

## **Chapter Two Outline Marketing to the Traveling Public**

- i) Quote: Hilaire Belloc
- ii) Chapter Opener: A Ride on the Wild Side!
- I. Introduction A.
  - B. Center of Tourism Model is Travelers/Tourists
  - C. Highly diverse groups with some same and some different needs
  - D. Important to understand consumer behavior
    - 1. Definition: The study of consumer characteristics and the processes involved when individuals or groups select, purchase, and use goods and services to satisfy wants and needs.
    - 2. Consumer Behavior a function of two major factors
      - a. interpersonal influences, e.g., family
      - b. personal characteristics, e.g., age, gender, personality
- II. Decisions, Decisions, Decisions
  - A. Large number and variety of decisions go into a vacation
    - 1. General decision to go away from home
    - 2. Length of trip; time period
    - 3. Destination choice; single or multiple
    - 4. Use travel agent to help
    - 5. Book in advance or “wing it”
  - B. Information gathering – amount and timing is important to tourism suppliers
    - 1. Information seeking – may limit to internal information search but usually feel need to gather new information
      - a. External search of two types, personal sources and non-personal sources and non-personal sources
      - b. Personal sources – friends, relatives, salespeople
      - c. Non-personal sources – print media, advertising, etc.
        - 1. Tourism suppliers often control the content of non-personal sources, e.g., website and advertising, but not travel guides
        - 2. Messaging can be controlled through induced information
      - d. Business travelers and tour package travelers often have decisions made for them
      - e. Independent travelers may make all decisions prior to trip or be completely spontaneous en route
      - f. Certain characteristics have been found to lead to greater information search, e.g., length of trip and multiple destinations

2. It's all in the details
  - a. Domestic vs. international trips
  - b. Personality and demographics
  - c. General information to specific
3. Destination marketing entices visitors to a region and specific information, such as brochures, provided by local suppliers in the region.

### III. Foundations for Understanding Tourism Motivations

#### A. Push and Pull Motivations

1. Push to travel by individual personality traits and needs
2. Pull to travel from appealing attributes of destination
3. Inhibitors to travel; lack of time, money, health or security

#### B. Maslow's Hierarchy of Needs: Physiological to self-actualization

1. Higher order (top three) vs. lower order (bottom two)
2. Lower needs must be satisfied before higher needs become important
3. Lower needs of most consumers in advanced economies have been met
4. Travelers may seek satisfaction of any/all levels of needs when they travel

#### C. The Travel Career Patterns: Pearce's hierarchy of tourist needs

#### IV. More detailed and travel specific needs than Maslow

- V. Three layers consisting of travel motives: the core layer, moderately important travel motives, and relatively stable and less important travel motives.

(Ask students to explain similarity of the two theories.)

#### D. The Psychocentric-Allocentric Model: Plog's Model

1. Use of personality characteristics to understand tourist travel patterns
2. Continuum from allocentrics to psychocentrics
  - a. Allocentrics/Venturers: Innovators who seek out new locations and activities
  - b. Psychocentrics/Dependables: Tradition-bound travelers who prefer traditionally popular locations and experiencing commonplace activities; desire predictability in their travels
  - c. Most travelers are somewhere in between venturers and dependables

### IV. Segmenting the Tourism Market

- A. "You can't please all the people all the time" is underlying logic of market segmentation.

No average tourist and no average vacation

Market segmentation is the process of dividing a large heterogeneous market into two or more smaller more homogeneous market segments; consumers with similar needs

- B. Bases for segmenting the tourism market: Approaches to segmenting markets

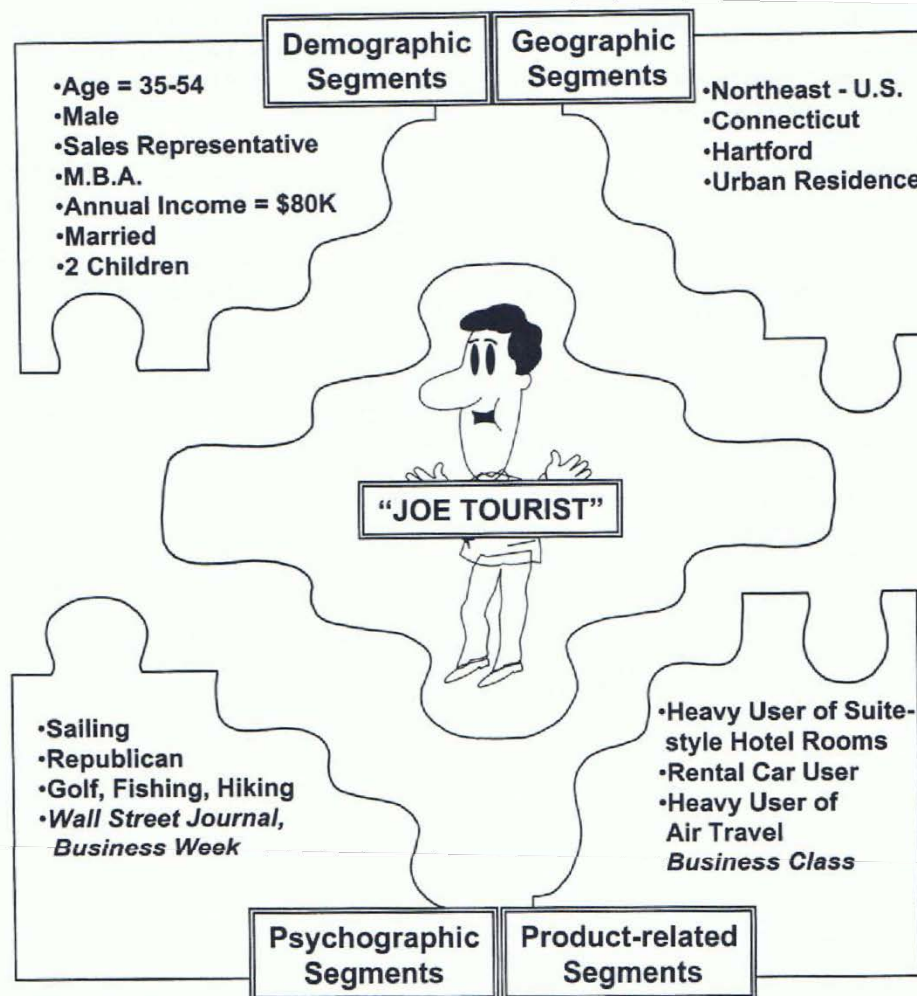
- C. Geographic segmentation

1. Grouping potential tourism customers based on their location
  2. Oldest and simplest basis for market segmentation
  3. Group by nation, region, state/province, city, neighborhood
  4. Common for tourism suppliers to market to a limited region: Time and money involved in traveling often a factor in travel decision making
- D. Demographic segmentation
1. Grouping potential tourism customers based on objective characteristics
  2. Most popular basis of segmentation
  3. Demographic information routinely collected and widely available
  4. Collected by organizations such as Statistics Canada and U.S. Bureau of the Census
- E. Psychographic segmentation
1. Grouping potential tourism customers on their lifestyle and personality
  2. Lifestyle is the way people live identified by their activities, interests, and opinions (AIOs)
  3. Plog's continuum is psychographic-based
  4. Example of Family Getaway Traveler, Adventurous/Education Traveler, Romantics
- F. Product-related segmentation
1. Most direct form of segmentation, group people based on their product-specific wants
  2. Can group based on benefit sought; e.g., need for suite-style hotel room
  3. Can group based on amount of use; i.e., light, medium, heavy, non-use
  4. Can group based on brand loyalty; e.g., frequent flyer plan member
  5. Leisure vs. Business traveler is use of product-related segmentation

*(Teaching Hint: Use the following "Segmentation Exercise" with the Joe Tourist and/or Trina Traveler diagrams to illustrate different segmentation bases.)*

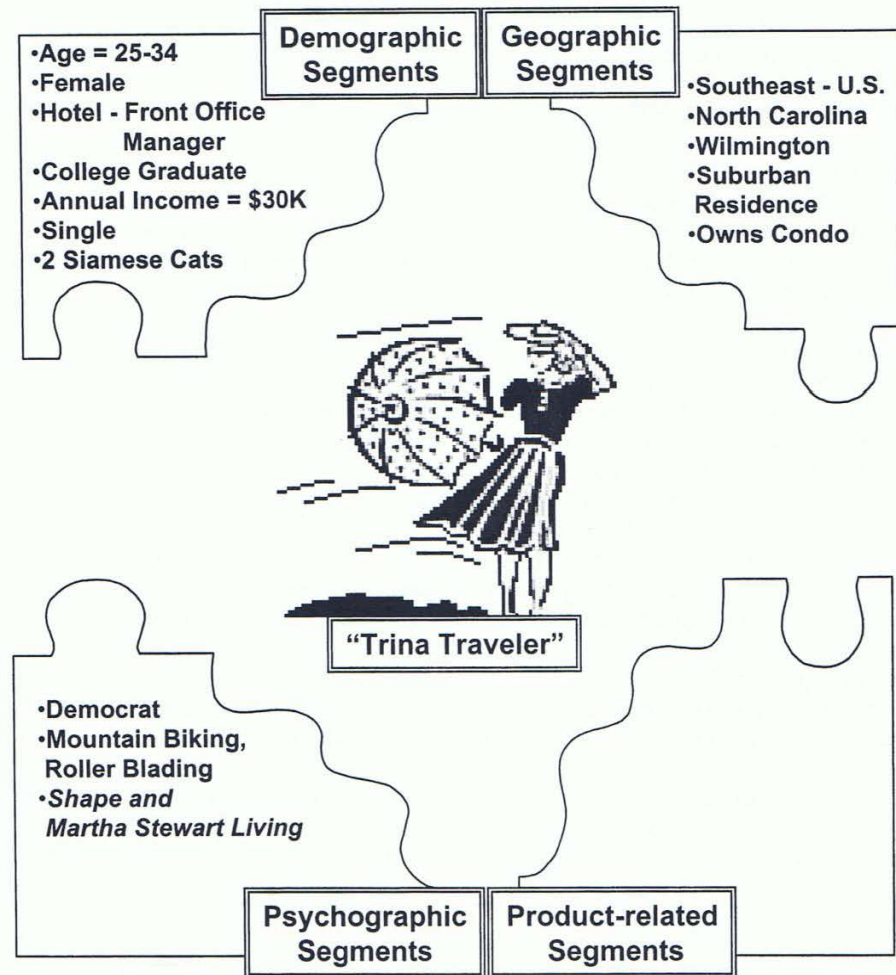
### Segmentation Exercise

Use the following two diagrams (you may copy into powerpoint or prepare a handout) to illustrate how segmentation is used. Begin by showing “Joe Tourist” and explaining each of the different descriptors for each segmentation approach. Then show “Trina Traveler” and have students fill in the blanks for product-related segments.



## Segmentation

*“Who is Joe Tourist?”*



## Segmentation

*"Who is Trina Traveler?"*

#### G. Putting segmentation knowledge to work

1. There is a cost-effective limit to segmentation
2. Need to consider five factors
  - a. Can segment be easily identified and measured in terms of purchasing power and size?
  - b. Is segment large enough to be potentially profitable?
  - c. Can segment be reached effectively through advertising/promotions?
  - d. Is segment interested in the service offered?
  - e. Is segment likely to grow or shrink in the long-term?
3. Most important reason for segmenting is to better meet customer needs.
4. Deciding which segments to target
  - a. Use five step approach to decide which segments to target
    1. Step 1: Choose and apply one or more of the segmentation bases
    2. Step 2: Profile each segment in as much detail as cost effective
    3. Step 3: Forecast the market potential for each segment
    4. Step 4: Guesstimate the share of market potential organization could gain
    5. Step 5: Based on step 4 estimates, choose which segments to target (i.e., develop marketing mixes for)

#### V. Specialized Tourist Segments

- A. Five large distinctive segments of tourism consumers deserve special discussion
- B. Business and professional travelers
  1. Bread and butter of the industry because price and seasonal fluctuations less common than with leisure travelers
  2. Business travel tends to be inelastic: Demand does not change substantially with changes in price
  3. Vacation/leisure travel tends to be elastic: Example of airfare fluctuations
  4. Globalization has meant increase in international business travel
  5. Business travel is the third largest expense for corporations, after labor and information processing expenses
  6. Professional travel is similar to business travel but reason for travel is to attend professional meetings
  7. Professional travel is somewhat more elastic (price-sensitive) than business travel
  8. Technological improvement in communications (such as teleconferencing) has not led to a decline in business or professional travel
  9. Many companies cater to the special needs of business travelers
  10. Marriott example of further segmentation of business/professional segment
- C. Incentive travelers
  1. Sub-segment of the broader MICE (meeting, incentive travel, conventions and events) segment
  2. Rewarding employees for good work with all-expense paid trips
  3. Research shows free vacation is a more motivating incentive than money

4. These trips are usually first class all the way and organized by incentive tour operators

D. SMERF Groups

1. Social, Military, Education, Religious, and/or Fraternal Groups
2. Hard to define and reach
3. Tend to travel on weekends; opposite of business travelers
4. Not always price sensitive

E. Mature travelers

1. Immense market for tourism is population age 55 and older
2. This age group is presently the largest and fastest growing age group in industrialized countries
3. Mature travelers spend more than younger travelers and account for 80 percent of all commercial vacation travel
4. These older adults are wealthier and have more free time than other groups
5. Mature travelers today are healthy and partake of many tourism activities
6. Growth of intergenerational travel, vacation used for extended family bonding
7. They demand the same types of services as other travelers, but these service offerings will need to be adapted to meet their special needs

F. Special-Interest Travelers

1. General interest tourism vs. special interest tourism (SIT)
2. SIT tend to travel in small groups, have high education, hire guides, spend more and travel in shoulder or off-season
3. Sport tourism – travel away from home to play or watch
  - a. Participatory vs. spectator sport tourists
  - b. Professional and amateur sport tourism

VI. Delivering High-Quality Service

- A. Must meet customer expectations by satisfying needs
- B. Need to provide consistently high-quality service
- C. As market becomes more competitive, service quality becomes more critical for success
- D. Chapter 3 devoted to this topic

VI. Summary

**You Decide**

**Major Topic:** The positive and negative impacts of special tourism events

This You Decide allows students to think about the impact that special tourism events can have on their communities. In particular, you must decide whether you would want a motorcycle rally to be held in their home communities.

**Suggestions for In-class Discussion:**

Begin by looking at the effects that would be listed as positive in any marketing campaign. Next, look at the potential negatives as a citizen of the community.

A sample of positive impacts could include:

- Marketing exposure
- Increased number of visitors
- Increased expenditures
- Fun activities for visitors and community members
- Increased tax revenue from sales

A sample of negative impacts could include:

- Possible crowds and congestion
- Noise
- Strains on roads, police, and the local environment
- Image of the community

After developing lists of pros and cons, ask students to state their decisions based on their home town.

As an additional research assignment, students could find copies of media discussions about special event tourism activities in an assigned city of your choice.

**Discussion Questions**

1. What do we mean when we refer to segmenting a market?

Market segmentation refers to the process of dividing a large heterogeneous market into two or more smaller more homogeneous market segments.

2. Why do we segment the tourism market?

Tourism marketers form segments to group travelers based on similar characteristics or needs so that tourism products can be designed that better satisfy the specific needs of a group/segment.



3. Identify and provide examples of the common approaches to segmenting the tourism market.

Common approaches to segmenting markets:

- Geographic (the Northwest, Southern Europe, Quebec)
- Demographic (professionals, senior citizens, college-educated)
- Psychographic (conservative, sports enthusiast, classical music buff)
- Product-related (need for cheap, clean motel; heavy use of rental cars)

4. Why are business travelers so important to the tourism industry?

Business travelers are the bread and butter of the tourism industry because they tend to be less price-sensitive, travel during all seasons, and tend to travel no matter what the temporary state of the economy is.

5. How do SMERF groups complement the business travel market?

The **S**ocial, **M**military, **E**ducation, **R**eligious, and **F**raternal markets can provide significant revenue opportunities during weekend and shoulder periods when business travelers are not typically utilizing tourism services. It should also be noted, that contrary to popular opinion that these groups are often not price sensitive.

6. Why are mature travelers so important to the future of the tourism industry?

The mature traveler segment is the fastest growing age-related segment and will continue to expand at a rapid pace in the future. Mature travelers tend to spend more and take longer vacations than do other segments. They are also free to travel any time during the year, are healthy and active and able to partake in a variety of tourism activities throughout the year.

7. Why are special interest travelers becoming more important to tourism service suppliers?

General interest tourism has evolved into special interest tourism. Today, more travelers focus their vacation on a special interest activity and select a destination based on the ability to participate in one or more pastimes. SIT travelers tend to

- a. Travel in small groups on specific itineraries.
- b. Use travel agents and tour guides
- c. Highly value education and skill enhancement
- d. Spend above-average

SIT includes ecotourism, an exploding market segment.

8. Why are incentive travelers so important to the future of the tourism industry?

Incentive travel is a popular way to motivate and reward employees. These vacation trip rewards are usually first-class and therefore are not price-sensitive.

9. Why should the topic of customer service be important to tourism service suppliers?

The tourism marketplace is becoming more competitive. In addition, the tourism consumer is more demanding and more difficult to satisfy.