More than the beach: Using activity-based segmentation to attract non-beach tourists

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ABSTRACT

The World Travel & Tourism Council reports Aruba’s is more reliant on travel and tourism than any other nation (relative to its size) in the world with 88% of the nation’s GDP generated by tourism. Given the importance of tourism, it is surprising that there has been no academic research investigating the types of activities that tourists participate in while in Aruba and to use this information for target marketing. Activity-based market segmentation has been found to be a valuable marketing tool in many studies, oftentimes more valuable than many other types of tourism analysis as to efficiently and effectively target tourists. This research analyzed the activities of 503 tourists and found that although water activities were important to some tourists, a number of other activities were also found to be important and participated in while vacationing in Aruba. Three distinct segments of tourists were found including Active Newlyweds, Cultural Explorers, and Social Entertainment Seekers. Active Newlyweds enjoy many sporting activities such as windsurfing, land sailing, snorkeling and scuba diving. Tourists in the Cultural Explorers segment enjoy going to cultural activities such as festivals and enjoying museums, archeological ruins and other cultural sites. Social Entertainment Seekers enjoy the night life and activities that keep them in contact with other travelers including gambling, eating out, or going to a nightclub. Each of these three segments can be targeted effectively by combining the identified activities with appropriate lodging, restaurant, and attraction discounts or special promotions.

Keywords: activity-based segmentation, Aruba, island economies, segments

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INTRODUCTION

Market segmentation has been found to be a valuable tool for those interested in marketing to tourist groups especially as it relates to grouping the activities of a destination and matching those activities to potential tourist bases (Tkaczynski, Rundle-Thiele & Prebensens, 2015). Every year the tourism industry is becoming increasingly competitive as more tourists venture beyond their borders and destinations compete for their cash (Chan, 2015). Identifying the activities that tourists want to participate in at a tourist destination may help business owners, marketers, and/or local tourism officials (Dann, 1981).

Having this knowledge is especially important in places where tourism is a key component of the local economy. Figini and Vici (2009) found that for many island nations, tourism is a vital industry which can contribute substantially to the island’s economic well-being and accounting for up to 45% of an island’s GDP. Nowhere is tourism more important than for the island nations of the Caribbean, an area that has been called one of the most tourism-dependent regions in the world (Phillips, 2011). However tourism on the island nation of Aruba is the island’s main economic pillar contributing a staggering 88% of the nation’s GDP. According to the World Travel & Tourism Council (WTTC) Aruba’s GDP is more reliant on travel and tourism than any other nation, relative to size, in the world (2015). Tourism on Aruba supports not only direct commerce such as retail stores, hotels and restaurants, travel agents, transportation, etc., but also indirect commerce to support these industries including artisans, farming, manufacturing, etc.,

With approximately 1.5 million people visiting each year, the Caribbean island of Aruba is very dependent on tourism as the mainstay of their economy (U.S. Dept. of State, 2016). Although tourism plays such an important role in Aruba’s economy, no research has investigated the types of activities tourists engage in or whether tourists can be segmented into groups of like-minded individuals who enjoy the same types of activities while on the island. Segmenting tourists according to the activities they participate in while on the island can be a valuable tool for government agencies such as the Aruba Tourism Authority (n.d.)(hereafter referred to as ATA) and island businesses (restaurants, hotels, rental agencies, etc.) in tailoring advertising messages and promotion strategies to effectively and efficiently reach their target market.

Looking at travel activities helps in understanding not only the traveler preferences but also their decision-making process (Choi & Tsand, 2000; Jang et al., 2005). However, in spite of the value of using segmentation of travel activities as a tool to market to potential visitors, no studies could be found that have attempted to segment the market for an island nation or specifically for Aruba. Therefore, the main objective of this exploratory research is to document the types of activities that Aruban tourists participate in while vacationing and to determine if they can be segmented into groups with the following hypothesis being tested:

Hypothesis 1: Segments of tourists can be segmented according to travel activities participated in while in Aruba.

LITERATURE REVIEW

Aruba

Tourism comprises approximately 80% of Aruba’s $2.51 billion economy (U.S. Dept. of State, 2016), bringing in over 1.5 million stay-over visitors in 2015, an increase of 14.3% over 2014. Aruba is among the most popular of all Caribbean nations with over half of all visitors
returning annually (ATA, 2016). Of these tourists, approximately 60% or 732,000 come from the U.S. (U.S. Dept. of State, 2016).

The Aruba Tourism Authority is proactive in reaching out to potential first-time and repeat visitors and has been awarded for its innovativeness and creativity. “Tjin Asjoe-Croes explains that Aruba’s commitment to strategic and savvy digital marketing directly impacts Aruba’s GDP, which is more reliant on travel and tourism than any other nation, relative to size, in the world” (PR Newswire, 2016). Because of its economic dependence on tourism, it is imperative to explore the idea of segmenting tourists according to the activities they engage in while on the island so that marketing messages and strategies for these segments can be more effective and efficient. Although segmentation has been shown to be a valuable tool in identifying markets of tourists in other countries and tourist destinations, there has been no research on using market segmentation to explore tourist groups in Aruba (Choi, Murray & Kwan, 2011).

Segmentation

Segmentation can be defined as dividing a larger group of people into subgroups of consumers which can be identified as different from one another and thereby can be targeted with reasonable effort, cost and time. Using segmentation as a marketing tool “allows a seller to closely tailor a product to the needs, desires, uses and paying ability of customers” (The Economic Times, n.d.). Other benefits of segmentation include the efficient and effective use of limited resources, marketing messages tailored to specific groups to increase communication, increased customer satisfaction, and better product positioning against competitors (Choi, Murray & Kwan, 2011). Segmentation can also be advantageous for a member of the segmented group as products can be specifically targeted that match the buyer’s wants, needs, and price points.

Previous studies using segmentation analysis have divided people into groups based on geographic, psychographic, demographic, and behavioral variables. Geographic segmentation is a technique that divides people into groups based upon their location. Studies have shown that where people live has an effect upon what, how and where they consume products. Where people live has also been shown to be helpful in making assumptions about individuals’ spending patterns although it has been found that geographic segmentation is best used with other types of segmentation (Cho et.al., 2011). However, Moscardo et al., (2001) found that activity-based segmentation was superior to geographic segmentation based on homogeneity, measurability, substantial size, accessibility, defensibility, competitiveness, compatibility, and durability.

Demographic segmentation divides people based on variables such as age and income. As such, segmenting groups based only on demographic variables has been shown to be a weak predictor as age and income do not clearly align with purchasing patterns and tastes of consumers (Yankelovich & Meer, 2006). Psychographic segmentation, the segmenting of consumers using variables such as attitudes, values, opinions, and lifestyles of consumers has also been found by some researchers to be a weak indicator of a brand’s ability to retain customers or attract new customers (Yankelovich & Meer, 2006).

Behavioral segmentation is used to divide consumers according to how they respond to questions about their behavior, service or use of a product (Choi, et.al., 2011). As stated before, dividing tourists based on demographics alone has been found to be unsatisfactory especially in a world where vacation options have increased dramatically (Beritelli & Boksberger, 2005). Companies and researchers have found that employing behavioral segmentation variables along
with other variables, including socio-demographic variables, can obtain a clearer picture of study subjects. Most tourism segmentation studies have looked at behavioral variables and other variables to investigate topics including travel mode (Mehmetoglu, 2006), expenditure amounts and patterns (Díaz-Pérez & Bethencourt-Cejas; Thrane & Farstad, 2012), and visit frequency (Tsioito, 2006), among others. One area that seems to have attracted a lot of attention lately is that of the activities of tourists while on vacation (Choi, et al., 2011; McKercher, Ho, Du Cros & So-Ming, 2002; Mumuni & Mansour, 2014; Rabbiosi, 2016; Tkaczynski, Rundle-Thiele, Prebensen, 2015).

The current research utilizes behavioral segmentation of tourists as to the activities they participated in while in Aruba. In looking at research focusing on activity-based segmentation of groups of international tourists Yan, So, Morrison, & Sun (2007) found there were three significantly distinct groups of tourists with differences in visiting heritage sites and participating in other activities while in Taiwan (2007). These groups were labeled heritage, shopping, and non-specialists. These groups were found to be significantly different in their activities while visiting Taiwan. Tourists who visited heritage sites as a reason for visiting Taiwan were in the heritage group and had an almost 91% participation rate for visiting heritage relics but were also participants in other activities such as visiting night markets, shopping, visiting hot tubs, and attending performances. The shopping group was composed of 100% participation rate in shopping, but also had some interest in visiting heritage relics, going to night markets, participating in hot tubs, night entertainment and adventures, and having massages while the non-specialists group did not have a clear-cut activity pattern. In addition, all three groups were found to be distinctly different in socio-economic and demographic variables.

Choi et.al. (2011) found that Canadian tourists who visit New Brunswick belong to three distinct activity-based segments labeled by the authors as outdoor lovers, active explorers, and cultural shoppers. Differences between the three segments were found in socio-demographics, travel patterns, and activity participation variables. In another study based on activity segmentation, Mehmetoglu (2007) found that there was a significant relationship between nature-based tourists and their travel activities and the amount they spent daily while on a trip. Specifically, the more important respondents found cultural/historic sites to be, the more likely they were to be light spenders on a daily basis.

In a more recent study, McKercher, Ho, duCros, and So-Ming (2015) found six distinct activity market segments in their research of participants visiting Hong Kong. Differences in the market segments were found in socio-demographic characteristics, trip patterns and motives. These segments were labeled as Cultural Generalists describing tourists who participate with no discernable theme or geographic pattern in Hong Kong. Icon Culturalists were found to visit cultural attractions that were beyond “their cultural roots to become mainstream tourism attractions,” (p. 38). The Chinese Heritage Culturalist segment had a preference for Hong Kong’s better known Chinese heritage attractions, while Cultural Tourists kept to a smaller section of the Tsim Sha Tsui region of downtown Kowloon which was developed to be a tourist attraction with major museums, art galleries, and other cultural sites. The Colonial Culturalists were found to travel from English-speaking countries and preferred Hong Kong’s British colonial heritage sites and participants in the Sino-colonial Culturalist segment are dedicated to understanding both Hong Kong’s British colonial heritage and Chinese heritage.

Pesonen (2015) looked at segmenting tourists on their motivations for traveling as well as their activities. This study found that rural holiday tourists visiting Finland could be segmented in five groups interested in different activities: Water Activities, Passives, Nature Activities,
Winter Activities, and Actives. Perhaps most importantly, Pesonen found that marketing strategies and plans are more suited to targeting travel activities of tourists rather than in targeting tourists based on their motivations for traveling, a very important finding for those in tourism organizations.

Based on these as well as other studies, the current research question is whether tourists to Aruba can be segmented by the activities they participate in while on the island with the specific hypothesis:

Hypothesis 1: Segments of tourists can be segmented according to travel activities participated in while in Aruba.

METHODS

Instrument Development

The survey instrument was developed by adapting a pre-existing scale measuring the activities that tourists might choose to participate in while on vacation developed by Paige and Littrell (2003). Additionally, content analysis on the activities tourists can participate in while in Aruba and found on the ATA website (http://www.aruba.com) was conducted. Adding the general activities as identified by Paige and Littrell (2003) to activities found on the ATA website made a nearly exhaustive list of 32 activities that tourists can engage in while on Aruba. To ensure internal consistency of the activities list, Cronbach’s alpha was calculated for each subscale, with items ranging between a .683 and .814 which has in previous studies been deemed acceptable for social science research (Cronbach, 1951, Hassad, 2009). Additional demographic variables such as age, gender, income, education level, etc. were added.

In addition to the travel activities and demographics being studied in the present study, preferences on shopping involvement, store attributes, store format choice, shopping satisfaction and shopping culture perception were also added to the survey. However, this study is limited to exploring tourist activity segments and their relationship to demographic variables.

Sample

A purposive sample was determined to best suit the needs of the current research as actual tourists to Aruba were desired in order to evaluate their experiences while in Aruba. Permission was obtained from the Aruba Airport Authority N.V. to employ an intercept-method survey collection technique at the Aruba International Airport located on the outskirts of the capital city of Oranjestad, Aruba. Surveys were distributed by trained students from the University of Aruba. Conducted over a two week time period in October and at different time periods throughout the data collection days, tourists were approached before they went through the screening process. Departing travelers (one per traveling group) were asked if they were leaving Aruba after staying at least one night on the island and whether they considered their stay as a vacation. If they answered 'yes' to both questions, they were then asked if they would complete a short survey. This sampling technique yielded a total of 503 usable surveys from tourists departing Aruba.
RESULTS

Demographics

Respondents included 187 females (37.2%) and 311 males (61.8%) with five non-responses (see Table 1). Of the age groups represented, 54.1% were over the age of 50. The two largest groups of tourists were those in the two age groups of 50-59 (24.1%) and 60-69 (20.9%). Of the age groups younger than 50 years old, there was an almost equal number of tourists in the three age groups of 18-29, 30-39, and 40-49. Almost 29% of the sample had a 4-year degree with approximately 62% indicating a minimum of a 2-year associate degree.

Tourism Segments

Factor analysis was performed to test Hypothesis 1: Segments of tourists can be segmented according to travel activities participated in while in Aruba—Supported.

Using Principal Component factor analysis with Varimax rotation with Kaiser Normalization, three internally consistent and distinctive segments were found to best fit the sample (see Table 2). This three factor grouping explained approximately 49.58% of the total variance. Items that loaded at .70 or higher and did not load higher than a .4 on any other factor formed each segment. These three segments of tourists were labeled as: 1) Active Newlyweds, 2) Cultural Explorers, and 3) Social Entertainment Seekers.

The first factor group, labeled Active Tourists/Newlyweds was identified as those tourists who may have been married while on Aruba or were honeymooning on the island. In addition, this segment was composed of participants who participated in active sport travel activities such as wind-surfing, golf, tennis, land-sailing, horseback riding, and go-cart racing. This is by far the largest segment, consisting of approximately 67% of the sample and tending to be younger in age and with a lower income than either the Cultural Explorers or Social Entertainment Seekers.

Factor Two emerged as the latent variable entitled Cultural Explorers. This group identified preferences for activities that centered on visiting Aruban historic or cultural sites and/or other types of Aruban cultural sites and festivals, art galleries, museums, archeological ruins, as well other explorative tours of the island. This segment comprised almost 15% of the sample. Respondents in this group were older than either Active Tourists/Newlyweds or Social Entertainment Seekers and had a higher income average than the Tourists/Newlyweds segment.

The third factor labeled as Social Entertainment Seekers was composed of tourists who participated in travel activities that had a social aspect to them such as dining out, going to gambling casinos, meeting new people, and going out to enjoy the nightlife of the island such as bars and nightclubs. This small segment (almost 5%) of the sample was composed of tourists who were in both the middle-age bracket and middle income levels.

DISCUSSION AND CONCLUSION

Segmentation has been found to be a valid tool for dividing larger groups of consumers into smaller, cohesive groups of people sharing similar characteristics that can help marketers and businesses more effectively and efficiently target consumers. Using this form of analysis may be more important to island countries who have to efficiently and effectively target tourists to a specific market and not one that is spread over a larger area with many activities such as is the case for many countries (Italy, France, etc.). This marketing tool can be especially useful for
the smaller, yet tourism-dependent countries of the Caribbean that have limited resources. Aruba is a small island country that is dependent on tourism as the largest income producer in its economy.

The primary objective of this exploratory research is to investigate and document the types of activities that Aruban tourists participate in while vacationing and to determine if they can be segmented into based on their tourism activity preferences. From the results of the factor analysis three distinct groups formed: Active Tourists/Newlyweds, Cultural Explorers and Social Entertainment Seekers. The largest group by far was Active Tourists/Newlyweds who tended to be both younger with smaller incomes than either of the other two segments.

Advertising in bridal magazines, combining room and meal attractions with popular activities and making comprehensive bridal/honeymoon packages with appealing discounts may entice Active Tourists/Newlyweds to choose Aruba over other Caribbean island destinations. Hotel and restaurants can work together to appeal to the different segments with base packages and then work with activity-based businesses to tailor packages for the individuals within each segment. For example, to entice Active Tourists/Newlyweds hotels with excellent beach access can offer lodging with romantic accoutrements such as king poser beds, jet spas and champagne on check-in and can then partner with one or more local restaurants to offer sundown dinners on the beach. Couples also could be given the choice of several activities from a pre-arranged list composed of activities sponsored by activity business partners. Giving couples the choice of additional meals and activities that can be added and/or deleted from basic packages will allow hotels the ability to let couples form individualized packages based on individual preferences and or price points. This individualization may also make Aruba more competitive.

For the Cultural Explorers segment, hotels can address this segment's preferences to experience more cultural events by promoting events such as Aruba's Carnival in February. A hotel can make a base package of lodging and different fun restaurants during Carnival in Aruba. This package partnership of hotel, restaurant and businesses centered on cultural activities make it easier for potential tourists to see how their time may be spent while on island as well as giving a base cost for an Aruban trip. The hotel could plan activities that encompass the Tivoli Lighting Parade lasting through the Grand Carnival Parade and could partner with restaurants that highlight traditional Aruban food or place an emphasis on Aruban boat-to-table fare, which highlights the history and importance of fishing to Aruba. Activities that emphasize additional cultural activities such as visiting the abandoned gold mine or that let this segment of tourists an opportunity to experience how aloe vera lotion is made on the island for domestic and international consumption may be one or more of the activities that tourists from this group may choose.

The third activity segment, Social Entertainment Seekers, may be the easiest segment of customers to target with lodging/restaurant/activities partnerships and packages. As tourists in this group are interested in gambling as an activity, hotels that have casinos can use this activity as a base to promote lodging and can also partner with interesting restaurants. This segment of tourists also enjoy beachside dining and other types of unique venues such as the eight-course feast at The Kitchen Table White, or the small, yet highly rated Aruban food restaurant, Kamini's Kitchen. Adding activities that encourage social interaction will also rate highly with this segment and could include a hotel-sponsored Happy Hour for all the tourists that might enjoy the company of other tourists.

This study contributes to the academic research stream on tourism marketing and segmentation. The information about the consumers in these statistically-distinct segments and
the activities they enjoy can be used by Aruban government offices such as the ATA and the numerous businesses that cater to tourists. Using this information can also help marketers target the segments making their advertising and promotional strategies more cost effective thereby being especially useful for the smaller, yet tourism-dependent countries of the Caribbean, such as Aruba, that have limited resources. In order to entice visitors to Aruba, tourism agencies and island businesses must be able to effectively differentiate the benefits of Aruba in the mind of prospective tourists, i.e., demonstrating competitive advantage by spelling out for tourists why Aruba is a better place for tourists to travel. Tourism agencies, hotels, restaurants and activity-based business can all create or participate in packages of activities that satisfy tourists in each segment more precisely as well as negotiate special promotions and prices when bundling activity-based products and services together for each segment. Marketers targeting tourists that identify with any of the three segments can better tailor their product/service offerings and prices more effectively. Using this information may also help marketers create more effective advertising and promotional strategies and messages.

LIMITATIONS AND FUTURE RESEARCH

Several limitations impede generalization of these findings. First, this research was conducted during one two-week time period in October. To understand whether a different composition of tourists would yield different results, conducting data collection during a different time of the year is suggested. For a broader study of the region, other nation-state islands of the Caribbean can be investigated for comparison. Future research should also investigate whether these segments can be further reduced to highlight specific segment consumer characteristics. A final recommendation is to conduct a qualitative and quantitative study among the various entities who engage in segmentation, the marketing strategies they select to utilize, and which of those strategies are the most successfully fruitful in satisfying their objectives.

REFERENCES


