurants. This aligns with Björk and Kauppinen-Räisänen (2016), who observed that food is a flexible aspect of travel that budget-conscious travelers are quick to adjust. Rising food costs often lead to a shift in preferences towards budget-friendly options, allowing travelers to allocate more of their limited budget toward accommodation and transportation(Ahmed, Shuvo, Imam, Hasan, & Akter, 2024) . In support of this, Coughlan and Saayman (2018) highlighted that travelers tend to cut back on food expenses when faced with overall budget constraints, prioritizing cheaper food options to sustain their travels. For many budget travelers, especially those in Bangladesh, reducing food costs is an trend clearly visible in the findings of this study.

The Influence of Price Hikes on Destination Choice

This study highlights the importance of affordable destination options for budget travelers in Bangladesh, a crucial factor that tourism stakeholders should consider in their efforts to attract this segment of travelers (Ahmed et al., 2024). This aligns with the literature, particularly the work of Seddighi et al. (2002), who emphasized that budget-conscious travelers tend to modify their destination preferences based on price fluctuations. Increases in accommodation costs, entrance fees, and the overall cost of living in popular tourist destinations have resulted in budget travelers seeking alternatives that offer a similar experience at a lower cost. Furthermore, Masiero and Nicolau (2012) further corroborated this finding, suggesting that travelers exhibit a higher degree of price sensitivity when choosing destinations, particularly when faced with significant increases in costs.

Reduction in Travel Frequency Due to Price Hikes

The study also uncovered a significant reduction in the travel frequency of budget travelers as a result of price hikes. This finding supports previous research by Karl et al. (2020), who noted that economic factors, particularly increases in travel-related costs, have a profound impact on the frequency with which individuals travel. As prices continue to rise, even minor cost increases in key areas, such as transportation and accommodation, can deter budget travelers from engaging in frequent travel, leading to a decrease in their overall participation in tourism activities. LaMondia et al. (2014) also found that when travel costs rise, budget-conscious travelers are more likely to reduce the number of trips they take, opting for fewer vacations or postponing travel plans until prices stabilize. This trend underscores the importance of maintaining affordable options for budget travelers, as rising costs may ultimately reduce tourism activity in the country.

Insignificant Effects on Accommodation and Transportation Choices

Interestingly, the findings indicate that recent price hikes have not significantly affected the accommodation and transportation choices of budget travelers in Bangladesh. This result contrasts with previous studies, such as those by Sukrana et al. (2023) and Kolupaev et al. (2018), which suggested that rising accommodation and transportation costs typically lead budget travelers to seek alternative, cheaper options, such as hostels, guesthouses, or budget airlines. However, the findings of this study suggest many budget travelers in Bangladesh already rely on budget accommodations, such as guesthouses and affordable lodges, and use the cheapest available transportation options, including buses and trains. As these travelers are already operating within the lowest possible price brackets, further price increases may not result in significant changes in their choices.

Theoretical and Practical Implication

The study's findings provide useful practical insights for stakeholders in the tourism sector, particularly in Bangladesh. These insights may be used to help manage destinations wisely. Stakeholders might build focused campaigns aimed at attracting and retaining budget-conscious travelers by understanding the choices impacted by recent price hikes.

The outcomes affect several tourism and travel sector stakeholders. Given budget travelers' changing tastes, the sector must rapidly implement flexible pricing methods and deliver integrated experiences. Travel agencies might profit from fewer frequent but longer holidays by offering long-term packages. Consequently, there is a need for an expansion of budget-friendly dining options across various tourist spots. Stakeholders should work together to develop strategies aimed at reducing prices in certain destinations that are currently perceived as overpriced. Based on research, budget visitors choose places that provide more affordable options, particularly in light of recent price increases.

Companies in the travel and hospitality industries may utilize these results to modify what they provide, how they set prices, and how they market themselves. Understanding what budget travelers enjoy is essential for these businesses to keep going and get even bigger in the tough tourism market.

These findings also make them aware that the travel and tourism sectors should rethink how they operate, promote, and plan for a future when economic restrictions will increasingly affect customer choices. Overall, the study calls for an industry-wide reevaluation tailored to budget constraints that are significantly influencing travelers' choices.

Limitations and Future Research:
The research offers significant contributions to the travel and tourism sector and the existing literature; however, it has its limitations. It is crucial to recognise and confront these limitations to guarantee that future endeavours are directed by clearly defined objectives. This study examined individuals who travel while maintaining strict budgetary limitations. Future research could enhance its scope by incorporating a broader spectrum of travellers with diverse financial constraints. This would offer a more thorough comprehension of how various financial limitations influence travel behaviour and decision-making processes. This may complicate the application of the findings to the diverse spectrum of travellers, each with distinct preferences and financial capacities. As our nation progresses in its development, many travellers prefer cost-effective excursions (Nafi & Ahmed, 2019). The population of budget travellers is significant; however, the group we analysed was considerably smaller compared to the overall demographic of budget travellers in the country. This study analyses the travel preferences of individuals in Bangladesh with constrained financial resources. The findings indicate that although a considerable segment of travellers in Bangladesh favours economical trips, there remains a varied spectrum of preferences and financial capacities within the population. Comprehending these distinctions can assist in customising travel services to address the diverse requirements of travellers in the nation. The results solely represent the preferences and decisions of budget travellers in this country, especially considering the recent price increases. It is essential to acknowledge that different geographical locations may exhibit unique pricing structures and economic conditions, thus affecting the choices of budget-conscious travellers. The conclusions of this study are based on the recent effects of price increases on individuals. Nonetheless, it is crucial to acknowledge that these effects may develop over time as travellers adapt to the new pricing frameworks or in reaction to economic fluctuations. Moreover, the choices of budget travellers may not be exclusively linked to price fluctuations; numerous factors, including seasonal changes, major global events, and marketing strategies, can significantly influence their preferences (Ahmed & Shuvo, 2024). Ultimately, comprehending the intricate interaction of these factors is essential for businesses aiming to effectively serve budget-conscious travellers. By remaining cognisant of the fluidity of consumer behaviour, companies can modify their strategies to more effectively address the changing needs and preferences of this market segment. In future enquiries, researchers should consider these factors in their investigations. This is the first study addressing price increases in the tourism sector in Bangladesh, despite certain limitations. It aims to examine the influence of increased prices on the preferences and choices of cost-sensitive travellers. The results of this study may offer significant insights for enterprises in the tourism industry aiming to appeal to cost-sensitive travellers. Moreover, subsequent research could explore the particular strategies that firms may adopt to proficiently address this market segment. This article is anticipated to establish a foundational basis for future research on the effects of recent price increases on individuals who favour economical travel.

Results and Conclusions

The worldwide tourism industry is distinguished by its durability and flexibility to economic swings and unexpected occurrences. Budget travelers, in particular, play an important role in this industry, seeking cost-effective solutions while contributing considerably to a destination's economic growth. In recent years, Bangladesh has witnessed price increases in various sectors, including tourism-related services and commodities. This research paper offers the outcomes of an empirical study done to investigate the impacts of recent price hikes on the preferences and choices of budget travelers in Bangladesh.

The study's findings show that price increases have undoubtedly altered the preferences and choices of the budget-minded travelers of Bangladesh. In food preferences, destination choice and travel frequency. Due to price hikes, budget travelers seek affordable cuisine when traveling. They'd rather spend less money on food and more on decent lodging and transportation. Furthermore, due to the higher costs, people prefer less costly places and avoid expensive ones. According to research data, they are also visiting less frequently than before.

The authors have a couple of suggestions for the Bangladesh tourism industry to encourage budget-conscious travelers according to the research findings. First of all, there is an urgent demand for budget-friendly yet healthy food service alternatives in various tourist areas. This ensures that budget-conscious visitors may enjoy both healthful and tasty eating with their confined budget, which will keep them motivated to conduct frequent tours. Therefore, it is essential to implement a monitoring system for shops and local restaurants operating in various tourist spots. This measure will help to prevent these establishments from overcharging travelers for various products and food items. Furthermore, Bangladesh tourism stakeholders should promote less popular, less expensive locations that offer distinctive experiences that appeal to value-conscious travelers on a budget. As well as in the popular tourist destinations of Bangladesh shoulder seasons need to be promoted in order to encourage cheaper travel during off-peak times, in addition to major tourism stakeholders, it is advisable for them to partner with local businesses to offer budget-conscious tourists allure discounts. Enacting these measures has the potential to draw budget-conscious tourists to the Bangladesh tourism industry, thereby creating a heightened motivation for frequent travel.

Ethics Statement

During the writing process of this study titled "Effects of Recent Price Hikes on the Preferences and Choices of Budget Travelers: An Empirical Study Based on Bangladesh", scientific rules, ethics and quotation rules were followed; No falsification has been made on the data collection and this study has not been sent to any other journal for evaluation.

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